

**GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
FOR
WORKABLE TECHNOLOGY LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2020**

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WORKABLE TECHNOLOGY LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTORS: L C Bowden
M W Evans
S Magiatis
N Moraitakis
D D Waterhouse
N A Medlock

REGISTERED OFFICE: 5 Golden Square
5th Floor
London
W1F 9BS

REGISTERED NUMBER: 08789789 (England and Wales)

AUDITORS: George Hay & Company
Chartered Accountants
& Statutory Auditors
83 Cambridge Street
London
SW1V 4PS

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their strategic report of the company and the group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the company continued to be that of a holding company. The company itself does not carry out a direct trade, but did incur general running expenses during the year, which resulted in a loss being recognised within these group financial statements. The group had decreased its workforce in size from 273 employees worldwide as at 1 January 2020 to 210 employees worldwide at 31 December 2020.

The principal activity of the company's UK subsidiary, Workable Software Limited ("WSL"), is that of the development and sale of software that facilitates and automates the recruiting process for employers. In 2020, WSL had customers in countries around the world. The Group uses a SaaS ("Software-as-a-Service") business model and sells both monthly and annual plans to customers.

The group receives support services from its US and Greek subsidiaries which, during 2020, provided marketing and R&D services, respectively, to WSL. The R&D activities are in respect of the development of software that facilitates and automates the recruiting process for employers, as mentioned above. In addition to providing marketing support services, the US subsidiary also began licensing the software for sale to customers in North America in 2018, and the Greek subsidiary began licensing software for sales to customers in 2019.

REVIEW OF BUSINESS

According to information monitored for management purposes, the Group increased its Monthly Recurring Revenue (MRR) from subscription fees to \$2.2M for the year ended 31 December 2020 (from \$2.0M for the year ended 31 December 2019). The number of active customers decreased during this time to 5,357 as of 31 December 2020 (from 5,528 active customers as at 31 December 2019) due to the change in the Group's strategy to focus on sales to larger, enterprise customers. As such, Average Contract Value increased to \$4,846 as at 31 December 2020 (from \$4,216 as at 31 December 2019).

The Directors plan to further develop the software and other offerings while expanding the Group's client base by investing in product development and by refining its sales strategy.

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's key financial instruments comprise of trade debtors, cash at bank, trade creditors and loan financing.

The Group is exposed to risks including foreign currency risk, credit risk, liquidity risk, cash flow risk, market risk, competition risk and laws and regulations risk, all of which arise from the group's normal business activities. The board reviews and agrees policies for managing each of these risks and they are summarised below:

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, the British Pound and the US Dollar. Foreign currency risk arises from future commercial transactions as well as recognized assets and liabilities.

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, and principally arises from the Group's receivables from customers. The Group's exposure to credit risk arises also from the debts of customers taking into account forward looking factors, as well as the economic environment.

The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

The Group closely monitors its bank balance and other credit facilities in comparison to its outstanding commitments to ensure it has sufficient funds to meet its obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions.

Cash flow risk

At the moment, the Group's revenue does not cover its expenses due to the fact that the Group is choosing to invest heavily in product development and company growth. Nonetheless, the Group receives continued support from its shareholders as it has gone through several rounds of investment over the last few years. Please refer to note 2 in the accounting policies for a description of the current position.

Market risk

Demand for the services of the Group is dependent on the economic environment and the buoyancy of the hiring market. Any significant changes to our clients' working practices or a downturn in the economy, could result in the deferment or cancelling of recruitment. The group earns revenues from both small and mid-size businesses and continues to make a concerted effort to strengthen relationships for both types of customers.

Competition risk

The Group is exposed to competition risk as the industry in which the group operates is mature and highly competitive. The conversion rate from enquiries to agreement of contract is maximised by careful selection of customers and partners in order to preserve our brand and work collaboratively.

Laws and regulations risk

The Group develops software which must adhere to local data protection laws. In particular, specific investment to develop a GDPR compliant system was required. This was considered to be an essential upgrade to maintain the product's viability in the market place.

Interest rate risk

The Group is exposed to interest rate risk primarily in relation to its outstanding debt. The existing debt facility, as of 31 December 2020, stands at \$16.3 million. The Group follows all market developments with regards to the interest rate environment and acts accordingly. On 31 December 2020, the Group is exposed to interest rate risk on the entirety of its loan. A change of 100 basis points in the interest rate would have increased or decreased equity by \$174,644. This analysis assumes that all other variables remain constant.

