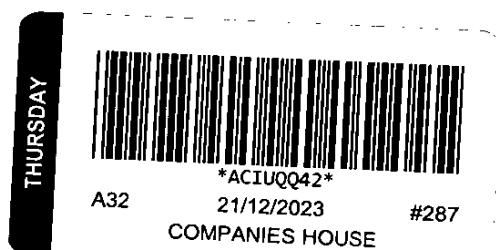


**Company Registration No. 10592838 (England and Wales)**

**CORNERSTONE ONDEMAND UK HOLDINGS  
LIMITED**

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**



**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED**

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**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED**

**COMPANY INFORMATION**

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<b>Directors</b>	Mr R. C. Courson Ms S. J. H. Laughton
<b>Company number</b>	10592838
<b>Registered office</b>	16 St. Johns Lane, Farringdon London EC1M 4BS
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants The Pinnacle 170 Midsummer Boulevard Milton Keynes Buckinghamshire MK9 1BP

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****STRATEGIC REPORT****FOR THE YEAR ENDED 31 DECEMBER 2022**

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The Directors present the Strategic Report and consolidated financial statements of Cornerstone OnDemand UK Holdings Limited ("the Company") and its group undertakings (together referred to as "the Group") for the year ended 31 December 2022.

**Introduction and history**

The Strategic Report has been prepared for the Group and therefore gives a greater emphasis to those matters which are significant to the Group when viewed as a whole.

In the prior year, on 5 August 2021, the Company's immediate parent undertaking, Cornerstone OnDemand, Inc ('Cornerstone'), announced it had entered into a definitive agreement to be acquired by Clearlake Capital Group, L.P. a leading private equity firm.

Upon the acquisition of Cornerstone by Clearlake Capital Group, L.P. in 2021, Cornerstone became a privately held company, the shares of Cornerstone common stock were no longer listed on any public market, and the Company have elected to no longer take advantage of the exemption under section 401 of the Companies Act 2006, not to prepare consolidated accounts. Consequently, the Group prepared its first set of consolidated financial statements in the prior year.

Note 33 provides details of the Company's ultimate parent post the Clearlake acquisition, and at the reporting date.

During the year the Company commenced a Legal Entity Rationalisation (LER) project with the objective to streamline the corporate structure of the CSOD group via the "one entity" approach where feasible and to undertake dissolution of redundant operational corporates, branches and divisions.

As a result of the LER project during the year, the Group acquired the business and assets of Saba Software (UK) Limited on 30 April 2022 a fellow group undertaking within the group headed by the Company's ultimate parent undertaking, for consideration of \$27,770,516. The assets and liabilities acquired included property, plant and equipment, cash, trade receivables trade payables and deferred revenue.

**Review of the business**

The principal activity of the Group is to provide learning and people development solutions, delivered as software-as-a-service ("SaaS"). The group helps organizations around the globe recruit, train, and manage their employees. Our solutions are sold domestically and internationally through direct sales teams and distributors or indirectly through partners.

We consider revenue and gross profit % to be the key business indicators for our Group.

Revenue for 2022 was \$280.8m (2021: \$265.9m) an increase of \$14.9m (5.6%) over 2021. The increase in revenue, predominantly subscription revenue, and gross profit was largely attributable to the additional customers from the business acquired from Saba Software (UK) Limited.

Gross profit for 2022 was \$261.5m (2021: \$238.8m), an increase of 8.7% on the prior year. The gross margin for 2022 was 93.1% (2021: 89.8%).

The Group's loss before tax for the full fiscal year of 2022 was \$63.5m (2021: \$5.1m loss before tax) an increase of \$58.4m year on year.

Key contributors to the decrease in profitability are:

- Gross-profit increased by \$22.8m (2021: \$41m), as a result of increase in revenue from acquisition of Saba Software (UK) Limited.
- Charges from related parties in the wider Cornerstone OnDemand Inc group were \$232.74m (2021: \$184.7m) an increase of \$48m. These payments relate to royalties, expense share and development costs for the use and development of the Cornerstone OnDemand global IP. The acquisition of Libra in 2020 resulted in a reorganisation of global IP and transfer pricing partners for our group for the 2021 financial year, leading to the increase described above. Development of IP is a key strategic priority for our group, mitigating one of our key risks relating to the nature of our business.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****STRATEGIC REPORT****FOR THE YEAR ENDED 31 DECEMBER 2022**

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- Amortisation and depreciation of tangible and intangible assets decreased by \$1.1m (2022: \$11.8m, 2021: \$13.1m).
- In 2022, the Group had a foreign exchange loss of \$22.6m, compared to a loss of \$0.3m in the prior year. This increase was largely driven by the translation of balances with group undertakings denominated in a foreign currency.

At 31 December 2022, the Group's total cash at bank was \$23.2m (2021: \$63.7m) and trade receivables balance, net of provision for bad debts, of \$65.5m (2021: \$63.5m).

The increase in trade receivables is broadly in line with the increase in revenue year on year.

At 31 December 2022, amounts owed by group undertakings and amounts owed to group undertakings decreased to \$89.9m (2021: \$116.6m) and \$90.3m (2021: \$116.0m) respectively. These decreases are driven by utilization of excess cash across the wider group to settle balances between group undertakings.

At 31 December 2022 total deferred income increased by \$6.4m from \$125.3m to \$131.8m whilst revenue increased by 5.1%. This is broadly in line with the increase in revenue year on year.

Property, plant and equipment have declined year on year from \$4.9m in 2021 to \$1.7m in 2022 primarily due to changing ways of working and the subsequent exit of leasehold properties in Germany. This also resulted in a year-on-year decrease in lease liabilities of \$1.7m across current and non-current lease liabilities.

Deferred commissions assets have increased year on year by \$2.5m (2022: \$22.4m, 2021: \$19.9m) primarily as a result of sales commissions on increased revenue and the acquisition of the business of Saba Software (UK) Limited.

Cash generated by the Group decreased by \$40.5m, this decrease is driven mostly by the reduction of balances owed to and from group undertakings.

**Going concern**

The Group's net asset position at the reporting date has decreased to \$181.5m (2021: \$244.8 m) as a result of the current year loss the reduction of balances owed to and from group undertakings. The Directors have received confirmation from Cornerstone OnDemand, Inc. that it will continue to support the Company and Group as required to continue trading as a going concern, discharge its debts as they fall due, and ensure that the Company and Group is able to meet its contractual obligations to its customers.

