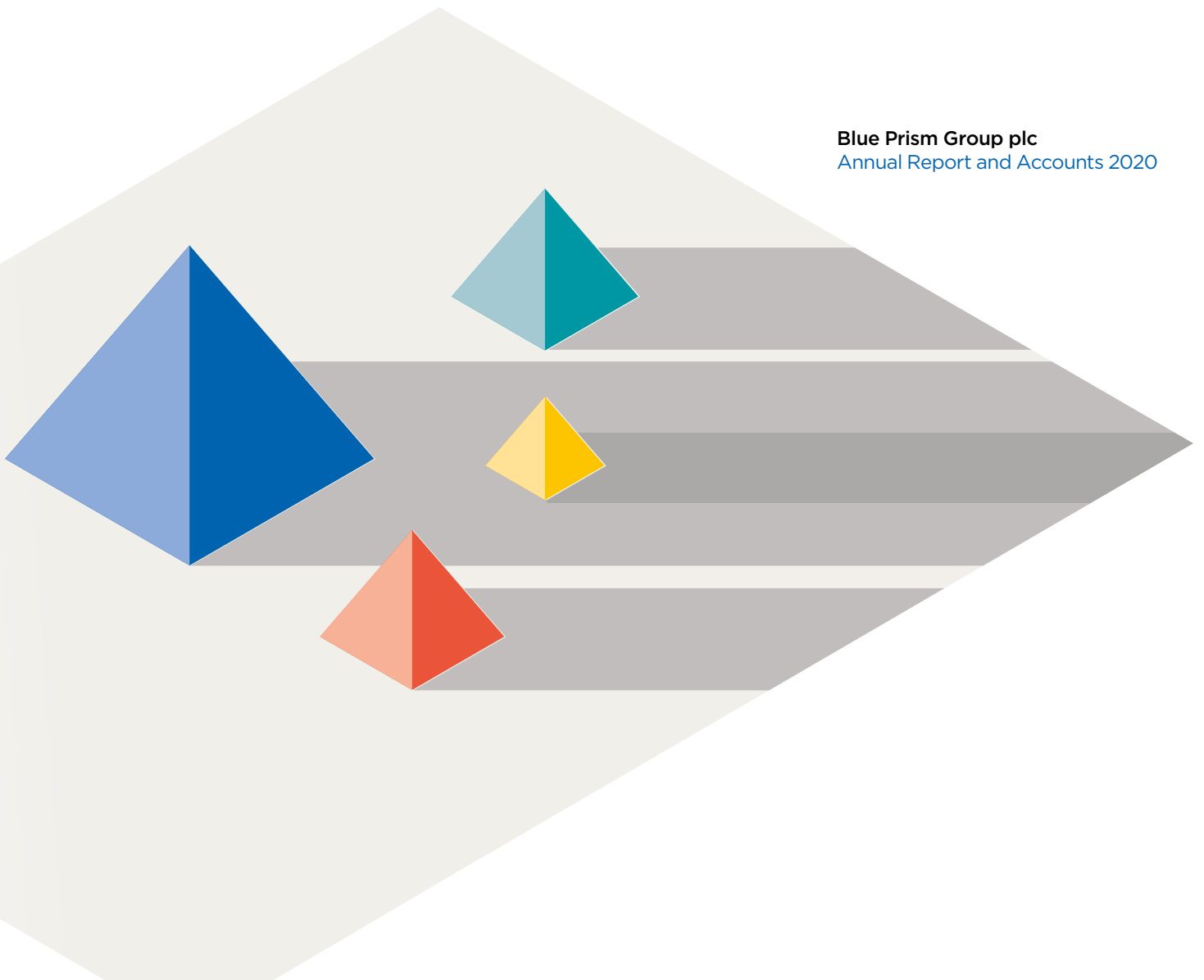


blueprism®

THE FUTURE WORKFORCE

Blue Prism Group plc
Annual Report and Accounts 2020



Blue Prism is a global leader in intelligent automation for the enterprise, transforming the way work is done

At Blue Prism, we have users globally in more than 2,000 businesses, including Fortune 500 and public sector organisations, that are creating value with new ways of working, unlocking efficiencies, and returning millions of hours of work back into their businesses. Our intelligent digital workforce is smart, secure, scalable and accessible to all; freeing up humans to reimagine work.

Our Purpose

Today, Blue Prism is revolutionising the way enterprises think about intelligent automation, pushing the boundaries of Robotic Process Automation to enable large-scale automation capabilities and deliver value across any business process in a connected enterprise. No longer just a tool to create business process automations, Blue Prism's intelligent automation platform connects both the human and digital workforce with systems, cognitive tools, applications and technologies, including AI, machine learning, OCR and the Blue Prism Digital Exchange. Designed to enable enterprise-scale digital transformation, Blue Prism has helped our customers transform operations, improve customer experiences, and create a world of new and exciting business opportunities.

By making it easy for business users to collaborate with digital workers and automate and share the processes that matter most, enterprises can accelerate operational efficiency and agility to respond to shifts in demand and solve business challenges whenever and wherever they arise.



www.blueprism.com



[@blue_prism](https://twitter.com/blue_prism)



[www.facebook.com/
BluePrismOfficial/](https://www.facebook.com/BluePrismOfficial/)



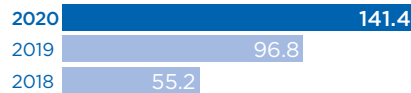
[www.linkedin.com/
company/blue-prism-limited](https://www.linkedin.com/company/blue-prism-limited)

Highlights

Financial Highlights

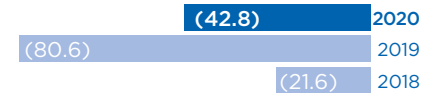
Revenue¹

£m
£141.4^M
2019: £96.8^M



Adjusted EBITDA²

£m
£(42.8)^M
2019: £(80.6)^M



Total business³

£m
£180^M
2019: £181^M



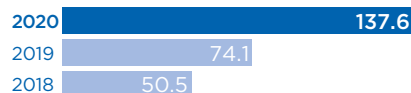
Licence-based revenue⁴

(%)
98%
2019: 95%



Cash (and short-term investments)

£m
£137.6^M
2019: £74.1^M



Revenue performance obligations⁵

£m
£311.9^M
2019: £250.6^M



- 2019 revenues restated to reflect changes related to IFRS 15; for more information see the notes to the accounts.
- Adjusted EBITDA loss is the EBITDA loss adjusted to exclude contingent share-based payments and exceptional expenses. This has been restated to reflect changes relating to IFRS 15 and costs of delivery of performance obligations.
- The business contracted during the financial year, including new business and renewals.
- Measures the percentage of revenues from licence sales.
- The total of invoiced but not yet recognised revenues (deferred revenues) and revenue contracted but not yet invoiced (off-balance sheet revenues). Indicates the outstanding commitments made by customers to the Group, including commitments made prior to FY20 and demonstrates the minimum future contracted revenue.

Operational Highlights

Number of customers

2,031 2019: 1,677

Number of customers upsold

647 2019: 544

Employees

1,005 2019: 1,001

Revenue retained from existing customers (gross revenue retention)

98% 2019: 99.3%

Distribution partners

167 2019: 153

Technology partners

100 2019: 50

Strategic Report

- 01 Highlights
- 02 Company Overview
- 04 Investment Case
- 06 Market Overview
- 08 Business Model
- 10 Technology Strategy
- 12 Chairman & CEO Statement
- 15 Case study: Telefonica
- 16 Case study: Invesco
- 17 Case study: Hershey
- 18 COVID-19 Response
- 20 Strategy
- 22 Key Performance Indicators
- 24 Financial Review
- 27 Principal Risks and Uncertainties
- 32 Section 172 Statement

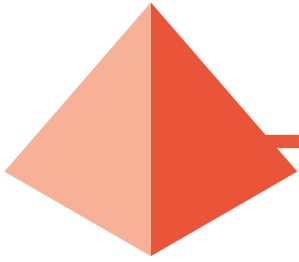
Corporate Governance

- 34 Board of Directors
- 36 Senior Management
- 38 Corporate Governance Statement
- 42 Nomination Committee Report
- 44 Audit Committee Report
- 46 Remuneration Committee Report
- 54 Directors' Report
- 56 Directors' Responsibilities

Financial Statements

- 57 Independent auditor's report
- 65 Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 66 Consolidated Statement of Financial Position
- 67 Consolidated Statement of Cash Flows
- 68 Consolidated Statement of Changes in Equity
- 69 Notes forming part of the Financial Statements
- 99 Company Statement of Financial Position
- 100 Company Statement of Cash Flows
- 101 Company Statement of Changes in Equity
- 102 Notes forming part of the Company Financial Statements
- 106 Company Information

02 Company Overview

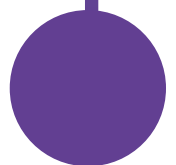


OUR VISION

A digital workforce for
every enterprise

OUR MISSION

Making work smarter
and more productive
so your people are
free to do great things



By leading with an enterprise-driven, human-centric purpose, Blue Prism delivers clear business benefits and a brand that is built for business users.

We help enterprises accelerate operational efficiency by making it easy for people to automate the processes that matter most.

When humans and digital workers collaborate to build automated processes, enterprises operate with unmatched agility and speed and people are free to focus on more creative, innovative and meaningful work, thereby transforming the future of work.

We believe every company will soon have a digital workforce to automate, streamline, and accelerate work.

Some of our customers



Customers

We have over 2,000 customers globally, across multiple sectors. Our customer base is made up of some of the largest enterprises in the world, and we are working with them to build out scaled digital workforces over time. We believe that Blue Prism's centralised automation plays a significant role for our customers, enabling them to:

1. Accelerate digital transformation
2. Increase productivity
3. Improve customer experience
4. Drive growth
5. Increase agility
6. Enhance employee engagement

Creating a digital workforce with intelligent automation

Blue Prism's intelligent automation is business-developed, no code automation that pushes the boundaries of RPA to deliver value across any business process in a connected enterprise.

Blue Prism's intelligent automation platform connects both the human and digital workforce with systems, cognitive tools, applications and technologies, including AI, machine learning, OCR, and the Blue Prism Digital Exchange, an ecosystem of ready-made automations available to business users at the click of a button.

How does it work?

Blue Prism makes it possible for businesses to build a digital workforce, using intuitive, flexible, and scalable intelligent automation technology that's easy to implement on any timeline and with any systems.



Design Studio

- Drag-and-drop process automation building
- Reuse "objects" - the events and actions that build a process - across the business
- Updates to objects and processes are made once and saved throughout the library



Digital workforce

- Autonomous software robots
- Clever technologies that mimic and learn business processes like humans
- Equipped with AI capabilities and our six intelligent automation skills (see page 10 for more details on the six skills)



Control Room

- Assign processes to digital workers
- Scale task and digital worker volume on-demand
- Real-time transparency of process proficiencies

04 Investment Case

A MARKET LEADER IN A SIGNIFICANT SOFTWARE CATEGORY

Blue Prism investors are gaining early access to one of the most important software categories to date, via a highly differentiated and sophisticated product and approach designed to capitalise on the scaled enterprise opportunity.

01

Important and large software category

- Intelligent automation consistently drives high returns to customers
- Our product is designed to provide scaled automation for enterprise customers, driving continual, improving return on investment ("ROI") as deployments of digital workers increase
- The market is at a very early stage of development
- We estimate that the addressable market for our enterprise grade intelligent automation is over \$150bn

02

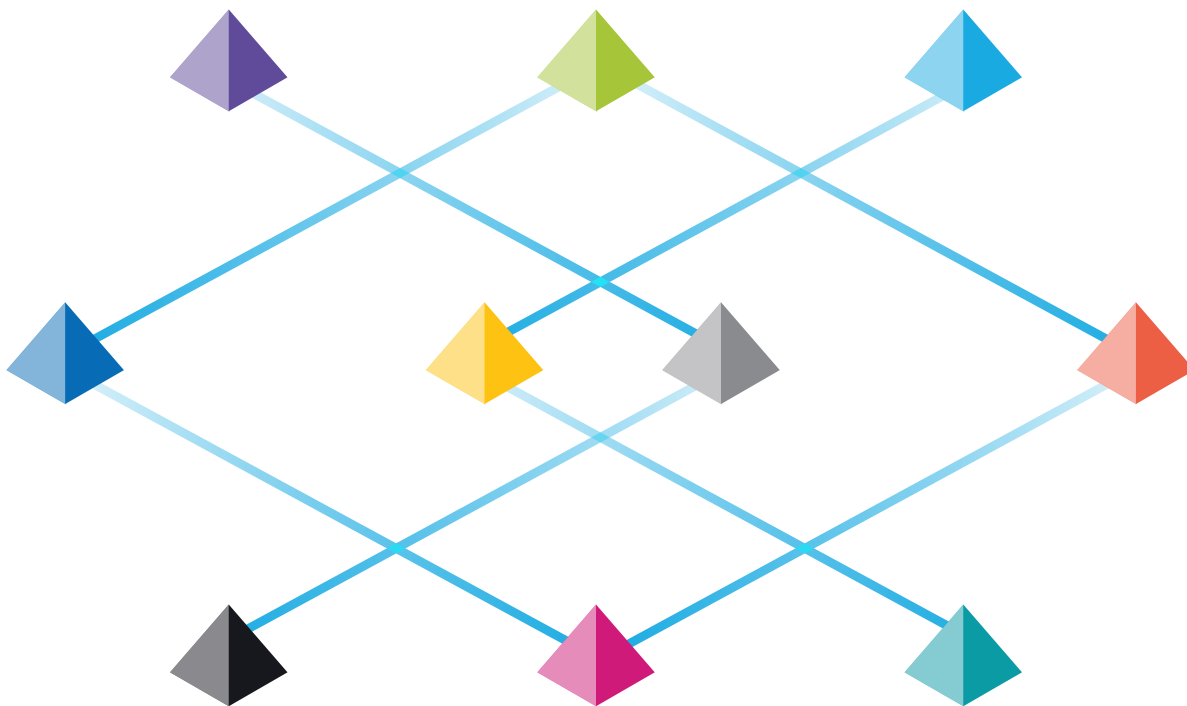
Highly differentiated product

- We have always been focused on centralised enterprise automation which is controlled by the business but is centrally shared and managed, because we believe this is the way enterprises will truly unlock the full value from scaled intelligent automation
- The wider market has focused more on desktop automation, or individual scripts to manage discrete processes
- Our software is very different – a digital worker is an autonomous processing unit capable of running multiples of these scripts at a large scale
- Digital workers can achieve any end-to-end, repeatable business process and are trained and managed by business users
- We believe our approach delivers outsized returns and enables the scaled automation deployments that are essential to achieving the full benefits of automation in the enterprise

03

Enabling adoption of new technologies

- We drive enterprises to easily onboard and integrate new technologies
- All systems can be made to inter-operate through the digital workforce, which is managed by non-technical business users
- This means new technologies become in-scope to an enterprise at a far greater pace, and can quickly become a component or tool for a business user to use
- We have built a wide variety of technology partnerships to make this onboarding even easier. From our Digital Exchange (DX), business users can easily access integrations to assets from market leaders like Microsoft, Google and Amazon
- These integrations are provided as "objects" – simple tools that can be easily placed into a process flow



04 Strong, sustainable commercial model

- We benefit from high levels of revenue visibility driven by a recurring revenue model in which customers typically commit to multi-year contract terms. In 2020, 98% of our revenues came from these licence fees
- This revenue visibility is underpinned by our high levels of revenue retention, with a gross revenue retention rate of 98%
- Customers typically pay their licence fees annually in advance which is beneficial for cash generation

05 Sophisticated distribution channels

- Our network of 167 distribution and system integrator partners includes some of the world's most recognisable names, including Accenture, EY, PwC and Deloitte
- They complement our technical expertise with world-class integration skills and access to the decision-makers in the world's top enterprises

06 Customer opportunity

- Our customer base represents some of the world's largest enterprises. They have sizeable systems infrastructure and stand to generate significant returns via the digital workforce - National Grid USA generated ROI of 950% in year 2 of their deployment
- Many of our customers are still at very early stages of their deployments - they have a great deal of potential
- Our net retention rate, which measures the revenue generated from existing customers during the year, was 113%, a high level despite the impact of the COVID-19 pandemic. This number can be above 100% as it adds in upselling revenues from existing customers, as well as removing revenues from any lost customers
- Licence revenues from our top 50 customers averaged over \$1m in 2020 and they continue to expand - 38 of these customers were upsold during the year. We believe this can be a blueprint for our wider customer base

06 Market Overview

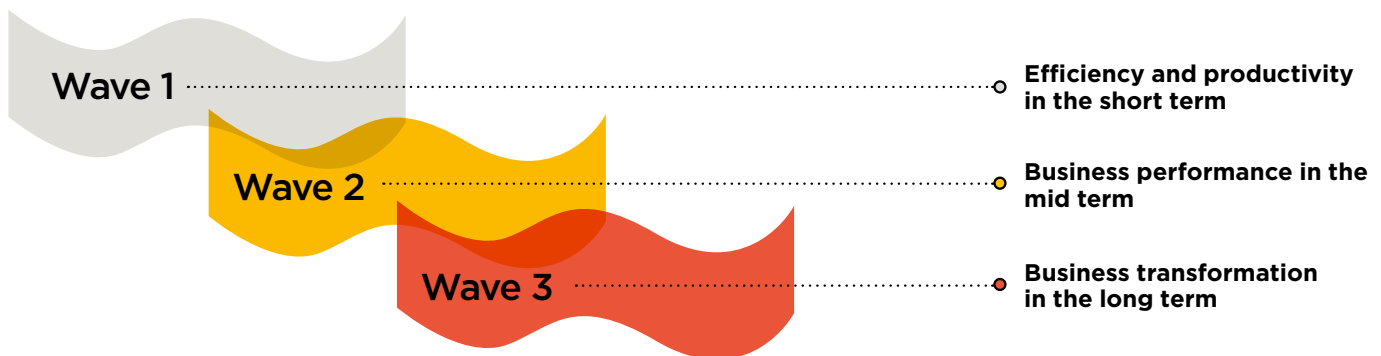
A SIGNIFICANT MARKET OPPORTUNITY AHEAD

We coined the term Robotic Process Automation (“RPA”) more than a decade ago, but today we’ve moved way beyond RPA to deliver an entirely new class of enterprise software that’s primed to meet growing market demands.

Blue Prism is continuing to drive innovation and push technological boundaries by embedding the latest cloud, artificial intelligence (“AI”), machine learning, and cognitive capabilities into our digital workforce.

Today, customers are more demanding in the types of problems they want to solve, and they need a more diverse set of technologies to solve those problems. To us intelligent automation brings together the scalable processing core, integrations and embedded intelligence into a single platform to allow our customers to solve more complex challenges.





The addressable market

We provide enterprise-grade intelligent automation via our digital workforce creating value for organisations, which have created new ways of working, unlocked efficiencies, and returned millions of hours of work back into their businesses.

There are a range of estimates as to the size of the total addressable market, but all agree that the market, to date, is in its infancy. We estimate that the enterprise-grade intelligent automation market size is in excess of \$150bn.

Our customer base is over 2,000, but these customers remain very early in their digital workforce deployments.

We describe the automation journey as three waves of value that build upon one another to multiply the positive impact of automation and release more value.

Organisations that have successfully captured fast productivity and efficiency gains in wave 1 of their journey then set their sights on driving improvements in business performance that crosses multiple functions in wave 2 of their journey. They then drive even further to spearhead transformation in wave 3, introducing entirely new products and services unimaginable without integrating a digital workforce into their operations.

We estimate that the vast majority of our customers are still in wave 1, so there is a great deal of potential for those relationships to grow.



Where are we in the market?

As a first principle, we have focused on providing intelligent automation that helps business users enhance interoperability between their system infrastructures, new and old. This positions us as the strategic, long-term automation partner in the space, with other vendors focusing more on individual, desktop automation aimed at incremental improvements in human workforce productivity.

We believe our approach is the most effective in delivering automation at scale and driving the value that our enterprise customers are targeting.

As a result, we believe we are uniquely placed to capitalise on the full market opportunity.

08 Business Model

We combine enterprise-grade intelligent automation with a dynamic ecosystem of distribution and technology partnerships to help our customers scale their digital workforces and to empower the 21st-century organisation.

Resources & relationships

1. People and expertise

We attract the best talent from across the globe

2. Enterprise-grade intelligent automation

We provide intelligent automation via our digital workforce, which behaves as closely to a human being as possible

3. Technology partnerships

Leading-edge technologies from global partners such as Microsoft and Google can be easily accessed and integrated via our DX

4. Strong financials

Our underlying business model is inherently cash-generative

5. Distribution partnerships

We have a highly aligned distribution partner network that helps to communicate our value proposition

What we do

Design & implement

Distribution partners will often help the customer with their initial implementation, supported by our sales function

Expansion

Customer relations: our sales teams and distribution partners will work with customers on expanding their digital workforces as they translate success at the proof-of-concept stage into scaled business outcomes across functions and geographies



Initial relationship

- Customers will often start building their digital workforces with relatively small deployments
- These will often be focused on proof-of-concept automations, existing processes that can be easily automated

Support

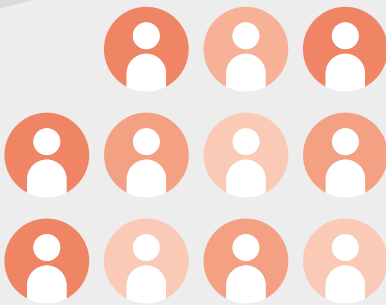
- Our support teams are available to customers as they implement and scale their deployments

Product updates/Delivery

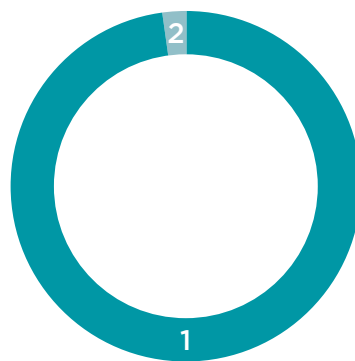
- We are continually investing in the digital workforce to improve its intelligence and agility, as well as on deployment methods, for example the cloud

Digital Exchange: The DX is our “app store” where customers discover and download pre-built, readily integrated technologies such as AI, for use with their digital workforce

These assets open new processes and allow the customer to access and absorb the latest in technology into their business operations



How we generate revenue



1. Licence and support & maintenance (98%)

We sell software licences for our digital workforce as well as the right to future software updates, standard maintenance and support. We also sell enhanced maintenance and support on top of the base package

2. Professional services (2%)

We provide professional services, including advisory and assurance

Creating value for our stakeholders

(all figures at 31 October 2020)

Employees

1,005

We have over 1,000 employees globally, largely knowledge workers

Investors

PRSM.LN

Our investors can invest in our enterprise-focused intelligent automation product, in one of the world's fastest-growing software markets

Customers

2,031

We have over 2,000 customers who benefit from improved efficiency, customer service and employee satisfaction

Partners

267

We have 100 technology partners who can use our software as a platform to enable their own products, and in 2020 we had 167 distribution partners, who implemented our product and earned associated fees

Registered users

250,000

Skilled users of our product are in demand. We have training programmes in place for universities, and a learning edition available so people can develop the skills to become the drivers of the 21st-century workforce

10 Technology Strategy

Our technology strategy is designed to make the digital workforce an increasingly strategic asset for any enterprise customer.

We provide a digital workforce that can work within any system – new or old, while being managed by non-technical customers – typically business users within an organisation.

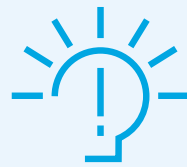
This interoperability means that ancient systems from the birth of computing, to technologies just born, are now in scope for our enterprise customers. This imposes a post-legacy reality; everything that exists is legacy; or in Blue Prism terms, a component or tool to be used. As a result, our digital workforce can drive a revolution in the way enterprises consume technologies and accelerate change.

To push this opportunity further, we partner with leading technology vendors such as Microsoft, Google and Amazon to provide access to emerging technologies. These then become skills to be learned by the digital workforce – which are available on an object basis via the DX.

Object-based access means that users can simply drag and drop the functionality they want into their digital workforce's process flows, thereby accelerating and simplifying adoption.

Our internal product development focuses on further enhancing the intelligence and resilience of the digital workforce, as well as further enhancing our cloud-based products and approaches. These developments make the digital workforce an increasingly strategic asset for any enterprise customer.

The six core skills that allow the digital workforce to drive true operational agility include:



Knowledge and Insight



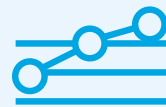
Learning



Problem Solving



Visual Perception

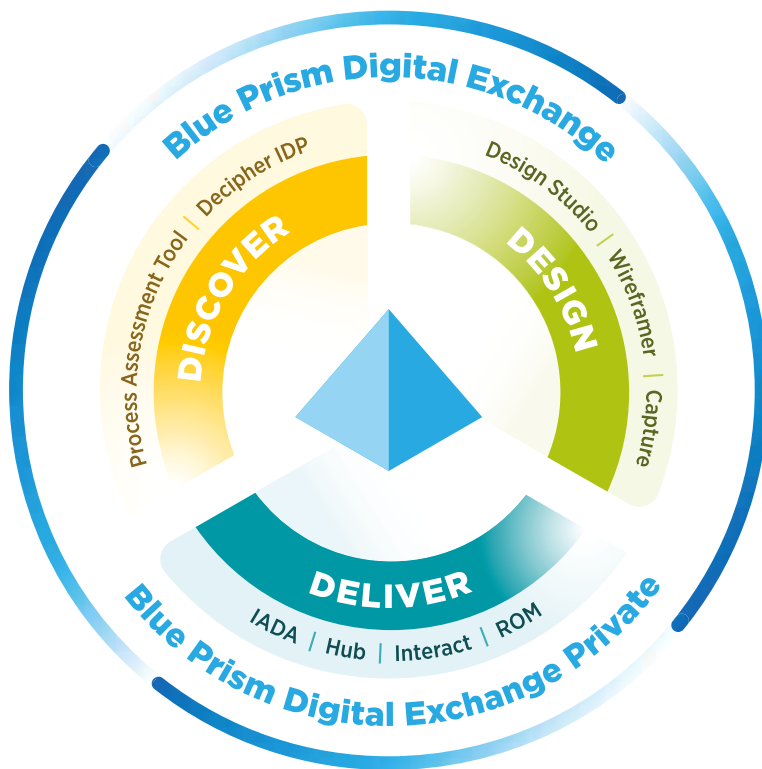


Planning and Sequencing



Collaboration

Our digital workforce provides a range of capabilities to our customers:



Blue Prism Digital Exchange

We created Blue Prism Digital Exchange (“DX”) to match businesses with AI skills, connectors, digital workforce functions, and complete automation processes. By making it easy to get connected to the world’s most forward-thinking companies, we’re “democratising AI”— and showcasing the art of the possible.

Customers and partners can use the DX to explore their options with a digital workforce, upskill their existing digital workforce, or share their own cutting-edge technology.

The private DX is an area for customers to share automations or processes within their own organisation. For example, the UK’s National Health Service has a private DX area allowing different NHS Trusts to share best practice process design and speed up automation.

01 Discover

- Process Assessment Tool: a bundled tool that assesses and ranks your processes in terms of most to least automation-ready, with insight into the potential financial impact
- Decipher IDP (intelligent document processing): an easy-to-use intelligent document processing solution that uses OCR (optical character recognition) and ML (machine learning) technology to identify and extract data from business documents, such as invoices. It learns from human-in-the-loop interaction and applies the knowledge going forward

02 Design

- Design Studio: our design area that enables drag-and-drop process automation building, with reusable “objects” (the events and actions that build a process), shared across the business. Updates to objects and processes are made once and saved throughout the library
- Wireframer: allows you to efficiently define business objects that can be used as part of an automation process
- Capture: an intelligent process capture platform that simplifies the creation of process definition documents (PDDs) by combining task extraction and computer vision to autogenerate screenshots, step descriptions, process data, and process flows, from a process owner demonstration. Customers can then optimise the process by adding or modifying steps and then extract their completed PDD—more quickly and accurately—into their preferred file format, including a Blue Prism process outline that even further reduces time to automation

03 Deliver

- IADA: the Intelligent Automation Digital Assistant (“IADA”) manages digital worker activities to maximise productivity, increase return on investment, and optimise performance
- Hub: manage and control the digital workforce, get help with automation development, and access real-time analytics via an intuitive web-based interface
- Interact: our easy-to-use collaboration platform that enables human workers to interact with digital workers
- ROM: our Robotic Operating Model, a proven implementation methodology that enables customers to successfully launch, maintain, and scale their digital workforce

12 Chairman & CEO Statement

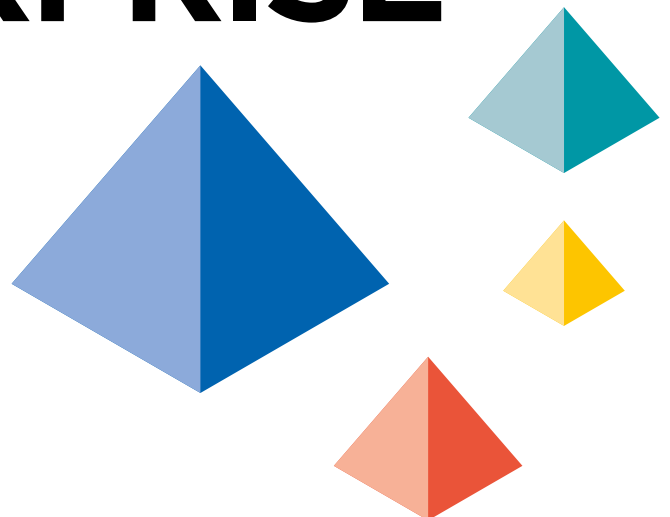


“

We have seen digital workers deployed to crucial pandemic response tasks, with processes built and deployed in a matter of hours, marshalling significant capacity to handle dramatic changes.

Jason Kingdon
Chairman and Chief Executive

DIGITAL WORKERS AT THE HEART OF ENTERPRISE



During a globally challenging 2020, I was proud to see us demonstrate the strength and resilience of Blue Prism's product, people and commercial model. We generated 46% growth in revenues, secured £180m in customer commitments, retained 98% of customers by revenue and reduced adjusted EBITDA loss by 47%, in the most difficult economic and social environment in a generation.

The COVID-19 pandemic is a unique and significant challenge for people and organisations globally. It is a health crisis first and foremost, but its ramifications impact almost all organisations and individuals directly. At the start of the pandemic we responded swiftly, reorganising the way we work to protect the health of our people, while supporting our customer base with a range of initiatives, including our COVID-19 response programme, where we offered free digital workers and support, for COVID-19 response purposes.

The pandemic directly impacted on our growth plans for the year. The uncertain environment has meant that customers have been understandably cautious, delaying large, strategic spends. As a result, we have seen delays to new commitments, and where these have been secured, they have been of a smaller size than previously expected. These factors only make our performance during this period even more impressive.

But it has also been an important year in demonstrating the capability, resilience and strength of our digital workforce, and the role it can play in enabling the 21st-century enterprise. We have seen digital workers deployed to crucial pandemic response tasks, with processes built and deployed in a matter of hours, marshalling significant capacity to handle dramatic changes. This has ranged from supporting the UK NHS, building processes in 24 hours to link communications between hospitals and care homes and process antibody test results, through to helping the financial services sector support customers by processing small business loans or mortgage relief. More details on our response to COVID-19 can be found on page 18.

The critical role our digital workforce has played in our customers COVID-19 response will be another proof point to its role at the heart of the 21st-century enterprise, and reinforces the importance of robust, intelligent automation deployed at true scale.