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

COVID-19 Pandemic

The Covid pandemic, which began in March 2020, and is ongoing today, had an immediate short-term impact on the Group, significantly reducing its Annual Run Rate ("ARR") through May 2020. Through a combination of strategic planning and the restrictions in place due to the pandemic, the Group was able to streamline its operations, resulting in a significant increase in efficiency. The Group was able to significantly reduce its operating loss from over \$10M in each of the last three years, to \$5M in 2020. As the Group operated under the assumption that sales and customer retention numbers would be uncharacteristically low for the following months, it took a very conservative approach to expenses. The Group achieved this through the reduction of headcount (\$1M savings); reduction in office expenses due to the temporary closure of its offices (\$1M savings); reduction of marketing costs and specifically advertising and promotions due to decrease in demand (\$3.8M savings). The Group was able to see that it operated quite well despite the reduction in expenses and thus will continue to take a lean approach to expenses into 2021 and beyond. By September 2020, the Company had recovered to its pre-Covid ARR levels and continued to improve revenue performance through 2021.

Brexit

The Group is aware of Brexit and is monitoring the progress in order to ensure that Brexit concerns are taken into consideration in future plans.

FINANCIAL KEY PERFORMANCE INDICATORS

The financial key performance indicators used by the directors to assess the performance of the business are turnover, gross profit margin, net loss before tax and annual run rate ("ARR"). A brief analysis of these is provided below:

	2020	2019
	\$	\$
Turnover	24,296,271	23,158,299
Gross profit	18,500,199	15,655,470
Net loss before tax	6,177,607	14,100,090
Annual run rate	26,970,000	24,300,000

ON BEHALF OF THE BOARD:

S Magiatis - Director

4 March 2022

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2020.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2020.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 January 2020 to the date of this report.

The directors shown below were in office at 31 December 2020 but did not hold any interest in the following:

at 1 January 2020 or 31 December 2020.

L C Bowden
M W Evans
S Magiatis
N Moraitakis
D D Waterhouse
N A Medlock

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020**

AUDITORS

The auditors, George Hay & Company, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

S Magiatis - Director

4 March 2022

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WORKABLE TECHNOLOGY LIMITED

Opinion

We have audited the financial statements of Workable Technology Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WORKABLE TECHNOLOGY LIMITED

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Discussions with management including consideration of known or suspected instances of non compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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 Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
WORKABLE TECHNOLOGY LIMITED**

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 a Report of the Auditors 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.

Michael Davis (Senior Statutory Auditor)
for and on behalf of George Hay & Company
Chartered Accountants
& Statutory Auditors
83 Cambridge Street
London
SW1V 4PS

4 March 2022

**CONSOLIDATED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 \$	\$	2019 \$	\$
TURNOVER	3		24,296,271		23,158,299
Cost of sales			<u>5,796,072</u>		<u>7,502,829</u>
GROSS PROFIT			18,500,199		15,655,470
Sales and marketing costs		18,471,034		23,312,017	
Administrative expenses		<u>4,283,112</u>		<u>6,108,748</u>	
			<u>22,754,146</u>		<u>29,420,765</u>
			(4,253,947)		(13,765,295)
Other operating income			<u>3,400</u>		<u>418</u>
OPERATING LOSS	6		(4,250,547)		(13,764,877)
Interest receivable and similar income			<u>341</u>		<u>8,185</u>
			(4,250,206)		(13,756,692)
Interest payable and similar expenses	8		<u>1,927,401</u>		<u>343,398</u>
LOSS BEFORE TAXATION			(6,177,607)		(14,100,090)
Tax on loss	9		<u>(1,479,449)</u>		<u>(2,251,971)</u>
LOSS FOR THE FINANCIAL YEAR			(4,698,158)		(11,848,119)
OTHER COMPREHENSIVE INCOME					
Remeasurements of net defined benefit			53,774		(54,804)
Currency translation differences			(241,698)		(10,242)
Income tax relating to components of other comprehensive income			<u>-</u>		<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX			<u>(187,924)</u>		<u>(65,046)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			<u>(4,886,082)</u>		<u>(11,913,165)</u>
Loss attributable to:					
Owners of the parent			<u>(4,698,158)</u>		<u>(11,848,119)</u>
Total comprehensive income attributable to:					
Owners of the parent			<u>(4,886,082)</u>		<u>(11,913,165)</u>