**Risk management objectives and policies***Principal risks and uncertainties;**Risks related to the nature of the Group business*

By the nature of the business in which it operates, the Group is exposed to risks around technology and technological innovation. The Group mitigates this risk by taking a proactive approach to technological trends, continuously developing its product offering by launching new functionality, new modules and new versions of the product, and where appropriate, makes strategic acquisitions and partnerships to enhance its product portfolio.

Our business depends substantially on the level of our customer satisfaction and specifically on customers renewing their agreements with us, purchasing additional products from us, or adding additional users. Any significant decline in our customer satisfaction rates, customer renewal rates, or the rates at which our customers purchase additional products or add additional users would harm our future operating results.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****STRATEGIC REPORT****FOR THE YEAR ENDED 31 DECEMBER 2022***Risks related to the Group reliance on third parties*

The Group relies significantly on implementation partners to deliver professional services to our customers, and if these implementation partners fail to deliver these professional services effectively, This risk is mitigated by offering incentives to our partners to service our customers timely and efficiently, and actively monitoring the progress of the implementation projects.

*Risks related to reliance on our employees*

The Group would be negatively impacted by the failure to retain key employees and recruit qualified technical and sales personnel, our business could be harmed. The Group manages this risk by regularly monitoring and assessing performance of employees and by offering rewards programmes linked to agreed personal and Groups objectives.

*Financial risk management and policies*

We have operations both within the United Kingdom and internationally, and we are exposed to market risks in the ordinary course of our business. These risks primarily include foreign exchange and inflation risks and risks relating to changes in the general economic conditions in the countries where we conduct business. To reduce certain of these risks, we monitor the financial condition of our large customers and limit credit exposure by principally collecting in advance and setting credit limits as we deem appropriate.

The Group is exposed to the effect of fluctuations of the currency exchange rates as result of selling in multiple currencies and operating in foreign countries where the functional currency is the local currency. In addition fluctuations are caused by uncertainties in the economic environment of the Group subsidiaries. Due to our legal structure and the currencies in which the Group operates, any fluctuations in the exchange rates of the British pound and Euro may be particularly significant.

We have foreign currency risks related to our revenue and operating expenses denominated in British Pounds, the Euro and United States dollars. Increases and decreases in our foreign denominated revenue from movements in foreign exchange rates are often partially offset by the corresponding decreases or increases in our foreign-denominated operating expenses. As our international operations grow, our risks associated with fluctuation in currency rates will become greater, and we will continue to reassess our approach to managing this risk.

The business' principal financial instruments comprise of bank balances, trade receivables, trade payables and amounts owed and due to group undertakings. The main purpose of these instruments is to finance the business' operations. Trade receivables are managed in respect of credit and cash flow risk by the regular monitoring of amounts outstanding. The amounts presented in the statement of financial position are net of allowances for doubtful debts. Related party balances are payable on demand; the Group have received confirmation of financial support from Cornerstone OnDemand Inc for the next 12 months to meet its financial obligations.

**Key performance indicators**

The results over the last two years can be summarised as follows:

	2022	2021
	£	\$
Turnover	280,864,920	265,901,344
Gross profit	261,566,576	238,763,217
Gross profit margin	93%	90%
Loss before tax	(63,563,650)	(5,135,447)
Net assets	181,568,872	244,798,161

The Directors consider the Group's performance against these KPIs to be satisfactory.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****STRATEGIC REPORT****FOR THE YEAR ENDED 31 DECEMBER 2022**

As detailed in the business review the increase in Turnover is the result of the acquisition of Saba Software (UK) Limited. The gross profit margin improved 8.7% year on year.

The loss in 2022 is driven by charges made by related parties in relation to royalties, expense share and development costs for the use and development of the Cornerstone OnDemand global IP.

**Statement of the Directors in performance of their statutory duties in accordance with S172 (1) Companies Act 2006**

The Directors of the Group note that they have a duty to promote the success of the Group for the benefit of the Group's shareholders, having regard to a number of broader matters including the likely long term consequences of decisions, and the Group's wider relationships. In this regard, the board:

- considers on an annual basis the key business activities and the likely long term consequences of any key decisions including marketing strategies, human capital management, and uses of cash;
- ensures employees are regularly engaged through annual reviews to discuss employee performance as well as periodic pulse surveys on specific engagement topics throughout the year. To promote an open feedback culture, we use our own product, Check-ins, collect feedback about our leaders through round tables with the Executive leadership;
- ensures that the Group maintains strong business relationships with suppliers, customers and others—primarily through ongoing discussion with department leaders including purchasing, revenue, and others;
- ensures the Group's operations do not have a negative impact on the community and environment (as outlined in the Streamlined energy and carbon reporting section of our Directors' report); and
- ensures, through the Group's ongoing monitoring and updating of policies and procedures, that the desired high standards of business conduct prevail across all functions.

**Stakeholder engagement report**

The Directors continually review all key stakeholder interactions, particular focus is given to maintaining stable customer and third-party relationships. Our business is underpinned by long-term, mutually beneficial customer relationships. The majority of our sales contracts are multi-year arrangements which we aim to renew in future periods. Additionally, our growth depends in part on the success of our strategic relationships with third parties including indirect sales channels, technology and content providers, and implementation consultants. Further detail on the Company's engagement with its stakeholders can be found in the Section 172 statement.

**Employee engagement**

The Group values the contribution of its employees at all levels.

The Group regularly monitors employee engagement through quarterly employee pulse survey and midyear full-length employee engagement survey. Through these engagement surveys, the Group assess the employee commitment to Cornerstone goals and Employee satisfaction. The Group uses the results from these surveys to assess how to create an environment that keeps teams engaged.

The Group supports internally created resource Groups that help the Group identify gaps in its workforce Diversity, Inclusion, Equitable Practices, and Education/ Awareness practices.

The Group is committed to continuous employee learning and development. Through the Group's technology and learning content, employees have access to learning programmes in a wide variety of subjects, as well as Employee Assistance programmes that support employee wellbeing.

The Group has trained its employees to recognize unconscious bias, foster belonging, and speak up to inspire change.