Strategic progress

Despite the uncertain backdrop we made significant strategic progress. At the start of the year I was very clear that I wanted to make the product, and delivery of the revenue performance obligations, a priority for the business going forward. We raised £100m in April 2020 to provide sufficient ballast to the Group through any business disruptions resulting from the pandemic, while allowing our continued investment in product development and the delivery of future software upgrades.

As a result, expenditure increased during the year on product development, the delivery of future software upgrades and revenue performance obligations.

We launched Decipher – a tool incorporating machine learning and OCR technology to allow digital workers to extract information from documents. Following this, we launched Service Assist, tools which help the digital workforce work alongside contact centre agents, and Blue Prism Interact, a collaboration tool allowing human workers to instruct, verify, receive and authenticate information with their digital workforce.

We have made great progress this year, and will continue to develop and build upon this to continually widen our product moat and differentiation. I truly believe we are the only RPA provider focusing on the importance of enterprise-grade intelligent automation and every dollar or pound we spend now widens the gap between us and others.

The other key strategic priority I introduced was to reach broad cash break-even. I had originally planned this for 2020, but given the COVID-19 environment I revised this commitment to 2021. We have made good progress towards this goal across 2020, and remain on track to deliver this commitment in 2021.

2,031
customers

39%
of the customer base
bought more licences
in 2020

14 Chairman & CEO Statement continued

Board changes

Early this financial year Alastair Bathgate stepped down from his role as CEO and Board member. Alastair steered Blue Prism from its start-up phase in 2001, through several years of rapid growth and its IPO on the AIM market in 2016, to building the Group into its status as a global market leader in a significant software category. He remains a fervent supporter of Blue Prism, and is available to me, the Board and the wider team in an advisory capacity. On behalf of Blue Prism I want to thank Alastair for everything he has done, and I look forward to continuing our close relationship.

As a result of Alastair's departure my role has changed from Executive Chairman to Chairman & CEO. The Board is committed to maintain a strong and independent balance, and as part of this we decided at the same time to appoint Chris Batterham as Non-Executive Deputy Chairman. There is more detail on the steps we are taking to ensure appropriate balance and governance in the Corporate Governance Statement.

Charmaine Carmichael also left the Board this year as a result of her taking up a new full-time executive role, which required her to step down from her external Non-Executive Board commitments. I would like to thank Charmaine for her significant contribution to the Board and wish her well in her new role.

To replace Charmaine, we appointed a new Non-Executive, Rachel Mooney, who joined the Board in October. Rachel joins with significant software experience, having held a number of senior HR roles at Google, Vodafone and latterly Snow Software. Rachel will chair the Remuneration Committee and join the Audit Committee as part of her role.

On 1 February 2021, two Non-Executive Directors, Maurizio Carli and Murray Rode, were appointed to the Board, both of whom bring extensive international and US software experience.

People and culture

Our people are central to everything we do. We have a strong cultural framework, which is used as a template for our people in their working lives. To support our expanded employee base we have invested in improving internal communications and improving talent and performance management across the year. We have also worked to evolve our culture and support our people as we transitioned the organisation rapidly to a work from home model.

Our business is in an exciting marketplace with a great deal of opportunity ahead. As such we are continually enhancing our leadership team. This year we have added a new Chief Product Officer, Ian Horobin, a new Chief Marketing Officer, Chip Coyle, and a new Senior Vice President of Human Resources, James Mitchell, who strengthen the team significantly.

Looking ahead

2020 has been a challenging year but we have many reasons to be bullish about our future. We stand as a market leader, with a significant differentiation in a rapidly developing software category. The COVID-19 pandemic has caused many of our customers to truly appreciate the value and potential of the digital workforce, and it has encouraged others to consider the importance of robust intelligent automation – over 7,500 attendees registered to join our virtual Blue Prism World customer event to find out more. The duration of the COVID-19 crisis is still unknown, and there is potential for further disruption along the way. But in the medium term the Board and I are more confident in the prospects of our business than ever.

Jason Kingdon
Chairman & Chief Executive
18 February 2021

Our cultural framework:

Professional. We strive for excellence in everything we do and apply our expertise to build business benefit.

Robust but respectful. We challenge assumptions and speak up when something isn't right, building long-term, trusted relationships.

Integrity. We role model integrity and transparency through straightforward interactions with our clients, partners and colleagues.

Success. We achieve success through the success of our partners and clients. We celebrate the success of others.

Empowerment. We are trusted and empowered to make the right decisions.

Case study: Telefonica

Telefonica Group, specifically Telefonica Spain, is symbolic of the new generation of digital businesses, yet it is nearly 100 years old. In July 2019 Telefonica executives set a public goal to achieve savings of €1bn through their Digital Transformation programme across all of their businesses in 12 countries. At Telefonica Spain, they focused on gaining efficiency in all aspects of their business including finance, operations, pre-sales, and contact centre operations for both B2B and B2C segments.

Challenge

More than 18 million Spaniards depend on Telefonica Spain for their telecommunications service – including internet, mobile and landline services. The Company works with over 1,000 large enterprises and tens of thousands of small to medium-sized businesses – which are supported by 1,000 Telefonica customer service specialists. On the consumer side, more than 6,000 call centre agents field hundreds of thousands of requests from customers each day. For any telco, contact centres create an operational challenge due to high labour and IT costs. They also have a hugely significant impact on the customers' satisfaction with their service provider. Having resolved to quickly improve customer service and call-centre efficiency, Telefonica leveraged its robust Blue Prism intelligent digital workforce.



We have a very clear standard for quality, and we are very focused on the quality of our customer relationships. Our priorities are reducing time, reducing errors and delivering that quality. So, this is why we have put a lot of effort into customer care.

Javier Magdalena Pinilla,
Director, Simplification and Robotisation,
Telefonica

250k
Calls processed a day

Location:
EMEA/Spain

Industry:
Telecommunications

Solution

Telefonica leverages Blue Prism's intelligent automation to create a front-to-back-office solution that uses TrustPortal, machine learning, and integrations with more than 30 technologies. In fact, digital workers process around 250,000 calls each day from different customers calling in simultaneously, sometimes at a rate of 20 calls per second. Telefonica Spain employs nearly 600 intelligent digital workers who complete many tasks on their own, enabling the call centre agent to focus on higher value work. Telefonica Spain is a lighthouse for every new customer looking to transform their contact centre and customer service operations at scale and with proven, at-speed ROI.

Integrating

30+ technologies

16 Case study: Invesco

Making optimal investment decisions for clients is critical to US-based independent investment management company Invesco. The Company manages more than \$1trn in assets for clients worldwide. To increase customer experience, the Company looked to automation to increase operational efficiency and employee productivity. Specifically, Invesco aimed to enable its analyst and portfolio managers to better perform extensive research to better serve clients.

Challenge

Determining which investments are best requires comprehensive research and involves a significant amount of data extractions, number crunching, market research and dynamic monitoring of market variables. Since this activity happens in real time, Invesco's analysts require time and capacity to perform this work effectively. Invesco needed a way to increase capacity for analyst and portfolio managers and to allow them to focus on this important work.

Number of processes
in production

70+

Location:

US

Industry:

Asset Management

Solution

Digital workers are actively helping analysts gather data and reducing the manual workload in areas like RFPs, SOX compliance and real estate research, leading to a 90% increase in time efficiency. Invesco has scaled its automation programme rapidly with 70+ processes in production across three regions with nine business functions and 23 sub functions.

Intelligent automation has given Invesco's analysts and portfolio managers a competitive advantage over companies using a more traditional investment approach. And the Company has saved \$1.44m in the last year, with an estimated \$3.59m total savings over three years.

Increase in time efficiency by

90%



Case study: Hershey

Since 1894, generations of families have savoured Hershey's chocolate. As one of the world's largest chocolate manufacturers, it's no surprise that \$7bn of inventory flows through Hershey's distribution centres each year. Inevitably some inventory is miscoded, and product is wasted. How could Hershey avoid wasting such a tasty product? By automating, intelligently.

Challenge

Keeping track of inventory worth \$7bn is a complex task. As a food product, the inventory requires careful handling, special storage and has a short shelf-life. With a wide range of new products constantly being introduced, it's easy for some products to be coded incorrectly in distribution centres. If this error is not discovered quickly, the product must be sold at distressed prices or even destroyed.

Location:

US

Industry:

Manufacturing

Solution

At the recommendation of partner INVOKE, Blue Prism intelligent digital workers were assigned the task of searching inventory lists each day. Each morning before the workday begins, digital workers run a process that captures every mislabelled product and informs the distribution centre and supply planning personnel, who can quickly and accurately correct inventory.

The benefits from this process are visible across the business. Newly discovered products are sent to store shelves for immediate sale, so rack space in warehouses has been maximised. Supply chain analysts are made aware of additional inventory and can manage production schedules more efficiently. Best of all, adding digital workers to Hershey's supply chain process has enabled the Company to recover more than \$7m in inventory.



I challenge everybody, if you are looking at processes to develop, keep an open mind, be creative, and use your imagination.

Martin Rupert

Head of Business Process Automation,
The Hershey Company



18 COVID-19 Response

FIGHTING BACK AGAINST COVID-19

Supporting our customers

Our digital workforce provides customers with a robust digital infrastructure, making their businesses resilient and adaptable. So we know it can help in unprecedented situations, like the COVID-19 pandemic which has impacted almost every person around the globe.

We swiftly set up our COVID-19 response programme where we donated free digital worker licences and resources to impacted customers, prioritising those in immediate need of our technology for public benefit to help fight COVID-19.

The programme was targeted at:

Healthcare organisations involving patient scheduling, remote physician consultations, logistics and supply management, vaccine research, workforce planning, and other front-line healthcare needs.

Public sector organisations involved with community protection, law enforcement, public safety and workforce management.

Financial service institutions dealing with unprecedented demand on call centres, loan processing, etc, resulting from government-mandated initiatives.

Some examples of the COVID-19 response programme in action are:

Non-profit – Mencap

Mencap, the UK's leading learning disability charity experienced a significant increase in workloads for its payroll team due to COVID-19. Changes in work hour patterns strained the payroll team and put colleagues at risk of not being paid correctly. Mencap reached out to Blue Prism for help automating a

new process to quickly administer sick pay related to COVID-19. With intelligent digital workers supporting the important work that payroll does, the payroll team was able to fully focus on providing the highest level of service to all colleagues at Mencap.

Healthcare – NHS

Residents in care homes have been disproportionately affected by COVID-19. In the UK, the East Suffolk and North Essex Trust worked closely with the NHS digital team to roll out NHS mail to care homes. Care homes previously didn't have access to NHS mail, which provides secure communication with GPs and with acute care hospitals.

Blue Prism intelligent digital workers were deployed in just 24 hours to manage the process of submitting requests for and setting up NHS mail accounts for these residents. Nearly 19,000 applications have been verified and processed, which saved 1,500 hours of admin time, and led to strong communications between care homes and the NHS.

Financial services – Leeds Building Society

Leeds Building Society is the UK's fifth largest building society, and has worked to support borrowers facing financial difficulty during the pandemic. The rapid roll-out of mortgage payment holidays was a challenge for many lenders who had to scale up quickly to meet a growing number of member requests. The Society reached out to Blue Prism for additional intelligent digital workers to enable it to quickly and immediately process a

large volume of requests for mortgage payment holidays. A new solution was deployed in just a few days, allowing Leeds Building Society to process a high level of payment holiday requests each day. With digital workers on the job, some 26,000 applications for payment holidays were processed, call volumes to the Society's contact centre were reduced, and waiting times for members who needed to speak to a colleague were shortened.

Supporting our people

We have people globally, so when the virus hit we prioritised their safety above all else. We swiftly moved to remote working and suspended all but essential travel, offering employees support with adapting to the “new normal”.

Many of our events were retooled to protect our people, customers and partners. Our flagship Blue Prism World event ran virtually, attracting over 7,500 registrations, and even our Annual General Meeting was run on a virtual basis to protect shareholders.

As the crisis evolves, we will continue to cautiously obey local guidance, utilising technology to prioritise the wellbeing of our people, customers, partners and their communities.

Impact on our business

Digital workers don't get sick, but we did see a direct impact from the pandemic on our growth plans for 2020. Customers have been understandably cautious, focusing on immediate business continuity, and protecting spend levels in an uncertain environment. As such, we have seen delays to deals, and a reduction in deal sizes as customers focused on only contracting for essential deployments. We expect these impacts to be temporary in nature. We decided to prudently raise £100m from investors to ensure the business remained secure should the market environment worsen. This is covered in more detail on page 26.

Our digital workforce has played a critical role for many of our customers during the pandemic, and as a result we have seen customer retention remain very strong. We also think that this will further highlight the value of the digital workforce for these customers, and that, in the medium term, this could drive growth.



INNOVATING TO DRIVE FURTHER GROWTH

Our strategy is designed to enhance and differentiate our position in the rapidly growing RPA software category.

Empower customers to extend the boundaries of process automation

Our platform is a holistic solution for customers to automate business processes which are not adequately handled with existing systems. To drive the greatest possible adoption:

- we allow business users, not just IT, to implement an automation tool by providing no code software;
- with our Digital Exchange ("DX") we:
 - build extensive capabilities for handling commonly deployed IT systems;
 - work with a technology partner network, including Google, AWS and Microsoft, to provide a range of skills for our digital workers to complete a diverse array of tasks (OCR, NLP, sentiment analysis, machine learning etc).

Progress in 2020:

Assets available via the DX

1,200+

Technology partners

100

Net retention rate

113%

Lower the barrier to adoption and increase the stickiness of our products

Investments across product, sales and marketing and in our ecosystem of systems integrators and partners ensure that:

- we are accessible to potential or new customers with learning and trial editions via multiple routes, including public cloud;
- customers have access to trained resources when planning, deploying and extending automation projects;
- we build on initial successful projects and can quickly scale up across a customer's organisation;
- our products respond to the evolving needs of customers and can integrate legacy technology with the newest, cloud-based applications;
- we can solve the most complex, mission-critical and sensitive areas of our customers' operations, fulfilling regulatory requirements;
- all processes are centrally controlled and are made of editable, reusable objects which speed up process building and lower total cost of ownership with scale.

Progress in 2020:

Distribution partners

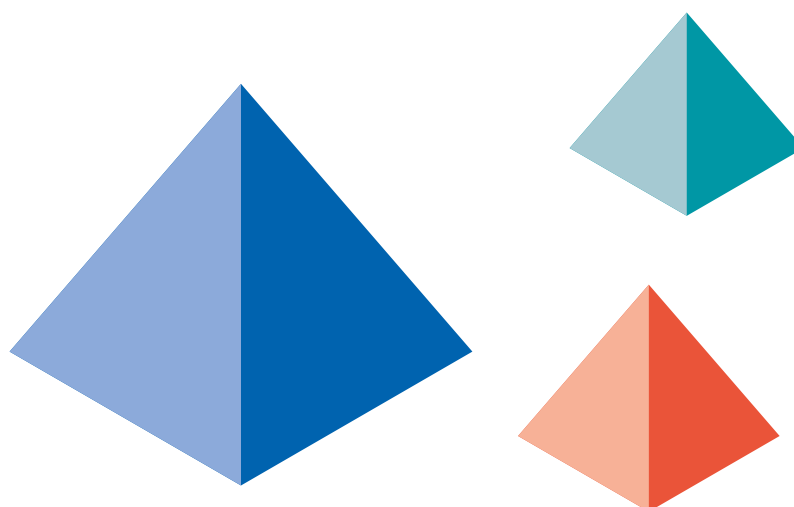
167

Registered users

250K

Gross revenue retention rate

98%



Drive growth with compelling user economics

Based on our strong and consistent gross retention rates and track record of upselling, we continue to invest in growth. To optimise this, we:

- take a holistic approach to maximise our investment, looking at the long-term value of new account and upsell opportunities;
- employ both direct and indirect sales strategies, depending on our relationships and presence in a given market;
- work with partners to map out the most compelling upselling opportunities within major accounts;
- explore partnership and joint venture opportunities where market characteristics warrant it.

Progress in 2020:

Growth in revenues

46%

Customers added

499

Percentage of customer base upsold

39%

Blue Prism Cloud

Blue Prism Cloud is our fully integrated, SaaS-delivered, intelligent automation platform that provides enterprises with access to a pool of intelligent digital workers straight from the cloud, with pre-integrated AI skills. Blue Prism Cloud complements our enterprise version, which is hosted in a customer cloud or on premise, by providing a fully managed platform with a quick time-to-value proposition for customers. The product is based off the core offering of Thoughtonomy, which we acquired in 2019 and has been very successful in its first year of integration with the Group, with bookings increasing by 147% year on year. We believe that cloud-based deployments of digital workers will be a natural evolution for our customers and are committed to continually developing our cloud offerings to respond to customers' changing needs.

22 Key Performance Indicators

We have a range of financial and non-financial key performance indicators (“KPIs”) to measure business performance, particularly against our strategy.

Financial

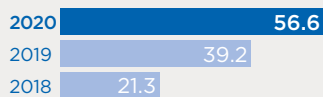
Revenue	Adjusted EBITDA	Annual recurring revenue	Cash from operations
£m	£m	£m	£m
£141.4M 46%	£(42.8)M (47)%	£153.6M 21%	£(35.4)M (43)%
2020 141.4 2019 96.8 2018 55.2	(42.8) 2020 (80.6) 2019 (21.6) 2018	2020 153.6 2019 127.2 2018 74.4	(35.4) 2020 (62.1) 2019 (5.4) 2018
Measure The increase in revenue over the previous financial year.	Measure Loss for the period adjusted for interest, taxation, depreciation and amortisation excluding share based payments and exceptionals.	Measure The amount of recurring software licence revenue recognised in the Group's profit and loss account in the last month of the reporting period, adjusted to reflect the full impact of work won during the month, and annualised.	Measure Cash generated from operations.
Relevance As we continue to grow our business and increase our share of a growing market, growth in revenue demonstrates the progress we are making and the health of the market.	Relevance Measures the trading position of the business and demonstrates ongoing investments in the future of the business and its growth.	Relevance Indicates the level of licence revenue that the Group would achieve on an annual basis going forward if there was no new business generated in the future and a 100% renewal rate.	Relevance Our customers typically pay for their licences a year in advance. This measure is a good indicator of the underlying cash generation of the business. It is also a good indicator of how we are managing our cash cycle.
Performance Revenue increased 46% as we grew our customer base and continually upsold existing customers. Revenue growth was impacted by customer caution in the COVID-19 pandemic environment which covered the majority of the financial year.	Performance The EBITDA loss was better than the prior year as revenue grew, we invested less in new hires and made significant savings on travel and events.	Performance Annual recurring revenue increased during 2020.	Performance Cash burn improved during the year as we consolidated investments made in prior periods and we made good progress towards our revised target of cash break-even in 2021.

Non-financial

Americas revenue

£m

£56.6M
44%



Measure

Revenue from customers in the Americas in the current financial period.

Relevance

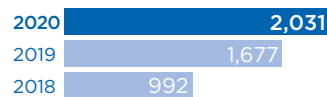
Measures our performance in the key US and continental America market, which is important strategically and in terms of size.

Performance

Americas revenue grew well despite impacts from the COVID-19 pandemic on customer behaviour.

Number of customers

2,031
21%



Measure

Total number of contracted customers at the close of the financial year.

Relevance

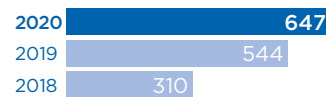
A clear indicator of the progress of the business within the market. Drives existing revenues but also provides a platform for future growth and upsells.

Performance

We significantly increased the number of customers despite the difficult trading environment, while retaining 98% of the 1,677 customers we started the year with by revenue.

Customers upsold

647
19%



Measure

The number of customers returning to by additional licences in the period.

Relevance

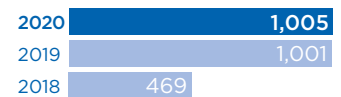
Measures the strength of customer advocacy, relationships and of Blue Prism's impact on organisations. A key driver of our continued growth and performance.

Performance

We continued to upsell to customers despite the difficult trading conditions. While these upsells were smaller than in prior periods, they signified the strength of our customer relationships and the returns they see from their digital workforces.

Number of employees

1,005
-



Measure

The number of employees within the business at the period end.

Relevance

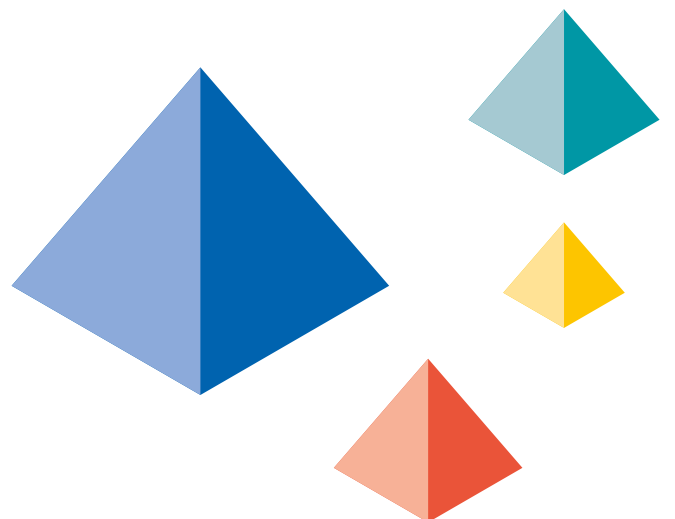
As we grow our business to respond to the market opportunity available, we are growing our employee base to make sure we have and are able to attract and retain the right skills and capabilities within the organisation.

Performance

During 2020 we consolidated the investments we had made in our employee base across 2018 and 2019, so total employee numbers remained stable.



ACHIEVING **A STRONG** PERFORMANCE



Restatement of FY19

The Group adopted IFRS 15 Revenue from Contracts with Customers for the first time in FY19. As part of the implementation we determined that there were three performance obligations and we released a portion of revenue from licence sales at the point in time of delivering the licence, and the remainder of the revenue straight line over the term of the contract. In FY20, the Directors have reassessed the implementation of IFRS 15 and concluded that there are two performance obligations. As a consequence revenue is recognised on a straight line basis over the term of the contract. The impact of this reassessment is to reduce prior year revenue from £101.0m to £96.8m. The impact of the revised revenue recognition policy on FY20 is that revenue is £2.1m lower than under the three performance obligation approach. Please see detail in note 1 to the accounts.

Revenues

Recognised revenues for the period increased by 46% to £141.4m (FY19: £96.8m restated; £101.0m as originally presented), with recurring licence revenue accounting for 98% (FY19: 95% restated; 96% as originally presented).

Other revenues accounted for 2% of total revenues, with professional services and training revenues increasing to £3.0m (FY19: £2.6m) and sponsorship and other revenue decreasing to £0.1m (FY19: £1.8m) as a result of the Blue Prism World events being hosted virtually in response to the COVID-19 pandemic.

MRR, which is the exit run rate of recurring revenue at the last month of the reporting period, was £12.8m (FY19: £10.6m). Growth in MRR was directly impacted by the COVID-19 pandemic, as customers became more cautious with spending decisions, resulting in extended sales cycles and lower than average deal sizes.

We undertake research and development as discussed within the Strategic Report. These costs are incurred to satisfy our performance obligations and as such are expensed rather than being capitalised.

Recognised revenues by geography were as follows:

	FY20		Restated FY19		
	£m	% of total	£m	% of total	% movement
EMEA	67.1	47%	45.6	47%	47%
Americas	56.6	40%	39.2	41%	44%
APAC	17.7	13%	12.0	12%	48%
Total	141.4	-	96.8	-	46%

Blue Prism Cloud accounted for £11.0m of revenues in the period, compared to £1m in 2019 following acquisition in July 2019. Cloud bookings increased by 147% and now contribute around 17% of the new bookings achieved by the Group.

Loss from operations

Excluding contingent share-based payments and exceptional costs the Group recorded an operating loss for the period of £(49.0)m (FY19: £(82.0)m restated; £(74.2)m as originally presented). The decrease was as a result of lower travel expenses and events costs, in part as a result of restrictions due to the COVID-19 pandemic, as well as lower recruitment costs and cost management. Offsetting some of these cost reductions the Group invested more in the product development and costs associated with the delivery of the revenue performance obligations.

Cost of sales and operating expenses were in the following categories:

	FY20	Restated FY19
Cost of sales		
Amortisation of costs to obtain contracts	12.9	7.6
Direct product-related expenditure	9.3	3.8
Total cost of sales	22.2	11.4
Operating expenses		
General & Administrative	25.3	31.0
Professional services	24.8	21.1
Sales and marketing	101.9	108.1
Indirect product-related expenditure	8.5	5.4
Depreciation and amortisation	6.2	1.4
Share-based payments	13.2	7.2
Exceptional costs ¹	18.2	6.2
Total operating expenses	198.1	180.4

¹ FY19 restated to include the share-based payment charge in respect of the deferred consideration in respect of the Blue Prism Cloud (Thoughtonomy) acquisition in July 2019. Originally this was characterised as deferred consideration; however, the accounting treatment of this has been revised and this is now accounted for as an exceptional cost.



We delivered a strong financial performance despite pandemic-related disruptions during the year. Revenues have increased by 46%, with take-up of Blue Prism Cloud driving growth in cloud bookings of 147% in the year. Customers continue to increase the scale of their digital workforces, and we continue to attract new customers to the platform, and I remain very optimistic on the opportunity ahead.

Ijoma Maluza
Chief Financial Officer

26 Financial Review continued

Cash flow

Cash and cash equivalents at the period end were £137.6m (FY19: £45.5m) excluding short-term investments 2020: nil (2019: £28.6m). The increase in cash and cash equivalents relates to the net proceeds from the £100m fundraising in April 2020, underlying cash generation, less the annualisation of the 2019 investments in the Group's growth strategy and further investments in product development.

Cash outflow from use in operations was £(35.4)m (FY19: £(62.1)m). Adjusted EBITDA of £(42.8)m was offset by a £6.7m inflow from movements in working capital. Deferred revenue increased by £18.4m in the year. The outflow was driven by the annualisation of growth investments made during 2019, and further investments in product and R&D.

Other comprehensive income

During the period the translation of the overseas subsidiaries from their local currency into the Group's reporting currency resulted in an other comprehensive loss of £(2.6)m (FY19: gain of £1.8m).

Statement of financial position

Deferred revenue was higher than the prior year at £95.7m (FY19: £73.2m as originally presented; £77.4m as restated) in line with the growth of the business. Trade and other receivables increased to £44.4m (FY19: £43.6m). This was driven by the growth in the business across the year, plus robust cash collections in the second half of the year reflected in the closing cash position.

In addition, costs to obtain contracts of £30.5m (FY19: £28.2m) have been recognised in line with the capitalisation of commission under IFRS 15.

Ijoma Maluza
Chief Financial Officer

£100m funding

In April 2020, we raised £100m in funding from new and existing shareholders. These proceeds were designated to underwrite our resilience in the event of prolonged or worsened market conditions as a result of the COVID-19 pandemic, while allowing the Group to preserve the core business and continue to invest in product development, which is key to long-term differentiation of the business in its marketplace.

The shares issued in the placing represented approximately 10.9% of the Group's issued share capital at the time. In order to maximise certainty and minimise cost, time to completion and use of management time in a period of unprecedented economic uncertainty, the placing was not carried out on a fully pre-emptive basis. However as part of preparations for the placing we did consult where possible with the Group's major institutional shareholders before proceeding. The placing was over-subscribed and in allocating shares to subscribers the Board, along with the book-runners of the placing, adopted an allocation policy that prioritised ensuring that existing shareholders participating in the placing were able to avoid dilution of their holdings.

This additional resilience allowed management to focus on continuing to grow the business, and meant customers and shareholders could be very confident in the Group's financial position.

Principal Risks and Uncertainties

The following principal risks have been updated after completion of our 2020 risk review and management activities. Management notes a small number of changes and slight movements to the key corporate risks in line with the current risk environment and the Group's priorities.

Risk title	Risk description	Mitigation
1 Growth strategies and management Failure to successfully implement and manage the Group's growth strategies.  <p>Growth strategies and management activities remain consistent with our approach in prior years, whilst continuing to work on new initiatives. The risk itself remains stable to the business.</p>	<p>The Group continues to pursue further expansion, either organically or through acquisition, to capitalise on the market opportunities available to the Group.</p> <p>Such growth and expansion may present a number of challenges to the Group, such as:</p> <ul style="list-style-type: none"> - managing large numbers of people across a wide range of geographies; - dealing with uncertain market, regulatory and/or legal environments; - becoming a multi-product business – offering SaaS through the acquisition and integration of BP Cloud (formerly, Thoughtonomy) in addition to the on-premise offerings; - increased demands on management, support functions, sales and marketing functions and other resources of the Group; - lack of experienced RPA sector sales and marketing workforce due to the rapid growth of the market and the significant amount of time required before becoming productive; and - increased operating expenses, resulting lower margins and profitability. 	<p>The Board monitors and manages these growth strategies against market conditions, monthly performance against budgets, and cash available.</p> <p>Our strategic objective is to build scalable sales and delivery through developing multiple channels to market as well as processes and structures to support international growth.</p> <p>The Group's strategy is designed to build the organisation, systems and processes needed to support further growth. There are specific programmes in place and ongoing initiatives to ensure that these are successful.</p>
2 Macroeconomic and political conditions The Group's results may be adversely affected due to uncertainty over future macroeconomic growth and considerable uncertainty of the political landscape.  <p>Significant increase in political and macroeconomic uncertainties, along with escalating trade tensions give rise to an increased level of risk to the Group.</p>	<p>Political uncertainties and weak macroeconomic conditions may have an adverse effect on the Group's ability to successfully operate. The performance of software businesses has historically shown a strong correlation with the performance of the economies in which they operate. Specifically, this may have implications for the Group's business and strategy in and with regions which carry high political and economic risks.</p> <p>Recent escalating trade tensions between major global markets and growing economic nationalism are changing the landscape of multilateral systems and existing alliance structures. Concerns about economic and social stability could result in a lack of financial resources, fiscal margin, political capital, or social support needed to confront key global risks.</p> <p>These conditions could present potential challenges to the Group, such as:</p> <ul style="list-style-type: none"> - increased restrictions over foreign trade barriers and ability to operate with foreign businesses (specifically in sensitive areas like technology); - restrictions imposed by other governments on the Group's ability to export certain technology to markets; - greater reluctance from customers to buy such products and services from foreign vendors; - lowered global investment and customer spend on RPA; and - loss of trading revenues and/or negative impact on trading performance due to adverse movements in macro or industry sector economic cycles. 	<p>The Group is invested in developing and enhancing business capabilities to enable the Group to act quickly and adapt to address situations which may arise.</p> <p>The Group's Directors believe that the diversity of the sectors and geographies served by the Group insulates it to some degree from sector-specific economic cycles and from the economy in general. The potential impact of the macro and local economic cycles is considered at local level and at corporate level in operational, financial and Board meetings.</p> <p>Furthermore, the Group operates a robust forecasting and budgeting framework and programme of regular reviews of outcome to forecast, providing the Group with early warning signs and the opportunity to recalibrate, as necessary.</p> <p>A significant amount of equity (£100m) was raised in April 2020 to improve our balance sheet position and support continuing business activities even in the event of any potential increased global restrictions or economic downturns.</p> <p>The Group continues to monitor global tensions and activities to suitably adapt to potential changes in the environments and geographies in which the Group operates.</p>

Trend  Increasing  No change  Decreasing

28 Principal Risks and Uncertainties continued

Risk title	Risk description	Mitigation
<p>3 Software reliability and performance</p> <p>The Group's software may not perform as expected and/or experience undetected product defects.</p> <p>Trend</p>  <p>Focus on software reliability and performance has always been one of the Group's key objectives, and the risk factors have not changed. No change to last year.</p>	<p>The Group's business involves providing customers with reliable software. However, this software is complex and may contain errors or defects that the Group is unable to detect until after deployment or an upgrade, which could adversely affect the performance of the software or lead to a delay in implementation. This may result in the Group failing to meet its customers' performance requirements or otherwise satisfy contract specifications, potentially leading to a decrease in customer satisfaction and, ultimately, customer retention rates. In addition, the detection and subsequent correction of any errors, defects or outages may be costly and time consuming. The Group relies on its reputation as a provider of reliable software, which may be adversely affected by such problems. Any decrease in customer retention or failure to secure new customers due to a deterioration in the Group's reputation may lead to a decrease in revenue which would have a material adverse effect on the Group's reputation, business, prospects, results of operations and financial condition.</p> <p>The Group may also become liable to its customers for damages due to any software defects. The Group endeavours to negotiate limitations on its liability in its customer contracts; however, defects in the software developed and sold by the Group could result in financial liabilities, the loss of a customer, a reduction in business from any particular customer, negative publicity, reduced prospects and/or a distraction to its management team.</p>	<p>The Group has invested significantly in product development and will continue to increase these investments to include performance enhancements, bug fixes and integration of new technologies in the marketplace.</p> <p>The appointment of a new Chief Product Officer and increased activity in product development and delivery will continue to address concerns and enhance performance.</p> <p>Where possible, the Group endeavours to negotiate limitations on its liability in its customer contracts.</p>
<p>4 Security breaches</p> <p>Security breaches, malware or other "cyber-attacks" or outages could harm the Group by disrupting its systems.</p> <p>Trend</p>  <p>As a predominantly cloud-based platform, security breaches and other attacks have always been a high risk. This has only been heightened by COVID-19 and the Group's move to a completely remote "online" working environment.</p>	<p>Any compromise of the Group's systems security could harm its reputation or financial condition and, therefore, its business. Such compromises can result from deliberate attacks or unintentional events and may lead to, amongst other things, third parties gaining unauthorised access to the Group's software for the purpose of misappropriating financial assets, intellectual property or sensitive information, corrupting data, or causing operational disruption. Although the Group employs security measures for its systems, these may not protect against all possible security breaches that could harm the Group's business. There is no guarantee that the Group will be able to prevent such attacks or breaches in the future and, in the case of such an event, there is no guarantee that it will be able to promptly and effectively remedy any damage caused. In particular, the Group's reputation as a reliable and secure software provider is vulnerable to any negative press caused by material IT outages or breaches. Such an event may cause the Group's customers, particularly its enterprise customers, to have less confidence in the Group's products, and may lead them to prefer products offered by competitors.</p> <p>In addition, the Group is often required and authorised by its customers to work with confidential information in the deployment of the Group's software and services. Although the Group employs security and testing measures for the software it deploys, these may not protect against all possible security breaches that could harm the Group's or its customers' business.</p> <p>These security risks may lead to costly litigation, significant financial liabilities, and penalties, increased regulatory scrutiny and a loss of confidence in the Group's ability to serve its customers.</p>	<p>The Group employs security testing measures for the software it deploys and on internal systems. The core platform that the Group relies upon operates with a high number of security protocols, including tracking and recording of all security breaches, testing against trending risks, and suggested IT defensive measures.</p> <p>The IT Group manages strict security protocols and policies to mitigate against any potential security breaches, including obtaining and maintaining external IT and security certifications (i.e. ISO27001, Cyber essentials) to validate the Group's IT environment and controls.</p> <p>Lastly, the Group deploys an in-house employee training portal and increased communication with employees to provide updates on IT risks and threats and best practice over data security.</p>

Trend  Increasing  No change  Decreasing

5 Market and technological changes

The Group faces competition and technological challenges in a rapidly evolving market.