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2020

	Notes	2020		2019	
		\$	\$	\$	\$
FIXED ASSETS					
Intangible assets	11		2,428		3,174
Tangible assets	12		797,254		1,284,322
Investments	13		-		-
			<u>799,682</u>		<u>1,287,496</u>
CURRENT ASSETS					
Stocks	14	96,643		220,048	
Debtors	15	5,781,492		6,354,053	
Cash at bank		<u>17,507,953</u>		<u>15,850,199</u>	
		23,386,088		22,424,300	
CREDITORS					
Amounts falling due within one year	16	<u>22,764,840</u>		<u>14,789,496</u>	
NET CURRENT ASSETS			<u>621,248</u>		<u>7,634,804</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,420,930		8,922,300
CREDITORS					
Amounts falling due after more than one year	17		(7,901,016)		(10,708,728)
PENSION LIABILITY	24		<u>(445,647)</u>		<u>(349,972)</u>
NET LIABILITIES			<u>(6,925,733)</u>		<u>(2,136,400)</u>
CAPITAL AND RESERVES					
Called up share capital	23		12,431		12,382
Share premium			58,150,679		57,963,417
Other reserves			388,899		479,461
Retained earnings			<u>(65,477,742)</u>		<u>(60,591,660)</u>
SHAREHOLDERS' FUNDS			<u>(6,925,733)</u>		<u>(2,136,400)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 4 March 2022 and were signed on its behalf by:

S Magiatis - Director

COMPANY BALANCE SHEET
31 DECEMBER 2020

	Notes	2020		2019	
		\$	\$	\$	\$
FIXED ASSETS					
Intangible assets	11		-		-
Tangible assets	12		-		-
Investments	13		5,994,797		5,994,797
			<u>5,994,797</u>		<u>5,994,797</u>
CURRENT ASSETS					
Debtors	15	47,619,429		47,522,817	
Cash at bank		59,232		2,908,964	
		<u>47,678,661</u>		<u>50,431,781</u>	
CREDITORS					
Amounts falling due within one year	16	<u>2,050,974</u>		<u>3,514,562</u>	
NET CURRENT ASSETS			<u>45,627,687</u>		<u>46,917,219</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>51,622,484</u>		<u>52,912,016</u>
CAPITAL AND RESERVES					
Called up share capital	23		12,431		12,382
Share premium			57,193,765		57,006,502
Other reserves			388,899		479,461
Retained earnings			(5,972,611)		(4,586,329)
SHAREHOLDERS' FUNDS			<u>51,622,484</u>		<u>52,912,016</u>
Company's loss for the financial year			<u>(1,386,282)</u>		<u>(1,627,165)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 4 March 2022 and were signed on its behalf by:

S Magiatis - Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital \$	Retained earnings \$	Share premium \$	Other reserves \$	Total equity \$
Balance at 1 January 2019	12,303	(48,690,828)	57,128,575	1,063,841	9,513,891
Changes in equity					
Share issue	40	-	119,391	-	119,431
ESOP movements	39	12,333	715,451	(584,380)	143,443
Total comprehensive income	-	(11,913,165)	-	-	(11,913,165)
Balance at 31 December 2019	<u>12,382</u>	<u>(60,591,660)</u>	<u>57,963,417</u>	<u>479,461</u>	<u>(2,136,400)</u>
Changes in equity					
Share issue	1	-	20,831	-	20,832
ESOP movements	48	-	166,431	(90,562)	75,917
Total comprehensive income	-	(4,886,082)	-	-	(4,886,082)
Balance at 31 December 2020	<u>12,431</u>	<u>(65,477,742)</u>	<u>58,150,679</u>	<u>388,899</u>	<u>(6,925,733)</u>

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital \$	Retained earnings \$	Share premium \$	Other reserves \$	Total equity \$
Balance at 1 January 2019	12,303	(2,971,497)	56,171,660	1,063,841	54,276,307
Changes in equity					
Share issue	40	-	119,391	-	119,431
ESOP movements	39	12,333	715,451	(584,380)	143,443
Total comprehensive income	-	(1,627,165)	-	-	(1,627,165)
Balance at 31 December 2019	<u>12,382</u>	<u>(4,586,329)</u>	<u>57,006,502</u>	<u>479,461</u>	<u>52,912,016</u>
Changes in equity					
Share issue	1	-	20,832	-	20,833
ESOP movements	48	-	166,431	(90,562)	75,917
Total comprehensive income	-	(1,386,282)	-	-	(1,386,282)
Balance at 31 December 2020	<u>12,431</u>	<u>(5,972,611)</u>	<u>57,193,765</u>	<u>388,899</u>	<u>51,622,484</u>