Every quarter, a development day is hosted across the Group, where a full day is designated to employee professional and personal development. This offers employees the chance to participate in learning sessions on a wide variety of subjects.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED**

**STRATEGIC REPORT**

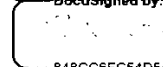
**FOR THE YEAR ENDED 31 DECEMBER 2022**

The Group provides regular and up-to-date information abouts its products and services, its operations and business plans in a variety of ways including, regional and global meeting hosted by leadership to inform employees about quarterly results and Group updates.

To measure growth and success, all permanent employees receive structured performance reviews through Quarterly Conversations with their managers that focus on both performance evaluations and strategies for ongoing development. In addition, managers are encouraged to schedule check-ins with employees.

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees. The Group is fully compliant with its obligations in this area, as in all aspects of diversity and inclusion.

On behalf of the Board:



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**Ms S. J. H. Laughton**  
**Director**

December 6, 2023  
Date: .....

## **CORNERSTONE ONDEMAND UK HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

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The Directors present their Annual Report and audited consolidated financial statements for the year ended 31 December 2022.

#### **Principal activities**

The principal activity of the Group is that of a leading global provider of learning and human capital management software delivered as Software-as-a-Service ("SaaS"). The Group helps organisations around the globe recruit, train and manage their employees. It is one of the world's largest cloud computing businesses. Our human capital management platform combines the world's leading unified talent management solutions with state-of-the-art analytics and HR administration solutions to enable organisations to manage the entire employee lifecycle. Our focus on continuous learning and development helps organisations to empower employees to realize their potential and drive success.

We generate most of our revenue from the sale of our products pursuant to multi-year customer agreements. Customer agreements for our human capital management platform typically have terms of three years. Our sales processes are typically competitive, and sales cycles generally vary in duration from two to nine months depending on the size of the potential customer. We generally price our human capital management platform based on the number of products purchased and the permitted number of users with access to each product.

#### **Results and dividends**

The loss for the financial year was \$67.7m (2021: \$3.4m).

During the year, as part of the LER project, the company distributed its holding in two subsidiaries to its immediate parent (refer to note 27). No other dividends were paid for the year ended 31 December 2022 (2021: \$nil).

#### **Directors**

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr R. C. Courson	(Appointed 8 July 2022)
Ms S. J. H Laughton	(Appointed 2 March 2022)
Mr J. D. Springer	(Appointed 2 March 2022 and resigned 1 August 2022)
Mr B. D. Ulrich	(Resigned 22 April 2022)
Mr A. J. Weiss	(Resigned 5 February 2022)

#### **Qualifying third party indemnity provisions**

The Group has made qualifying third-party indemnity provisions for the benefit of its Directors during the year. These provisions remain in force at the reporting date.

#### **Future developments**

The Group is committed to its principal products, maintains a dedicated development team, and continues to invest in the development of its product offerings to ensure product competitiveness in line with the wider Cornerstone Group strategy.

#### **Research and development**

Cornerstone OnDemand Limited (CSOD Limited), a subsidiary of the Group continues to enter several research and development ("R&D") agreements with other companies within the Group to further develop and enhance CSOD Limited Intellectual Property ('IP'). Under these agreements CSOD Limited is the Principal (owner of all rights, title, and interest in and to the IP), while other companies within the Group are the contractors that have the necessary expertise and facilities to undertake the R&D work. In return CSOD Limited reimburses the costs incurred by each contractor providing R&D services plus mark-up. During the reporting year the Group capitalised \$9.1m (2021: \$9.2m).

The Group is committed to its principal products, maintains a dedicated development team and continues to invest in the development of its product offerings to ensure product competitiveness in line with the wider Cornerstone Group strategy. The responsibilities of the research and development organization include product management, product development, quality assurance, IT security, and technology operations.

## **CORNERSTONE ONDEMAND UK HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **Post reporting date events**

In 2023, some subsidiaries were liquidated or merged with other subsidiaries within the Group. This was part of the Legal Entity Rationalisation (LER) project to streamline the corporate structure of the CSOD Group. The directors do not expect any consequential material changes to the organisation as a whole. Details of the subsidiaries impacted by the LER project can be found in note 14.

#### **Auditor**

RSM UK Audit LLP has indicated its willingness to resign its position as the auditor. Appropriate arrangements have been put in place for a new auditor to be appointed.

#### **Statement of disclosure to auditor**

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as Directors, in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

#### **Branches outside the UK**

During 2022 The Group unincorporated branches in Hong Kong and the Netherlands transferred the assets and liabilities to other subsidiaries within the Group as part of the Legal Entity Rationalisation project.

#### **Disclosure of information in the strategic report**

In accordance with Companies Act 2006, s. 414C(11) the Group has chosen to set out in the Group's Strategic Report certain information required to be contained in the Directors' Report by the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7. It has done so in respect of financial risk management objectives and policies and stakeholder engagement.

#### **Streamlined energy and carbon reporting**

In line with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations"), large unquoted companies and large LLPs are required to adhere to the mandatory Streamlined Energy and Carbon Reporting regulation introduced by the UK Government. To comply with these regulations, the Group must report its UK energy use and associated greenhouse gas ('GHG') emissions in its Directors' Report within annual reports effective from 1 April 2019.

#### *Reporting period*

1 January - 31 December, which is in line with our tax reporting period.

#### *Approach*

The Directors have followed the Government's Guidance and adapted for SECR reporting, a widely recognised Greenhouse Gas Reporting Protocol-Corporate Standard methodology.

#### *Organisational and operational boundaries of the Group*

Cornerstone's structural and operational boundaries are the same. Cornerstone operates from one site in the UK:

- 16 St. Johns Lane, Farringdon London, United Kingdom, EC1M 4BS

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

*Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR)*  
We are covering the UK energy use (classified within Scope 1, Scope 2 and the mandatory element of Scope 3) and associated greenhouse gas, intensity ratios and information relating to energy efficiency actions.