Trend



As a technology company and business leader in RPA, the risk of market and technological changes has and is always present. This has not changed over the year and remains a key area of business focus.

The Group faces a significant amount of competition in the rapidly evolving RPA market, from both current and potential competitors, who may have certain advantages over the Group, such as:

- being incumbent providers at the Group's prospective customers;
- greater financial resources;
- larger marketing budgets;
- greater software engineering or other resources than the Group;
- greater name recognition in certain jurisdictions;
- established relationships as a trusted vendor with particular channel and distribution partners and customers; and
- greater customer support resources and larger intellectual property portfolios.

The threat of existing or new competitors seeking to develop software that more successfully competes with the Group's current software and services, in addition to technological advancements in the artificial intelligence industry may result in the possibility of technology which may be superior to, or render obsolete or unmarketable, the software which the Group currently offers.

There can be no assurance that the Group will be able to compete successfully against current or future competitors or that the competitive pressure the Group faces in the market in which it operates will not materially adversely affect the Group's business, prospects, results of operations and financial condition.

The Group intends to continue developing innovative solutions for its customers but there can be no assurance that the Group will be able successfully to develop new products and expand its business as planned or that these new products will be successful or profitable.

The Group continues to believe that its approach and product successfully differentiate it within the RPA marketplace. It seeks to enhance and widen these differentiations with product development and R&D.

The Group has several technology partnerships, which allow the leverage of other market-leading technology alongside or within the Group's product, and ensuring the product is well linked to emerging technologies.

The Group's Chief Marketing Officer continues to ensure that the marketing strategy is robust and competitive.

6 Talent management

Failure to attract and retain skilled sales, marketing, research and development, other technical employees and senior management personnel could harm the Group's operations.

Trend



This risk remains stable to our environment last year. Whilst it remains a key risk, it continues to be mitigated through continuous investment in our employee remuneration and experience.

The continuous growth of the business means the Group continues facing the challenge of attracting and retaining staff who have the right skills to support the growth of Blue Prism. Competition for sufficiently experienced employees is high, and there is a limited pool of qualified candidates available. Continued growth may cause a significant strain on existing managerial, sales, operational, financial, and technical resources.

The Group has an executive team whose skills, knowledge, experience and performance make a large contribution to the success of the Group and failure to retain such individuals could have an adverse effect on customer relations, operations and growth strategies.

The challenges presented may hinder the Group's ability to manage operations effectively and could also result in decreased marketing activity, fewer new customer wins, delays in new product development or software implementations or to otherwise fail to satisfy customers' demands.

The Group has performed extensive work on employee remuneration packages, including a review of compensation and benefits, completing salary surveys and benchmarking comparisons against the market and our peers. Increased data analysis of these factors should enhance the Group's ability to attract and retain employees through competitive remuneration, share options or awards, in addition to fostering a positive company culture.

In addition, the Group continues to work on enhancing the employee experience by investing in development of our employee performance, development, and training platforms to harness and cultivate our talent. Additional clarity, performance plans and training programmes will assist our employees in their development and experience.

Lastly, to address the issues and changing work landscape due to COVID-19, the Group has developed a flexible and adaptable new ways of working programme to ensure employees are able to continue to work effectively and in a healthy and safe manner.

30 Principal Risks and Uncertainties continued

Risk title	Risk description	Mitigation
7 Pandemic management Failure to adapt and maintain business operations due to the occurrence of a global pandemic.	<p>The current global pandemic (COVID-19) has highlighted the existence and potential of new or mutated bacteria or viruses to greatly stretch global health systems and heavily disrupt national economies. This as a result has directly affected the Group's operations, health and safety of our employees and customers and the ways in which we work.</p> <p>Uncertainty over when a vaccine will be made readily available, and the continuing impact or potential of further adverse impacts by global economies and governments could have additional adverse implications to financial markets, operations, and businesses.</p> <p>Some of the key challenges faced due to the pandemic include:</p> <ul style="list-style-type: none"> - disruptions to our regular business operations, in-person meetings and ability to travel; - ability to work effectively in a completely remote capacity, including having the necessary tools and programmes to operate; - reduction in customer spending, which could directly impact on our ability to deliver against our targets; - employee workforce management pressures, including remote working, physical and mental wellbeing of our employees, employee absenteeism, morale management; - negative impacts on short-term market strategies, product release, marketing campaigns, sales and operations, partnerships; and - management's ability to adapt and make changes when facing challenges. 	<p>The Board and Executive hold frequent meetings to discuss the current environment, including effective ways to adapt current business operations, and the execution by leaders of the business. The Executive management team have worked on the Group's ability to act swiftly and promote quick decision-making to address business concerns and disruptions.</p> <p>Collaborative and specialised working groups have been assembled to address the changes to the current working environment, its impacts and how to effectively adapt. The Group has, including but not limited to:</p> <ul style="list-style-type: none"> - imposed travel restrictions and office closures in line with local government advice; - enabled complete remote based working, through supply of necessary hardware and software to effectively operate; - enacted business continuity procedures to ensure the Group's ability to continue work in an uninterrupted manner; - focused on employee health and wellbeing programmes, including developing programmes and providing the tools and channels to manage; and - increased employee communication and web-based all hands with the Group's leaders. <p>Furthermore, the Group's finance and sales leadership continually review the forecast and budgeting to ensure effective realignment and adjustments are made to reflect real-time figures and the ability to reach initial goals (or resetting of such goals), including but not limited to achievement of sales targets, cash even/positive timelines, etc.</p> <p>Lastly, the Group continues to operate a robust capital and liquidity position through £100m of equity that was raised in April 2020. This has strengthened the Group's balance sheet position and provides the contingency funding to support continuing business activities, and protect against the event of any potential prolonged business impacts and further shutdowns.</p>

Trend



The occurrence of a global pandemic in COVID-19 has triggered a change to working environments and the ability to address and adapt business operations to cope is significant.

Trend  Increasing  No change  Decreasing

8 Intellectual property

The Group may be unable to adequately protect its intellectual property and know-how and prevent others from making unauthorised use of its software platform and technology.



Protection of the Group's intellectual property is and will always be a key risk to the business. The risk itself, whilst ever present, continues to remain stable, and would only increase in the event of identified threats.

The Group has sought to protect its proprietary software, know-how and other intellectual property by the filing of patent applications, trade mark registrations, entering into non-disclosure agreements with employees, independent contractors and third parties in the ordinary course of its business, implementing and maintaining internal and external controls and processes restricting access to the software's underlying source code, as well as by relying on the laws of copyright, trade secret and confidentiality.

It is possible that none of its pending patent applications will result in granted patents or that the Group may be required to narrow the scope of its patent claims compared to those on file currently during the examination process.

Any intellectual property, whether or not registered owned and/or used by the Group in the course of its business or in respect of which the Group believes it has rights, may be prejudiced and/or open to challenge by third parties (including where such third parties have or claim to have pre-existing rights in such intellectual property). In any such case, the Group may be prevented from using such intellectual property or it may require the Group to become involved in litigation to protect its intellectual property rights, each of which may have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition. Conversely, while the Directors believe the Group has taken precautions, they cannot guarantee that any action or inaction by the Group will not inadvertently infringe the intellectual property rights of others. Any infringement by the Group of the intellectual property rights of others could have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

Despite precautions which may be taken by the Group to protect its software, unauthorised parties may attempt to copy, or obtain and use, its software and the technology incorporated in them. This could be increasingly likely as the Group enters into new geographical markets, some of which have legal protections that are not as strong as those in the Group's current established principal markets. This could cause the Group to have to incur significant unbudgeted costs in defending its software and technology.

Loss of ownership or exclusivity in relation to intellectual property critical to the Blue Prism software, or infringement by the Group of the intellectual property rights of others, may have a negative impact on the Group's ability to develop new product offerings or to continue to market its current product offerings, or on the costs of doing so. It may also result in disruption for the Group's existing customers and resultant contractual liabilities, as well as unbudgeted enforcement or defence costs. Each of these may have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

The Group pursues a worldwide patent, trademark, and copyright registration programme to secure registered rights to enforce its intellectual property. The market is monitored for potential infringements and legal enforcement action is taken in appropriate cases.

The Group maintains and monitors internal policies on product development to ensure that internally developed products are produced in a way that does not infringe third party intellectual property rights. Where third party intellectual property is used by the Group appropriate legal and technical reviews are conducted, and ongoing monitoring and contractual protections are adopted to ensure appropriate licensing.

32 Section 172 Statement

ENGAGING WITH OUR STAKEHOLDERS

The Blue Prism Group plc Board considers it has made decisions in a way that, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the factors set out in section 172 of the Companies Act 2006.

The table below sets out some examples of how the Directors have exercised this duty:


Stakeholder	How the Board engaged
Shareholders Continued support from shareholders is crucial to our long-term success. In return for their support we aim to create value by increasing the performance of the Company and providing sustainable shareholder returns.	<ul style="list-style-type: none"> The Company proactively engages in dialogue with shareholders. The Chief Executive Officer and Chief Financial Officer, supported by the Group's Investor Relations function, regularly meet with institutional shareholders and analysts, including after the announcement of full-year and half-year results. These meetings will involve discussion of the Group's strategy, investment case and also provide a valuable format for investors to offer feedback. Further detail regarding this is provided on pages 4 to 11.
Employees Our employees execute the strategy that has been put in place. They are the face of the Company to our customers and partners and they are crucial to the Company achieving its short- and long-term goals.	<ul style="list-style-type: none"> Prior to the onset of COVID-19 the CEO, as a representative of the Board, held regular town hall meetings soliciting questions and feedback from employees. Since the pandemic, while physical meetings have not been possible, the Board has increased the frequency and variety of virtual communications, enabling the Board to receive first-hand feedback from employees and to respond to concerns raised. The Board examined the results of a series of all-employee surveys during the year, and considered trends and issues identified from them to better understand the employee experience and examine how this has changed over time.
Customers and partners Customers are the organisations that are end users of our products. Partners distribute and utilise our product to serve their customers. Both customers and partners care about receiving a reliable and technologically advanced product, achieving a return on their investment in automation and using the product to find new ways to create opportunities and solve problems.	<ul style="list-style-type: none"> We transferred our flagship Blue Prism World event to an online conference with 7,500 registrations over the two-day event. Members of the Board attended virtual networking sessions and sought feedback from customers and partners directly. The Board has completed a series of "deep dives" into key areas of the product roadmap, such as platform strategy and the Blue Prism Digital Exchange, which included analysis of customer and partner feedback.
Suppliers, community and environment Our suppliers want assurance that the Company is robust and will fulfil its contractual obligations in a timely manner. Our communities look for us to make a positive social contribution and to minimise our environmental impact wherever possible.	<ul style="list-style-type: none"> At our events, such as our virtual conference Blue Prism World, we have held sessions for the extended community of people who have an interest in Blue Prism and intelligent automation generally. A regular dedicated item on the Board's calendar is a session focused specifically on considering wider social and environmental impacts, including reviewing key initiatives across the Group such as the Women in RPA programme.

The Board's discussion of key decisions regularly considers the perspectives of wider stakeholders, including those matters stated in section 172. The terms of reference of each sub-committee of the Board also provide that the committees must consider these factors in their decision-making so that, when decisions are delegated to these committees, they continue to consider these interests. Board papers include feedback from stakeholders where relevant.

The Board scrutinises this information and further queries are raised where the Board considers they require further information regarding the impact on stakeholders prior to making a decision. Our culture (detailed on page 14) is embedded in the organisation across the globe including the Blue Prism Board. This culture emphasises acting with integrity, which is for the benefit of all stakeholders. Our Code of Conduct, which is applicable to all Directors and employees of the Group, encourages decision-making in the long-term interest of all stakeholders.

Key decisions made in the year and how the Board considered section 172:

 [Case study: COVID-19 response](#)
See pages 18-19

 [Case study: Fundraising](#)
See page 26

Outcomes

- The CEO and CFO met with over 160 investors during 2020, and the Investor Relations function met with a further 179 investors. The Company attended numerous investor conferences across both the UK and the US, targeted at meeting existing and new investors. The Company maintained "buy" recommendations (or equivalent) from over 80% of its covering sell-side analysts.
- Following the results of the employee surveys an action plan for improvements has been developed and the Board is monitoring progress. New communication and employee wellness programmes have already been implemented as a direct result.
- The Board changed the reporting line structure of the Executive Leadership Team to facilitate cross-functional collaboration and accelerate decision-making.
- An increased level of resource was allocated to initiatives designed to promote inclusion, diversity and belonging, such as the Black Professionals in Intelligent Automation and the new Pride LGBTQ+ Employee Resource Groups, alongside the existing and very successful Women in RPA programme. All of these initiatives are supported by the Board but are employee led, with the aim of ensuring that each employee can bring their whole self to work and from the Board's perspective to enable the Company to help attract, retain and develop the best talent in the long term.
- The Board has approved a significant expansion of investment into the Research & Development team to support innovation and the development of new products. This is designed to ensure we continue to offer our customers and partners a technologically differentiated suite of products and a pipeline of new technology to assist them in meeting their automation goals.
- To enable greater proximity to our customers and partners in international markets, the Board approved the launch of subsidiaries in carefully considered jurisdictions, including South Africa and Switzerland. The Board also approved a strategy of deeper collaboration with key partners in markets where the Group does not have a physical presence in order to develop more locally tailored offerings for those regions.
- We have launched a new Code of Conduct. This has made clear what our suppliers and the local community can expect from us as a company, and from our employees, when dealing with us.
- The Board reviewed and published disclosures in the Annual Report regarding our energy usage and impact on the local community and the environment. Further information on this is provided in the Directors' Report on pages 54 to 55.

34 Board of Directors

Our founders

The Group was founded in 2001 by Alastair Bathgate and Dave Moss, who had the original vision for RPA and went on to pioneer the RPA industry. Both Alastair and Dave remain close to the Group and continue to support our development in an advisory capacity.



Alastair Bathgate

Alastair was Blue Prism's first CEO, after co-founding the business with Dave Moss in 2001. He had previously spent eight years in process improvement at Bradford & Bingley Building Society and four years delivering enterprise software solutions to major customers such as Barclays Bank at Lynx Financial Systems. Alastair has an MBA with distinction from Leeds University Business School.



David Moss

Dave is the chief software architect behind the core Blue Prism software product. Prior to co-founding Blue Prism, Dave spent five years working for Lynx Financial Systems as a Senior Software Designer, providing packaged and bespoke solutions to major names in Financial Services such as Barclays Bank, Nationwide Building Society, and Transamerica Commercial Finance. Dave holds a BSc (Hons) in Mathematics from Leeds University.



Dr. (Conrad) Jason Kingdon (58) Chairman & CEO

Appointment

2016

Experience

Jason has been commercialising AI for over 25 years. He has a PhD from UCL Computer Science, he co-founded UCL's Intelligent Systems Lab in 1992 and pioneered one of the world's first neural-nets for live financial forecasting. He was CEO and co-founder of Searchspace, an inventor of big data analytics, introducing intelligent transaction monitoring to the London Stock Exchange, New York Stock Exchange, Lloyds of London, amongst others. After a highly successful exit he set up a private AI research lab being commercialised as GlassAI. He joined Blue Prism as Executive Chairman in 2008 and later became Non-Executive Chairman on the Company's highly successfully London IPO. He was appointed as Chairman & CEO in April 2020. Jason is an EY entrepreneur of the year, author and editor of AI books, papers and patents.

Key strengths

Technology
Artificial intelligence
Data analytics
Entrepreneurship

External appointments

Jason is a Director of Telectica Limited. During the financial year Jason was a director of Conception X Limited. He resigned as Director in December 2020.



Ijoma Maluza (41) Chief Financial Officer

Appointment

2018

Experience

Ijoma is a Chartered Accountant and a Fellow of the Institute of Chartered Accountants in England & Wales. He has over 15 years of experience in the technology sector and joined Blue Prism from ip.access Limited where he was Chief Financial Officer. Prior to joining ip.access Limited he served as Corporate Strategy and Corporate Development Director of Xchanging plc. Ijoma read Economics at Cambridge University.

Key strengths

Finance
Technology
Corporate strategy & development
Investment banking

External appointments

None



Christopher Batterham (65)
Deputy Chairman and Senior Independent Director

Appointment
2016

Experience

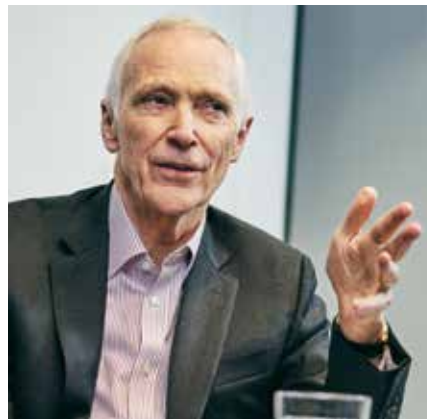
Chris qualified as an accountant with Arthur Andersen and has significant experience in senior finance roles across the technology sector. He joined the Board of Blue Prism Group in September 2012 and was previously Financial Officer of Unipalm plc, the first internet company to IPO in the UK, until 2001 and Chief Financial Officer of Searchspace Limited until 2005. Chris has an MA from Cambridge University and is a Fellow of the Institute of Chartered Accountants in England & Wales.

Key strengths

Finance
Technology
Start-ups
Business strategy

External appointments

Chris currently serves as Non-Executive Director of NCC Group plc and Nanoco plc.



Kenneth Lever (67)
Independent Non-Executive Director

Appointment
2016

Experience

Ken qualified as an accountant, and became a partner at Arthur Andersen. He has held senior Executive Director roles at Alfred McAlpine plc, Albright & Wilson plc and Tomkins plc. Ken was Chief Financial Officer of Numonyx in Switzerland from April 2008 to September 2010, and was Chief Executive Officer of Xchanging plc between 2011 and 2015. Ken has a degree from the University of Manchester and is a Fellow of the Institute of Chartered Accountants in England & Wales.

Key strengths

Finance
Leadership & management
Strategy development
Strategic financial management

External appointments

Ken currently is Group Chairman of Biffa plc and RPS Group plc and a Non-Executive Director of Vertu Motors plc and Gresham House Strategic plc. Ken is also a member of the advisory Board of Alliance Manchester Business School.



Rachel Mooney (51)
Independent Non-Executive Director

Appointment
2020

Experience

Rachel brings a strong background in Human Resources and has significant experience in scaling software businesses, developing a culture of innovation, creating agile organisational structures and driving business transformation. She held a number of leadership roles at Google in Europe, including Head of Organisational Culture, EMEA, during its international expansion between 2003 and 2010. Following this Rachel served in a variety of HR leadership roles at Vodafone. Rachel is currently Chief People & Culture Officer at Snow Software, the global leader in technology intelligence solutions, where she is responsible for HR strategy and operations across 19 offices around the world, and is a member of the global executive leadership team.

Key strengths

HR leadership
Executive remuneration
People strategy
Organisational culture
Growth management

External appointments

Rachel is currently a Director of Black Ice Limited (Ireland).

36 Senior Management



Linda Dotts
Chief Partner Strategy Officer

Linda joined Blue Prism in 2017 to drive Americas alliances and channel strategy for the Company. Linda was promoted to Chief Partner Strategy Officer in 2020. Previously, Linda was Senior Leader of Channels at FICO, following a long career in Customer Relationship Management and Unified Communications at AT&T, Lucent and Avaya. She held key leadership roles in Product Management, Marketing and Sales including President of Avaya Japan, a highly channel-centric division of the Company. Linda has a BS Economics from Arizona State University and an MBA from the University of Hartford.



Chip Coyle
Chief Marketing Officer

Chip is a growth-oriented modern marketing executive recognised for building brands and leading world-class demand generation teams for dynamic, global businesses. For 30 years, he has helped large and small businesses achieve their goals while leading collaborative and high-performing global marketing organisations. Before joining Blue Prism, Chip was SVP and Chief Marketing Officer for Infor. Prior to Infor, Chip spent 18 years with Oracle holding a variety of positions including Vice President of Americas Marketing. Chip earned a B.S. Degree in Systems Engineering from the University of Virginia.



Ian Horobin
Chief Product Officer

Ian has more than 25 years of experience in artificial intelligence and neural computing. He is responsible for all product functions at Blue Prism. Ian also continues to serve as Executive Chairman of Rahko. Prior to Rahko, Ian founded UK-based Omnicision, a provider of financial crime prevention services and solutions. Before that, he led the product development team at Searchspace. Ian is also an advisor for ConceptionX, an organisation that helps PhD students set up start-ups to commercialise their research.



John Warrick
General Counsel And Company Secretary

John has 15 years' experience of international corporate and technology law. Having begun his legal career at global law firm Allen & Overy, he has since worked in a variety of in-house legal roles with General Electric, ADP and, most recently, automotive retail software specialist CDK Global. John is admitted as a solicitor in England and Wales.



Jon Theuerkauf
Chief Customer Strategy Officer

Jon has more than 20 years of experience leading global transformation initiatives. He is the former Managing Director of Performance Excellence at BNY Mellon. Prior to this, Jon held positions at Auckland Savings Bank, New Zealand, Sberbank of Russia, Credit Suisse and HSBC. Jon holds a Bachelors degree in Psychology from Western Kentucky University and Masters degree in Psychology from University of Kentucky. He has completed various executive programmes at Harvard, London Business School and Thunderbird School of Global Management.



Terry Walby
Chief Executive, Blue Prism Ventures

Terry founded Blue Prism Cloud (formerly named Thoughtonomy), and prior to that spent his career in leadership of technology businesses including IBM, GE Capital, Computacenter and IPsoft. In July 2019, Blue Prism acquired 100% of the share capital of Thoughtonomy and Terry joined the Blue Prism leadership team.



Pete O'Neill
Chief Revenue Officer

Peter is a recognised sales leader who joined Blue Prism last year to lead the Americas sales team. Prior to joining Blue Prism, Peter served as SVP of Worldwide Sales at Balabit and Global VP of Sales at Corvil Limited. His more than 20 years of executive experience includes building and leading enterprise sales teams. In the new role as CRO, Peter brings continuity and high energy to lead Blue Prism's global sales organisation.



James Mitchell
Global SVP People

James brings over 25 years of experience of transformational leadership of people functions. James' most recent tenure was as HR Director at Rackspace. James previously founded and ran a global performance consultancy focused on working with clients to improve organisational performance through transformation-related projects and programmes. James holds a BA in International Relations alongside postgraduate qualifications in HR.

38 Corporate Governance Statement



Dear shareholder

I am pleased to report on the governance arrangements undertaken by Blue Prism during the financial year 2020. The Board is committed to ensuring standards of governance are proportionate and embedded into the Company's culture.

For the purposes of AIM Rule 26, the recognised corporate governance code that the Board has decided to apply is the Quoted Companies Alliance Corporate Governance Code 2018 ("QCA Code"). The Board believes the QCA Code provides the most appropriate framework of governance arrangements for the Company, considering the size and stage of development of the Company's business. The following information is provided to explain how the Company complies with the QCA Code and is laid out according to the QCA Code's ten principles. Where we have deviated from the Code we have stated as such.

PRINCIPLE 1: Establish a strategy and business model which promote long-term value for shareholders

The Company's business model is designed to promote long-term value for shareholders and all stakeholders. It is explained in detail on pages 8 to 9.

PRINCIPLE 2: Seek to understand and meet shareholder needs and expectations

The Company actively engages in dialogue with shareholders in a variety of ways, including investor roadshows, shareholder meetings and conferences. The Chairman & CEO and Chief Financial Officer regularly meet with institutional shareholders and analysts, including after the announcement of full-year and half-year results, and, supported by the Company's Investor Relations function, are responsible for ensuring that their expectations are understood by the Board. Further details can be found in our section 172 statement on pages 32 to 33. An important part of the Deputy Chairman's role is also to meet with shareholders and to provide an independent channel for the Board to receive their perspective. The Annual General Meeting also provides an opportunity for all shareholders to engage and to ask questions of the Board. These engagements have been able to proceed notwithstanding the restrictions on travel and events that have been necessary as a result of the global pandemic this year, and it has been possible to undertake a full programme of analyst and investor engagements remotely. A facility was also provided for all shareholders to engage with the Board remotely at the Annual General Meeting.

PRINCIPLE 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board considers the interests of shareholders and all relevant stakeholders in line with section 172 of the Companies Act 2006. The Company focuses on building strong and sustainable relationships with a range of different stakeholders in order to support the long-term success of the Company.

For customers, we host the Blue Prism Community, a global network of Blue Prism users and others with an interest in RPA technology. The Blue Prism Community provides an interactive forum for users to share knowledge and develop their Blue Prism skills, and links into a regular programme of online and (when circumstances permit) in-person Community events around the world. The Blue Prism Community and our regular network of events provide a crucial way for the Company not only to share information with our customers and partners, but also to obtain their feedback and input on the strategic direction of our product development. For our partners, we hold regular dedicated events such as the Partner Forum and Partner Executive Council, at which we share information about our product and solicit feedback and market intelligence. For customers, partners and others interested in the area we held our first virtual global Blue Prism World event during the year with 7,500 registrations. Feedback from customers and partners has informed the Board's strategic decisions on product development and international expansion. Further details can be found in our section 172 statement on pages 32 to 33.

For employees, we create a motivational and supportive work environment to promote high performance and low turnover. Regular employee engagement events are held through live webinars due to the geographically dispersed nature of the Company's workforce, and the CEO and members of the Executive Leadership Team regularly hold local employee "town hall" meetings when visiting the global offices. We increased the frequency of our regional employee Connect calls and manager briefings during the global pandemic to ensure our employees were both kept informed and supported during this period. The Board regularly considers employee issues raised through global surveys. Through active engagements with its employees, the Board has implemented robust organisational changes and developed resources that encourage employees to lend their voices to inclusion, diversity and belonging initiatives. Details on this can be found in our section 172 statement on pages 32 to 33. All employees share in the creation of long-term shareholder value through participation in our employee share plan.

In the wider community, we operate a range of programmes to support learning, collaboration and innovation in the field of RPA. We believe such educational initiatives are key to enabling societies to respond to the challenge of automation, and to develop the skills needed for the jobs of the future. Blue Prism Learning Edition and Blue Prism University together provide free-of-charge access to software and online learning materials to enable anyone to learn the skills and certifications they need to develop a rewarding career in RPA. The Blue Prism Academia programme also provides qualifying academic institutions with free access to the Company's software to help develop the intelligent automation skills of the workforce of the future. We also operate a number of other successful initiatives to engage with and benefit the wider community, such as Women in RPA, which focuses on encouraging and developing women in this sector, and Blue Prism For Good, whereby employees are involved in fundraising, volunteering and mentoring activities to benefit a wide range of people and causes.

PRINCIPLE 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Company is exposed to a number of potential risks which may have a material effect on its reputation, financial or operational performance. The Board has overall responsibility for risk management and internal controls and is fully supported by the Audit Committee. More detail about the identified principal risks and uncertainties can be found on pages 27 to 31.

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The processes to identify and manage the key risks of the Company are an integral part of the internal control environment. Such processes, which are regularly reviewed and improved as necessary, include strategic planning, approval of annual budgets, regular monitoring of performance against budget (including full investigation of significant variances), control of capital expenditure, ensuring proper accounting records are maintained, the appointment of senior management and the setting of high standards for health, safety and environmental performance.

The effectiveness of the internal control system and procedures is monitored regularly through a review by management, the results of which are reported to, and considered by, the Audit Committee. The system of internal control comprises those controls established to provide assurance that the assets of the Company are safeguarded against unauthorised use and to ensure the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. Any system of internal control can only provide reasonable, but not absolute, assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failing to achieve the business objectives of the Company.

PRINCIPLE 5: Maintain the Board as a well-functioning, balanced team led by the Chair

The Board currently consists of the Chairman & CEO, one further Executive Director and three Non-Executive Directors, one of whom is designated as Deputy Chairman. The biographical details of the Board members can be found on pages 34 to 35.