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Cash generated from operations	1	(2,254,982)	(10,972,029)
Interest paid		(1,256,146)	(343,398)
Tax paid		(56)	(67,897)
Taxation refund		2,308,943	-
Net cash from operating activities		<u>(1,202,241)</u>	<u>(11,383,324)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(60,723)	(289,062)
Sale of tangible fixed assets		38,338	5,908
Interest received		341	8,185
Net cash from investing activities		<u>(22,044)</u>	<u>(274,969)</u>
Cash flows from financing activities			
New loans in year		5,091,247	10,000,000
Loan repayments in year		(1,983,069)	(310,175)
Share issue		20,842	855
Net cash from financing activities		<u>3,129,020</u>	<u>9,690,680</u>
Increase/(decrease) in cash and cash equivalents		<u>1,904,735</u>	<u>(1,967,613)</u>
Cash and cash equivalents at beginning of year	2	15,850,199	17,844,291
Effect of foreign exchange rate changes		(246,981)	(26,479)
Cash and cash equivalents at end of year	2	<u>17,507,953</u>	<u>15,850,199</u>

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020	2019
	\$	\$
Loss before taxation	(6,177,607)	(14,100,090)
Depreciation charges	565,886	583,730
Loss/(profit) on disposal of fixed assets	3,480	(2,687)
Equity settled share based transactions	75,869	127,054
Defined benefit obligation	111,114	88,120
Defined benefit obligation paid	(106,223)	-
Finance costs	1,927,401	343,398
Finance income	(341)	(8,185)
	<u>(3,600,421)</u>	<u>(12,968,660)</u>
Decrease in stocks	123,405	30,785
(Increase)/decrease in trade and other debtors	(290,191)	532,163
Increase in trade and other creditors	1,512,225	1,433,683
Cash generated from operations	<u>(2,254,982)</u>	<u>(10,972,029)</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2020

	31.12.20	1.1.20
	\$	\$
Cash and cash equivalents	<u>17,507,953</u>	<u>15,850,199</u>

Year ended 31 December 2019

	31.12.19	1.1.19
	\$	\$
Cash and cash equivalents	<u>15,850,199</u>	<u>17,844,291</u>

3. ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)

	At 1.1.20	Cash flow	At 31.12.20
	\$	\$	\$
Net cash			
Cash at bank	15,850,199	1,657,754	17,507,953
	<u>15,850,199</u>	<u>1,657,754</u>	<u>17,507,953</u>
Debt			
Debts falling due within 1 year	(1,981,096)	(6,463,119)	(8,444,215)
Debts falling due after 1 year	(10,708,728)	2,807,712	(7,901,016)
	<u>(12,689,824)</u>	<u>(3,655,407)</u>	<u>(16,345,231)</u>
Total	<u>3,160,375</u>	<u>(1,997,653)</u>	<u>1,162,722</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. **STATUTORY INFORMATION**

Workable Technology Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The functional and presentational currency of the financial statements is the US Dollar (\$).

The principal trading address during the financial year was at WeWork, 1 Mark Square, London, EC2A 4EG.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern

The Group will be able to cover its liquidity needs for the foreseeable future and, at minimum, for the next 12 months. The Group has recognised a net loss after tax of \$4.7 million for the year ended 31 December 2020 but, has \$17.5m of bank and cash plus access to further funding.

On January 3, 2019, the Group finalized an amendment to its venture debt facility. The amendment increased the total available amount from \$7.5 million to \$23 million, \$13 million of which has been drawn down in 2018 (\$3m) and 2019 (\$10m), and the remaining \$10 million of which will be available upon meeting certain milestones. No further drawdowns were made in 2020.

In April of 2019 the Group reached an agreement on a revolving credit facility with its primary banking institution, initially providing access of up to \$5 million, \$4m of which was utilised in June 2020. As noted above, the Group drew down \$10 million on December 30, 2019 from its venture debt facility, and on April 24 2020, the Group received a \$1.1M loan from the SBA (via the bank, SVB) under the US Paycheck Protection Program. Thus the Group ended the year with a cash balance of \$17.5 million on 31 December 2020.

Due to uncertainties surrounding Covid, the Group has decreased its operating expenses and has forecasted conservatively in order to ensure there is enough liquidity for at least the next 12 months. Even though the Group has recognized a net loss after tax of \$4.7 million for the year ended 31 December 2020, with available cash in hand, access to additional funding and a decrease in operating expenses from 2020 onwards, management has a reasonable expectation that the Group has adequate resources for its cash needs to be covered through to the 1st quarter of 2023.

Financial Reporting Standard 102 - reduced disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available under FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliation for the group and the parent company would be identical;
- No statement of cash flows has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

Basis of consolidation

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

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

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Significant judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information regarding judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the notes. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements is addressed in the notes concerning going concern and share based payment arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

Turnover

Turnover is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services supplied, excluding discounts, rebates, value added tax and other sales taxes.