Energy Type:		Energy Use (kWh)		% Split kWh		Emissions (tCO <sub>2</sub> e/yr.)		% Split kWh	
		2022	2021	2022	2021	2022	2021	2022	2021
Combustion of Gas	(Scope 1)	0	0	0.0%	0.0%	0.0	0.0	0.0%	0.0%
Electricity	(Scope 2)	146,184	145,714	60.1%	86.3%	31.1	31.0	60.9%	84.4%
Transport	(Scope 3)	96,980	23,150	39.9%	13.7%	20	5.7	39.1%	15.6%
<b>Total</b>	<b>(Scope 1, 2 and 3)</b>	<b>243,164</b>	<b>168,864</b>	<b>100.0%</b>	<b>100.0%</b>	<b>51.1</b>	<b>36.7</b>	<b>100.0%</b>	<b>100.0%</b>

**Intensity Ratio - Energy consumption and associated GHG emissions per the number of Full Time Employees**

Intensity ratios compare emissions data with an appropriate business metric or financial indicator. This allows a comparison of energy efficiency performance over time, and with other similar types of organisations. Cornerstone has chosen to compare overall energy consumption and associated GHG emissions with annual turnover, the total occupied office floor area, and the number of full-time employees for the reporting period.

tCO <sub>2</sub> e per full time employee	0.32 (2021: 0.28)
tCO <sub>2</sub> e per \$100,000 turnover	0.09 (2021: 0.06)
tCO <sub>2</sub> e per floor area	0.07 (2021: 0.05)

*Energy efficiency actions*

Since 2019, The Group has integrated more green practices in our day-to-day business, to promote eco-friendly environments & workplaces, and to make the ways in which we work more sustainable. The Directors became more conscious of the ways in which we travelled, opting for trains instead of planes and only travelling for essential client meetings, as well as cycling or using public transport instead of driving to work. Subsidiaries in the UK have partnered with Green Commute Initiative, offering employees a cycle to work scheme to promote a greener planet and a healthier workforce. The Group has reduced single use plastic in its offices and home offices globally. With office equipment, we recycle, upcycle, reinvent, and find new purposes for the old where we can, including donating to charity. The Group corporate events are considered green, as well as our employee team- building events which include activities such as tree planting. All employees globally work to a flexible first model, allowing for remote work and less travel. Office spaces and facilities are used where operationally required, and employees are aware of energy efficient office habits e.g. turn of lights not in use, computers & other office appliances, use e-tickets, e-signatures, print double-sided by default, embrace paperless meetings.

*Methodology*

The London office is not using gas for space heating as the building is all-electric. The UK subsidiaries do not have any company vehicles and therefore Cornerstone's Scope 1 energy consumption is zero. The methodology used for determining energy and carbon emissions comes from the following sources of GHG emissions:

- Electricity used for lighting, heating, ventilation and air conditioning (HVAC), and the operation of office equipment (Scope 2).
- The use of vehicles for business travel (Scope 3).

## **CORNERSTONE ONDEMAND UK HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

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Electricity consumption at the London office is included in the service charge, however, this does not include energy usage for heating, ventilation and air conditioning. This excludes all energy used for heating, ventilation and air conditioning purposes. It also excludes our share of energy used for air-conditioning the common areas. Based on the above, the energy consumption has therefore been calculated from floor area based on the Building Energy Efficiency Survey report for electrically heated offices published by the Department for Business Energy and Industrial Strategy. The percentage increase compared to 2021 is 0.01% and the Company will continue with its measures to keep this low.

Cornerstone does not operate any company cars and is therefore not reporting on any Scope 1 transport energy use. All business travel that is required to be reported (Scope 3 emissions) is undertaken by utilising privately owned vehicles (grey fleet). Data on the number of miles travelled was obtained through Cornerstone's expense claim system based on a standard reimbursement rate. Calculations are based on an annual average price for petrol and diesel for 2022 to calculate the number of litres used.

Business travel accounts for 39.1% of Cornerstone's 2022 carbon footprint. The total emissions have increased significantly by 247% compared to 2021 and this is due to business travel activities increasing following a full year without Covid-19 travel restrictions.

GHG emissions have been calculated using the UK Government approved and published conversion factors for company reporting, 2022.

On behalf of the Board:

DocuSigned by:

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Ms S. J. H. Laughton

**Director**

December 6, 2023

Date: .....

## **CORNERSTONE ONDEMAND UK HOLDINGS LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022**

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

Company law requires the Directors to prepare Group and company financial statements for each financial year. The Directors have elected under company law to prepare the Group financial statements in accordance with UK-adopted international accounting standards (IAS) in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101: Reduced Disclosure Framework.

The financial statements are required by company law and international accounting standards in conformity with the requirements of the Companies Act 2006 to present fairly the financial position and the financial performance of the Group and Company. The Companies Act 2006 provides, in relation to such financial statements, that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 the Company and of their profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- for the parent company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent company's ability to continue as a going concern disclosing, as applicable, matters related to going concern; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error, and general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and company and to prevent and detect fraud and other irregularities.

## **CORNERSTONE ONDEMAND UK HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORNERSTONE ONDEMAND UK HOLDINGS LIMITED**

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#### **Opinion**

We have audited the financial statements of Cornerstone OnDemand UK Holdings Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the Consolidated statement of comprehensive income, Consolidated and Company statement of financial position, Consolidated and Company statement of changes in equity, Consolidated statement of cash flows and notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" United Kingdom Generally Accepted Accounting Practice.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law); 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 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

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

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

#### **Other information**

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

## **CORNERSTONE ONDEMAND UK HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORNERSTONE ONDEMAND UK HOLDINGS LIMITED**

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We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our 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 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 strategic report and the Directors' report.

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 disclosure of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement set out on page 11, 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 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.

#### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

## **CORNERSTONE ONDEMAND UK HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORNERSTONE ONDEMAND UK HOLDINGS LIMITED**

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In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team and component auditors:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the Group and parent company operate in and how the Group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are UK-adopted IAS, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and the calculation of tax provisions.

The audit engagement team identified the risk of management override of controls and revenue recognition under IFRS 15 as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to:

- Evaluating whether the business rationale (or the lack thereof) of any significant, unusual transactions and transactions outside the normal course of business suggested that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets;
- Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- Reviewing accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement;
- Reviewing the allocation of transaction price to multiple contractual performance obligations.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the consolidated financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our Group audit approach.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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 parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORNERSTONE  
ONDEMAND UK HOLDINGS LIMITED**

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*David Olsson*

DocuSigned by:  
*David Olsson*  
46019A08BAAF4A3

David Olsson (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
The Pinnacle  
170 Midsummer Boulevard  
Milton Keynes  
MK9 1BP

December 11, 2023

Date: .....