The Board has determined that Chris Batterham, Ken Lever and Rachel Mooney are independent in character and judgement. The Chairman & CEO, Jason Kingdon, is not considered to be independent; however, the Board considers that his long experience as Chairman of the Board of Blue Prism Limited (which until the IPO was the parent of the group of companies) is of benefit to the Board in providing continuity of knowledge and additional industry expertise to the Company.

Following Alastair Bathgate stepping down from his executive role and from the Board, the Board decided to appoint Jason Kingdon to the additional role of Chief Executive Officer in an extension of his prior responsibilities as Executive Chairman. In this role, Jason's focus is primarily on the executive leadership of the Group and overall strategy. At the same time, in order to provide appropriate independent balance to the Board, the role of Deputy Chairman was created. Chris Batterham was appointed to this role, having previously served as Senior Independent Director. The role of Deputy Chairman carries substantial

40 Corporate Governance Statement continued

responsibilities in relation to ensuring the interests of all stakeholders are appropriately and independently represented in the Board's determinations, and overall in leading the proceedings of the Board. The respective roles of Chairman & CEO and Deputy Chairman are explained in further detail in relation to Principle 9 below.

The Board has determined that this allocation of roles and responsibilities is the most appropriate arrangement for the Group's current stage of development, allowing as it does Jason Kingdon to focus his extensive expertise in the field of the commercialisation of AI and his familiarity with the Group's business and strategy on meeting the challenge of executive leadership of the Group, while ensuring that in the role of Deputy Chairman Chris Batterham is able to ensure a strong independent balance to the Board and engagement with all stakeholders.

While the Board has determined that its current structure best meets the needs of the Group's current circumstances, it intends to keep its composition under regular review. The Board is also actively considering additional non-executive appointments as further described in relation to Principle 6 below.

The Board meets sufficiently regularly, eight to ten times throughout the year. Meetings of the Non-Executive Directors without the Executive Directors being present are held at least annually.

Board membership and attendance

	Attended/ Eligible to attend
Jason Kingdon	13/13
Alastair Bathgate	7/7
Ijoma Maluza	13/13
Charmaine Carmichael	11/11
Chris Batterham	13/13
Ken Lever	13/13
Rachel Mooney	2/2

PRINCIPLE 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

Composition of the Board is reviewed at least annually by the Nomination Committee. Following a review this year of the balance of skills, experience and personal qualities of the Board, the Nominations Committee recommended to the Board that an additional independent Non-Executive Director with global/US software industry experience would augment the expertise of the Board. The Board and Nomination Committee are actively pursuing this development. The Board also expects to place renewed emphasis on developing its network of advisory panel members – seasoned technology industry experts, each with a global perspective – who are available to advise the Chairman & CEO and the Board, as well as the Group's executive leadership, on strategic development.

The Board recognises the benefits of a diverse composition of the Board in order to incorporate diverse perspectives, not only of gender and race but also of broader background and experience, and these principles always form the basis of any assignment to identify new Board candidates. With the recent Board changes and planned developments the Board considers its overall size and composition to be suitable and that it has an appropriate

balance of sector, financial and public markets skills and experience as well as an appropriate balance of personal qualities and capabilities.

In order to develop their skills and keep up to date with market developments the Board receive regular training from the Company's Nominated Adviser. All members of the Board have access to the advice and support of the Company Secretary, who is also responsible for facilitating the induction programme for new Directors and providing briefing and guidance on key on key governance developments, such as Streamlined Energy and Carbon Reporting and section 172 reporting.

PRINCIPLE 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Nomination Committee is responsible for Board evaluation, and the Committee undertook its first Board evaluation last year. The Board identified succession planning and the quality of Board papers as two areas that it wished to improve on in FY20. As Deputy Chairman, Chris Batterham oversaw an action plan to improve the performance of the Board in these areas. A further internal Board evaluation has taken place in October 2020 and the results of this process will be used by the Nomination Committee to assess progress in its identified objectives for the year and to inform its priorities for the coming year.

It is expected that internal or externally facilitated evaluations will be undertaken regularly in the future.

PRINCIPLE 8: Promote a corporate culture that is based on ethical values and behaviours

The Company has defined a set of common values:

- P:** We are **P**rofessional – smart in both thought and presentation
- R:** We argue passionately and openly but we have **R**espect for each other and a consensual style
- I:** We act with **I**ntegrity in our business dealings
- S:** We strive for **S**uccess – we are totally committed to being the best we can be
- M:** We **eM**power our people to act in the interests of the Company

These Blue Prism Values are reflected in everything that we do, beginning with the selection criteria used in the employee recruitment process and continuing throughout all elements of the Company's business. The Board ensures that ethical behaviours are expected, and followed, by approving a set of internal policies on matters such as anti-bribery and whistleblowing, and by ensuring that appropriate systems and controls are in place to ensure compliance with those policies. This year we have launched our Code of Conduct to further embed our common values into the organisation and ensure that all employees, Directors, contractors and consultants are aware of the ethical standards we expect when working with or on behalf of the Company.

PRINCIPLE 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

Whilst the Board is collectively responsible for defining corporate governance arrangements, the Deputy Chairman has lead responsibility for implementing appropriate corporate governance. The governance structures within the Company have been assessed by the Board and are considered appropriate for the size, complexity and risk profile of the Company. This will be reviewed by the Board to ensure governance arrangements continue to be appropriate as the Company changes over time.

There is a formal schedule of matters reserved for the decision of the Board that covers the key areas of the Company's affairs. The schedule includes approval of the Annual Report and any other financial statements, the adoption of the budgets and business plans, material financial commitments, and the release of inside information. The schedule is reviewed regularly and has been revised and updated during the year.

The Chairman & CEO and the Deputy Chairman have clearly defined roles and responsibilities as per the table below:

Chairman & CEO	Deputy Chairman
Leading the executive management team in the day-to-day management of the Group to pursue the successful achievement of the Group's commercial objectives and execution of strategy, as approved by the Board.	Ensuring the Board is effective in holding the Chairman & CEO and Executive Directors accountable for delivering the successful execution of the Group's strategy.
Developing and proposing Group strategy, annual budget and business plans and commercial objectives to the Board, having regard to the Company's responsibilities to its shareholders and the Group's responsibilities to its suppliers, customers, employees and other stakeholders.	Leading proceedings of the Board, chairing Board meetings, determining meeting agendas and Board priorities.
Communicating Group strategy and performance to all stakeholders.	With the support of the Company Secretary, ensuring good governance principles and practices are implemented and observed for the Board and its committees.
Reviewing regularly the Group's financial and operational performance and ensuring remedial action is taken promptly to address issues arising.	Meeting regularly with shareholders, and other stakeholders, as a communications channel to the Board and ensuring the interests of all stakeholders are adequately reflected in the Board's deliberations.
Ensuring the Group does business ethically and complies with its legal and regulatory obligations.	Meeting regularly with the Non-Executive Directors to evaluate the Group's governance arrangements and to evaluate the performance of the Chairman & CEO.

The Board is supported by an Audit Committee, Remuneration Committee and Nomination Committee. Details of Committee composition and copies of their respective terms of reference can be found on our website. The terms of reference are reviewed regularly. The Nomination and Audit Committee terms of reference have been reviewed in the last 12 months, whilst the Remuneration Committee terms of reference is currently being reviewed in conjunction with Rachel Mooney taking over as Remuneration Committee Chair.

The Board receives support and information from the Executive Leadership Team, which consists of the Group's senior managers.

PRINCIPLE 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Company is committed to open communications with all its shareholders. Communication is primarily through the Company's website and the Annual General Meeting. All shareholders will receive a copy of the Annual Report (electronic or hard copy depending on shareholder preference) and an interim report at the half year is available on the Company's website. Copies of historical Annual Reports and notices of general meetings covering the period since the shares of the Company were admitted to trading on AIM are also available on the Company's website. The Company reports on the responsibilities and activities of each of the Committees in the Annual Report.

Signed by Jason Kingdon,
Chairman & CEO on behalf of the Blue Prism Group plc Board
on 18 February 2021

42 Nomination Committee Report



Membership and attendance

	Attended/ Eligible to attend
Chair	
Chris Batterham	2/2
Members	
Jason Kingdon	2/2
Charmaine Carmichael (resigned 30 September 2020)	2/2
Ken Lever	2/2
Rachel Mooney (appointed 1 November 2020)	0/0

Key activities

- Led the search for the appointment of a Non-Executive Director to replace Charmaine Carmichael
- Reviewed the results of the previous year's internal Board evaluation and conducted an updated Board evaluation
- Developed an approach to expand the range of US and global software expertise available to the Board

Roles and responsibilities

- Undertake a Board evaluation and report on findings to the Board
- Consider, and make recommendations on, the composition of the Board
- Carry out succession planning for the Board and senior management
- Fill Board vacancies when they arise
- Review the results of the previous year's internal Board evaluation and conduct an updated Board evaluation
- Develop an approach to expand the range of US and global software expertise available to the Board

Dear shareholder

I am pleased to report on the work of the Nomination Committee.

The Committee consists of the three Non-Executive Directors and the Chairman & CEO. Since the appointment of Jason Kingdon to an executive role, I have taken over responsibility for chairing the Committee. The Company Secretary, John Warrick, acts as Secretary to the Committee.

Biographies for the members of the Committee can be found on pages 34 to 35.

The Nomination Committee terms of reference are available on the Company's website. These largely follow ICASA's guidance on terms of reference for Nomination Committees.

Activity during the year

Following the resignation of Charmaine Carmichael in September due to the requirements of her new executive role outside the Company, the Nomination Committee oversaw the search for a replacement Non-Executive Director. A role specification was drawn up, having regards to the skills, experience and diversity of the Board and Spencer Stuart was appointed to assist with the search. Following a thorough search process, the Committee recommended that Rachel Mooney be appointed to the Board as an independent Non-Executive Director. This was approved by the Board and Rachel was appointed on 28 September 2020.

Board composition

The Board recognises the importance of a diverse Board and as such the Committee will always consider diversity when examining Board composition and when considering new appointments. In all cases the Committee will consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position.

The Committee has reviewed the composition of the Board and its Committees during the year and has recommended to the Board that it consider additional appointments to increase the range of US and global software expertise available to it, either through an additional Non-Executive appointment or through expansion of the role of the Company's existing panel of strategic advisors. As a result of this recommendation, the Board announced on 14 January 2021 that Murray Rode and Maurizio Carli would be appointed as independent Non-Executive Directors on 1 February 2021.

Board evaluation

Following last year's Board evaluation, the Committee oversaw an action plan to make improvements on the key areas of development arising out of the evaluation. The progress of the development areas was tracked through the subsequent evaluation and I am pleased to report that the targeted actions on areas of focus have generated an improvement.

Areas of focus 2019/20	Areas of focus 2020/21
Board reporting and papers	Strengthening the processes and practices of the Remuneration Committee
Succession planning	Succession planning*

* Note that this has been an area of improvement on both Board evaluations as, due to the change in CEO, it will need to be reassessed.

The Board carried out a Board evaluation during the financial year. This was internally facilitated and aligned with the ten principles of the Quoted Companies Alliance's Corporate Governance Code, which is the corporate governance code we chose to follow for the purposes of AIM Rule 26.

All members of the Board fully engaged with the Board evaluation and it produced a consistent set of results in terms of both the participants' assessment of the strengths and current state of the Board, and also the priorities for further development. The feedback from the evaluation exercise has been very useful, and a number of actions have been taken or planned as a result of it.

I envisage that we will hold an internally facilitated Board evaluation in FY21 but will also consider the merit of an externally facilitated Board evaluation in due course.

The Committee will report further on its progress in next year's Annual Report.

Chris Batterham
Chair of the Nomination Committee

18 February 2021

44 Audit Committee Report



Membership and attendance

	Attended/ Eligible to attend
Chair	
Ken Lever	7/7
Members	
Chris Batterham	7/7
Charmaine Carmichael (resigned 30 September 2020)	5/6
Rachel Mooney (appointed 1 November 2020)	0/0

Key activities

- Reviewed the financial statements
- Monitored the effectiveness and independence of the external auditors
- Agreed the fees and scope of the 2020 audit
- Reviewed the Group's risk register and the development of the internal audit function
- Reviewed the accounting judgements used in this year's financial statements
- Oversaw an audit tender which resulted in the appointment of Grant Thornton as Company auditor

Roles and responsibilities

Financial reporting

- Monitor the integrity of the financial statements
- Review and challenge on the application of accounting policies
- Review the narrative of the Annual Report
- Review key judgements and estimates used in the presentation of financial statements

Internal controls

- Review the effectiveness of the Company's internal financial controls, internal controls and risk management systems
- Review any statements regarding internal controls and risk management to be included in the Annual Report

Whistleblowing and fraud

- Review the adequacy and security of the Group's whistleblowing arrangements
- Review the Group's procedure for detecting fraud
- Review the Group's systems and controls for the prevention of bribery and corruption

External audit

- Consider and make recommendations to be put to shareholders regarding the appointment, reappointment and removal of the external auditor, as appropriate
- Oversee the selection process for new auditors if an auditor resigns
- Oversee the relationship with the external auditor including terms of engagement, independence and the balance of audit and non-audit work
- Agree the scope of the audit with the external auditor
- Set a policy on the provision of non-audit work by the external auditor

Dear shareholder

I am pleased to report on the work of the Audit Committee during the 2020 financial year.

The Audit Committee consists of three Non-Executive Directors, all of whom are considered independent. The Committee met on seven occasions during the year. I have acted as Chair of the Committee throughout. Of the three members who served on the Committee during the financial year, Chris Batterham and I are qualified accountants and have recent and relevant financial experience. Charmaine Carmichael left the Committee upon stepping down from the Board at the end of September 2020, and Rachel Mooney, our new independent Non-Executive Director, joined the Audit Committee on 1 November 2020. As such she did not attend any meetings during the financial year. The Company Secretary, John Warrick, acts as Secretary to this Committee.

Biographies for the members of the Committee can be found on pages 34 to 35.

Responsibilities

The main responsibilities of the Audit Committee are contained within its terms of reference. The terms of reference largely follow ICSA's guidance on terms of reference for Audit Committees. They have been approved by the Board and are available on our website.

Topics discussed by the Audit Committee during the year:

Revenue recognition	Audit fees
Share-based payments	R&D
Thoughtonomy acquisition accounting	Tax
Commissions	Impact of new accounting standards

External audit

Subject to the approval of shareholders, the Audit Committee is responsible for recommending the appointment of the external auditor and setting their remuneration. During the course of the year the Audit Committee decided to put the audit contract out to tender. Following the tender process, the Committee recommended to the Board that Grant Thornton should be appointed as auditor to the Company. BDO resigned as auditor, and Grant Thornton was appointed on 10 June 2020.

Prior to appointment, the Committee reviewed the relationship with Grant Thornton in its capacity as the auditor and, having considered its effectiveness and independence, proposed that Grant Thornton is reappointed as the Group's auditor. This will be put to shareholders at the next Annual General Meeting.

The Committee monitors the level of non-audit work the auditors undertake and ensures they do not perform any services that could be perceived as affecting the independence of the auditor. The Committee is satisfied that the level of audit to non-audit work performed by Grant Thornton has not affected its independence.

Internal audit

Internal Audit has effectively contributed to discussions throughout the year such as a review of the effectiveness of new internal controls measures, risk register updates and deep dives into key areas, for example sales commissions. Where requested, a representative from Internal Audit has attended all Committee meetings.

Internal control and risk management

The Audit Committee regularly receives an update on risk and internal control from executive management. The Committee has assured itself that internal control systems are effective and is satisfied that risks are within the risk appetite of the Group and, where mitigating actions are undertaken, they are proportionate.

Whistleblowing

The Audit Committee is responsible for the effectiveness of the Whistleblowing Policy. The Committee will, where appropriate, review the policy and its effectiveness periodically.

Further information on risk management is available on pages 27 to 31.

Going concern

The Directors consider the strong statement of financial position, with good cash reserves and working capital, provide ample liquidity. Accordingly, the Group has prepared the financial statements on a going concern basis. Further detail regarding the reasoning behind this can be found in the Directors' Report on pages 54 to 55.

Ken Lever

Chair of the Audit Committee

18 February 2021

46 Remuneration Committee Report



Membership and attendance

	Attended/ Eligible to attend
Chair	
Charmaine Carmichael (resigned 30 September 2020)	2/2
Rachel Mooney (appointed 28 September 2020 – Chair from 1 October 2020)	1/1
Members	
Ken Lever	3/3
Chris Batterham	3/3

Key activities

- Set the structure and performance conditions for the 2019/20 annual bonus and assessed performance against them
- Approved salary and remuneration changes for the senior team including for our Chairman & CEO and CFO
- Set the structure and performance conditions for Long Term Incentive Plan awards to the Executive Directors and the making of share awards across the Group and the setting of performance targets where applicable
- Monitored remuneration structures and levels below Board level and considered proposals and remuneration packages for bringing key talent into the Group
- Oversight analysis and preparations for the application of UK gender pay reporting in the Group for 2021
- Assessed the impact of COVID-19 on the Group's business and on remuneration, both at the executive level and for the wider workforce, and took decisions directly addressing it
- Ensured appropriate discipline applied to any payments made on termination

Roles and responsibilities

- Determine the overall framework and policy for remuneration for Directors and senior managers
- Recommend to the Board any changes to the Directors' Remuneration Policy, or its application, where appropriate
- Determine compensation payments in the case of the termination of an Executive Director
- Agree the total remuneration package for each Executive Director, the Company Secretary and other senior managers
- Approve performance conditions and targets for performance-related schemes
- Review the design and application of employee share schemes
- Oversee major changes to benefit structures across the Group
- Report to shareholders on remuneration
- Consult with major shareholders on our executive compensation proposals and consider corporate governance and institutional investors guidelines

Dear shareholder

I am pleased to present the Remuneration Committee's report for the 2020 financial year.

As outlined in this year's Strategic Report, 2020 has been a year of further significant growth and change in the business and operations of the Group. The Committee has therefore continued to focus its work on the challenges and opportunities presented by that growth, in particular the increase in the scale of the Group's operations. The Committee has also concentrated on supporting the Board's emphasis on ensuring that the Group's underlying business can be cash generative through a prudent approach to remuneration at all levels. This focus has been reinforced by the impact of the COVID-19 pandemic on the Group's business, which the Committee has monitored carefully during the year. These priorities have influenced a number of the Committee's decisions in the year, which I note later in this letter.

Members of the Committee

The Remuneration Committee consists of three independent Non-Executive Directors. The Company Secretary acts as Secretary to the Committee. I joined the Committee upon joining the Board in September 2020, bringing to the role my experience of HR leadership from both high-growth businesses and established corporate environments. I was pleased to agree to take on responsibility for chairing the Committee from October 2020, after my predecessor Charmaine Carmichael stepped down from the Board due to the requirements of her executive role. On behalf of the Committee, I would like to thank Charmaine for her contribution in establishing and chairing the Committee for the first four years of its existence.

Biographies for the current members of the Committee can be found on pages 34 to 35.

Relevant Executive Directors and employees are invited to meetings where appropriate. The Group has invested in raising the calibre of its HR function in the year, including by recruiting a Global Head of Reward & Performance, who also attends meetings by invitation to advise the Committee. The Committee engaged the services of remuneration consultancy h2glenfern during the year. Advice provided by h2glenfern included conducting an update to the benchmarking of overall Executive Director remuneration, as well as advice on structuring remuneration for individual key hires below Board level.

Responsibilities

The Committee's terms of reference largely follow the best practice guidance issued by ICSA on Remuneration Committees and are available on the Group's website, www.investors.blueprism.com

Executive Directors' remuneration policy

The Committee reviewed the Executive Directors' remuneration policy ("Policy") during the year. While we did not consider that major changes were required, the policy was revised and updated in various ways, including by placing greater emphasis on ensuring that the remuneration of Executive Directors is always considered in the context of pay conditions in the wider workforce. While this had anyway been the Committee's practice under the previous policy, it was considered appropriate to make this linkage explicit in light of institutional investor guidelines and feedback from shareholders following last year's Annual General Meeting.

The revised Policy is summarised in the table on pages 49 to 50 of this report.

Performance during 2019/20 and decisions taken during the year

Alastair Bathgate stepped down as CEO in April 2020 in order to focus on his other interests. There was no compensation paid to Alastair for loss of office. The Committee agreed to waive his notice period and Alastair remains available to advise the Board on a consultancy basis.

Following this development, Jason Kingdon was asked to take on the role of CEO in addition to his responsibilities as Chairman. Jason's role had already been changed to Executive Chairman in 2019, and as we reported last year, the Committee had approved the setting of his base salary in that role at £300,000, together with the introduction of an annual bonus and LTIP participation consistent with the Policy for the CEO level in early 2020. There was therefore no change to Jason's compensation as a result of his appointment as CEO in April 2020.

As was reported in last year's report, the base salary of Ijoma Maluza as CFO was increased at the start of the year to ensure that overall compensation remained fair and competitive given the significant expansion in the scale of the Group's business and scope of the role over the previous year.

Annual bonus arrangements were put in place for the Executive Directors for the year based partly (85%) on a recognised revenue target and partly (15%) on individual goals relating to operational change and effectiveness outcomes.

As described in the Financial Review section of this report, Group revenues for the year were impacted by the economic disruption caused by COVID-19 and they therefore fell below the stretching threshold target of £170.2m under the bonus plan. There was therefore no payment due under the portion of the bonus based on a revenue target. In respect of the individual goals portion of the bonus, the Committee approved a bonus payment to Ijoma Maluza as CFO of £37,125, representing 15% of base salary. The Committee further decided that this bonus should be paid wholly in the form of a deferred share award with a 12-month holding period. This approach was consistent with – albeit more restrictive than – that applied to those employees in the wider workforce who were eligible for an annual bonus, and the Committee approved a special arrangement for those employees whereby reduced bonuses would be paid only in respect of individual goals achieved and only through the mechanism of deferred shares.

Alastair Bathgate was not entitled to receive a bonus as he ceased to be an employee during the year. Jason Kingdon was entitled to receive a bonus as Chairman & CEO in respect of the 2019/20 year but volunteered to waive payment of it.

48 Remuneration Committee Report continued

A Long Term Incentive Plan (LTIP) award of performance shares was made to each of the Executive Directors in January 2020. The award to Alastair Bathgate lapsed upon him ceasing to be an employee during the year. The awards to the Chairman & CEO and CFO will vest three years from the date of award, subject to the achievement of stretching performance conditions based on Group revenue growth and relative total shareholder return. Details of the 2020 LTIP awards are set out later in this report.

No LTIP awards were due to vest based on the satisfaction of performance metrics during the year.

Employee share incentives

The Committee's work continues to include a significant focus on the use of equity remuneration across the wider workforce, not only for the Executive Directors and senior management. In this, we have continued the Group's well-established approach of widespread employee equity ownership, which has resulted in all of the Group's worldwide employees having a direct stake in the business and a strong alignment with the interests of our shareholders. In addition to our employee share award plans, we also offer the opportunity to all employees in our two largest markets (the US and the UK) to purchase the Company's shares through deductions from salary, and I am pleased to report that these plans continue to be popular, with 55% of UK employees saving regularly into the SIP and 47% of US employees saving regularly into the ESPP as of 31 October 2020.

Remuneration decisions for 2020/21

Information on remuneration for 2020/21 including base salary levels, annual bonus and future LTIP awards is set out at the end of this report. I note in particular that the Committee determined that no changes to base salaries or to the overall level of remuneration were appropriate this year in light of the ongoing priorities of the Board in responding to the economic uncertainty presented by the COVID-19 pandemic. In line with guidance published by the Investment Association on Shareholder Expectations during the COVID-19 pandemic, we confirm that no adjustments have been made to performance targets for in-flight annual bonus or long term incentive awards.

For 2020/21 the Committee is reviewing the level and structure of the LTIP awards to ensure that they are effective in achieving their prime commercial objectives of providing a meaningful motivation and retention incentive for management, and doing so in a way that provides alignment with the interests of shareholders. The Committee is also cognisant of the importance of ensuring awards and targets for Executive Directors are considered in the context of those that may be made to the wider workforce. We intend to consult shareholders if the review results in proposals for material changes compared to prior years' approach to the structure of awards.

Shareholder consultation and Annual General Meeting voting

We noted that the proxy voting results at the 2020 Annual General Meeting included a vote of 86.8% in favour and 13.2% against the advisory resolution on last year's Remuneration Report. While all of the shareholders who had directly engaged with the Company on the topic of remuneration were supportive of the reasoning and decisions taken last year, we note that one of the proxy advisory services had advised its clients to vote against the report due to the salary increase approved for the CFO for 2019/20, and because we decided not to disclose in advance the detail of the Revenue part of the performance targets attached to LTIP awards made in the year.

The Committee believes the base salary increase last year was appropriate and necessary to ensure that the CFO's base salary was fair and competitive, and we note that no increase has been approved for this year. In relation to the LTIP conditions, last year's report did disclose full detail of the TSR element of the condition but declined to disclose the specific target for the revenue growth element of the condition on grounds of commercial sensitivity. The Committee has carefully considered this topic this year, as this is an area where competing interests must be balanced. However, given the fast-growing and highly competitive market in which the Group operates, we concluded that it would not be in the best interests of the Company and its shareholders for a specific revenue growth target to be published in advance. We remain committed to publishing the full detail of all LTIP targets retrospectively upon vesting alongside the assessment of performance, which has been our practice in relation to the targets for annual bonuses for the past two years.

As an AIM-listed Company, the publication of this report is voluntary. However, we recognise the importance to our investors and the Group's other stakeholders of transparency on pay. We are therefore continuing the approach of the last two years, and this report will be put to an advisory vote at the 2021 Annual General Meeting. The Committee welcomes all shareholder feedback on remuneration, and I will be available at the Annual General Meeting to answer any questions that shareholders have on this topic.

I hope that you find the report helpful and informative and I look forward to receiving feedback from our investors on the information presented.

Rachel Mooney
Chair of the Remuneration Committee
18 February 2021

Directors' remuneration policy

The aim of the Directors' remuneration policy for Executives is to ensure overall remuneration is set at a level that allows the Group to recruit and retain the talent required to deliver on the Board's strategy for the global growth of the Group's business. The Committee is responsible for ensuring that the Policy is applied in such a way as to ensure that remuneration is set at a level no higher than is necessary to achieve that aim, and that overall pay is linked closely to performance and shareholders' interests.

The policy on each element of remuneration is described in more detail below.

Element	Purpose and link to remuneration policy	Key features and operation	Maximum opportunity	Applicable performance measures
Base salary	Base salary levels are determined by the Committee considering the role, responsibilities, performance and experience of the individual, market data for comparable roles, overall Company performance, pay and employment conditions elsewhere in the Group and the economic environment.	<p>Base salaries are set by the Committee and reviewed annually, although increases may be awarded at other times if the Committee considers it appropriate.</p> <p>Base salary increases for Executive Directors will normally be in line with the approach for the wider workforce, unless there is a change in role, experience, significant change in the size and/or scope of the business, or prevailing market conditions.</p>	No maximum value	None
Pension	Pension arrangements are intended to ensure that the Group's overall employment proposition remains competitive.	The Group matches employee and Director pension contributions up to 5% of base salary. This is consistent with the contributions offered to the majority of the Group's wider UK workforce.	Up to 5% of salary	None
Benefits	Benefits to Executive Directors are provided in line with local market practice to support health and wellbeing, considering the benefits available to employees in the UK.	Currently includes life assurance, private medical insurance, critical illness and income protection insurance and provision of a car or car allowance.	No maximum value	None

50 Remuneration Committee Report continued

Element	Purpose and link to remuneration policy	Key features and operation	Maximum opportunity	Applicable performance measures
Annual bonus	Annual bonus is intended to provide a focused incentive tied to achievement of the Group's annual financial or other objective targets.	<p>Annual bonuses are normally paid in cash following completion of the audit to confirm achievement of performance targets.</p> <p>With effect from bonuses set for 2019/20 onwards, where any bonus would exceed 100% of base salary, the Committee will normally consider requiring the excess to be paid in shares and subject to a deferral period of at least one year. The facility to use payment in deferred shares may also be adopted in individual cases by agreement with the executive, or where the Committee otherwise deems appropriate.</p> <p>Bonuses are subject to malus up to the cash payment or the end of the deferral period as applicable and clawback provisions for up to two years following the date of determination in situations including financial misstatement, individual misconduct or material corporate failure.</p>	For each of the CEO and CFO the target bonus is currently 50% of base salary, with maximum bonus potential being capped at 100%.	<p>Specific targets and weightings may vary each year according to strategic priorities and may include: financial performance, operational performance, attainment of personal and strategic objectives including non-financial measures of the Group's social impacts.</p> <p>Weighting will focus on Group financial performance.</p>
Long Term Incentive Plan	<p>The LTIP should incentivise and align the Executive Directors with the long-term interests of shareholders in promoting the success of the Group.</p> <p>The design of the LTIP should also align with the Group's policy of using a wide distribution of equity incentives among all staff, and the level and structure of awards should sit consistently in that context.</p>	<p>LTIPs for the Executive Directors are made in the form of contingent share awards. Awards are normally subject to performance conditions and to a vesting period of three years.</p> <p>Awards are subject to malus to the end of the vesting period and clawback provisions for up to two years following the date of determination in situations including financial misstatement, individual misconduct or material corporate failure.</p>	Value of award in year will not normally exceed 200% of the individual's salary. In exceptional circumstances, such as initial awards to facilitate hiring, market value at award may be higher.	Where performance conditions are applied to awards to Executive Directors the specific targets and weightings may vary each year according to long-term strategic priorities and may include financial performance or total shareholder return.
Non-Executive fees	Fees for Non-Executive Directors are set at an appropriate level to recruit and retain Directors of a sufficient calibre without paying more than is necessary to do so. Fees are set taking into account the following factors: the time commitment required to fulfil the role and typical practice at other companies of a similar size.	Fees are reviewed at appropriate intervals (normally once every year) by the Board with reference to individual experience, the external market and the expected time commitment required of the Director.	The Company's Articles of Association prescribe a maximum aggregate annual value of fees payable to Non-Executive Directors.	None.

Annual Report on Directors' Remuneration**Service contracts and letters of appointment**

The Executive Directors have signed service contracts that are not fixed in duration and may be terminated by either party with six months' notice or less. The terms of employment and service contracts of the Executive Directors are determined by the Committee.

Rachel Mooney was appointed as a Non-Executive Director under a letter of appointment in September 2020 for a term of three years. The letters of appointment of Chris Batterham and Ken Lever were extended in February 2020 for a term of one year. The terms of appointment of all Non-Executive Directors may be terminated by either party on one month's notice.

The remuneration of the Non-Executive Directors is determined by the Board. No Director is involved in the decision-making process for his or her own remuneration.

Remuneration of Directors for the year ended 31 October 2020

Director	Salary/ Fees	Bonus	Other benefits	Sub-total	Pension	Total
Jason Kingdon	325,000	– ¹	–	325,000	–	325,000
Alastair Bathgate (resigned 30 April 2020)	111,538	–	11,927	123,465	2,591	126,056
Ijoma Maluza	247,500	37,125 ²	9,979	294,604	12,269	306,873
Chris Batterham	60,000	–	–	60,000	–	60,000
Charmaine Carmichael (resigned 30 September 2020)	50,416	–	–	50,416	–	50,416
Ken Lever	55,000	–	–	55,000	–	55,000
Rachel Mooney (appointed 28 September 2020)	5,217	–	–	5,217	–	5,217
Total	854,671	37,125	21,906	913,702	14,860	928,562

Remuneration of Directors for the year ended 31 October 2019

Director	Salary/ Fees	Bonus	Other benefits	Sub-total	Pension	Total
Jason Kingdon	65,615	–	–	65,615	–	65,615
Alastair Bathgate	199,200	213,830	9,383	422,413	5,943	428,356
Ijoma Maluza	214,583	94,085	9,829	318,497	10,479	328,976
Chris Batterham	53,591	–	–	53,591	–	53,591
Charmaine Carmichael	53,437	–	–	53,437	–	53,437
Ken Lever	53,437	–	–	53,437	–	53,437
Total	639,863	307,915	19,212	966,990	16,422	983,412

¹ Jason Kingdon waived his entitlement to receive a bonus for the year.