The company recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity, and when specific criteria have been met for each of the company's activities, as described below:

(a) Subscription fees

The company sells Software-as-a-Service subscriptions to its customers on a monthly or annual basis and recognises the respective turnover on an accruals basis, with deferred income representing amounts relating to future periods.

(b) Job slot sales

The company purchases the right to use job slots from job boards for a specific period of time (month or year) and then resells either a portion or in full these rights to its customers. Upon each sale, the full amount received is recognised as revenue since the risks and rewards have been transferred to the customer.

(c) Intercompany

Royalties are charged to group undertakings as a percentage of subscription fees in line with agreements in place. Other recharges to group undertakings are for contracted services and recharged expenses.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Domain name is being amortised evenly over its estimated useful life of ten years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold improvements	- over the life of the lease
Fixtures and fittings	- 20% on cost
Computer equipment	- 33.33% straight line

Tangible fixed assets are measured at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Stocks

Stocks are represented by jobs slots for resale to customers and are valued at the lower of cost or net realisable value, after making due allowance for expired slots.

Cost is determined using the first in, first out (FIFO) method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

Financial instruments

The group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and investments in non-puttable ordinary shares.

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

Basic financial instruments that are receivable or payable within one year are initially measured at the undiscounted amount of the consideration expected. If receivable or payable after more than one year, basic financial instruments are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, the financial instrument is measured initially at the present value of the future cash flows, discounted at a market rate of interest. They are subsequently carried at amortised cost, using the effective interest rate method.

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

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

Financial liabilities and equity instruments are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Profit and Loss Account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

Foreign currencies

Assets and liabilities in foreign currencies are translated into US dollar at the rates of exchange ruling at the balance sheet date. Non-monetary items measured as historical cost are translated using the exchange rate at the date of the transaction. Transactions in foreign currencies are translated into US dollar at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

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

Share-based payments

The Group provides share-based payment arrangements to certain employees.

Equity-settled arrangements are measured at fair value at the date of grant. The fair value is expensed on a straight line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

Defined benefit pension plan

The Group's calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income. The Group determines the net interest expenses/(income) on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments. Interest expense and other expenses related to defined benefit obligations are recognised in the consolidated profit and loss account.

3. TURNOVER

The turnover and loss before taxation are attributable to the principal activities of the group.

An analysis of turnover by geographical market is given below:

	2020	2019
	\$	\$
United Kingdom	5,554,280	5,016,966
Europe	3,520,822	6,863,743
Rest of the World	15,221,169	11,277,590
	<u>24,296,271</u>	<u>23,158,299</u>

4. EMPLOYEES AND DIRECTORS

	2020	2019
	\$	\$
Wages and salaries	15,753,717	16,112,061
Social security costs	2,153,823	2,207,081
	<u>17,907,540</u>	<u>18,319,142</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

4. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

	2020	2019
Distribution, admin & development	<u>235</u>	<u>266</u>
Share based payments	<u>\$ 131,332</u>	<u>\$ 155,452</u>

5. DIRECTORS' EMOLUMENTS

	2020	2019
Directors' remuneration	<u>\$ 594,420</u>	<u>\$ 589,675</u>

Information regarding the highest paid director is as follows:

	2020	2019
Emoluments etc	<u>\$ 349,702</u>	<u>\$ 347,264</u>

There are no other key management personnel other than the directors.

6. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2020	2019
Hire of plant and machinery	2,093	3,085
Other operating leases	1,902,810	2,145,860
Depreciation - owned assets	564,439	582,771
Loss/(profit) on disposal of fixed assets	3,480	(2,687)
Domain name amortisation	982	959
Foreign exchange differences	(257,717)	158,785
Research and development costs	-	3,697,818
Stock recognised as an expense	<u>274,984</u>	<u>516,752</u>

7. AUDITORS' REMUNERATION

	2020	2019
Fees payable to the company's auditors for the audit of the company's financial statements	<u>\$ 111,738</u>	<u>\$ 123,705</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
Bank interest	4,405	3,312
Loan	<u>1,922,996</u>	<u>340,086</u>
	<u>1,927,401</u>	<u>343,398</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

9. TAXATION

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	2020 \$	2019 \$
Current tax:		
UK corporation tax	(1,231,806)	(2,353,339)
Foreign corporation tax on profits for the year	<u>(219,804)</u>	<u>(78,023)</u>
Total current tax	(1,451,610)	(2,431,362)
Deferred tax	<u>(27,839)</u>	<u>179,391</u>
Tax on loss	<u><u>(1,479,449)</u></u>	<u><u>(2,251,971)</u></u>

UK corporation tax has been charged at 19 % (2019 - 19 %).