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

		<b>2022</b>	<b>2021</b>
		<b>\$</b>	<b>\$</b>
	<b>Notes</b>		
<b>Revenue</b>	<b>3</b>	280,864,920	265,901,344
Cost of sales		(19,298,344)	(27,138,127)
<b>Gross profit</b>		261,566,576	238,763,217
Administrative expenses	<b>4</b>	(324,956,702)	(243,767,388)
<b>Operating loss</b>	<b>4</b>	(63,390,126)	(5,004,171)
Finance income	<b>8</b>	306	45,594
Finance costs	<b>9</b>	(173,830)	(176,870)
<b>Loss before income tax</b>		(63,563,650)	(5,135,447)
Income tax (expense)/ credit	<b>10</b>	(4,155,667)	1,700,721
<b>Loss for the financial year</b>		(67,719,317)	(3,434,726)
<b>Other comprehensive income:</b>			
Currency translation differences		218,468	(13,496,748)
<b>Total comprehensive loss for the year</b>		(67,500,849)	(16,931,474)

Total comprehensive income for the year is all attributable to the owners of the parent company.

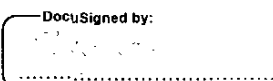
The notes on pages 22 to 58 form an integral part of these financial statements.

## CORNERSTONE ONDEMAND UK HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022

		2022 \$	2021 \$
<b>ASSETS</b>	<b>Notes</b>		
<b>Non-current assets</b>			
Intangible assets	11	26,194,578	28,912,153
Intangible assets – goodwill	11	193,377,200	209,090,081
Property, plant and equipment	12	1,740,949	4,873,273
Other receivables	17	17,134,661	12,021,384
<b>Total non-current assets</b>		<b>238,447,388</b>	<b>254,896,891</b>
<b>Current assets</b>			
Trade and other receivables	16	165,651,839	191,339,271
Cash and cash equivalents	18	23,199,490	63,659,186
Corporate tax recoverable		2,764,001	2,940,435
<b>Total current assets</b>		<b>191,615,330</b>	<b>257,938,892</b>
<b>Total assets</b>		<b>430,062,718</b>	<b>512,835,783</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income	20	555,167	1,076,719
Lease liabilities	21	826,317	2,389,474
Deferred tax liabilities	22	-	142,320
Provisions	23	346,293	137,488
<b>Total non-current liabilities</b>		<b>1,727,777</b>	<b>3,746,001</b>
<b>Current liabilities</b>			
Trade and other payables	19	114,134,155	138,259,115
Deferred income	20	131,260,999	124,321,102
Lease liabilities	21	1,370,915	1,711,404
<b>Total current liabilities</b>		<b>246,766,069</b>	<b>264,291,621</b>
<b>Total liabilities</b>		<b>248,493,846</b>	<b>268,037,622</b>
<b>Net assets</b>		<b>181,568,872</b>	<b>244,798,161</b>
<b>Capital and reserves</b>			
Share capital	25	3	3
Share premium	26	-	304,076,578
Retained earnings	26	175,695,988	(64,932,833)
Currency translation reserve		5,872,881	5,654,413
<b>Total equity attributable to the owners of the Company</b>		<b>181,568,872</b>	<b>244,798,161</b>

The financial statements on pages 16 to 58 were approved by the board of the Directors and signed on on December 6, 2023 and are signed on its behalf by:

DocuSigned by:  
  
 848C68FC54D549D  
 Ms S. J. H. Laughton

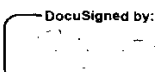
The notes on pages 22 to 58 form an integral part of these financial statements.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****COMPANY STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022**

	Notes	2022 \$	2021 \$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments	13	311,808,166	304,076,583
		<u>311,808,166</u>	<u>304,076,583</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	19	13,049,889	1
<b>Net assets</b>		<u><b>298,758,277</b></u>	<u><b>304,076,582</b></u>
<b>Equity</b>			
Share capital	26	3	3
Share premium	27	-	304,076,579
Retained earnings	27	298,758,274	-
<b>Total equity attributable to the owners of the Company</b>		<u><b>298,758,277</b></u>	<u><b>304,076,582</b></u>

Cornerstone OnDemand UK Holdings Limited has elected to take the exemption under Section 408 of the Companies Act 2006 to not present a Company Statement of Comprehensive Income and related notes as it prepares Group accounts. The Company's profit for the year was \$2,389,770 (2021: \$nil).

The financial statements on pages 16 to 58 were approved by the Board of Directors on December 6, 2023 and are signed on its behalf by:

DocuSigned by:  
  
 BA9CG6FG54D549D  
 Ms S. J. H. Laughton  
 Director

The notes on pages 22 to 58 form an integral part of these financial statements.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	Share capital	Share premium	Retained earnings	Currency translation reserves	Total equity
<b>Balance at 1 January 2021</b>		\$ 3	\$ 304,076,578	\$ (61,856,221)	\$ 1£,151,161	\$ 261,371,521
<b>Year ended 31 December 2021:</b>						
Loss for the year		-	-	(3,434,726)	-	(3,434,726)
<b>Other comprehensive loss:</b>						
Currency translation differences		-	-	-	(13,496,748)	(13,496,748)
Total comprehensive expense for the year		-	-	(3,434,726)	(13,496,748)	(13,496,748)
<b>Transactions with owners:</b>						
Share-based payments	7	-	-	358,114	-	358,114
<b>Balance at 31 December 2021</b>		3	304,076,578	(64,932,833)	5,654,413	244,798,161
<b>Year ended 31 December 2022:</b>						
Loss for the year		-	-	(67,719,317)	-	(67,719,317)
<b>Other comprehensive loss:</b>						
Currency translation differences		-	-	-	218,468	218,468
Total comprehensive expense for the year		-	-	(67,719,317)	218,468	(67,500,849)
<b>Transactions with owners:</b>						
Capital reduction	27	-	(304,076,578)	304,076,578	-	-
Transfer of subsidiary	27	-	-	4,271,560	-	4,271,560
<b>Balance at 31 December 2022</b>		3	-	175,695,988	5,872,881	181,568,872