² Bonus paid in the form of a deferred share award which was granted in January 2021 with a 12-month holding period.

Base salaries

There was no change to Alastair Bathgate's salary of £200,000 during the part of the year for which he served as CEO. The Committee agreed to waive the balance of his notice period upon his stepping down from the Board, and there was no payment in connection with his loss of office.

The base salary of Ijoma Maluza as CFO was increased to £247,500 from February 2020, with an effective date of 1 November 2019, following the review and Committee decision that was reported on in last year's report.

Jason Kingdon's salary was reduced from £400,000 to £300,000 from February 2020 as part of the rebalancing of his remuneration with the introduction of an annual bonus target and conditional LTIP award in conjunction with his assumption of additional executive responsibilities alongside his appointment as CEO.

There was no change to the fees paid to the Non-Executive Directors during the year. These were £60,000 for Chris Batterham as Deputy Chairman and £55,000 for each of the other Non-Executive Directors. These fees include allowances in respect of serving on and chairing Audit and Remuneration Committees where applicable.

Bonuses 2019/20

Executive bonuses for 2019/20 were based partly (85%) on a recognised revenue target and partly (15%) on individual goals relating to operational change and effectiveness outcomes.

As described in the Financial Review section of this report, Group revenues for the year were impacted by the economic disruption caused by COVID-19 and they therefore fell below the threshold target of £170.2m under the bonus plan. There was therefore no payment due under the portion of the bonus based on a revenue target.

52 **Remuneration Committee Report** continued

In respect of the individual goals portion of the bonus, which in his case included organisational effectiveness and cost control, the Committee approved a bonus payment to Ijoma Maluza as CFO of £37,125, representing 15% of base salary. In line with measures being implemented in respect of annual bonuses for the wider workforce, the whole of this amount will be paid in the form of a deferred share award. This deferred share award was made in January 2021, and will be subject to a vesting period of one year.

Jason Kingdon waived any entitlement to bonus as Chairman & CEO in respect of the year.

Alastair Bathgate was not eligible to receive a bonus for the part of the year in which he served as CEO.

Share incentives

An award of performance shares was made to the senior management of the Group in January 2020, including the Executive Directors. Awards equivalent to 200% of base salary were made to Alastair Bathgate as CEO and Jason Kingdon as Executive Chairman, and 150% of base salary to Ijoma Maluza as CFO. The award to Alastair Bathgate subsequently lapsed upon his ceasing to be an employee of the Group.

Performance shares are contingent share awards, the vesting of which is linked to achievement of one or more performance conditions. The conditions include a stretching revenue performance target and a target measuring total shareholder return relative to a peer group.

The Committee will report on the specific details of the revenue growth target retrospectively at the time of vesting. The specific target is not being disclosed in advance because the Committee considers that it is commercially sensitive.

The peer group for the TSR target is unchanged from last year and comprises the following companies from the software and technology sectors of the LSE main market and AIM: Accesso, Aptitude Software Group, Avast, Aveva, Computacenter, Craneware, EMIS, First Derivatives, GB Group, Kainos, IMI mobile, Iomart, Learning Technologies, Micro Focus, NCC Group, Sage, SDL and Softcat. Median performance will result in threshold 25% vesting and full vesting will require top quartile performance.

Jason Kingdon and Ijoma Maluza also each received a small award under the Group's all-employee SIP. SIP rules require shares to be offered to all eligible UK employees on the same terms, and in January 2020 an award of 1.2% of salary was made to all eligible UK employees. This resulted in an award of 253 shares to Jason Kingdon and 220 shares to Ijoma Maluza. The awards of performance shares that would otherwise have been made to them under the LTIP were reduced by a corresponding amount. Statutory SIP rules require that shares be offered on equal terms to all eligible employees and so the SIP awards were not subject to performance conditions, but they were subject to a three-year vesting period.

The total share awards and share options held by the Executive Directors at 31 October 2020 were as follows:

Executive Director	Type of award	Number	Date of award	Vesting date	Lapse date	Exercise price
Jason Kingdon	Performance shares (contingent award)	44,178	31 January 2020	31 January 2023	31 January 2030	Nil
	SIP	253	31 January 2020	31 January 2023	31 January 2030	Nil
Ijoma Maluza	Market value share option	41,284	31 January 2018	31 January 2021	31 January 2028	£13.60
	Performance shares (contingent award)	27,177	31 January 2019	31 January 2022	31 January 2029	Nil
	SIP	305	31 January 2019	31 January 2022	31 January 2029	Nil
	Performance shares (contingent award)	27,280	31 January 2020	31 January 2023	31 January 2030	Nil
	SIP	220	31 January 2020	31 January 2023	31 January 2030	Nil

Directors' interests in shares

The interests held as at 31 October 2020 by each Director who served during the financial year were as follows:

Director	Shares beneficially owned	Unvested share options	Performance shares/SIP	Total
Jason Kingdon	5,820,731	-	44,431	5,865,162
Alastair Bathgate (resigned 30 April 2020)	5,021,569	-	-	5,021,569
Ijoma Maluza	1,088	41,284	54,982	97,354
Chris Batterham	226,250	-	-	226,250
Charmaine Carmichael (resigned 30 September 2020)	365,807	-	-	361,262
Ken Lever	42,737	-	-	42,737
Rachel Mooney (appointed 28 September 2020)	-	-	-	-

In January 2020, Alastair Bathgate exercised 497,436 share options (option price: £0.78) originally granted to him at the time of Blue Prism's IPO. The market price at the point of exercise was £12.30. 170,000 shares were sold at the prevailing market price (£13.8157) to cover taxes and option money. This transaction resulted in a total gain of £5,730,463.

Application of the Directors' remuneration policy for 2020/21**Salaries**

There is no change to the base salaries of the Executive Directors for 2020/21.

Annual bonus

The majority (85%) of the annual bonus target will continue to be based on the achievement of a stretching internal target for growth in Group revenues. The target is not being disclosed in advance due to commercial sensitivity, but as in previous years will be disclosed retrospectively alongside performance assessment.

An element (15%) of the bonus is targeted on the achievement of individual objectives set for each of the Executive Directors, which are linked to specific strategic outcomes. These include individual objectives linked to employee engagement measurements and the promotion and delivery of diversity and inclusion initiatives.

On-target bonuses for the Executive Directors are set at 50% of salary, and in each case maximum bonus potential is capped at 100%.

LTIP awards

The Committee expects to approve LTIP awards for 2021 that are broadly consistent with the prior year. The structure and composition of awards are subject to review. The Committee would expect to consult appropriately if any material changes are proposed following the review.

As in previous years the Committee expects to include the Executive Directors in the annual offer of shares made to all the Group's UK employees under its Share Incentive Plan ("SIP") as is required under UK SIP rules. The value of each such award will be no more than the statutory cap of £3,600, and the value of the LTIP award made to the Executive Directors will be reduced by a corresponding amount.

Fees of Non-Executive Directors

There are no changes to the fees of the Deputy Chairman or other Non-Executive Directors for 2020/21.

54 Directors' Report

The following information is provided in the Strategic Report (on pages 1 to 33) and is incorporated into the Directors' Report by way of reference:

- Likely future developments in the business
- Research & development activities
- Business developments
- Details of branches outside the UK
- Details of any important post-year events

Information on principal risks and uncertainties is contained within the risk report on pages 27 to 31. Information regarding credit, liquidity and market risks can be found in the financial statements on pages 65 to 105.

The Articles of Association for the Company can be accessed on the website at <https://investors.blueprism.com/home>.

An updated version of our major shareholders table is available on our website.

Directors and their interests

The following individuals served as Directors within the 2020 financial year:

- Jason Kingdon
- Alastair Bathgate (resigned 30 April 2020)
- Ijoma Maluza
- Charmaine Carmichael (resigned 30 September 2020)
- Ken Lever
- Chris Batterham
- Rachel Mooney (appointed 28 September 2020)

On 1 February 2021, two Non-Executive Directors, Maurizio Carli and Murray Rode, were appointed to the Board.

The rules concerning the powers, appointment and removal of a Director are contained in the Articles of Association which are available on our website. Directors' interests and shareholdings are contained within the Remuneration Report on pages 46 to 53. Apart from the appointment of the two Non-Executive Directors, no changes took place between 31 October 2020 and the date of this report.

Dividends

No dividends have been recommended by Directors or paid to shareholders in this financial year.

Disclosure to external auditor

In accordance with section 418 of the Companies Act 2006, the Directors of the Company confirm that the external auditor has been provided with all relevant information within the Directors' knowledge. The Directors have taken all reasonable steps to ascertain relevant information and ensure the auditor was made aware of such information.

Directors' indemnities

The Group maintains appropriate Directors' and Officers' insurance and has done so throughout the financial year. This policy is still in place as at the date of this report.

On 3 October 2019 the Company made qualifying third party indemnity provisions (as defined in section 234 of the Companies Act 2006) covering Directors of the Company. These provisions remain in force at the time of this report. In accordance with the Companies Act 2006, the deeds of indemnity are available for inspection.

Business relationships

The Group recognises the need to foster business relationships with suppliers, customers and others. Details on the actions taken to strengthen these relationships and how the Board considered these relationships when making decisions can be found in our section 172 statement on pages 32 to 33.

Political donations

No political donations have been made during the 2020 financial year (2019: nil).

Employees

The Company operates an equal opportunities policy which includes those who are classed as disabled. Individuals who identify as disabled are given equal opportunities with other employees in relation to training, development and promotion.

Further detail on how the Board engages with the Group's employees is provided in the Corporate Governance Statement on pages 38 to 41.

The environment

Scope of disclosures

These disclosures are made in accordance with Streamlined Energy & Carbon Reporting guidelines. The data included covers the FY20 financial year, and will form the base year for future comparison due to this being the first year that the Group has been subject to the SECR requirements.

The data covers energy usage across all UK entities in the Group. Energy usage from subsidiaries outside of the UK are outside the scope of this report and therefore excluded from the figures below.

UK energy use

Consumption in metric tonnes CO ₂ e	2019-2020
Gas (scope 1)	37.78
Electricity (scope 2)	43.82
Total consumption in metric tonnes CO₂e	81.61
<hr/>	
Total energy usage in kWh	393,472

Note: Due to the impact of COVID-19 our energy usage is at much lower levels than we would expect.

Efficiency ratio:

	2019-2020
Scope 1 & scope 2 emissions in tonnes CO ₂ e per UK employee	0.16

Methodology

We have followed the guidance to the SECR in making these disclosures.

During FY20, Blue Prism has occupied four separate offices in the UK. Three of our offices, based in London, are managed service offices where the facilities are managed by the leasing company. We have therefore used reasonable estimates to calculate our energy usage.

Our global head office is based in Warrington, Cheshire. It is the only standalone office that we currently occupy and we manage the facilities internally. For this we were able to obtain exact readings.

Energy efficient action taken

We have changed how we work to lessen our impact on the environment. Some examples from our Warrington office are:

- Installing LED lights and motion sensors where possible.
- Replacing servers with cloud-based storage.
- Temperature control by using summer/winter modes to reduce energy wastage.
- Procuring an energy provider that is committed to ensuring a zero carbon and lower-cost energy future whereby 100% of the energy supplied is from renewable sources.
- Using electronic signatures over hard copy documents, where possible, resulting in a saving of 580kg of waste.

Share capital

As at 31 October 2020, Blue Prism had 94,127,122 Ordinary Shares (£0.01) in issue, listed on AIM. These shares hold the right to vote at a general meeting. The closing market price on 30 October 2020 was 1,544.00p (2019: 822.50p).

The Company has not purchased any of its own shares during the year.

Details of the number of share options held under the employee scheme are available in note 21 to the financial statements.

Shares to be issued

The Company is required to issue further shares as contingent consideration for the acquisition of Thoughtonomy Limited. A maximum of 1,078,102 shares remain to be issued under this obligation.

Further details of the remaining shares to be issued are provided in note 20 of the financial statements.

Deferred shares

The Company also had 105,269,845 deferred shares that do not have any voting rights or rights to receive a dividend. The shares had a nominal value of £0.01 per share and the right to return of a maximum of £0.001 upon the winding up of the Company. During the financial year Alastair Bathgate, the holder of the deferred shares, offered the shares to the Company as a gift. The Company accepted this gift and as such is now the holder of these shares. Following receipt of these shares, the Board resolved to cancel the deferred shares and an SH07 was signed and filed at Companies House on 8 December 2020. This consists of 100% of the shares in that class.

Going Concern

The Directors have a reasonable expectation that there are no material uncertainties that cast significant doubt about the Group's ability to continue in operation and meet its liabilities as they fall due for the foreseeable future, being a period of at least 12 months from the date of approval of the financial statements. The Directors recognise that the COVID-19 pandemic does create risks and uncertainties. The Group raised gross proceeds of £100m via an equity issue in April 2020 to provide significant headroom in the event of prolonged disruptions relating to the COVID-19 pandemic.

The Directors consider the strong Statement of Financial Position, with good cash reserves and working capital, provide ample liquidity. Accordingly, the Group has prepared the financial statements on a going concern basis.

By order of the Board

John Warrick
Company Secretary
18 February 2021

56 Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, 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 requirements of 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.

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

By order of the Board

John Warrick
Company Secretary
18 February 2021

Independent auditor's report to the members of Blue Prism Group plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Blue Prism Group plc (the 'parent company' or 'company') and its subsidiaries (the 'group') for the year ended 31 October 2020, which comprise the consolidated statement of profit and loss and other comprehensive income, the consolidated statements of financial position, the consolidated statement of cash flows, the consolidated statements of changes in equity and notes to the financial statements followed by the company statement of financial position, the company statement of cash flows, the company statement of changes in equity and the notes to the company financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006 and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 October 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with IFRSs in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the group's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group will continue in operation.

58 Independent auditor's report to the members of Blue Prism Group plc continued

Overview of our audit approach

- Overall materiality: £2,100,000 which represents 1.5% of the group's revenue;
- Key audit matters were identified for the group as:
 - IFRS 15 assessment
 - recognition of revenue
 - impairment of acquired intangible assets
 - contingent shares issuable and cash payable to continuing employees as part of the Thoughtonomy Limited acquisition.
- Key audit matters were identified for the parent company as:
 - impairment of investment in subsidiaries
- We performed full scope audit procedures on the financial information of Blue Prism Group plc, Blue Prism Limited, Blue Prism Software Inc and Blue Prism Cloud Limited (formerly Thoughtonomy Limited) and specified audit procedures on the financial information of Blue Prism KK Japan, Blue Prism Pty Limited, Blue Prism India Pvt Limited, Blue Prism GmbH, Blue Prism SARL, Blue Prism Pte. Limited, Blue Prism HK Limited and Blue Prism AB. Analytical procedures were performed on all other entities within the group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter – Group

How the matter was addressed in the audit – Group

IFRS 15 assessment (Accuracy)

The group's key revenue recognition policies are set out on pages 74 and 78 to the financial statements.

Whilst conducting our audit we became increasingly aware of the level of judgement required to be exercised by management when applying the group's revenue recognition policy. The judgements and estimates made by management when accounting for revenue include:

- the assessment of the number of distinct performance obligations in relation to the software-based activity revenue (license, upgrades and support);
- the recognition of software-based activity revenue (license, upgrades and support) at a point in time or over time; and
- how that revenue is recognised over time.

We therefore identified that there is a risk that IFRS 15 'Revenue from Contracts with Customers' may not be applied correctly as significant judgement is involved in applying the standard to contracts entered into.

We therefore identified the risk of error in revenue recognition as a significant risk, which was one of the most significant assessed risks of material misstatement.

Our audit work included, but was not restricted to:

- obtaining management's assessment and corroborative evidence to support the key judgements made in the recognition of revenue, particularly in relation to the identification of distinct performance obligations;
- corroborating and challenging management's key judgements through:
 - holding discussions with Blue Prism personnel outside of finance;
 - holding discussions with various Grant Thornton IT experts;
 - assessing upgrades made over the last 24 months as well as planned upgrades in the future to understand how they impact the licence;
 - challenging the stated and implicit promises made to customers at the point of sale through review of the standard contract terms and verified customer reviews; and
 - benchmarking the policy against other companies in the sector.
- assessing the appropriateness of recognising revenue over time using an input-based method; and
- assessing the accounting policy and other related disclosures included within the annual report for compliance with IFRSs in conformity with the requirements of the Companies Act 2006.

The group's accounting policy on revenue recognition is shown in note 1 to the financial statements and related disclosures are included in note 4. The Audit Committee identified revenue recognition as a significant area in its report on page 45.

Key observations

Our audit testing highlighted material deficiencies in relation to the identification of the number of performance obligations and the subsequent recognition of these performance obligations. As a result, a prior period restatement was recognised reducing £4.2m of revenue in FY19.

Key Audit Matter – Group

Recognition of revenue (occurrence/accuracy)

Under ISA 240 (UK) there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.

As the group enters into a high volume of revenue transactions, there is a risk that the recognition of revenue does not appropriately match the promises made to customers, in particular the period over which the performance obligations are met. As such, we have identified the occurrence and accuracy of revenue recognition as a significant risk.

We therefore identified the risk of fraud in revenue recognition as a significant risk, which was one of the most significant assessed risks of material misstatement.

How the matter was addressed in the audit – Group

Our audit work included, but was not restricted to:

- performing an assessment of the internal control environment relating to revenue recognition. This involved assessing the design and implementation of relevant controls in the revenue business cycle relevant to the audit;
- performing substantive testing on a sample of revenue transactions throughout the year across each of the significant revenue streams to evaluate whether revenue was recognised in accordance with the contract terms, having considered the requirements of IFRS 15 and the commercial substance of the contracts;
- testing management's recognition of income by recalculating revenue recorded with reference to the contractual arrangements; and
- assessed reconciliations between the contract sales platform and the accounting platform and tested any material reconciling items to supporting documentation.

The group's accounting policy on revenue recognition is shown in note 1 to the financial statements and related disclosures are included in note 4. The Audit Committee identified revenue recognition as a significant area in its report on page 45.

Key observations

Our audit testing did not identify any material deficiencies in relation to the occurrence and accuracy of revenue that would have required us to expand the nature or scope of our planned detailed testing work.

Key Audit Matter – Group

Impairment of acquired intangible assets (valuation)

A material balance on the consolidated statement of financial position relates to acquired intangible assets of £34.8 million, including goodwill of £16.2 million as detailed in Note 12 (This has been revised following a prior period adjustment to the contingent consideration paid to continuing employees). The recoverability of goodwill and acquired intangible assets is dependent on the expected future cash flows from cash generating units (CGUs). Management has identified that the acquired intangible assets relate to a single cash generating unit.

In accordance with International Accounting Standard 36 'Impairment of Assets' (IAS 36), goodwill is subject to an annual impairment test. Other intangible assets are subject to an impairment test when there is an indication that the asset may be impaired.

The process of measuring and recognising impairment under IAS 36 is complex and judgemental. The Blue Prism Cloud cash generating unit is loss making in the current year and this represents an indicator of impairment.

We therefore identified the risk of impairment of acquired intangible assets as a significant risk, which was one of the most significant assessed risks of material misstatement.

How the matter was addressed in the audit – Group

Our audit work included but was not restricted to:

- evaluating the methodology and internal control environment relating to the intangible assets impairment review;
- challenging the identification of cash generating units identified by management with reference to the guidance set out in IAS 36;
- on the basis that management calculated the recoverable amount being the value in use, we tested the accuracy of management's forecasting through comparison of historical budgets and growth rates to actual performance and growth rates;
- challenging other key assumptions such as the discount rates as determined by management's expert (where we used an internal expert), long term growth rates and sensitivities used;
- testing the mathematical accuracy of the impairment calculations;
- assessing management's model has been prepared in accordance with IAS 36; and
- evaluating the disclosures related to impairment tests as shown in Note 12 within the financial statements.

The group's accounting policy on impairment of intangibles is shown in note 1 to the financial statements and related disclosures are included in note 12.

Key observations

Based on our audit work there was sufficient headroom in the value in use calculations. We concur with management's assessment that there is no material impairment on the acquired intangible assets.

60 Independent auditor's report to the members of Blue Prism Group plc continued

Key Audit Matter – Group

Contingent shares issuable and cash payable to continuing employees as part of the Thoughtonomy Limited acquisition (valuation)

Total contingent share consideration of £26.2m and contingent cash consideration of £4.3m arising on the acquisition of Blue Prism Cloud limited had been recorded in the group's accounting records on the basis that the amounts due reflect consideration on the acquisition rather than future remuneration.

Due to the potentially judgemental nature when accounting for transactions of this nature there is an increased risk that errors arise. We therefore identified the accounting treatment of contingent shares issuable and cash payable to continuing employees as part of the Thoughtonomy Limited acquisition to be a significant risk, which was one of the most significant assessed risks of material misstatement.

How the matter was addressed in the audit – Group

Our audit work included but was not restricted to:

- assessing the payment clauses within the sale and purchase agreement ("SPA") as well as the Lock-in agreements with key employees involved against the requirements of IFRS 3 to determine whether amounts payable were consideration or remuneration in nature;
- reconciling the amounts paid per the SPA to the amounts recognised within the financial statements;
- held discussions with management, management's advisors and the lawyers involved in drafting the SPA to understand the nature of the obligations of the employees under the SPA; and
- we consulted with our technical team over the appropriate accounting treatment required under IFRS 3.

The group's accounting policy on business combinations is shown in note 1 to the financial statements and related disclosures are included in note 27.

Key observations

Our audit testing highlighted material errors in relation to the treatment of the shares to be issued and cash to be paid on settlement of the consideration payable on the acquisition of Thoughtonomy Limited. These amounts should be treated as remuneration rather than consideration in line with IFRS 3. In addition to this our work also highlighted the shares to be issued and recorded in the prior year as equity had been incorrectly discounted. As a result, two prior period restatements were recognised being to correct the accounting treatment to recognise the contingent consideration as remuneration and add back the impact of the discounting applied to the Shares to be issued. This resulted in a reduction in Goodwill recognised by £24.3m and a corresponding adjustment to reduce Shares to be issued by £20.6m and Contingent consideration by £3.7m in 2019.

Key Audit Matter – Parent company

Impairment of investments (valuation)

A material balance on the parent company's statement of financial position is investments in Group undertakings of £82.1 million as detailed in Note 5 in the notes to the company financial statements. The recoverability of these assets is dependent on expected future cash flows from its investments.

The Blue Prism Cloud Limited and Blue Prism Limited cash generating units ("CGU") are loss making in the current year and this represents an indicator of impairment. Blue Prism Cloud Limited achieved its revenue forecast for the current year, however the forecasted revenue growth rates used at the time of acquiring Blue Prism Cloud Limited were higher than those included within management's current year forecasts.

Investments are subject to an impairment test when there is an indication that they may be impaired. The process for measuring and recognising impairment under IAS 36 is complex and judgemental. We therefore identified Impairment of investments as a significant risk, which was one of the most significant assessed risks of material misstatement.

How the matter was addressed in the audit – Parent company

Our audit work included, but was not restricted to:

- challenging management on their identification of cash generating units with reference to the guidance set out in IAS 36;
- comparing the recoverable amount of each of the cash generating units to the carrying value of the investment held by the parent company;
- testing the mathematical accuracy of the impairment calculations; and
- evaluating whether the impairment assessment disclosures are in line with the requirements of IAS 36.

For the Blue Prism Cloud Limited CGU impairment assessment management have used a value in use model. Our audit work included, but was not restricted to:

- Challenging the methodology and key assumptions used by management in conducting the impairment review, these being:
 - the revenue growth rates forecasted by comparing them to historic performance and growth rates and understanding the key drivers of revenue and comparing these to market studies; and
 - the discount rate applied, which included an assessment, with the help of an auditor's expert, of the work of management's expert when determining the discount rate.
- We performed sensitivities over the discount rate applied based on our auditor expert's independent range and sensitivities over revenue growth comparing forecast growth rates to historic growth rates.

For the Blue Prism Limited CGU impairment assessment, management have used a fair value less cost to sell model. Our audit work included but was not restricted to corroborating management assessment of the revenue multiples applied based on comparator company's, sensitising this outcome and assessing the estimated costs to sell.

The company's accounting policy on impairment of investments is shown in Note 1 to the company financial statements and related disclosures are included in Note 5.

Key observations

Our work resulted in management updating their impairment model to ensure the forecast period was in line with the requirements of IAS 36, the long-term growth rate was aligned with the long term forecasted growth rate of the countries in which the CGUs operates, and the forecasts included appropriate internal transfer pricing costs.

Based on management's assessment and our audit work an impairment charge of £22 million was identified based on the updated value in use calculation. This has been recorded in the parent company financial statements.

62 Independent auditor's report to the members of Blue Prism Group plc continued

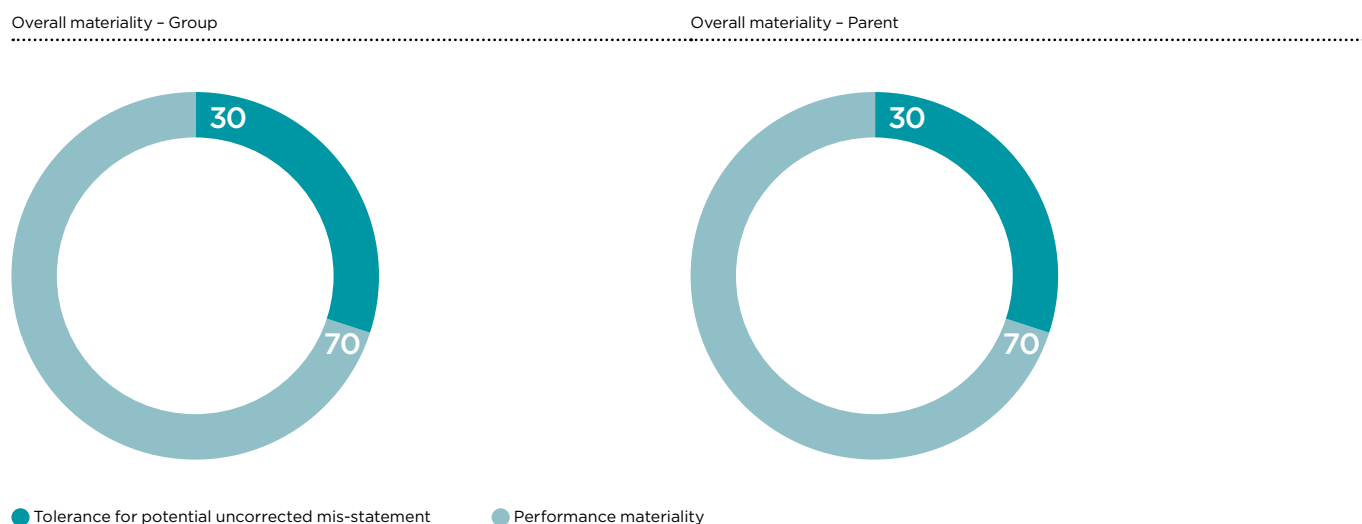
Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality measure	Group	Parent
Financial statements as a whole	<p>£2,100,000 which is 1.5% of group revenue.</p> <p>This benchmark is considered the most appropriate because consistent and sustainable revenue streams is a key performance measure for the group in their reporting to the primary users of the financial statements.</p> <p>Determining materiality involves the exercise of professional judgement. Factors relating to where the group is in its life cycle and items on which users attention is focused has led to selecting revenue as the appropriate benchmark.</p> <p>Materiality for the current year is higher than the level that the predecessor auditor determined for the year ended 31 October 2019 to and is considered to be reflective of the overall performance of the group revenue growth.</p>	<p>Materiality was initially determined using 2% of total assets, but was capped at £1,470,000, which represents 70% of group materiality, being the materiality used for the parent company as a component in the group audit. We consider this benchmark to be most appropriate as the parent company is a holding company therefore users would be most interested in its asset base.</p>
Performance materiality used to drive the extent of our testing	70% of financial statement materiality.	70% of financial statement materiality.
Specific materiality	We determined a lower level of specific materiality, £105,000, for certain areas such as directors' remuneration and related party transactions.	We determined a lower level of specific materiality, £105,000, for certain areas such as directors' remuneration and related party transactions.
Communication of misstatements to the audit committee	£105,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£105,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.



An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the group's business, its environment and risk profile and in particular included:

- evaluation by the group audit team of identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality including the significance as a percentage of revenue and total assets;
- for those components that were evaluated as significant, a full-scope audit or specified audit procedures approach was taken based on their relative materiality to the Group and our assessment of the audit risk. For significant components requiring a full-scope approach, we evaluated the design and implementation of controls over the financial reporting systems identified as part of our risk assessment and addressed critical accounting matters. We then undertook substantive testing on significant transactions and material account balances;
- significant components were identified as Blue Prism Group plc, Blue Prism Limited and Blue Prism Software Inc. Blue Prism Cloud Limited was not identified as a significant entity for group purposes however requires a statutory audit under Companies Act 2006 and is audited to a lower level of materiality. All work in relation to these components was performed by the group audit team;
- a number of further components were identified for specified audit procedures on specific balances. The work on these components was targeted according to the nature of the balances within these components. All work in relation to these components was performed by the group audit team;
- the remaining components of the group were subject to analytical procedures commensurate with their significance to the group's results and financial position; and
- our group audit scoping ensures we have attained coverage on full scope and specified audit procedures of 93% of group revenues, 90% of group loss before tax and 93% of group total assets. The remaining balances were tested analytically using group materiality.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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

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

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

64 Independent auditor's report to the members of Blue Prism Group plc continued

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 56 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Nick Jones

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
18 February 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 October 2020

65

	Note	2020 £'m Total	Restated 2019 £'m Total
Revenue	4	141.4	96.8
Cost of sales	5	(22.2)	(11.4)
Gross profit		119.2	85.4
Operating expenses	6	(198.1)	(180.4)
Operating expenses before contingent share based payments and exceptional costs		(166.7)	(167.0)
Contingent share based payments	21	(13.2)	(7.2)
Exceptional costs	27	(18.2)	(6.2)
Net impairment losses on financial assets	15	(1.8)	(0.7)
Other operating income		0.3	0.3
Operating loss		(80.4)	(95.4)
Interest receivable	8	0.5	0.7
Finance costs	9	(0.3)	-
Loss before tax		(80.2)	(94.7)
Income tax (expense)/credit	10	(0.4)	1.9
Loss after tax		(80.6)	(92.8)
Other comprehensive (loss)/income			
Items which will subsequently be reclassified to profit or loss:			
Exchange (losses)/gains on translation of foreign operations		(2.6)	1.8
Total other comprehensive (loss)/income		(2.6)	1.8
Total comprehensive loss for the year		(83.2)	(91.0)
Basic and diluted loss per share attributable to ordinary equity shareholders (p)	11	(91.56)	(124.91)

Total comprehensive loss for the year has been derived from continuing operations.

The notes on pages 69 to 98 form part of these financial statements.