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 \$	2019 \$
Loss before tax	<u>(6,177,607)</u>	<u>(14,100,090)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19 % (2019 - 19 %)	(1,173,745)	(2,679,017)
Effects of:		
Unrelieved tax losses carried forward	1,173,745	2,679,017
UK tax credit	(1,231,806)	(2,353,339)
Impact of overseas tax rates	(219,804)	(78,023)
Deferred tax	<u>(27,839)</u>	<u>179,391</u>
Total tax credit	<u><u>(1,479,449)</u></u>	<u><u>(2,251,971)</u></u>

Tax effects relating to effects of other comprehensive income

	2020		
	Gross \$	Tax \$	Net \$
Remeasurements of net defined benefit	53,774	-	53,774
Currency translation differences	<u>(241,698)</u>	<u>-</u>	<u>(241,698)</u>
	<u>(187,924)</u>	<u>-</u>	<u>(187,924)</u>
	2019		
	Gross \$	Tax \$	Net \$
Remeasurements of net defined benefit	(54,804)	-	(54,804)
Currency translation differences	<u>(10,242)</u>	<u>-</u>	<u>(10,242)</u>
	<u>(65,046)</u>	<u>-</u>	<u>(65,046)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

10. INDIVIDUAL PROFIT AND LOSS ACCOUNT

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss account of the parent company is not presented as part of these financial statements.

11. INTANGIBLE FIXED ASSETS

Group

	Domain name \$
COST	
At 1 January 2020	9,601
Exchange differences	926
At 31 December 2020	<u>10,527</u>
AMORTISATION	
At 1 January 2020	6,427
Amortisation for year	982
Exchange differences	690
At 31 December 2020	<u>8,099</u>
NET BOOK VALUE	
At 31 December 2020	<u>2,428</u>
At 31 December 2019	<u>3,174</u>

12. TANGIBLE FIXED ASSETS

Group

	Short leasehold improvements \$	Fixtures and fittings \$	Computer equipment \$	Totals \$
COST				
At 1 January 2020	639,133	1,666,571	805,173	3,110,877
Additions	-	16,753	43,970	60,723
Disposals	-	-	(83,310)	(83,310)
Exchange differences	9,416	115,828	49,310	174,554
At 31 December 2020	<u>648,549</u>	<u>1,799,152</u>	<u>815,143</u>	<u>3,262,844</u>
DEPRECIATION				
At 1 January 2020	139,439	1,207,087	480,029	1,826,555
Charge for year	83,523	328,487	152,429	564,439
Eliminated on disposal	-	-	(65,082)	(65,082)
Exchange differences	-	107,059	32,619	139,678
At 31 December 2020	<u>222,962</u>	<u>1,642,633</u>	<u>599,995</u>	<u>2,465,590</u>
NET BOOK VALUE				
At 31 December 2020	<u>425,587</u>	<u>156,519</u>	<u>215,148</u>	<u>797,254</u>
At 31 December 2019	<u>499,694</u>	<u>459,484</u>	<u>325,144</u>	<u>1,284,322</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

13. FIXED ASSET INVESTMENTS

Company

	Shares in group undertaking \$
COST	
At 1 January 2020 and 31 December 2020	<u>5,994,797</u>
NET BOOK VALUE	
At 31 December 2020	<u>5,994,797</u>
At 31 December 2019	<u>5,994,797</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Workable Software Limited

Registered office: C/o 5 Golden Square, 5th Floor, London, England, W1F 9BS
Nature of business: Software-as-a-service

	%	2020	2019
Class of shares:	holding	\$	\$
Ordinary	100.00		
Aggregate capital and reserves		(39,643,007)	(39,971,434)
Profit/(loss) for the year		<u>328,427</u>	<u>(2,635,646)</u>

Workable Software Private Company

Registered office: 95-97 Leoforos Kifissias, 15125 Marousi, Athens, Greece
Nature of business: Contract R&D services for the group

	%	2020	2019
Class of shares:	holding	\$	\$
Ordinary	100.00		
Aggregate capital and reserves		(1,966,206)	(1,344,473)
Loss for the year		<u>(417,508)</u>	<u>(1,634,368)</u>

Workable Inc.