The notes on pages 22 to 58 form an integral part of these financial statements.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	Share capital \$	Share premium \$	Retained earnings \$	Total equity \$
<b>Balance at 1 January 2021</b>		3	304,076,579	-	304,076,582
<b>Year ended 31 December 2021:</b>					
Profit and total comprehensive income for the year		-	-	-	-
<b>Transactions with owners</b>					
Shares issued	26	-	-	-	-
<b>Balance at 31 December 2021</b>		3	304,076,579	-	304,076,582
<b>Year ended 31 December 2022:</b>					
Profit for the year		-	-	2,389,770	2,389,770
Total comprehensive income for the year				2,389,770	2,389,770
<b>Transactions with owners:</b>					
Capital reduction	27	-	(304,076,579)	304,076,579	-
Distribution	27	-	-	(7,708,075)	(7,708,075)
<b>Balance at 31 December 2021</b>		3	-	298,758,274	298,758,277

The notes on pages 22 to 58 form an integral part of these financial statements.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 \$	2021 \$
<b>Cash flows from operating activities:</b>			
Loss for the financial year		(67,719,317)	(3,434,726)
Depreciation of property, plant and equipment	12	3,300,906	4,887,453
Amortisation of intangible assets	11	8,672,190	8,239,286
Share based payment expense	7	-	4,181,143
Finance income	8	(306)	(45,594)
Finance costs	9	173,830	176,870
Loss on disposal of intangible assets		983,647	624
Loss on disposal of property, plant and equipment		238,505	337
Income tax		4,155,667	(1,700,721)
<b>Operating cash flows before movements in operating assets and liabilities</b>		<b>(50,194,878)</b>	<b>12,304,672</b>
Decrease/(increase) in trade and other receivables		25,265,257	(18,319,504)
(Decrease)/increase in trade and other payables		(21,312,539)	56,930,206
(Decrease)/increase in deferred revenue		(6,792,205)	8,647,978
Increase/(decrease) in provisions		215,267	(1,889,839)
<b>Cash (used in)/generated from operations</b>		<b>(52,819,098)</b>	<b>57,673,513</b>
Income tax paid		(1,932,321)	(2,907,642)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>(54,751,419)</b>	<b>54,765,871</b>
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment	12	(760,035)	(113,933)
Disposal of property, plant and equipment	12	-	19,995
Purchase of intangible assets	11	(9,074,381)	(9,142,116)
Net cash received on acquisition of trade and assets		8,208,598	-
Interest received		306	45,594
Interest paid		(173,830)	(176,870)
<b>Net cash outflow from investing activities</b>		<b>(1,799,342)</b>	<b>(9,367,330)</b>
<b>Cash flows from financing activities:</b>			
Repayment of lease liabilities	21	(1,570,925)	(2,693,618)
<b>Net cash outflow from financing activities</b>		<b>(1,570,925)</b>	<b>(2,693,618)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(58,121,686)</b>	<b>42,704,923</b>
Cash and cash equivalents at the beginning of the year		63,659,186	31,148,308
Effect of foreign exchange rates		17,661,990	(10,194,045)
<b>Cash and cash equivalents at end of year</b>		<b>23,199,490</b>	<b>63,659,186</b>

The notes on pages 22 to 58 form an integral part of these financial statements.

## CORNERSTONE ONDEMAND UK HOLDINGS LIMITED

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

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#### 1. Accounting policies

##### General information

Cornerstone OnDemand UK Holdings Limited ('the company') is a private company limited by shares and is incorporated and domiciled in England and Wales. The registered office is 16 St Johns Lane, Farringdon, London, EC1M 4BS.

The Company's and the Group's principal activities and nature of their operations are disclosed in the Strategic and Directors' Report.

##### Basis of preparation

These financial statements have been prepared in accordance with UK-adopted International Accounting Standards ('IAS') in conformity with the requirements of the Companies Act 2006.

The financial statements are presented in US dollars (\$) which is the functional currency of the Company, and all values are rounded to the nearest \$1, except when otherwise indicated.

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

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which circumstances change. The areas involving judgement or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

##### Individual Company financial statements- Reduced disclosures

The Company is a qualifying entity for the purposes of FRS 101: Reduced Disclosure Framework ("FRS 101") and has therefore taken advantage of the following disclosure exemptions from the requirements of IFRS, for the parent company information presented within these consolidated financial statements:

- Presentation of a cash flow statement and related notes;
- Disclosure of the objectives, policies and processes for managing capital;
- Inclusion of an explicit and unreserved statement of compliance with IFRS;
- Disclosure of key management compensation;
- Disclosure of the categories of financial instruments and nature and extent of risks arising on these financial instruments;
- Disclosure of the effect of financial instruments on the statement of comprehensive income;
- Comparative period reconciliations for share capital and investments;
- Related party disclosures for transactions with the parent or wholly owned members of the Group; and
- Disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date.

Where required, equivalent disclosures are given in these Group financial statements.

##### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries, together, the 'Group') made up to 31 December 2022. The consolidated financial statements of the Group have been prepared under the accounting principles of IFRS 10- 'Consolidated Financial Statements'.

## **CORNERSTONE ONDEMAND UK HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **1. Accounting policies (continued)**

Subsidiaries are entities over which the Group has control. Control is defined as the power to direct the entity's relevant activities, exposure to variable returns from involvement with the entity and the ability to use this power to affect the amount of the returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries are amended where necessary to ensure consistency with the policies adopted by the Group.

The income and expenses of a subsidiary are included in the consolidated financial statements until the date on which the Group ceases to control the subsidiary. Where the Group disposes of a subsidiary, via a distribution to its parent undertaking for no consideration, the Group derecognises the subsidiaries net assets at the date of the distribution, when control is lost, with a corresponding entry to equity.

#### **Business combinations**

Acquisitions of businesses are accounted for using the purchase method. The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued, and liabilities incurred or assumed. The excess of the cost of a business combination over the fair value of the identifiable assets and liabilities acquired is recognised as goodwill. Costs directly attributable to the business combination are expensed to profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12- 'Income Taxes', and IAS 19- 'Employee Benefits'.

#### **Common control business combinations**

For the acquisition of businesses from Group companies under common control, the Group applies common practice under IFRS and applies the merger accounting principles of FRS 102- The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102').

For a trade and assets purchase, the acquired assets and liabilities are recognised at their book values, as reported in the selling company immediately before the acquisition- no adjustments are made to reflect fair values at the acquisition date, or to recognise any new identifiable assets or liabilities, at the date of the acquisition, that would otherwise be recognised under the acquisition accounting method. No goodwill is recognised. The only adjustments that are made are to align accounting policies. In accordance with generally accepted accounting practice under FRS 102, for the application of merger accounting principles to a trade and assets acquisition, the results of the acquired business are accounted for prospectively from the date of the acquisition.