66 Consolidated Statement of Financial Position

at 31 October 2020

	Note	31 October 2020 £'m	Restated 31 October 2019 £m	Restated 1 November 2018 £m
Non-current assets				
Intangible assets	12	34.8	38.1	–
Costs to obtain contracts	16	17.2	16.0	7.1
Property, plant and equipment	13	4.8	1.6	0.9
Total non-current assets		56.8	55.7	8.0
Current assets				
Costs to obtain contracts	16	13.3	12.2	5.1
Corporation tax receivable	17	1.1	1.0	–
Trade and other receivables	15	44.4	43.6	28.1
Cash and cash equivalents	25	137.6	45.5	50.5
Short-term investments	25	–	28.6	–
Total current assets		196.4	130.9	83.7
Total assets		253.2	186.6	91.7
Current liabilities				
Trade and other payables	18	37.5	42.4	20.0
Deferred revenue	16	88.8	71.5	42.1
Contingent consideration	27	3.9	1.3	–
Total current liabilities		130.2	115.2	62.1
Non-current liabilities				
Other payables	18	2.6	–	–
Deferred revenue	16	6.9	5.9	5.8
Total non-current liabilities		9.5	5.9	5.8
Total liabilities		139.7	121.1	67.9
Net assets		113.5	65.5	23.8
Equity attributable to shareholders				
Called up share capital	20	2.0	1.9	1.7
Share premium	20	155.1	150.3	50.2
Shares to be issued	20	2.1	4.2	–
Merger reserve	20	117.5	15.5	0.4
Foreign exchange reserve	22	(1.2)	1.4	(0.4)
Share based payment reserve	22	46.8	17.3	4.2
Accumulated losses		(208.8)	(125.1)	(32.3)
Total equity		113.5	65.5	23.8

The financial statements on pages 65 to 98 were approved and authorised for issue by the Board of Directors on 18 February 2021 and were signed on its behalf by:

Ijoma Maluza
Director

The notes on pages 69 to 98 form part of these financial statements.

Company Number: 09759493

Consolidated Statement of Cash Flows

for the year ended 31 October 2020

	Note	2020 £'m	Restated 2019 £'m
Cash flows from operating activities			
Loss after tax		(80.6)	(92.8)
Adjustments for:			
Amortisation of intangible fixed assets	12	3.3	0.9
Depreciation of property, plant and equipment	13	2.9	0.5
Loss on disposal of property, plant and equipment	13	-	0.2
Interest receivable	8	(0.5)	(0.7)
Finance costs	9	0.3	-
Share based payment – options and awards	21	13.9	7.6
Exceptional costs	27	18.2	6.2
Income tax expense/(credit)	10	0.4	(1.9)
		(42.1)	(80.0)
Increase in trade and other receivables	15	(2.8)	(11.5)
Increase in costs to obtain contracts	16	(2.3)	(16.0)
(Decrease)/increase in trade and other payables	18	(6.6)	18.4
Increase in deferred revenue	16	18.4	27.0
Cash used in operations		(35.4)	(62.1)
Income taxes paid		(0.9)	(0.4)
Net cash outflows from operating activities		(36.3)	(62.5)
Investing activities			
Purchases of property, plant and equipment	13	(0.3)	(1.3)
Maturity of/(investment in) short-term investments	25	28.6	(28.6)
Acquisition of subsidiary Thoughtonomy, net of cash acquired	27	-	(10.4)
Interest received	8	0.5	0.7
Net cash generated from/(used in) investing activities		28.8	(39.6)
Financing activities			
Issue of ordinary shares		104.8	103.1
Issue costs		(2.9)	(2.8)
Repayment of lease liabilities		(2.1)	-
Interest on lease liabilities	9	(0.3)	-
Repayment of bank loan		-	(2.5)
Net cash generated from financing activities		99.5	97.8
Net increase/(decrease) in cash and cash equivalents		92.0	(4.3)
Cash and cash equivalents at beginning of year		45.5	50.5
Effect of foreign exchange on cash and cash equivalents		0.1	(0.7)
Cash and cash equivalents at end of year	25	137.6	45.5

The notes on pages 69 to 98 form part of these financial statements.

68 Consolidated Statement of Changes in Equity

for the year ended 31 October 2020

	Note	Share capital £'m	Share premium £'m	Shares to be issued £'m	Foreign exchange reserve £'m	Merger reserve* £'m	Share based payment reserve £'m	Accumulated losses £'m	Total equity £'m
Equity as at 31 October 2018 as originally presented		1.7	50.2	-	(0.4)	0.4	4.2	(44.3)	11.8
Impact of initial adoption of IFRS 15		-	-	-	-	-	-	12.2	12.2
Equity as at 1 November 2018 as originally presented		1.7	50.2	-	(0.4)	0.4	4.2	(32.1)	24.0
Prior period restatement	1	-	-	-	-	-	-	(0.2)	(0.2)
Equity as at 1 November 2018 as restated		1.7	50.2	-	(0.4)	0.4	4.2	(32.3)	23.8
Comprehensive loss for 2019									
Loss after tax restated		-	-	-	-	-	-	(92.8)	(92.8)
Other comprehensive income		-	-	-	1.8	-	-	-	1.8
Total comprehensive loss for the year restated		-	-	-	1.8	-	-	(92.8)	(91.0)
Contributions by and distributions to owners									
Exercise of options		0.1	3.0	-	-	-	-	-	3.1
Issue of shares – placing		0.1	99.9	-	-	-	-	-	100.0
Cost of placing		-	(2.8)	-	-	-	-	-	(2.8)
Issue of shares – acquisition of subsidiary restated	27	-	-	-	-	15.1	-	-	15.1
Shares to be issued – acquisition of subsidiary restated	27	-	-	4.2	-	-	-	-	4.2
Share based payments – acquisition of subsidiary restated	27	-	-	-	-	-	5.5	-	5.5
Share based payments – options and awards	21	-	-	-	-	-	7.6	-	7.6
Equity as at 31 October 2019 restated		1.9	150.3	4.2	1.4	15.5	17.3	(125.1)	65.5

	Note	Share capital £'m	Share premium £'m	Shares to be issued £'m	Foreign exchange reserve £'m	Merger reserve* £'m	Share based payment reserve £'m	Accumulated losses £'m	Total equity £'m
Equity as at 31 October 2019 as originally presented		1.9	150.3	26.2	1.4	14.2	11.8	(110.3)	95.5
Prior period restatement	1	-	-	(22.0)	-	1.3	5.5	(14.8)	(30.0)
Equity as at 31 October 2019 as restated		1.9	150.3	4.2	1.4	15.5	17.3	(125.1)	65.5
Impact of initial adoption of IFRS 16		-	-	-	-	-	-	(0.2)	(0.2)
Equity as at 1 November 2019		1.9	150.3	4.2	1.4	15.5	17.3	(125.3)	65.3
Comprehensive loss for 2020									
Loss after tax		-	-	-	-	-	-	(80.6)	(80.6)
Other comprehensive income		-	-	-	(2.6)	-	-	-	(2.6)
Total comprehensive loss for the year		-	-	-	(2.6)	-	-	(80.6)	(83.2)
Contributions by and distributions to owners									
Exercise of options		-	4.8	-	-	-	-	-	4.8
Issue of shares – placing		0.1	-	-	-	99.9	-	-	100.0
Cost of placing		-	-	-	-	-	-	(2.9)	(2.9)
Issue of shares – acquisition of subsidiary		-	-	(2.1)	-	2.1	-	-	-
Share based payments – acquisition of subsidiary	27	-	-	-	-	-	15.6	-	15.6
Share based payments – options and awards	21	-	-	-	-	-	13.9	-	13.9
Equity as at 31 October 2020		2.0	155.1	2.1	(1.2)	117.5	46.8	(208.8)	113.5

The notes on pages 69 to 98 form part of these financial statements.

* Merger reserve includes amounts previously reported under Other Reserve

Notes forming part of the Financial Statements

for the year ended 31 October 2020

1 Accounting policies

Basis of preparation

Blue Prism Group plc is a public limited company incorporated in the United Kingdom, listed on the Alternative Investment Market ('AIM') of the London Stock Exchange. Blue Prism Group plc and its subsidiaries ('the Group') have as their registered office and principal place of business 2 Cinnamon Park, Crab Lane, Warrington, WA2 0XP, United Kingdom.

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

The financial statements of the Group have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ('IFRS') in conformity with the requirements of the Companies Act 2006.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

The Group's financial statements have been prepared on an accruals basis and under the historical cost convention with the exception of financial instruments, assets and liabilities acquired through a business combination, and share based payments. Financial instruments have been recorded initially on a fair value basis and then at amortised cost. Share-based payments and assets and liabilities acquired through a business combination have been measured at fair value.

All figures presented are rounded to the nearest £m to 1 decimal place, unless stated otherwise.

Going Concern

The Directors have a reasonable expectation that there are no material uncertainties that cast significant doubt about the Group's ability to continue in operation and meet its liabilities as they fall due for the foreseeable future, being a period of at least 12 months from the date of approval of the financial statements. The possible continuing and future impact of COVID-19 on the Group has been considered in the preparation of the financial statements. The Group raised gross proceeds of £100.0m via an equity issue in April 2020 to provide significant headroom in the event of prolonged disruptions relating to the COVID-19 pandemic.

The Directors have reviewed the forecasts for the Group for the period to 30 April 2022 and have a reasonable expectation that there are no material uncertainties that cast significant doubt about the Group's ability to continue in operational existence for at least 12 months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Further details for adopting the going concern basis are set out in the Directors' Report on page 55.

Changes to the accounting on revenue from Contracts with Customers

The Group adopted IFRS 15, 'Revenue from Contracts with Customers', in the year ended 31 October 2019. As part of the implementation, and based on advice provided at the time, three performance obligations were identified, being the delivery of software licences, unspecified product upgrades and support services. A portion of revenue from software licence sales was recognised at the time of delivering the software licence and the remainder of the revenue was recognised straight-line over the length of the contract. As disclosed previously the impact of this change was an increase to FY19 revenue of £4.2m compared to how revenue would have been recognised under IAS 18.

The Directors have reassessed the IFRS 15 accounting policy adopted in the year ended 31 October 2019 and have concluded that there are in fact two performance obligations as opposed to three performance obligations as previously disclosed.

The first performance obligation is the provision of software licences and unspecified product upgrades. The procurement of Blue Prism software by the Group's existing and potential future customers is driven to a large extent by a vision of investing into a robotic process automation enterprise-wide ecosystem. Customers benefit from unspecified product upgrades associated with continuous ongoing investments made by the Group to drive future product enhancements and upgrades. As part of the software licence and product upgrade performance obligation customers benefit not just from product upgrades but also ongoing maintenance upgrades. There are elements in some of the product upgrades and enhancements of Blue Prism reacting directly to customer needs however, a number of product upgrades arise from Blue Prism proactively going to customers and partnering with them to drive enhancements and upgrades.

The Directors have given due consideration to the contractual terms set out in the sales agreements, the interdependence and interrelatedness of the software licence, and other explicit and implicit promises to customers to conclude that both the software licence and the right to unspecified product upgrades are not distinct in the context of the contract and should be combined into a single performance obligation.

70 Notes forming part of the Financial Statements continued

for the year ended 31 October 2020

1 Accounting policies continued

The second performance obligation is the provision of support services. The support services performance obligation has not changed in terms of the previously adopted position in the year ended 31 October 2019. Following the amendment to the IFRS 15 accounting policy, the Group recognises revenue from the provision of software licences and product upgrades performance obligation on a straight-line basis over the term of the contract. Blue Prism provides promises to deliver unspecified product upgrades on an as-and-when-available basis over the software licence term and support.

The product enhancements and upgrades are provided by software engineers who develop and deliver product developments on a time-based measure. The software engineers deliver the product developments as and when these are ready for release on steady basis over time and therefore revenue for the software licence and product upgrade performance obligation is recognised on a straight-line basis over the contract duration. Please refer to note 2 where this has been disclosed as a critical accounting judgement.

Revenue recognition is now consistent with the accounting treatment applied under IAS 18, 'Revenue', which was effective prior to 2019. As such, results for 2019 have been restated to retrospectively apply the updated revenue recognition policy. The impact is to reduce revenue in the year ended 31 October 2019 from £101.0m as previously reported to £96.8m as restated.

When the Group identified three performance obligations, a portion of revenue from licences was recognised at a point in time. The impact of the amended IFRS 15 revenue recognition policy compared to the previous IFRS 15 revenue recognition policy with three performance obligations has resulted in a reduction in the reported revenue of £2.1m for the year ended 31 October 2020.

There is no impact on cashflows, customer commitments or the Group's obligations as a result of this restatement.

Changes to accounting on costs of delivering the revenue performance obligations

The costs of delivering the revenue performance obligations are expensed as direct costs within costs of sales in the statement of consolidated profit or loss whereas previously development costs of delivering the revenue performance obligations were capitalised and amortised over 18 months and research costs were expensed as incurred. The impact of this change has been the reversal of previously capitalised development costs and reversal of the associated amortisation charge. The Directors consider that as these costs are required to fulfil the performance obligations, they should be recognised within cost of sales rather than operating expenses. The 2019 financial statements have been re-stated for this adjustment as illustrated in the table below.

Restatement of acquisition accounting

The prior year consolidated statement of profit or loss, consolidated statement of financial position, and related notes have been re-stated for the treatment and valuation of the consideration payable and the finalisation of provisional amounts recognised in respect of the fair value of assets acquired and liabilities assumed related to the acquisition of the Thoughtonomy group.

On 17 July 2019 the Group acquired the share capital of the Thoughtonomy group (renamed Blue Prism Cloud), a software-as-a-service RPA platform, to broaden our product offering and progress our cloud-based approach. As disclosed at the time, the consideration that Blue Prism paid comprised an upfront payment of cash and shares and a contingent payment of cash and shares, discounted from fair value based on lock-up periods. The terms of the contingent consideration included conditions making a portion of the consideration contingent upon continued employment of the CEO and certain other key individuals. The initial treatment was to account for the contingent payment as consideration for the acquisition of Thoughtonomy. This treatment has subsequently been reviewed by the Directors, with reference to the guidance set out in IFRS 3, which has resulted in an adjustment in relation to the contingent consideration relating to continuing employees of £29.6m as the consideration is automatically forfeited upon termination of employment for these individuals within a specified period. The fair value of up front and deferred share payments has also been restated based on undiscounted fair values.

Consequently, 2019 results have been restated in these financial statements to reflect a decrease in goodwill of £23.7m and an exceptional operating expense of £6.2m. The impact for 2020 is an exceptional operating expense of £18.2m.

The Board continue to be pleased with the integration of Blue Prism Cloud, which has enabled several important developments across the product suite and delivered excellent growth, with an increase in bookings of 147%, in its first year of integration to the Group.

1 Accounting policies continued**Quantitative impact of restatements on financial statements**

Year ended 31 October 2019	As originally reported £'m	Reduction in the number of performance obligations £'m	Costs of delivering performance obligations £'m	Reclassifying contingent payment as remuneration £'m	Removing discount for consideration lock-up period £'m	Acquisition accounting adjustments (Note 27) £'m	As restated £'m
Consolidated statement of profit or loss and other comprehensive income							
Revenue	101.0	(4.2)	-	-	-	-	96.8
Cost of sales	(8.5)	-	(2.9)	-	-	-	(11.4)
Operating expenses	(173.5)	-	(0.7)	(6.2)	-	-	(180.4)
of which, exceptional costs	-	-	-	(6.2)	-	-	(6.2)
Income tax credit	2.5	-	-	-	-	(0.6)	1.9
Loss after tax	(78.2)	(4.2)	(3.6)	(6.2)	-	(0.6)	(92.8)
Earnings per share	(104.96p)	(5.63p)	(5.02p)	(8.39p)	-	(0.91p)	(124.91p)
Consolidated statement of financial position							
Intangible assets	65.7	-	(3.9)	(29.5)	5.1	0.7	38.1
Trade and other receivables	44.3	-	-	-	-	(0.7)	43.6
Trade and other payables	41.9	-	-	-	-	0.5	42.4
Deferred revenue	73.2	4.2	-	-	-	-	77.4
Contingent consideration	4.3	-	-	(3.0)	-	-	1.3
Net assets	95.5	(4.2)	(3.9)	(26.5)	5.1	(0.5)	65.5
Shares to be issued	26.2	-	-	(25.8)	3.8	-	4.2
Merger reserve*	0.4	-	-	-	1.3	13.8	15.5
Other reserve*	13.8	-	-	-	-	(13.8)	-
Share based payment reserve	11.8	-	-	5.5	-	-	17.3
Accumulated losses	(110.3)	(4.2)	(3.9)	(6.2)	-	(0.5)	(125.1)
Net assets	95.5	(4.2)	(3.9)	(26.5)	5.1	(0.5)	65.5

* Merger reserve includes amounts previously reported under Other reserve

New or amended accounting standards

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 October 2019 as described in the annual financial statements with the exception of the adoption of IFRS 16 Leases, the impact of which has been detailed below.

a) New standards, interpretations and amendments effective from 1 November 2019**IFRS 16 Leases**

IFRS 16 Leases has replaced IAS 17 Leases for the year commencing 1 November 2019.

The new standard impacts the accounting for leases in which the Group is the lessee. The Group previously accounted for these leases as operating leases, with rentals payable charged to the statement of profit or loss and other comprehensive income on a straight-line basis as an operating expense. Under the new standard, the Group recognises additional lease assets and lease liabilities on the statement of financial position to account for the right to use the leased items and the obligation to make future lease payments. The costs of the leases are recognised in the statement of profit or loss and other comprehensive income split between depreciation of the lease asset and a finance charge on the lease liability.

The Group elects to apply the exemptions available for short-term leases with a lease term of 12 months or less and leases of low value. The Group has adopted the modified retrospective method with no restatement of prior period numbers. On transition, the right-of-use asset has been recognised in line with IFRS 16.C8(b)(i) by determining the lease liability at the commencement date of the lease depreciated to date of transition.

For any new contracts entered into, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group,
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract, and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

72 Notes forming part of the Financial Statements continued

for the year ended 31 October 2020

1 Accounting policies continued

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4. Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 5%.

Quantitative impact of policy changes on consolidated statement of profit or loss and other comprehensive income

The impact on the consolidated statement of profit or loss as a result of the adoption of IFRS 16 for the year ended 31 October 2020 is as follows:

	As reported under IFRS 16 £'m	Impact of IFRS 16 £'m	Under IAS 17 £'m
Operating expenses	(198.1)	0.3	(198.4)
Finance cost	(0.3)	(0.3)	-

1 Accounting policies continued**Quantitative impact of policy changes on consolidated statement of financial position at transition and at 31 October 2020**

	On transition to IFRS 16 at 1 November 2019 £'m	During the year ended 31 October 2020 £'m	Total impact £'m
Non-current assets			
Property, plant and equipment	5.8	(2.2)	3.6
Total non-current assets	5.8	(2.2)	3.6
Current liabilities			
Trade and other payables	(1.8)	0.5	(1.3)
Total current liabilities	(1.8)	0.5	(1.3)
Non-current liabilities			
Other payables	(4.2)	1.6	(2.6)
Total non-current liabilities	(4.2)	1.6	(2.6)
Net assets	(0.2)	(0.1)	(0.3)

The following is a reconciliation of total operating lease commitments at 31 October 2019 (as disclosed in the financial statements to 31 October 2019) to the lease liabilities recognised at 1 November 2019.

	£'m
Total operating lease commitments disclosed at 31 October 2019	8.0
Recognition exemptions: remaining lease term less than 12 months	(1.3)
Operating lease liabilities before discounting	6.7
Discounted using incremental borrowing rate	(0.7)
Total lease liabilities recognised under IFRS 16 at 1 November 2019	6.0

Other standards, interpretations and amendments effective from 1 November 2019

The following new standards, interpretations and amendments have been adopted by the Group with no material impact in the current or future reporting periods:

- Prepayment features with negative compensation (amendments to IFRS 9)
- Long-term interests in associates and joint ventures (amendments to IAS 28)
- IFRIC 23 Uncertainty over income tax treatments
- Annual improvements to IFRS 2015-2017 Cycle (amendments to IAS 12, IAS 23, IFRS 3 and IFRS 11)
- Plan amendment, curtailment or settlement (amendments to IAS 19)

b) New standards, interpretations and amendments not yet effective

The following new accounting standards, interpretations and amendments have been published but are not mandatory for 31 October 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions:

- Conceptual framework for financial reporting
- Definition of a business (amendments to IFRS 3)
- Definition of material (amendments to IAS 1 and IAS 8)
- Interest rate benchmark reform (amendments to IFRS 9, IAS 39, and IFRS 7)
- IFRS 17 insurance contracts

Basis of consolidation

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. The financial statements of the Group have been prepared on a going concern basis and in accordance with IFRS in conformity with the Companies Act 2006. They have also been prepared with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

74 Notes forming part of the Financial Statements continued

for the year ended 31 October 2020

1 Accounting policies continued

Revenue recognition

Licence and support revenue

Software licence revenue represents fees earned from the licence of our software to customers. Licences of our product are delivered by providing our customers with a licence key that enables them to install and use the software in their on-premise IT infrastructures.

The Group identifies two performance obligations implicit in the sale of a software licence:

- firstly, the right to the licence and upgrades to the licence over the licence term, and
- secondly, the right to access support during the licence term.

All revenue from licence sales is recognised evenly over the contract term. The judgements behind this pattern of revenue recognition are discussed in note 2.

Software support revenue represents fees earned from providing customers with support services at standard and premium rates. These benefits are received and continued over the contract term. Revenues from support services are recognised on a straight-line basis over the contract term.

Revenue from SaaS cloud offerings where the Group's performance obligation is the grant of a right to continuously access a cloud offering for a certain term is recognised based on time elapsed and thus rateably over the term.

No revenue is recognised in respect of licences that are provided free of charge.

Professional services and training

Professional services and training revenue are typically recognised over time. Where the Group stands ready to provide the service (such as access to learning content), revenue is recognised based on time elapsed and thus rateably over the service period. Consumption-based services, for example separately identifiable professional services, are recognised over time as the services are utilised, typically following the percentage-of-completion method or rateably.

Sponsorship and other revenue

Revenue is recognised from Blue Prism World events. This mainly relates to sponsorship revenue received from various partners and external organisations participating in the events. Revenue is recognised at the time of the event taking place.

Cost of sales

Cost of sales includes the amortisation of costs to obtain contracts in respect of sales commission paid to sales personnel and staff costs involved in delivering the licence and upgrade obligation.

Costs of obtaining customer contracts

The Group incurs certain costs to obtain customer contracts in the form of commissions paid to sales employees. The commission costs of obtaining any contract with a customer are recognised as an asset on the statement of financial position. They are then subsequently amortised over the period during which the related revenue is recognised, with the cost reflected in cost of sales. Other directly attributable costs are expensed as incurred.

Billing arrangements

The Group bills and receives cash for licence and support annually in advance. All invoices are due within short term credit terms that vary by customer. Professional services, training, sponsorship and other revenue is billed in line with contractual arrangements. In the event that the Group invoiced in advance for the full contract term and if this were greater than one year, it is reflected in non-current liabilities with consideration given as to whether there was a financing component of the given contract.

Foreign currency

Transactions entered into by Group entities in a currency other than their functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are retranslated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss in operating expenses.

Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign currency monetary items are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The assets and liabilities of the Group's subsidiaries outside the UK are translated into sterling using period-end exchange rates. Income and expense items are translated at the average exchange rates for the period. Where differences arise between these rates, they are recognised in other comprehensive income and the translation reserve.

At the statement of financial position date the non-sterling balances of the overseas entities are retranslated and the foreign exchange gain or loss is shown as other comprehensive income and recorded in the foreign exchange reserve.

1 Accounting policies continued

Trade receivables

Trade receivables are amounts due from customers for services provided in the ordinary course of business. These are stated net of any provision for impairment.

Cash and cash equivalents

Cash and cash equivalents includes cash and deposits with banks, and other short-term highly liquid investments with original maturities of three months or less.

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent, it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

Short-term investments

Investments on deposit with longer term maturities are classified as short-term investments and are readily available if the interest earned is waived.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets

The Group classifies its financial assets in the following categories:

- (i) Fair value through profit and loss (FVTPL),
- (ii) Financial assets at amortised cost, and
- (iii) Fair value through other comprehensive income (FVTOCI).

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. At each statement of financial position date included in the financial information, the Group held only items classified as financial assets at amortised cost.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Interest income relating to financial assets is presented within interest receivable in the statement of profit and loss.

Impairment of financial assets

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses (ECLs). During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net; such provisions are recorded in a separate provision account with the loss being recognised within net impairment losses on financial assets in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset net of sales taxes recoverable is written off against the associated provision.

76 Notes forming part of the Financial Statements continued

for the year ended 31 October 2020

1 Accounting policies continued

The expected loss rates are based on the Group's historical credit losses experienced over the last period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

Impairment provisions for other receivables are recognised based on the general impairment model within IFRS 9. Under the General approach, at each reporting date, the Group determines whether there has been a significant increase in credit risk since initial recognition and whether the receivable is credit impaired. This determines whether the receivable is in Stage 1, Stage 2 or Stage 3, which in turn determines the amount of ECL to be recognised i.e. 12-month ECL or Lifetime ECL.

Financial liabilities

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

All financial liabilities are recognised initially at fair value less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit and loss.

Share capital, share premium, and other reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. Details of the composition of each component of equity is shown within note 20.

Share based payments

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

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

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

Where employers' social security is liable on the exercise of a share option or award, an estimate of the amount due is accrued over the expected exercise period. The accrual is then reviewed and amended at each subsequent statement of financial position date in line with IFRS 2.

Defined contribution pension schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

Holiday pay and other employee benefits

The expected cost of holiday pay and other short-term compensated absences are provided for at the reporting date.

Leases

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

1 Accounting policies continued

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

During the year, the Group adopted IFRS 16. See the section new or amended accounting standards for further details on the changes from the previously policy under IAS 17.

Deferred taxation

Deferred tax is recognised in respect of relevant temporary differences that have originated but not reversed at the statement of financial position date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and liabilities are not discounted.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost 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 calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives, with an annual review of useful lives and depreciation methods. The principal annual rates used for this purpose are:

- Computer equipment – straight line over 3 years
- Fixtures and fittings – straight line over 5 years
- Leasehold improvements – straight line over 5 years
- Right of use assets – straight line over the earlier of the useful life of the right-of-use asset or the lease term

Amortisation of intangible assets

Intangible assets with finite lives are amortised on a straight line basis over their useful life.

The estimated useful life of intangible assets is:

- 5 years for technology assets acquired in the business combination with Thoughtonomy
- 10 years for customer relationships acquired in the business combination with Thoughtonomy

Business combinations

When the Group completes a business combination, the consideration transferred for the acquisition and the identifiable assets and liabilities acquired are recognised at their fair values. The amount by which the consideration exceeds the net assets acquired is recognised as goodwill. The application of accounting policies to business combinations involves the use of estimates.

During the year ended 31 October 2019, the Group acquired Thoughtonomy Ltd and its subsidiary, Thoughtonomy Inc.

Where intangible assets have been separately identified and valued as part of the acquisition, these have been recognised on the statement of financial position and amortised over their estimated useful life.

Goodwill impairment

Goodwill is the excess of consideration over the net assets at acquisition. It is tested for impairment annually.

A key management judgement is the monitoring of goodwill and intangible assets acquired as part of the acquisition of the Thoughtonomy group for impairment testing. Management monitors goodwill at a Group level.

The assumptions applied in calculating the value in use of the Thoughtonomy group impairment testing are a source of estimation uncertainty. The key assumptions applied in the calculation relate to the future performance expectations of the business growth rates as well as the discount rate to be applied in the calculation.

Further details of the impairment testing are disclosed in note 12.

Research and development taxation credits

Tax credits for research and development activities relate to government tax incentives in certain operating territories. The tax credits are recognised within other operating income when they are received by the Group.

78 Notes forming part of the Financial Statements continued

for the year ended 31 October 2020

2 Key accounting estimates and judgements

The Group makes certain estimates and judgements regarding the future which are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and judgements. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Judgements

Revenue recognition

Management has identified two performance obligations:

- firstly, the right to the licence and upgrades to the licence over the licence term, and
- secondly, the right to access support during the licence term.

The first performance obligation is the provision of software licences and unspecified product upgrades. The procurement of Blue Prism software by the Group's existing and potential future customers is driven to a large extent by a vision of investing into a robotic process automation enterprise-wide ecosystem. Customers benefit from unspecified product upgrades associated with continuous ongoing investments made by the Group to drive future product enhancements and upgrades. As part of the software licence and product upgrade performance obligation customers benefit not just from product upgrades but also ongoing maintenance upgrades. There are elements in some of the product upgrades and enhancements of Blue Prism reacting directly to customer needs however, a number of product upgrades arise from Blue Prism proactively going to customers and partnering with them to drive enhancements and upgrades.

The Directors have given due consideration to the contractual terms set out in the sales agreements, the interdependence and interrelatedness of the software licence, and other explicit and implicit promises to customers to conclude that both the software licence and the right to unspecified product upgrades are not distinct in the context of the contract and should be combined into a single performance obligation.

The second performance obligation is the provision of support services. The support services performance obligation has not changed in terms of the previously adopted position in the year ended 31 October 2019. Following the amendment to the IFRS 15 accounting policy, the Group recognises revenue from the provision of software licences and product upgrades performance obligation on a straight-line basis over the term of the contract. Blue Prism provides promises to deliver unspecified product upgrades on an as-and-when-available basis over the software licence term and support.

The product enhancements and upgrades are provided by software engineers who develop and deliver product developments on a time-based measure. The software engineers deliver the product developments as and when these are ready for release on steady basis over time and therefore revenue for the software licence and product upgrade performance obligation is recognised on a straight-line basis over the contract duration.

Estimates

Impairment testing

A key management judgement is the monitoring of goodwill and intangible assets acquired as part of the acquisition of the Thoughtonomy group for impairment testing. Management monitors goodwill at a Group level.

The assumptions applied in calculating the value in use of the Thoughtonomy group impairment testing are a source of estimation uncertainty. The key assumptions applied in the calculation relate to the future performance expectations of the business, growth rates, and the discount rate to be applied in the calculation.

Further details of the impairment testing are disclosed in note 12.

Share based payments

The Group has a number of share based payment arrangements, principally with its employees. These awards are valued by an appropriately qualified external actuary at the point of grant for the purpose of computing the share based payment charge. This charge is spread over the vesting period. The charge is reduced for known leavers whose awards will not vest and an estimate for future forfeitures of 7.24% (2019: 7.89%) is taken into account following management review of historical forfeitures. The outturn on these awards may differ from estimates made at the point of preparing these financial statements and will be incorporated into future accounting periods in line with IFRS 2.

For further detailed discussion of the share based payment charge, see note 21.

3 Financial instruments – Risk management

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group'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 been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Capital risk management

The Group manages its capital to ensure that all Group entities will be able to continue on a going concern basis while maximising its long-term return to shareholders. The capital structure of the Group consists of Company equity only, comprising issued capital, share premium, reserves and retained earnings. The Group is not exposed to any externally imposed capital requirements and has no borrowings.

Financial instruments by category**Financial assets**

	2020 £'m	Restated 2019 £'m
Trade receivables	39.2	34.0
Other receivables excluding other tax	1.6	3.1
Cash and cash equivalents	137.6	45.5
Short-term investments	-	28.6
Total financial assets	178.4	111.2

Financial liabilities

	2020 £'m	Restated 2019 £'m
Trade payables	5.5	9.9
Other payables and accruals excluding other tax and social security	27.4	28.9
Lease liabilities	3.9	-
Contingent consideration	3.9	1.3
Total financial liabilities	40.7	40.1

Reconciliation of liabilities arising from financing activities

	Non-current Lease liability £'m	Current Lease liability £'m
Balance as at 31 October 2019	-	-
Non-cash: Adoption of IFRS 16	4.2	1.8
Reclassification	(1.6)	1.6
Interest	-	0.3
Cash-flows Repayment	-	(2.3)
Balance as at 31 October 2020	2.6	1.4

In the prior year the bank loan of £2.5m is a cash only movement as reflected in the cash flow statement.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group'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 Group's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

80 Notes forming part of the Financial Statements continued

for the year ended 31 October 2020

3 Financial instruments – Risk management continued

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales and cash balances.