Registered office: 99 High Street, 26th Fl, Boston, MA 02110
Nature of business: Marketing support services for the group

	%	2020	2019
Class of shares:	holding	\$	\$
Ordinary	100.00		
Aggregate capital and reserves		(10,936,287)	(7,707,175)
Loss for the year		<u>(3,229,112)</u>	<u>(7,001,987)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

14. STOCKS

	Group	
	2020	2019
	\$	\$
Job slots for resale	<u>96,643</u>	<u>220,048</u>

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Trade debtors	2,606,614	2,327,090	153,371	137,460
Amounts owed by group undertakings	-	-	47,447,700	47,371,831
Other debtors	110,604	152,435	-	-
Tax	1,455,982	2,359,188	-	-
Deferred tax assets	170,019	129,565	-	-
VAT	-	93,936	3,158	6,156
Called up share capital not paid	103	103	103	103
Prepayments	1,438,170	1,291,736	15,097	7,267
	<u>5,781,492</u>	<u>6,354,053</u>	<u>47,619,429</u>	<u>47,522,817</u>

Deferred tax assets

Group	2020	2019
	\$	\$
Post employment benefit	106,954	83,993
Accelerated capital allowances	35,925	7,628
Other timing differences	<u>27,140</u>	<u>37,944</u>
	<u>170,019</u>	<u>129,565</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Debentures (see note 18)	8,444,215	1,981,096	-	-
Trade creditors	709,754	1,511,420	1,931,172	3,391,267
Social security and other taxes	954,663	968,346	-	-
VAT	39,380	-	-	-
Other creditors	23,164	72,773	-	-
Accrued expenses	1,808,933	1,707,374	119,802	123,295
Deferred revenue	10,784,731	8,548,487	-	-
	<u>22,764,840</u>	<u>14,789,496</u>	<u>2,050,974</u>	<u>3,514,562</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

17. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group	
	2020	2019
	\$	\$
Debentures (see note 18)	7,901,016	10,708,728

18. **LOANS**

An analysis of the maturity of loans is given below:

		Group	
		2020	2019
		\$	\$
Amounts falling due within one year or on demand:			
Debentures		8,444,215	1,981,096
Amounts falling due between one and two years:			
Debentures - 1-2 years		3,867,092	3,703,689
Amounts falling due between two and five years:			
Debentures - 2-5 years		4,033,924	7,005,039

19. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

Group	Non-cancellable		operating leases	
	2020	2019	2020	2019
	\$	\$	\$	\$
Within one year	2,141,828	1,784,787		
Between one and five years	7,166,583	7,924,221		
In more than five years	-	135,706		
	<u>9,308,411</u>	<u>9,844,714</u>		

20. **SECURED DEBTS**

The following secured debts are included within creditors:

	Group	
	2020	2019
	\$	\$
Debentures	16,345,231	12,689,824

The company and Workable Software Limited have provided a guarantee for the revolving credit facility mentioned in Note 2 - Going concern. The bankers have fixed charges with negative pledge over specific assets of the group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

21. FINANCIAL INSTRUMENTS

Group

	2020 \$	2019 \$
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>2,717,218</u>	<u>3,807,268</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>2,518,668</u>	<u>9,705,668</u>

Financial assets measured at amortised cost comprise of trade debtors and deposits.

Financial liabilities measured at amortised cost comprise of trade creditors and accrued expenses.

22. PROVISIONS FOR LIABILITIES

Group

	Deferred tax asset \$
Balance at 1 January 2020	(129,563)
Credit to Profit and Loss Account during year	<u>(40,456)</u>
Balance at 31 December 2020	<u>(170,019)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

23. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020	2019
		£	\$	\$
212,852	Ordinary	0.01	3,962	3,913
74,200	Series A	0.01	1,220	1,220
177,421	Series A-1	0.01	2,830	2,830
187,513	Series B	0.01	2,458	2,458
32,027	Series C	0.01	416	416
119,156	Series C-2	0.01	1,545	1,545
<u>803,169</u>			<u>12,431</u>	<u>12,382</u>

On 17 June 2020, 1,008 ordinary shares of £0.01 each were allotted for a cash consideration of £10 (\$12).

On 31 July 2020, 749 ordinary shares of £0.01 each were allotted for a cash consideration of £7 (\$9).

On 30 September 2020, 873 ordinary shares of £0.01 each were allotted for a cash consideration of £9 (\$12).

On 31 December 2020, 413 ordinary shares of £0.01 each were allotted for a cash consideration of £4 (\$5).

On 31 December 2020, 300 ordinary shares of £0.01 each were allotted for a cash consideration of £5,007 (\$6,661).