#### **Adoption of new and revised standards**

There has been no impact on the Group from the application of any new standards in the reporting period commencing from 1 January 2022.

## **CORNERSTONE ONDEMAND UK HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **1. Accounting policies (continued)**

##### **New and revised standards in issue but not yet effective**

The following standards, amendments and interpretations to existing standards have been published but are not effective and have not been early adopted by the Group:

- Amendments to IAS 12 Income Taxes; Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued 7 May 2021, effective 1 January 2023);
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback (issued September 2022, effective 1 January 2024);
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (issued 31 October 2022, effective 1 January 2024).
- Amendments to IAS 8 Accounting policies, Changes in accounting estimates, and Errors (issued 12 February 2021, effective 1 January 2023); and
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (issued 12 February 2021, effective 1 January 2023);
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 (issued May 2023, effective 1 January 2024).

It is not anticipated that the adoption of the above standards, amendments and interpretations of existing standards will have a material impact on the Group financial statements in the period of initial application.

##### **Going concern**

The net assets at the reporting date are in line with the expectations of the Directors and are in accordance with the long-term business plans of the immediate parent undertaking. The Directors note that the business is managed on a group basis and that the Group headed by the Company's parent undertaking, Cornerstone OnDemand, Inc, has net assets and considerable cash and liquid investment balances. Cornerstone OnDemand, Inc has undertaken to provide such financial support as required to enable the Company and Group to continue trading as a going concern, and to discharge its debts as they fall due for a period of at least 12 months from the date the accounts are approved.

Based on the long-term business plans and parental support as supported by the Group's robust financial position, the Directors have continued to adopt the going concern basis of accounting in preparing the financial statements.

##### **Foreign currency**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are initially recognised at the rate of exchange at the date of the transaction, and subsequently re-translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are initially recognised at the rate of exchange at the date of the transaction and are not subsequently re-translated. These foreign exchange gains and losses are recognised in the income statement.

Assets and liabilities of overseas subsidiaries are translated into the Group's presentation currency (\$) at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year as the Directors consider this to be a reasonable approximation to the rate at the date of the transaction. Translation differences are recognised in other comprehensive income and accumulated in a separate reserve in equity.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****1. Accounting policies (continued)****Turnover**

Turnover comprises revenue generated from customers. The Group derives its revenue from the following sources:

*Subscriptions to the Group's products and other offerings on a recurring basis*

Customers pay subscription fees for access to the Group's enterprise human capital management platform, other products and support on a recurring basis. Fees are based on a number of factors, including the number of products purchased, which may include e-learning content, and the number of users having access to a product. The Group generally recognises revenue from subscriptions rateably over the term of the agreements beginning on the date the subscription service is made available to the customer. Subscription agreements are typically three years, billed annually in advance, and non-cancellable.

*Professional services and other*

The Group offers its customers and implementation partners assistance in implementing its products and optimising their use. Professional services include application configuration, system integration, business process re-engineering, change management and training services. Services are generally billed up-front on a fixed fee basis. These services are generally purchased as part of a subscription arrangement and are typically performed within the first several months of the arrangement. Customers may also purchase professional services at any other time. The Group generally recognises revenue from fixed fee professional services contracts as services are performed based on the proportion performed to date relative to the total expected services to be performed. Revenue associated with time-and-material contracts are recorded as such time-and-materials are incurred. Out-of pocket travel costs related to the delivery of professional services are typically reimbursed by the customer and are accounted for as revenue in the period in which the cost is incurred.

*Royalty revenue from related parties*

The Group earns royalties from licensing various intellectual property to the wider Group. In accordance with the requirements of IFRS 15, the Group has considered whether the nature of its promises in granting licenses is to provide; a right to access the Group's intellectual property as it exists throughout the license period, or; a right to use the Group's intellectual property as it exists at the point at which the license is granted.

The licenses are cancellable by either party; the Group and the licensee, every 90 days. Under the requirements of IFRS 15, the Group has concluded that the arrangement has a 90-day contractual period, which renews every 90 days once the license fee for each 90-day period has been paid. As a result, the Group recognises the license fee for each 90-day period as revenue at the beginning of that period, once the license fee for that period becomes payable and the rights under the license for that period have been granted.

The Group recognises revenue from contracts with customers based on the following five steps:

- 1) Identification of the contract, or contracts, with a customer
- 2) Identification of all performance obligations in the contract
- 3) Determination of the transaction price
- 4) Allocation of the transaction price to the performance obligations in the contract
- 5) Recognition of revenue as we satisfy a performance obligation

The Group identifies enforceable contracts with a customer when the agreement is signed. The Group accounts for individual performance obligations separately if they are distinct. The transaction price is generally based on fixed fees stated in the contract. The Group excludes from the transaction price any amounts relating to taxes from product sales which are collected from customers and remitted to governmental authorities. If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price basis.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****1. Accounting policies (continued)**

The Group is not able to directly observe a standalone selling price for its performance obligations, as the performance obligations are sold separately and within a sufficiently narrow price range only infrequently, and because management has determined that there are no third-party offerings reasonably comparable to the Group's products. Accordingly, total contract values are allocated to subscriptions to the products and professional services based on management's best estimate of the standalone selling price. This determination requires the Group to make certain estimates and judgments. The Group considers numerous factors, including the nature and complexity of the performance obligations themselves; the geography, market conditions and competitive landscape for the sale; internal costs; and pricing and discounting practices. The Group updates its estimates of standalone selling price on an ongoing basis through internal periodic reviews and as events or circumstances may require.

Revenue is recognised at the time the related performance obligation is satisfied by transferring a promised service to a customer. The Group satisfies performance obligations over time.

For arrangements in which the Group re-sells third-party e-learning training content to customers, revenue is recognized at the gross amount invoiced to customers as (i) the Group is primarily responsible for hosting the content on the Group's solutions for the term of the agreement, and (ii) the Group typically has discretion to establish the price charged.

***Deferred revenue***

The Group records amounts that have been invoiced to its customers in trade receivables and in either deferred income or turnover depending on whether the revenue recognition criteria described above have been met. Deferred income that will be recognised during the succeeding twelve-month period from the respective reporting end date is recorded as current deferred income and the remaining portion is recorded as non-current.