It is Group policy to assess the credit risk of new customers before entering contracts. The Board has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available. Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 15.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted. The Group considers the expected credit losses on cash and cash equivalents to be immaterial and no impairment has been recognised (FY19: £nil).

The Group's cash is held on deposit with the Group's principal bankers.

Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency, with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

During the year the Group's potential exposure to currency risk has increased due to the increased level of business in overseas operations. The Group is predominantly exposed to currency risk on the balances held in working capital within the Group and the exposure is concentrated therefore in the movement of the US dollar against Sterling. The effect of a strengthening and weakening of 10% of the US dollar against Sterling at the reporting date on the working capital balances held at this date, on the basis that all other variables remained constant, would have resulted in the following pre-tax profit or (loss) impact for the year as follows:

	10% strengthening £'m	10% weakening £'m
US dollar to sterling	1.8	(1.8)

Additionally, during the year the Group has renewed the intercompany loan agreements in place with its overseas subsidiaries. Loans to overseas subsidiaries are denominated in sterling and therefore give rise to foreign exchange gains/losses in the overseas entities which are not eliminated on consolidation.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group'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 90 days.

The maximum exposure to liquidity risk is the trade payables and costs to obtain contracts accrued at the year end, these are all current and expected to be settled within 90 days of the year end. All other liabilities fall due within 12 months of the year end, except for lease liabilities whose maturity is disclosed in note 23.

The Board receives rolling 12-month cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances for at least 12 months from the date of signing these financial statements.

4 Segmental analysis

The Group has one operating segment being the licensing of Robotic Process Automation (RPA) software used to automate routine, rules-based back office processes.

Assets, liabilities and profit/loss are not analysed by geography as the business performance measure utilised by the chief operating decision maker, the Executive Board, is the Group profit/loss.

The Group operates across three regions: EMEA, The Americas and APAC, and the Executive Board monitors revenue on this basis. Business performance is otherwise monitored by reference to total results against budget. Revenue for each of the geographical areas is as follows:

	2020 £'m	Restated 2019 £'m
Revenue from EMEA Operations	67.1	45.6
Revenue from The Americas Operations	56.6	39.2
Revenue from APAC Operations	17.7	12.0
Total	141.4	96.8

Revenues from principal territories, including all countries contributing more than 10% of revenue:

UK	29.0	22.5
US	43.6	31.5
Europe	34.8	20.8
Asia-Pacific	10.2	6.9
Canada	9.6	6.0
Australia and New Zealand	7.5	5.1
Rest of world	6.7	4.0
Total	141.4	96.8

The Group derives revenue from three sources, over time and at a point in time, in the following major categories:

	2020 £'m Over time	2020 £'m At a point in time	2019 £'m Over time	Restated 2019 £'m At a point in time
Timing of revenue recognition				
Licence and support	138.3	-	92.4	-
Professional services and training	3.0	-	2.6	-
Sponsorship and other revenue	-	0.1	-	1.8
Total	141.3	0.1	95.0	1.8

The Group has restated revenue for the year ended 31 October 2019 as discussed in Note 1. There is no impact on cash flows, trade receivables, or the company's contractual commitments as a result of this restatement.

There are no customers who generate 10% or more of the Group's revenues (2019: no customers).

An analysis of non-current assets by geography is presented in notes 12 and 13.

5 Cost of sales

	2020 £'m	Restated 2019 £'m
Amortisation of costs to obtain contracts	12.9	7.6
Direct employee costs of delivery	7.3	3.8
Direct cloud costs	2.0	-
Total cost of sales	22.2	11.4

82 Notes forming part of the Financial Statements continued

for the year ended 31 October 2020

6 Operating loss

	2020 £'m	Restated 2019 £'m
Operating loss is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's annual accounts	0.2	0.2
Fees payable to the company's auditor for other services:		
Audit of the accounts of subsidiaries	0.1	0.1
Audit-related assurance services	-	0.1
Tax services	-	0.1
Depreciation of property, plant and equipment (note 13)	2.9	0.5
Amortisation of intangible fixed assets (note 12)	3.3	0.9
Amortisation of costs to obtain contracts (note 16)	12.9	7.6
Loss on disposal of property, plant and equipment (note 13)	-	0.2
Travel and entertaining	8.8	18.8
Legal costs in respect of contracts	1.3	0.9
Marketing expense	13.0	21.7
Exchange (gains)/losses recognised in profit or loss	(2.2)	1.5

7 Staff costs

	2020 £'m	2019 £'m
Staff costs (including director's emoluments) comprise:		
Wages and salaries	100.8	80.9
Social security contributions and similar taxes	11.0	8.8
Pension costs	3.3	2.1
	115.1	91.8
Share based payment charge (Note 21)	15.4	7.2
Recruitment costs	1.8	6.8
Other staff costs	2.1	1.4
Total staff costs	134.4	107.2

Other staff costs are made up of assignment costs and other miscellaneous staff costs. Contingent consideration of £18.2m (2019: £6.2m) payable to shareholders of Thoughtonomy who have continued with the Group as employees has been expensed as exceptional costs. See note 27 for further details.

Average monthly number of employees (including directors) during the year.

	2020 Number	2019 Number
Directors	6	6
Staff		
Administration	104	89
Sales and marketing	532	488
Technical services	364	151
	1,006	734

The directors' remuneration disclosures and remuneration of the highest paid director is shown in the Remuneration Committee Report on page 51.

7 Staff costs continued**Key management personnel compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the company listed on pages 34 to 37.

	2020 £'m	2019 £'m
Salary	2.5	2.5
Bonuses	0.1	1.0
Commission	0.3	0.3
Pension contributions	0.1	0.1
Employers NI contributions	0.4	0.8
Car allowances	0.1	0.1
Share based payments	0.6	0.6
	4.1	5.4

Contingent consideration of £13.3m (2019: £4.5m) payable to shareholders of Thoughtonomy who have continued with the Group as employees has been expensed as exceptional costs. See note 27 for further details.

8 Interest receivable

Interest receivable consists of:

	2020 £'m	2019 £'m
Interest receivable on bank deposits	0.5	0.7
	0.5	0.7

9 Finance costs

Finance costs consists of:

	2020 £'m	2019 £'m
Interest on lease liabilities	0.3	-
	0.3	-

10 Income tax expense/(credit)

	2020 £'m	Restated 2019 £'m
Current tax expense		
UK corporation tax on loss of the year	-	0.6
Foreign tax on profits of the year	1.0	0.9
Adjustment for current tax of prior periods	(0.6)	(0.3)
Total current tax	0.4	1.2
Deferred tax expense		
Deferred tax on assessed losses carried forward	-	(3.1)
Total deferred tax	-	(3.1)
Total income tax charge/(credit)	0.4	(1.9)

84 Notes forming part of the Financial Statements continued

for the year ended 31 October 2020

10 Income tax expense/(credit) continued

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

	2020 £'m	Restated 2019 £'m
Loss before tax	(80.2)	(94.7)
Tax at domestic rate 19% (2019: 19%)	(15.2)	(18.0)
Effects of:		
Expenses not deductible for tax purposes	7.8	3.5
Share options exercised in the period	(3.3)	(3.0)
Deferred tax not recognised	11.5	17.7
Foreign tax on UK income	1.0	0.7
Deferred tax asset on assessed losses recognised	-	(3.1)
Adjustments in respect of prior years	(0.6)	0.3
Other differences	(0.8)	-
Total income tax charge/(credit)	0.4	(1.9)

The Group has unrecognised tax losses of approximately £227.4m (2019: £155.6m) and other deductible temporary differences of approximately £35.1m (2019: £5.3m) to carry forward against future profits. The tax value of such losses amounted to £42.3m (2019: £26.5m) and the tax value of the other deductible temporary differences amounted to £6.5m (2019: £1.0m). The UK tax losses have no expiry date. US tax losses expire after 20 years if not utilised.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. A deferred tax asset has been recognised up to and equal the value of the deferred tax liability arising on the identified intangibles in the Thoughtonomy acquisition. On the basis there is insufficient evidence that future taxable profits will be available to utilise the tax losses (note 19), no further deferred tax asset has been recognised in respect of the trading losses carried forward or other deductible temporary differences.

As part of the acquisition accounting connected to Thoughtonomy, the Group has restated the tax charge for the year ended 31 October 2019 to take into account a £0.6m R&D tax credit reclaimed from HMRC payable to the former owners of Thoughtonomy. This has been adjusted within the scope of the business combination measurement period. See note 27 for further details.

11 Basic and diluted loss per share

	2020 £'m	Restated 2019 £'m
Numerator		
Loss for the year and earnings used in basic EPS	(80.6)	(92.8)
Denominator		
Weighted average number of shares used in basic EPS	88,034	74,499
Basic and diluted losses per share (pence)	(91.56)	(124.91)
	'000	'000
Total potentially issuable shares	3,410	6,379

As the inclusion of potential ordinary shares would be anti-dilutive and decrease the loss per share, they are not included in the calculation of diluted loss per share.

12 Intangible fixed assets

Cost	Restated Goodwill £'m	Customer relationships £'m	Technology £'m	Restated Total £'m
At 1 November 2018	-	-	-	-
Additions	-	-	-	-
Arising on business combinations (restated)	16.2	12.6	10.2	39.0
At 31 October 2019 (restated)	16.2	12.6	10.2	39.0
At 1 November 2019	16.2	12.6	10.2	39.0
At 31 October 2020	16.2	12.6	10.2	39.0
Accumulated amortisation and impairment	£'m	£'m	£'m	£'m
At 1 November 2018	-	-	-	-
Amortisation	-	0.3	0.6	0.9
At 31 October 2019	-	0.3	0.6	0.9
At 1 November 2019	-	0.3	0.6	0.9
Amortisation	-	1.3	2.0	3.3
At 31 October 2020	-	1.6	2.6	4.2
Net book value				
At 31 October 2019 (restated)	16.2	12.3	9.6	38.1
At 31 October 2020	16.2	11.0	7.6	34.8

On the 17 July 2019, the Group acquired 100% of the share capital of the Thoughtonomy group.

Goodwill arose on the acquisition of the Thoughtonomy group during the previous financial year. As part of the acquisition accounting the Group has restated the value of Goodwill. See note 27 for further detail.

The technology relates to the work performed by the Thoughtonomy group up to the point of acquisition, to develop the platform used to deploy the products and services offered by the Group. The customer relationships arose on the long-term contracts subscribed directly by customers or by third parties. The remaining amortisation period as at 31 October 2020 is 3.75 years (2019: 4.75 years) for the technology asset and 8.75 years (2019: 9.75 years) for the customer relationships.

All intangible assets arise in the UK.

As previously reported, the group capitalised development costs of £0.3m in 2018 and £4.6m in 2019 which were previously amortised over 18 months through cost of sales. The treatment has been restated to expense all such costs as incurred. See note 1 for further details.

Annual goodwill impairment tests

Goodwill is monitored by management at the Thoughtonomy group entity level which was acquired in July 2019.

Blue Prism performed its annual test for impairment as at 31 October 2020 in respect of the goodwill recognised on the acquisition of the Thoughtonomy group using a value-in-use calculation which requires management to make assumptions about future trading results.

The Board approved Thoughtonomy group budget for the year ending 31 October 2021 and the approved plan for the four years following the current financial year have been used as the basis for the future cash flow projections. Beyond the four-year plan period the projections are extrapolated using a terminal value with an estimated long-term growth rate of 2%. This estimated long-term growth rate equates to the expected growth in the gross domestic product of the United Kingdom.

The key assumptions in the value-in use calculation are the revenue growth rates over the current financial year and the following four years, the costs associated with delivering the SAAS platforms to customers and the staff costs including sales commissions.

The revenue growth rates used in cash flow forecast are based on management's expectations of the future demand for the Thoughtonomy technology and platform, the migration of existing Blue Prism customers to Blue Prism Cloud and the ability to upsell to existing customers of Thoughtonomy group. The costs associated with delivering the SAAS platforms are directly linked to the forecast sales growth. The staff related costs reflect the current organisation structure of the Thoughtonomy group.

86 **Notes forming part of the Financial Statements** continued

for the year ended 31 October 2020

12 Intangible fixed assets continued**Discount rate**

The Group uses a discount rate based on a Weighted Average Cost of Capital ("WACC"). The discount rate represents a post-tax rate of 16% which equated to a pre-tax rate of 20%. The use of a post-tax discount rate is consistent with the use of post-tax cashflows. The discount rate applied represents a post-tax rate that reflects the market assessment of the time value of money as at 31 October 2020 and the specific risks. As goodwill was not tested for impairment at 31 October 2019, no comparative information has been given.

Sensitivity analysis

A sensitivity analysis was performed. The value in use of the Thoughtonomy group as at 31 October 2020 was £40.7m which equated to headroom of £5.9m compared to the carrying value of the cash generating units' assets as at 31 October 2020. The revenue cumulative annual growth rate ("CAGR") used in the value in use calculation is 42%. If this assumption was to reduce by 2%, the recoverable amount will equal the carrying amount of the assets of the CGU.

13 Property, plant and equipment

Cost	Computer equipment £'m	Leasehold improvements £'m	Fixtures and fittings £'m	Right of use asset £'m	Total £'m
At 1 November 2018	1.1	0.1	0.1	-	1.3
Additions	0.8	0.1	0.4	-	1.3
Acquired in business combinations	0.1	-	-	-	0.1
Disposals	(0.5)	-	-	-	(0.5)
At 31 October 2019	1.5	0.2	0.5	-	2.2
At 1 November 2019	1.5	0.2	0.5	-	2.2
Recognition on adoption of IFRS 16	-	-	-	7.9	7.9
Impact of foreign exchange	-	-	-	-	-
Additions	0.3	-	-	-	0.3
At 31 October 2020	1.8	0.2	0.5	7.9	10.4
Accumulated depreciation and impairment	£'m	£'m	£'m	£'m	£'m
At 1 November 2018	0.4	-	-	-	0.4
Depreciation	0.4	-	0.1	-	0.5
Disposals	(0.3)	-	-	-	(0.3)
At 31 October 2019	0.5	-	0.1	-	0.6
At 1 November 2019	0.5	-	0.1	-	0.6
Recognition on adoption of IFRS 16	-	-	-	2.1	2.1
Impact of foreign exchange	-	-	-	-	-
Depreciation	0.5	0.1	0.1	2.2	2.9
At 31 October 2020	1.0	0.1	0.2	4.3	5.6
Net book value					
At 31 October 2019	1.0	0.2	0.4	-	1.6
At 31 October 2020	0.8	0.1	0.3	3.6	4.8

The Group adopted IFRS 16 at the start of the period and brought onto the statement of financial position the right of use assets associated with its leases with a term exceeding 12 months from 1 November 2019. The depreciation on these assets, together with the interest on lease liabilities, replaces rental charges previously charged to operating expenses. See note 1, note 18 and note 23 for further disclosures concerning leases.

Of the £4.8m of property, plant and equipment, £2.2m was held in the United Kingdom and £2.6m overseas.

14 Subsidiaries

During the year, the Group incorporated four overseas subsidiaries: Blue Prism Software (Shanghai) Co Ltd, Blue Prism SLU, Blue Prism Switzerland GmbH, and Blue Prism Software SA (Pty) Ltd.

The cost of investments represents the cost of the nominal shares acquired and any directly attributable cost of set up for the above entities.

Name	Country of incorporation and principal place of business	Proportion of ownership interest at 31 October	
		2020	2019
Blue Prism Limited	United Kingdom	100%	100%
Blue Prism Software Inc*	United States	100%	100%
Blue Prism Pty Ltd*	Australia	100%	100%
Blue Prism K.K.*	Japan	100%	100%
Blue Prism India Pvt Ltd**	India	100%	100%
Blue Prism GmbH*	Germany	100%	100%
Blue Prism SARL*	France	100%	100%
Blue Prism Pte. Ltd*	Singapore	100%	100%
Blue Prism HK Limited*	Hong Kong	100%	100%
Blue Prism Software Canada Inc*	Canada	100%	100%
Blue Prism FZ-LLC*	Dubai	100%	100%
Blue Prism LLC**	Russia	100%	100%
Blue Prism AB*	Sweden	100%	100%
Blue Prism Software (Shanghai) Co Ltd*	China	100%	-
Blue Prism SLU*	Spain	100%	-
Blue Prism Switzerland GmbH*	Switzerland	100%	-
Blue Prism Software SA (Pty) Ltd*	South Africa	100%	-
Blue Prism Cloud Ltd (formerly Thoughtonomy Ltd)	United Kingdom	100%	100%
Blue Prism Cloud Inc* (formerly Thoughtonomy Inc)	United States	100%	100%

* Indirectly held

**held directly 1% by Blue Prism Group plc and 99% by Blue Prism Limited

The registered addresses of each of the subsidiaries are shown below:

Name	Registered address
Blue Prism Limited	2 Cinnamon Park Crab Lane, Fearnhead, Warrington, England, WA2 0XP
Blue Prism Software Inc	1688 Meridian Avenue, Suite 700 Miami Beach, Florida, 33139
Blue Prism Pty Ltd	Level 16, 201 Elizabeth Street, Sydney, NSW 2000
Blue Prism K.K.	Tokyo Club Building, 11F, 3-2-6 Kasumigaseki, Chiyoda-ku, Tokyo
Blue Prism India Pvt Ltd	2nd Floor, Plot No. 19/4&27, Varthur Hobli, Bangalore 560103
Blue Prism GmbH	Maximilianstraße 54, 80538 München
Blue Prism SARL	50 Rue de la Victoire, 75009 Paris
Blue Prism Pte. Ltd	38 Beach Road, South Beach Tower, #29-11, Singapore, 189767
Blue Prism HK Limited	31/F., Tower Two, Times Square, Matheson Street, Causeway Bay, HK
Blue Prism Software Canada Inc	1200 Waterfront Centre, 200 Burrard Street, Vancouver BC V6C 3L6
Blue Prism FZ-LLC	Exclusive Desk No 31, Floor 1, Building 12, Dubai, UAE
Blue Prism LLC	16A, Building 1, 8th Floor, Room 40, Leningradskoe Shosse, Moscow
Blue Prism AB	Sergels Torg 12, 111 57 Stockholm
Blue Prism Software (Shanghai) Co Ltd	Room 121, 15/F, Building A, No. 8 Century Avenue, Shanghai Pilot Free Trade Zone, Shanghai
Blue Prism SLU	Blue Prism SLU, Principe de Vergara 112, 28002, Madrid
Blue Prism Switzerland GmbH	Talstrasse 83, Zurich, 8001
Blue Prism Software SA (Pty) Ltd	3rd Floor, 200 On Main Cnr Main and Bowwood Roads, Claremont 7708
Blue Prism Cloud Ltd	International House, 1 St. Katharines Way, London, E1W 1UN
Blue Prism Cloud Inc	Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware

88 **Notes forming part of the Financial Statements** continued

for the year ended 31 October 2020

15 Trade and other receivables

	2020 £'m	Restated 2019 £'m
Trade receivables	41.2	35.4
Less: provision for impairment of trade receivables	(2.0)	(1.4)
Trade receivables – net	39.2	34.0
Prepayments	3.6	6.5
Accrued revenue	0.4	0.6
Other taxes	-	0.5
Accrued interest	-	0.2
Other receivables	1.2	1.8
Total trade and other receivables	44.4	43.6

An impairment charge of £1.8m (2019: £0.7m) was recognised in the year relating to aged receivables.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses ('ECLs') using a lifetime ECL provision for trade receivables. To measure ECLs on a collective basis, trade receivables are grouped based on similar credit risk and ageing.

Due to the Group's policy of carrying out credit checks on new customers and partners and recurrent nature of its business with established customers, the Group considers all trade receivables to have low credit risk upon initial recognition. The Group determines whether the credit risk of financial instruments has increased significantly since initial recognition by reviewing aged receivables exceeding 90 days and contracts where customers are known to be in financial difficulty. The Group writes off the trade receivable when in its view there is no reasonable expectation of recovery. There have been no changes in the estimation techniques in this respect during the year.

The Group applies the general impairment model within IFRS 9 to other receivables. Due to the nature of assets within this balance, no ECL has been recognised.

The expected loss rates applied to trade receivables are based on the Group's historical credit losses experienced over the last financial year prior to the year end. Forward looking information, including macroeconomic information, is applied only where it is reliably available.

Expected credit loss allowance on trade receivables

	<30 Days	31-60 Days	61-90 Days	>90 Days	Total
Gross trade receivables (£'m)	25.7	8.7	2.1	4.7	41.2
Less: specifically impaired receivables	-	-	(0.1)	(1.8)	(1.9)
Net trade receivables (£'m)	25.7	8.7	2.0	2.9	39.3
Expected credit loss rate	0.14%	0.32%	0.36%	0.40%	
Expected credit loss (£'m)	-	-	-	(0.1)	(0.1)
Net carrying amount (£'m)	25.7	8.7	2.0	2.8	39.2

Provision for impairment of trade receivables

	2020 £'m	Restated 2019 £'m
Opening provision for impairment of trade receivables	1.4	0.1
Recognised on acquisition of Thoughtonomy	-	0.7
Increase during the year	1.4	0.7
Receivable written off during the year	(0.8)	(0.1)
Closing provision for impairment of trade receivables	2.0	1.4

16 Costs to obtain contracts and deferred revenue

	2020 £'m	2019 £'m
Costs to obtain contracts		
Opening balance	28.2	12.2
Costs to obtain contracts with customers during the year	15.2	23.6
Amortisation in line with contract performance	(12.9)	(7.6)
Total costs to obtain contracts	30.5	28.2

Costs to obtain contracts consists of commission payable to sales employees and are amortised over the period of the customer contract to which they relate. The Group assesses recoverability of the costs to obtain contracts in line with IFRS 15. No impairment has been recognised in the year ended 31 October 2020 (2019: £nil).

	2020 £'m	2019 £'m
Current costs to obtain contracts	13.3	12.2
Non-current costs to obtain contracts	17.2	16.0
Total costs to obtain contracts	30.5	28.2

	2020 £'m	Restated 2019 £'m
Deferred revenue		
Opening balance	77.4	47.9
Changes due to business combinations	-	2.5
Release of brought forward deferred revenue	(67.3)	(42.1)
Contracts invoiced in advance of performance and not recognised as revenue	85.6	69.1
Total deferred revenue	95.7	77.4

	2020 £'m	Restated 2019 £'m
Current deferred revenue	88.8	71.5
Non-current deferred revenue	6.9	5.9
	95.7	77.4

Deferred revenue represents amounts invoiced in advance in line with contractual arrangements. This will be amortised in future periods in line with fulfilment of the respective performance obligations. The Group expects to recognise most of the deferred revenue balance within one year of the statement of financial position date with a small amount being recognised as greater than one year.

The Group has restated deferred revenue for the year ended 31 October 2019 in line with the restatement of revenue described in Note 1. There is no impact on cash flows, trade receivables, or the company's contractual commitments as a result of this restatement.

Remaining Performance Obligations

The Group has un-invoiced amounts relating to the remaining term of customer contracts which are not included in the deferred revenue balance greater than one year. There are support and upgrade performance obligations attached to the remaining term of customer contracts not yet invoiced.

In total, the Group has £311.9m (2019: £250.6m) in aggregate allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at 31 October 2020. Of these, £95.7m (2019: £77.4m) are recorded in deferred revenue. The remainder are off balance sheet and will be invoiced in future periods on each anniversary of the contract inception.

	2020 £'m	Restated 2019 £'m
Within 1 year	50.1	33.2
1-2 years	88.1	69.0
More than 2 years	78.0	71.0
Off balance sheet deferred revenue	216.2	173.2
On balance sheet deferred revenue	95.7	77.4
Total remaining performance obligations	311.9	250.6

90 Notes forming part of the Financial Statements continued

for the year ended 31 October 2020

17 Corporation tax receivable

	2020 £'m	2019 £'m
Corporation tax receivable	1.1	1.0
Total corporation tax receivable	1.1	1.0

18 Trade and other payables

	2020 £'m	Restated 2019 £'m
Current trade and other payables		
Trade payables	5.5	9.9
Other payables	5.1	5.2
Lease liabilities	1.4	–
Accruals	25.5	27.3
Total current trade and other payables	37.5	42.4

	2020 £'m	2019 £'m
Non-current other payables		
Lease liabilities	2.6	–
Total non-current other payables	2.6	–

The Group adopted IFRS 16 at the start of the period and brought onto the statement of financial position the lease liabilities associated with its leases with a term exceeding 12 months from 1st November 2019. The interest on these liabilities, together with the depreciation on right of use assets, replaces rental charges previously charged to operating expenses. See note 1, note 13 and note 23 for further disclosures concerning leases.

As part of the acquisition accounting connected to Thoughtonomy, the Group has restated the tax charge for the year ended 31 October 2019 to take into account a £0.6m R&D tax credit reclaimed from HMRC payable to the former owners of Thoughtonomy. This has been adjusted within the scope of the business combination measurement period within Other payables. See note 27 for further details.

19 Deferred tax

The elements of the deferred taxation are as follows:

	2020 £'m	2019 £'m
Deferred tax asset on losses	(3.5)	(4.3)
Intangible assets	3.5	4.3
Deferred tax liability	–	–

The movement on deferred taxation is as follows:

	2020 £'m	2019 £'m
Movement in deferred tax liability arising on business combination	(0.8)	3.1
Movement in deferred tax asset on losses	0.8	(3.1)
Deferred tax liability	–	–

A deferred tax asset has been recognised up to and equal the value of the deferred tax liability arising on the identified intangibles in the Thoughtonomy acquisition. No further deferred tax asset has been recognised in the year ended 31 October 2020 (2019: £Nil) in relation to trading losses available due to the uncertainty of their utilisation in the near future.

20 Share capital, share premium, shares to be issued, and other reserve

Issued and fully paid	2020 £'m	2019 £'m
Ordinary share capital at par £0.01	0.9	0.8
Deferred shares at par £0.01	1.1	1.1
Total	2.0	1.9

		Issued and fully paid		
	Number	Share capital £'m	Share premium £'m	Restated Merger Reserve £'m
Total ordinary shares at 31 October 2018	67,047,399	0.6	50.2	0.4
Share options exercised in the year	1,756,512	-	2.6	-
Shares issued under the company Share Investment Plan	18,281	-	-	-
Shares issued under the company Employee Stock Purchase Plan	27,758	-	0.4	-
Shares issued under the company Employee Benefit Trust (note 21)	1,979,335	0.1	-	-
Shares issued to acquire subsidiary Thoughtonomy	1,096,011	-	-	15.1
Shares placed in the year	9,090,910	0.1	99.9	-
Cost of share placing	-	-	(2.8)	-
Total ordinary shares at 31 October 2019	81,016,206	0.8	150.3	15.5
Share options exercised in the year	1,661,762	-	3.6	-
Shares issued under the company Share Investment Plan	54,935	-	-	-
Shares issued under the company Employee Stock Purchase Plan	145,882	-	1.2	-
Shares issued under the company Employee Benefit Trust (note 21)	1,079,325	-	-	-
Contingent consideration shares issued to acquire subsidiary Thoughtonomy	1,078,102	-	-	2.1
Shares placed in the year	9,090,910	0.1	-	99.9
Total ordinary shares at 31 October 2020	94,127,122	0.9	155.1	117.5

During the year, shares under the company Share Investment Plan were issued at par £0.01 and shares under the Employee Stock Purchase Plan were issued at an average price of £7.96. The Company also issued shares to the Employee Benefit Trust to cover the awards made in the year, disclosed in note 21. The excess of shares issued over awards outstanding will be used to satisfy future awards.

As part of the contingent consideration in shares relating to acquisition of the Thoughtonomy group, the Company issued 1,078,102 shares in July 2020.

In April 2020, the Company conducted a placing exercise for £100m in newly-issued shares via a cashbox mechanism. The proceeds of the placing in excess of the nominal has been recorded as an addition to the merger reserve. The £2.9m costs of placing have been debited to Retained Earnings.

As part of the finalisation of the acquisition accounting, the Group has restated the value of share-based consideration issued in the Thoughtonomy acquisition and presented this within Merger Reserve. See note 27 for further discussion.

Deferred shares

As part of the group restructure in 2016, the preference shares of £1.00 each and the B preference shares of £1.00 held by shareholders were converted into Ordinary Shares and deferred shares of £0.01. The conversion resulted in those shares converting into 2,994,755 Ordinary Shares and 105,269,845 deferred shares of £0.01 as follows:

	Number of deferred shares	Nominal Value £
Deferred shares	105,269,845	1,052,698

The deferred shares carry no voting rights, no rights to income and the right to a return of a maximum of £0.001 on a winding up of the Company.

During the year, the deferred shares were gifted to the Company by the shareholders for nil consideration. The deferred shares were cancelled on 8 December 2020.

92 **Notes forming part of the Financial Statements continued**

for the year ended 31 October 2020

20 Share capital, share premium, shares to be issued, and other reserve continued**Shares to be issued**

As part of the acquisition of Thoughtonomy, the Group was required to issue consideration in the form of ordinary share capital to the selling shareholders on the first and second anniversary of acquisition.

Where the selling shareholders also joined the Group as employees post-acquisition, the receipt of this consideration was contingent on continued employment. As discussed further in note 27, the Group has revised the treatment of this contingent consideration. 925,086 shares have been issued in respect of remuneration during the year within the contingent consideration shares issued to acquire subsidiary Thoughtonomy.

Where the selling shareholders did not join the Group post-acquisition, these shares have been recognised at fair value at the acquisition date in the shares to be issued reserve.

The first tranche of these shares were issued in July 2020. Upon issue, the Group has reclassified the fair value from the shares to be issued reserve to the merger reserve.

	Shares to be issued	
	Number of shares	Fair value £m
Total number and fair value at 31 October 2018	–	–
Contingent consideration – shares to be issued as <i>restated</i>	306,032	4.2
Total number and fair value at 31 October 2019 as <i>restated</i>	306,032	4.2
Shares issued as first tranche of contingent consideration	(153,016)	(2.1)
Total number and fair value at 31 October 2020	153,016	2.1

The second tranche of these shares is due to be issued in July 2021.

Authorised shares

The Company's Articles of Association do not contain any restriction on the maximum authorised share capital.

21 Share options and share awards**Share options**

The Group operates an Employee Share Plan and a Non-Employee Share Plan (together the "Share Plans"). The Employee Share Plan is administered by the Remuneration Committee of the Board and the Non-Employee Share Plan is administered by the Board. Awards under the Share Plans take the form of options to acquire Ordinary Shares with an exercise price equal to the market value of an Ordinary Share on the date of grant. All employees of the Group may be granted awards under the Employee Share Plan. Non-Executive directors and consultants of the Group may be granted awards under the Non-Employee Share Plan. All options under the Share Plans are ten year options. The Employee Share Plan options for staff vest over a three year period, one third each year. Directors options under the Employee Share Plan vest at the end of the three year period. Options awarded under the Non-Employee Share Plan vest over three years, one third each year.