On 31 December 2020, 52 ordinary shares of £0.01 each were allotted for a cash consideration of £920 (\$1,224).

On 31 December 2020, 333 ordinary shares of £0.01 each were allotted for a cash consideration of £9,481 (\$12,612).

All shares rank pari passu. There are no restrictions on distribution of dividends and the repayment of capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

24. EMPLOYEE BENEFIT OBLIGATIONS

Workable Software Private Company has a legal obligation to provide retiring employees with a defined benefit payment, in accordance with local laws. The arrangement provides retirement benefits based on the years of service and final salary of each member. The liability is currently funded internally and payments made to individuals at the point of retirement. There are no plan assets.

A comprehensive actuarial valuation of the pension liability, using the projected unit credit method, was carried out at 31 December 2020 by Sany Consulting, independent consulting actuaries, based in the local territory.

The main actuarial assumptions applied were:

	2020	2019
Discount rate	0.6%	1.15%
Expected rate of salary increases	2.0%	2.0%
Rate of inflation	1.5%	1.5%

The mortality table used in this study is EVK 2000 for men and women, which is commonly accepted as impartial.

The amounts recorded in the financial statements based on the actuarial report are as follows:

	2020
	\$
Balance as at 1 January	349,972
Benefits paid	(106,223)
Current service cost	125,662
Net interest expense	4,103
Plan modification/cutainment	84,046
Actuarial loss recognised in OCI	(53,774)
Foreign exchange difference	41,861
Balance as at 31 December	<u>445,647</u>

The amounts recognised in the profit and loss account are as follows:

	2020	2019
	\$	\$
Current service cost	125,662	84,807
Net interest expense	4,103	3,313
	<u>129,765</u>	<u>88,120</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

25. **POST BALANCE SHEET EVENTS**

As a UK company, the Group is eligible to submit claims under the UK R&D Credit Scheme. On March 23, 2021, the Group received £0.9M from HMRC representing the payment of its 2019 claim.

In 2020, the Group received a \$1.1M loan from the SBA (Small Business Administration) under the US Paycheck Protection Program. The loan carries a 1% interest rate and is repayable over a two-year period, with payments beginning six months from issuance. However, the loan is eligible for forgiveness, if the proceeds are used in a manner specified by the SBA. During 2021, the Group had applied for forgiveness and on April 14, 2021 the Group received notice from the SBA indicating that the amount of forgiveness would be \$983,140.

On March 5, 2021, the Group entered into a sub-lease swap arrangement with a third party (Subtenant”) where upon the Group would sub-lease to the Subtenant and the Subtenant would sub-lease its offices to the Group. The arrangement calls for the Subtenant to take over the Group’s Boston lease effective April 1, 2021 while the Group would take over the Subtenant’s lease, effective July 1, 2021. This arrangement will cost the Group \$0.95M overall and will save the Group about \$6.2M in rent expense over the remaining term of the lease.

On April 19, 2021, the Group signed a term sheet with SVB to refinance \$10M of its outstanding debt at an interest rate of no greater than 5.25% which will allow for a reduction in interest expense over the remaining duration of its outstanding loans.

26. **ULTIMATE CONTROLLING PARTY**

Group and company

The Company is owned by a number of private shareholders and companies, none of whom own more than 20% of the issued share capital of the Company. Accordingly there is no ultimate controlling party.

27. **SHARE-BASED PAYMENT TRANSACTIONS**

The group operates an equity-settled share based payment plan. All employees are granted share options in the Company as part of the All-employee share scheme. The options are granted with a fixed exercise price, are exercisable four years after the date of grant and expire ten years after the date of grant. Employees are not entitled to dividends until the shares are exercised. Employees are required to remain in employment with the Group until exercise, otherwise the awards lapse. The Group makes annual grants of shares. On exercise of the options by the employees, the Company issues shares previously held as treasury shares, or issues new shares.

A reconciliation of share option movements over the year to 31 December 2020 is shown below:

	2020	Weighted average exercise price	2019	Weighted average exercise price
	Number of options	(\$)	Number of options	(\$)
Balance as at 1 January	30,590	13.14	42,990	9.32
Granted during the year	10,540	22.79	11,138	17.33
Forfeited during the year	(11,401)	21.80	(4,800)	24.14
Exercised during the year	(3,627)	5.73	(9,821)	0.05
Balance at the end of the year	26,102		30,590	
Exercisable at the end of the year	18,290	12.66	17,129	11.06

The Group is unable to directly measure the fair value of employee services received. Instead the fair value of the share options granted during the year is determined using the Black-Scholes model.

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