The Group also operates a Company Share Option Plan (the "CSOP"). The CSOP is administered by the Remuneration Committee of the Board. The CSOP has been designed so as to be capable of being certified as a "Schedule 4 CSOP" (as described in schedule 4 of the Income Tax (Earnings and Pensions) Act 2003). The rules of the CSOP have been drafted so as to mirror those of the Employee Share Plan save where a different approach is required to ensure that the CSOP may qualify as a Schedule 4 CSOP. The Awards under the CSOP take the form of options to acquire Ordinary Shares with an exercise price equal to the market value of an Ordinary Share on the date of grant. The CSOP is used in conjunction with the Employee Share Plan when making Awards to the Group's UK employees, such that for staff the total number of options in an Award (under the Employee Share Plan and CSOP combined) vest over a three year period, one third each year, although the relative proportions of options due to vest under the CSOP and the Employee Share Plan may vary from year to year. Directors options under the CSOP vest at the end of the three year period from the date of grant.

During the year zero (2019: 249,791) share options have been granted under the above schemes. The cost of these options in the first year under the Black-Scholes option-pricing model was £nil (2019: £0.5m). Of this £nil has been charged to the profit and loss for the year (2019: £0.5m).

The exercise price of options outstanding at 31 October 2020 ranged between 78p and 2500p (2019: 78p and 2500p) and average contractual life left for all options is 8.82 years (2019: 8.24 years).

21 Share options and share awards continued

For the Group's UK employees, the Company operates a Share Incentive Plan (the "SIP"). The SIP has been designed so as to be capable of being certified as a "Schedule 2 SIP" (as described in schedule 2 of the Income Tax (Earnings and Pensions) Act 2003). The SIP is open to all of the Group's UK employees. Participating employees may elect to save funds by means of deductions from pre-tax salary up to a maximum contribution per employee of £1,800 per tax year. Funds thus deducted are held for the benefit of the employee under a UK resident trust established for the purpose (the "SIP Trust"). The trustee of the SIP Trust uses the accumulated funds each month to make market purchases of Ordinary Shares to be held under the SIP Trust for the employee ("Partnership Shares"). For each Partnership Share purchased under the SIP, the Company awards one free matching Ordinary Share, also to be held under the SIP Trust (a "Matching Share"). Matching Shares must normally be retained within the SIP Trust for 3 years from the date they are awarded.

During the year 26,697 (2019: 18,281) matching shares been granted under the above scheme, with a resultant share based payment charge of £0.3m (2019: £0.2m).

For the Group's US employees, the Company operates an Employee Stock Purchase Plan (the "ESPP"). The ESPP is designed to be a qualified employee stock purchase plan within the meaning of Section 423 of the US Internal Revenue Code of 1986. Participating employees may elect to save funds by means of deductions from post-tax salary to be accumulated towards the purchase of Ordinary Shares up to a maximum contribution per employee of \$25,000 per tax year. Funds are accumulated during a series of "Offering Periods", normally of six months each, at the end of which the employee may use the accumulated funds to purchase Ordinary Shares or to have the funds repaid to them without interest. If the funds are used to purchase Ordinary Shares, the purchase may be made at a discount of 15% from whichever is the lower of the market value of Ordinary Shares at the beginning or the end of the Offering Period.

Funds collected from employees during the year were used to purchase 111,446 shares (2019: 62,194) at a discount, with a resultant share based payment charge of £0.6m (2019: £0.3m).

	Number of options	Weighted average option price (£)
Share options outstanding at 31 October 2018	5,850,597	4.99
Share options awarded in the period	249,791	13.12
Share options forfeited in the period	(214,470)	14.70
Share options exercised in the period	(1,756,512)	1.49
Share options outstanding at 31 October 2019	4,129,406	6.37
Share options forfeited in the period	(137,641)	18.26
Share options exercised in the period	(1,661,762)	2.16
Share options outstanding at 31 October 2020	2,330,003	8.67

The weighted average market price of share options exercised in the period was £13.42.

Of the 2,330,003 share options outstanding at 31 October 2020, 1,883,281 have vested and are exercisable (31 October 2019: 2,940,510 vested and exercisable). The weighted average fair value of each option granted during the year was £nil (2019: £4.07).

The fair value of share options has been measured using the Black-Scholes model using the following key assumptions:

Assumption	Description and purpose
<i>Volatility</i>	In the absence of historic volatility data, expected volatility has been estimated using the volatility of comparable companies. The volatility used was 32%.
<i>Expected time to exercise</i>	The expected time to exercise used was five years.
<i>Dividends</i>	It was assumed no dividend would be paid.
<i>Option exercise price</i>	The option exercise price determined was the share price at the date of the award for the US awards and the price on the day before the date of the award for the non US awards, in accordance with the US ISO option rules.
<i>Risk free rate</i>	The risk free rate applied was based on the five year UK government bond yields at the time of the valuation.
<i>Retention of employees</i>	It is assumed 93% retention of employees.

94 Notes forming part of the Financial Statements continued

for the year ended 31 October 2020

21 Share options and share awards continued

The above options have the following different vesting conditions:

Option type	Vesting conditions
CSOP	CSOP options vest 100% after three years.
Unapproved options	Unapproved options vest either over either two or three years, or 100% after three years.
ISO	ISO options vest equally over three years.
EMI	EMI options vest equally over either two or three years.

Share awards

In January 2019, the Company established an Employee Benefit Trust. The Employee Benefit Trust is administered by Sanne Fiduciary Services Ltd, as Trustee of the Blue Prism Group plc Employee Benefit Trust. Upon the award of shares, the Trust subscribes for shares following the recommendation of the Group and holds the shares until the award vests, at which point they are transferred to the employee.

An employee may receive Restricted, Performance or Deferred Share Awards, which are made as nil cost options. Performance Share Awards have conditions attached, weighted two thirds on the achievement of a revenue growth target and one third on the achievement of a Total Shareholder Return ("TSR") condition.

Share awards outstanding at 31 October 2018	-
Share awards awarded in the year	1,637,699
Share awards forfeited in the year	(337,144)
Share awards outstanding at 31 October 2019	1,300,555
Share awards awarded in the year	1,830,619
Share awards forfeited in the year	(626,792)
Share awards vested and exercised in the year	(260,100)
Share awards outstanding at 31 October 2020	2,244,282

For Restricted Share Awards, Performance Share Awards based on a revenue growth target, and Deferred Share Awards, the fair value of share awards made in the year is determined to be the share price at grant date. For Performance Share Awards based on a TSR performance condition, the fair value of share awards made in the year has been measured using a Monte-Carlo simulation with the following key assumptions:

Assumption	Description and purpose
Volatility	Average volatility for Blue Prism and for the comparator group falls between 38% and 45%.
Expected time to exercise	The awards will vest after three years and at nil exercise price are expected to be exercised as that date.
Dividends	It was assumed no dividend would be paid.
Option exercise price	The option exercise price is nil.
Risk free rate	The risk free rate applied was based on the three year UK government bond yields at the time of the valuation.
Retention of employees	It is assumed 93% retention of employees.

The fair value of awards made during the year is as follows:

Valuation date	Restricted awards	Performance awards	Deferred awards	Fair value per option £	Fair value of holding £m
31/01/2020	747,041	-	-	17.44	13.0
31/01/2020	-	337,777	-	12.55	4.2
02/03/2020	124,872	-	-	14.45	1.8
16/07/2020	414,795	-	-	11.12	4.6
16/07/2020	-	29,773	-	8.07	0.2
15/10/2020	-	-	148,317	13.53	2.0
	1,286,708	367,550	148,317		25.8

21 Share options and share awards continued

In order to fulfil the awards upon vesting, the Group has already allotted 1,079,325 shares to the Employee Benefit Trust during the year. Shares forfeited and any excess of EBT shares held over awards made will be reallocated in subsequent grants.

Award type	Vesting conditions								
<i>Restricted awards</i>	Restricted awards vest equally in three parts over three years, subject to continued employment with the Group								
<i>Performance awards</i>	<p>Performance awards vest after three years, subject to continued employment with the group and satisfaction of performance conditions. Performance conditions are weighted two thirds on the achievement of a revenue growth target and one third on the achievement of a TSR condition.</p> <p>The revenue target compares the compounded annual growth rate over a three year measurement period. The vesting of the awards is on a sliding scale, according to how the Group performs during the measurement period.</p> <p>The TSR condition compares the share price growth over a three year measurement period, measured as a percentage of the opening share price, against a peer group of 18 companies. The vesting of the awards is on a sliding scale according to how Blue Prism performs relative to the peer group:</p> <table> <tr> <th>TSR ranking</th><th>Level of vesting</th></tr> <tr> <td>Below median</td><td>Nil</td></tr> <tr> <td>Between median and upper quartile</td><td>25% to 100% on a straight line basis</td></tr> <tr> <td>Upper quartile or above</td><td>100%</td></tr> </table>	TSR ranking	Level of vesting	Below median	Nil	Between median and upper quartile	25% to 100% on a straight line basis	Upper quartile or above	100%
TSR ranking	Level of vesting								
Below median	Nil								
Between median and upper quartile	25% to 100% on a straight line basis								
Upper quartile or above	100%								
<i>Deferred awards</i>	Deferred awards have no vesting conditions and the expense is recognised in full at the point of grant								

Total share based payment charges for options and awards recognised in the period are comprised of:

	2020 £'m	2019 £'m
Options and awards contingent on continued employment		
Share based payment charge – contingent on continued employment	11.8	7.6
Social security charge – contingent on continued employment	1.4	(0.4)
Contingent share based payment charge	13.2	7.2
Deferred awards not contingent on continued employment		
Share based payment charge – not contingent on continued employment	2.0	–
Social security charge – not contingent on continued employment	0.2	–
Non-contingent share based payment charge	2.2	–
Total share based payment charge		
Share based payment charge – options & awards	13.8	7.6
Social security charge – options & awards	1.6	(0.4)
Total share based payment charge for options & awards	15.4	7.2

96 Notes forming part of the Financial Statements continued

for the year ended 31 October 2020

22 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserves	Description and purpose
<i>Share premium</i>	Amount subscribed for share capital in excess of nominal value
<i>Shares to be issued</i>	Consideration in the form of shares to be issued as part of the acquisition of Thoughtonomy, disclosed in note 27
<i>Merger reserve</i>	Amounts arising on share for share exchange
<i>Foreign exchange reserve</i>	Gains or losses arising on retranslation of the net assets/liabilities of the overseas operations into sterling
<i>Share based payment reserve</i>	Equity settled share based employee remuneration
<i>Accumulated losses</i>	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere

23 Leases

Lease liabilities

The Group adopted IFRS 16 at 1 November 2019. The Group has leases over office space in the territories in which it operates. Those leases exceeding 12 months at the date of transition to IFRS 16 have been recognised as a right of use asset and a lease liability on the statement of financial position.

In respect of these liabilities, the total future value of minimum lease payments is due as follows:

	Within 1 year £'m	1-2 years £'m	2-3 years £'m	3-4 years £'m	4-5 years £'m	5-10 years £'m	Total £'m
<i>At 31 October 2020</i>							
Lease payments	1.5	0.9	0.6	0.5	0.2	0.7	4.4
Finance charges	(0.1)	(0.1)	(0.1)	(0.1)	-	-	(0.4)
Net present value	1.4	0.8	0.5	0.4	0.2	0.7	4.0
<i>At 1 November 2019</i>							
Lease payments	2.4	1.5	0.9	0.6	0.5	0.8	6.7
Finance charges	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.7)
Net present value	2.2	1.4	0.8	0.5	0.4	0.7	6.0

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short-term leases with an expected term of 12 months or less. Payments made under such leases are expensed on a straight-line basis. The expense relating to payments not included in the measurement of the lease liability is £2.6m.

At 31 October 2020, the Group was committed to short-term leases and the total commitment at that date was £0.5m. There are no extension or termination options and no leases not yet commenced to which the Group is committed.

24 Related party transactions

The key management compensation is disclosed in note 7.

Blue Prism Limited purchased £11,420 (2019: £11,446) of services from NCC Group, for whom Chris Batterham is a Non-Executive Director. At the year end a balance of £1,254 (2019: £476) was due to the entity.

Blue Prism Limited purchased £23,954 (2019: £10,000) of services from Telectica Ltd, for whom Jason Kingdon is a Director and shareholder. At the year end a balance of £nil (2019: £10,000) was due to the entity.

25 Notes supporting statement of cash flows

Cash and cash equivalents for purposes of the statement of cash flows comprises:

	2020 £'m	2019 £'m
Cash at bank available on demand	131.2	28.5
Short-term deposits – maturing within 3 months	6.4	17.0
Total cash and cash equivalents	137.6	45.5

Short-term investments are readily convertible to cash:

	2020 £'m	2019 £'m
Short-term deposits – maturing within 12 months	-	28.6
Total short-term investments	-	28.6

26 Controlling party

At the year end the directors are of the opinion that there is no ultimate controlling party.

27 Business combinations**Thoughtonomy group**

On 17 July 2019, the Group acquired 100% of the share capital of the Thoughtonomy group in order to expand the operations of the Group.

As disclosed in the financial statements for the year ended 31 October 2019, the acquisition accounting for the Thoughtonomy group contained provisional values at that point. As part of the hindsight adjustments, management has restated the provisional purchase price allocation to incorporate further information.

The Group has also restated the treatment of consideration as discussed in Note 1. The amount of consideration reported in the year ended 31 October 2019 was £56.6m, of which £26.1m was payable upfront and £30.5m was deferred. The latter is payable in a mixture of cash and shares on the 12, 18, and 24 month anniversary of acquisition.

In order to comply with IFRS Interpretations Committee decision “IFRS 3 Business Combinations—Continuing employment” the Group has changed the treatment of the deferred elements of consideration which are contingent on continued employment. These payments have been reclassified from forming part of goodwill to being expensed as exceptional remuneration costs over the period that continuing employment is required. The value of all share-based transactions with the former owners of Thoughtonomy has also been revised to remove the impact of discounting.

This reclassification has no impact on the underlying performance or economic value of the Thoughtonomy group, the ongoing cash-flow generation of its activities, or the rationale for acquisition.

	As provisionally reported		As restated	
	Consideration £'m	Remuneration £'m	Consideration £'m	Remuneration £'m
Cash	12.3	-	12.3	-
Shares issued at acquisition	13.8	-	15.1	-
Contingent consideration – cash	4.3	-	0.7	3.9
Contingent consideration – shares to be issued	26.2	-	4.2	25.7
Total	56.6	-	32.3	29.6

The £29.6m of contingent consideration to be treated as exceptional costs is to be expensed over the 24 months following the acquisition as follows:

	2020 £'m	2019 £'m
Exceptional contingent consideration share based payment costs	15.6	5.5
Exceptional contingent consideration cash costs	2.6	0.7
Total exceptional costs	18.2	6.2

98 Notes forming part of the Financial Statements continued

for the year ended 31 October 2020

27 Business combinations continued

During the year ended 31 October 2020, the Group has finalised the provisional amounts recognised in respect of the fair value of the net assets acquired.

	Book value of assets and liabilities acquired £'m	Fair value adjustments on initial acquisition accounting £'m	Fair value of assets and liabilities acquired as originally reported £'m	Additional adjustments in the measurement period £'m	Fair value of assets and liabilities acquired as restated £'m
Recognised amounts of assets and liabilities acquired					
Property, plant and equipment	0.2	-	0.2	-	0.2
Customer relationships	-	12.6	12.6	-	12.6
Technology	-	10.2	10.2	-	10.2
Goodwill	-	39.9	39.9	(23.7)	16.2
Trade and other receivables	3.1	(0.3)	2.8	(0.6)	2.2
Cash	1.9	-	1.9	-	1.9
Trade and other payables	(3.2)	-	(3.2)	(0.6)	(3.8)
Bank loan	(2.5)	-	(2.5)	-	(2.5)
Deferred revenue	(4.9)	2.4	(2.5)	-	(2.5)
Corporation tax asset	0.3	-	0.3	0.6	0.9
Deferred tax liability	-	(3.1)	(3.1)	-	(3.1)
Total	(5.1)	61.7	56.6	(24.3)	32.3

The 2019 comparative information has been restated to reflect the adjustment to the provisional amounts originally reported. As a result of the revisions described above concerning consideration, goodwill identified at acquisition has reduced by £23.7m. As a result of the finalisation of the provisional amounts trade and other receivables reduced by £0.7m to reflect further provisions against trade receivables. As a result of the receipt of the research and development tax credit, there was an increase in corporation tax asset of £0.6m and an increase in trade and other payables recognised at acquisition, with an increase to the Group's tax charge of £0.6m during the year ended 31 October 2019.

28 Events after the reporting date

During the year, the deferred shares were gifted to the Company by the shareholders for nil consideration. The deferred shares were cancelled on 8 December 2020. Deferred shares carry no voting rights, no rights to income and the right to a return of a maximum of £0.001 on a winding up of the Company.

Company Statement of Financial Position

for the year ended 31 October 2020

	Note	31 Oct 2020 £'m	Restated 31 Oct 2019 £'m	Restated 1 Nov 2018 £'m
Non-current assets				
Investment in subsidiaries	5	59.9	50.1	4.1
Trade and other receivables	6	129.9	-	-
Total non-current assets		189.8	50.1	4.1
Current assets				
Trade and other receivables	6	0.1	75.1	10.2
Cash and cash equivalents	9	103.8	37.4	36.2
Short-term investments	9	-	20.0	-
Total current assets		103.9	132.5	46.4
Total assets		293.7	182.6	50.5
Current liabilities				
Trade and other payables falling due within one year	7	1.5	1.6	1.1
Contingent consideration	8	3.9	1.3	-
Total current liabilities		5.4	2.9	1.1
Net assets		288.3	179.7	49.4
Equity attributable to shareholders				
Called up share capital		2.0	1.9	1.7
Share premium		155.1	150.3	50.2
Shares to be issued		2.1	4.2	-
Merger reserve		115.8	13.8	(1.4)
Share based payment reserve		46.8	17.3	4.2
Accumulated losses		(33.5)	(7.8)	(5.3)
Total equity		288.3	179.7	49.4

The parent company reported a loss for the period of £22.8m (2019: loss of £2.5m restated).

The financial statements of Blue Prism Group plc were approved and authorised for issue by the Board of Directors on 18 February 2021 and were signed on its behalf by:

Ijoma Maluza
Director

The notes on pages 102 to 105 form part of these financial statements.

100 Company Statement of Cash Flows

for the year ended 31 October 2020

	Note	2020 £'m	Restated 2019 £'m
Cash flows from operating activities			
Loss after tax		(22.8)	(2.5)
<i>Adjustments for:</i>			
Interest receivable		(2.8)	(0.6)
Impairment of investments		22.8	-
Share based payment expense		0.1	0.2
		(2.7)	(2.9)
Increase in trade and other receivables		(53.1)	(65.0)
(Decrease)/increase in trade and other payables		(0.1)	0.5
Cash used in operations		(55.9)	(67.4)
Net cash flows from operating activities		(55.9)	(67.4)
Investing activities			
Maturity of/(investment in) short-term investments		20.0	(20.0)
Acquisition of subsidiary Thoughtonomy		-	(12.3)
Interest received		0.4	0.6
Net cash flow from investing activities		20.4	(31.7)
Financing activities			
Issue of ordinary shares		104.8	103.1
Issue costs		(2.9)	(2.8)
Net cash from financing activities		101.9	100.3
Net increase in cash and cash equivalents		66.4	1.2
Cash and cash equivalents at beginning of year		37.4	36.2
Cash and cash equivalents at end of year	9	103.8	37.4

The notes on pages 102 to 105 form part of these financial statements.

Company Statement of Changes in Equity

for the year ended 31 October 2020

	Note	Share capital £'m	Share premium £'m	Shares to be issued £'m	Merger reserve* £'m	Share based payment reserve £'m	Accumulated losses £'m	Total £'m
Equity as at 1 November 2018 as originally presented		1.7	50.2	-	(1.4)	4.2	(9.3)	45.4
Prior period restatement	1	-	-	-	-	-	4.0	4.0
Equity as at 1 November 2018 as restated		1.7	50.2	-	(1.4)	4.2	(5.3)	49.4
Loss and total comprehensive income for the year to 31 October 2019 <i>restated</i>		-	-	-	-	-	(2.5)	(2.5)
Exercise of options		0.1	3.0	-	-	-	-	3.1
Issue of shares – placing		0.1	99.9	-	-	-	-	100.0
Cost of placing		-	(2.8)	-	-	-	-	(2.8)
Issue of shares – acquisition of subsidiary <i>restated</i>		-	-	-	15.2	-	-	15.2
Shares to be issued – acquisition of subsidiary <i>restated</i>	27	-	-	4.2	-	-	-	4.2
Share based payments – acquisition of subsidiary <i>restated</i>	27	-	-	-	-	5.5	-	5.5
Share based payment – options and awards		-	-	-	-	7.6	-	7.6
Equity as at 31 October 2019 <i>restated</i>		1.9	150.3	4.2	13.8	17.3	(7.8)	179.7

	Note	Share capital £'m	Share premium £'m	Shares to be issued £'m	Merger reserve* £'m	Share based payment reserve £'m	Accumulated losses £'m	Total £'m
Equity as at 31 October 2019 as originally presented		1.9	150.3	26.2	12.4	11.8	(69.6)	133.0
Prior period restatement	1	-	-	(22.0)	1.4	5.5	61.8	46.7
Equity as at 31 October 2019 as restated		1.9	150.3	4.2	13.8	17.3	(7.8)	179.7
Loss and total comprehensive income for the year to 31 October 2020		-	-	-	-	-	(22.8)	(22.8)
Exercise of options		-	4.8	-	-	-	-	4.8
Issue of shares – placing		0.1	-	-	99.9	-	-	100.0
Cost of placing		-	-	-	-	-	(2.9)	(2.9)
Issue of shares – acquisition of subsidiary		-	-	(2.1)	2.1	-	-	-
Share based payment – acquisition of subsidiary		-	-	-	-	15.6	-	15.6
Share based payments – options and awards		-	-	-	-	13.9	-	13.9
Equity as at 31 October 2020		2.0	155.1	2.1	115.8	46.8	(33.5)	288.3

The notes on pages 102 to 105 form part of these financial statements.

* Merger reserve includes amounts previously reported under Other Reserve

102 Notes forming part of the Company Financial Statements

for the year ended 31 October 2020

1 Accounting policies

The Company has applied the Group accounting policies consistently during the year.

Basis of preparation

The financial statements are for the year ended 31 October 2020. The financial statements of the Company have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ('IFRS') in conformity with the requirements of the Companies Act 2006.

The accounting policies set out in note 1 of the consolidated financial statements have been applied in the preparation of these financial statements.

Restatement of acquisition accounting

The prior year consolidated statement of financial position and related notes have been re-stated for the treatment of contingent consideration payments related to the acquisition of the Thoughtonomy group that completed on 17 July 2019.

As a result of these changes, discussed in more detail in note 27 to the consolidated financial statements, the Company's previously reported value of investments in subsidiaries at 31 October 2019 has reduced by £18.0m and the contingent consideration liability has reduced by £3.0m.

Restatement of provisions for amounts owed from Group undertakings

In the previous year, the Group reported a provision of £61.7m against amounts due from Group undertakings, consisting of £4.0m recognised on transition to IFRS 9 at 1 November 2018 and £57.7m recognised through profit and loss during the year ended 31 October 2019.

After consulting further guidance concerning the application of IFRS 9 to intercompany borrowings, the Company has restated the prior year balances to reverse the previously recognised provision for expected credit loss as the Company considers the expected credit loss to be immaterial on transition and during the prior year. This is as a result of analysing alternative means of recovering the intercompany loans over a longer time horizon. This restatement has no impact on cash flows.

Investments in subsidiaries

The initial investment arising on the share for share exchange at the IPO was recognised at £nil in accordance with IAS 27.13 as Blue Prism Limited had net liabilities at the date of acquisition. Subsequent investments in subsidiary undertakings are stated at cost less any adjustments for impairment. In particular, share based payments in the Company's shares in respect of employees of other Group companies are recognised as an investment in subsidiaries.

Impairment of financial assets

Impairment provisions for other receivables and amounts owed from Group companies are recognised based on the general impairment model within IFRS 9. Under the general approach, at each reporting date, the Group determines whether there has been a significant increase in credit risk since initial recognition and whether the receivable is credit impaired. This determines whether the receivable is in Stage 1, Stage 2 or Stage 3, which in turn determines the amount of ECL to be recognised i.e. 12-month ECL or Lifetime ECL.

Changes in accounting policies

New standards, interpretations and amendments adopted in these accounts

IFRS 16 ('Leases') has been adopted in the period. There is no impact on the parent company accounts.

2 Profit/(loss) for the year

As permitted by section 408 of the Companies Act 2006, the parent company has elected not to present its own profit and loss account for the year. The auditor's remuneration for audit and other services is disclosed in note 6 to the consolidated financial statements.

3 Financial instruments – Risk Management

The use of financial instruments and capital is managed by the board to reduce the financial risks being faced, which primarily relate to credit and liquidity.

Credit risk

Financial instruments which potentially expose the Company to credit risk consist primarily of cash, cash equivalents, short-term investments and amounts owing from Group undertakings. The maximum exposure to credit risk is represented by the carrying amount of each financial asset. Cash equivalents are deposited only with independent major financial institutions with minimum rating credit of "A".

Amounts owing from Group undertakings are assessed for recoverability in accordance with IFRS 9 by reviewing scenarios through which the amounts could be recovered from the counterparties. In doing so, none of the inputs and assumptions associated with these scenarios was subject to a significant degree of sensitivity. The expected credit loss in the current and prior year is deemed immaterial and therefore no provision has been made.

3 Financial instruments – Risk Management continued**Liquidity risk**

Liquidity risk arises from the Company's management of working capital and amounts owed by and due from Group undertakings. It is the risk that the Company will encounter difficulty in meeting its financial obligations, including balances due to wholly owned subsidiaries, as they fall due.

Financial instruments by category**Financial assets**

	2020 £'m	Restated 2019 £'m
Amounts owed by Group undertakings	129.9	74.7
Other receivables	-	0.2
Cash and cash equivalents	103.8	37.4
Short-term investments	-	20.0
Total financial assets	233.7	132.3

Financial liabilities

	2020 £'m	Restated 2019 £'m
Trade and other payables excluding other tax and social security	1.4	1.6
Contingent consideration	3.9	1.3
Total financial liabilities	5.3	2.9

Capital risk management

The company manages its capital to ensure that it will be able to continue on a going concern basis while maximising its long-term return to shareholders. The company is not exposed to any externally imposed capital requirements and has no borrowings.

4 Employees

The average number of employees employed by the company during the year was:

	2020 Number	2019 Number
Directors and company secretary*	7	7
	7	7

* This includes three Non-Executive Directors.

5 Investment in subsidiaries

	2020 £'m	Restated 2019 £'m
Cost brought forward at 1 November	50.1	4.1
Acquisition of subsidiary Thoughtonomy	-	32.2
Contingent consideration shares – acquisition of subsidiary	15.6	5.5
Contingent consideration cash – acquisition of subsidiary	3.1	0.7
Share based payments – options and awards	13.9	7.6
Cost carried forward at 31 October	82.7	50.1
Accumulated impairment brought forward at 1 November	-	-
Impairment charge during the year	22.8	-
Accumulated impairment carried forward at 31 October	22.8	-
Net book value at 31 October	59.9	50.1

On 17 July 2019, the Company acquired 100% of the share capital of the Thoughtonomy group, since renamed Blue Prism Cloud. The contingent consideration transferred has been restated in these accounts. See note 27 of the consolidated financial statements.

104 Notes forming part of the Company Financial Statements continued

for the year ended 31 October 2020

5 Investment in subsidiaries continued

An impairment charge of £22.8m has been made against the investment in Blue Prism Cloud Limited. A value in use calculation was performed using a post-tax discount rate of 16% which equates to a pre-tax discount rate of 20%. The impairment charge reflects the valuation differences between the requirements of IAS 36 and the valuation model used as the time of the investment in Blue Prism Cloud Limited in July 2019.

Details of the Group's subsidiaries at 31 October 2020 are included in note 14 of the consolidated financial statements.

6 Trade and other receivables

	2020 £'m	Restated 2019 £'m
Current trade and other receivables		
Amounts due from Group undertakings	-	74.7
Other taxes and social security	-	0.1
Prepayments and other receivables	0.1	0.3
Total current trade and other receivables	0.1	75.1
Non-current trade and other receivables		
Amounts due from Group undertakings	129.9	-
Total non-current trade and other receivables	129.9	-

At the start of the year, the Company converted the existing amounts due from Group undertakings, repayable on demand, to loans, repayable in full on the third anniversary of the loan inception. The Company charges interest to its subsidiaries on intercompany balances at a rate of LIBOR/EURIBOR +2%. See Note 10 for a list of the outstanding amounts due from Group undertakings by counterparty.

In the previous year, the Group reported a provision of £61.7m against amounts due from Group undertakings, consisting of £4.0m recognised on transition to IFRS 9 at 1 November 2018 and £57.7m recognised through profit and loss during the year ended 31 October 2019.

After consulting further guidance concerning the application of IFRS 9 to intercompany borrowings, the Company has restated the prior year balances as if no provision were made either on transition or during the prior year. This restatement has no impact on cashflows.

The company applies the general approach to measuring expected credit losses (ECL) on other receivables and amounts due from Group undertakings, which uses the three-stage approach for measuring the ECL. As a result of the above conversion of loans, the loan is in stage 1 and no additional ECL has been recognised in the current year on the grounds of materiality.

7 Trade and other payables

	2020 £'m	2019 £'m
Trade payables	0.1	0.4
Other payables	0.1	0.3
Accruals	1.3	0.9
Total trade and other payables	1.5	1.6

8 Contingent consideration

	2020 £'m	Restated 2019 £'m
Contingent consideration – cash	3.9	1.3
Total contingent consideration liability	3.9	1.3

Details of contingent consideration are included in note 27 of the consolidated financial statements. The contingent consideration transferred has been restated in these accounts.

9 Notes supporting statement of cash flows

Cash and cash equivalents for purposes of the statement of cash flows comprises:

	2020 £'m	2019 £'m
Cash at bank available on demand	103.8	21.4
Short-term deposits – maturing within 3 months	–	16.0
Total cash and cash equivalents	103.8	37.4

Short-term investments are readily convertible to cash:

	2020 £'m	2019 £'m
Short-term deposits – maturing within 12 months	–	20.0
Total short-term investments	–	20.0

10 Related party transactions

Blue Prism Group plc has a related party relationship with its subsidiaries and with its directors and members of key management. There are no transactions with related parties who are not members of the Blue Prism Group. The remuneration paid to members of key management is disclosed within note 7 of the consolidated financial statements and remuneration of individual directors is disclosed within the Directors' Report.

The following balances are due from wholly owned subsidiaries at the year end:

	2020 £'m	Restated 2019 £'m
Blue Prism Limited	122.8	53.1
Blue Prism Software Inc	0.4	18.3
Blue Prism Cloud Ltd	6.1	2.8
Blue Prism Cloud Inc	0.6	0.5
Gross amounts due from group undertakings	129.9	74.7

During the year, the company had the following expenses recharged to wholly owned subsidiaries as follows:

	2020 £'m	2019 £'m
Blue Prism Limited	1.1	1.5
	1.1	1.5

11 Events after the reporting date

During the year, the deferred shares were gifted to the Company by the shareholders for nil consideration. The deferred shares were cancelled on 8 December 2020. Deferred shares carry no voting rights, no rights to income and the right to a return of a maximum of £0.001 on a winding up of the Company.

106 Company Information

Company number

09759493

Directors

Name

Jason Kingdon
Ijoma Maluza
Ken Lever
Chris Batterham
Rachel Mooney
Maurizio Carli
Murray Rode

Position

Chairman and Chief Executive
CFO
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director (appointed 1 February 2021)
Non-Executive Director (appointed 1 February 2021)

Company Secretary

John Warrick

Registered office

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Registrars

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