***Commission Payments***

The Group defers commissions paid to its sales force and related payroll taxes as these amounts are incremental costs of obtaining a contract with a customer and are recoverable from future revenue due to the non-cancellable customer agreements that gave rise to the commissions. Commissions for initial contracts are deferred on the statement of financial position and amortised on a straight-line basis over a period of benefit that has been determined to be six years. The Group took into consideration technology and other factors in estimating the benefit period. Sales commissions for renewal contracts are deferred and amortised on a straight-line basis over the related contract renewal period.

***Cost of sales***

Cost of sales consists primarily of costs related to hosting the Group's products and delivery of professional services, and includes the following:

- personnel and related expenses, including stock-based compensation;
- expenses for network-related infrastructure and IT support;
- delivery of contracted professional services and ongoing customer support and customer success initiatives;
- payments to external service providers contracted to perform implementation services;
- depreciation of data centres, and amortisation of: capitalised software costs, developed technology software license rights, and technology-related intangible assets from acquisitions; and
- content and licensing fees, and referral fees.

In addition, the Group allocates a portion of its overheads, such as rent, IT costs, depreciation and amortisation, and employee benefits costs, to cost of sales based on headcount and total costs. The costs associated with providing professional services are recognised as incurred when the services are performed. Out-of-pocket travel costs related to the delivery of professional services are typically reimbursed by the customer and are accounted for as cost of sales in the period in which the cost is incurred.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****1. Accounting policies (continued)****Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Property, plant and equipment**

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to write off the cost of assets, less their residual values, to profit or loss on a straight-line basis over the estimated useful lives, as follows:

Leasehold improvements	over the length of the lease
Equipment	over 3 or 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in profit and loss.

**Right-of-use assets**

Right-of-use assets are recognised at the commencement date of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the Group.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The depreciation methods applied are as follows:

Leasehold property	over the remaining lease term of between 1-3 years
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Right-of-use assets are adjusted for any re-measurement of the lease liability and lease modifications, as set out in the lease accounting policy.

**Intangible assets****Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****1. Accounting policies (continued)*****Intangible assets other than goodwill***

Intangible assets that are acquired separately are initially measured at cost. Intangible assets acquired in a business combination are initially measured at cost, as determined based on fair value at the date of acquisition. Intangible assets are subsequently carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation is provided to write off the cost of assets, less their residual values, to profit or loss on a straight-line basis over the estimated useful lives, as follows:

Purchased computer software	3 years
Customer contracts	2 years
Trade and domain names	3 years
Customer relationships	11 years
Developed technology	3 - 4 years

Amortisation periods and methods are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

***Internally generated intangible assets – research and development costs***

Research and development expenses consist primarily of personnel and related expenses for the Group's research and development staff, including salaries, benefits, bonuses, and stock-based compensation; the cost of certain third-party service providers; and allocated overheads. Research expenditure is recognised as an expense as incurred.

Development expenditure incurred on internally generated intangible assets is recognised as an intangible asset if all the following criteria are met:

- It is probable that the asset created will generate future economic benefits;
- The development cost of the asset can be measured reliably;
- Technical feasibility of completing the intangible asset can be demonstrated;
- There is the ability to use or sell the asset;
- Adequate technical, financial and other resources to complete the development and to use or sell the asset are available; and
- There is intention to complete, use or sell the intangible asset.

Capitalised development costs are initially measured at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. The asset is amortised over the period of expected future benefit.

Amortisation is provided to write off the cost of the asset over its useful life on the following basis:

Software development asset	3 years
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***Impairment of non-financial assets***

At each reporting end date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****1. Accounting policies (continued)**

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. Impairment losses on goodwill are never reversed.

**Non-current investments**

Investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting end date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

**Financial instruments**

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

**Financial assets***Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand, demand deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

*Trade and other receivables*

Trade receivables are initially measured at their transaction price. Amounts owed by group undertakings and other receivables are initially measured at fair value, which is normally equivalent to transaction price, plus transaction costs. Trade and other receivables are held to collect the contractual cash flows which are solely payments of principal and interest and are subsequently measured at amortised cost, being the amount initially recognised less amounts settled and any impairment losses.

*Derecognition of financial assets*

A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party. When there is no reasonable expectation of recovering a financial asset, it is derecognised ('written off'). The gain or loss on derecognition of financial assets measured at amortised cost is recognised in profit or loss.

*Impairment of financial assets*

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****1. Accounting policies (continued)**

The measurement of impairment losses depends on whether the financial asset is 'performing', 'underperforming' or 'non-performing' based on the Group's assessment of increases in the credit risk of the financial asset since its initial recognition and any events that have occurred before the year-end which have a detrimental impact on cash flows. The financial asset moves from 'performing' to 'underperforming' when the increase in credit risk since initial recognition becomes significant.

In assessing whether credit risk has increased significantly, the Group compares the risk of default at the year-end with the risk of a default when the financial asset was originally recognised using reasonable and supportable past and forward-looking information that is available without undue cost. The risk of a default occurring takes into consideration default events that are possible within 12 months of the year-end ("the 12-month expected credit losses") for 'performing' financial assets, and all possible default events over the expected life of those debtors ("the lifetime expected credit losses") for 'underperforming' financial assets.

Impairment losses and any subsequent reversals of impairment losses are adjusted against the carrying amount of the financial asset and are recognised in profit or loss.

*Impairment of trade receivables*

For trade receivables, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historical credit loss experience by product type, customer type and location.

**Financial liabilities***Financial liabilities*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities.

*Trade payables and other payables*

Trade payables, amounts owed to group undertakings, accruals and other payables are initially measured at fair value, which is normally equivalent to transaction price, less transaction costs, and are subsequently measured at amortised cost, being the amount initially recognised less amounts settled.

*Derecognition of financial liabilities*

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires. Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in profit or loss.

*Equity*

Equity instruments issued are recorded at fair value on initial recognition net of transaction costs.

**Finance costs and finance income**

These are determined using the effective interest rate method, which is a method of calculating the amortised cost of a financial asset or financial liability (or Group of financial assets or liabilities) and of allocating the interest income or interest expense over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount.

**Provisions**

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## CORNERSTONE ONDEMAND UK HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1. Accounting policies (continued)

##### *Leasehold property provisions*

Leasehold property provisions arise where the Group incurs an obligation to restore a leased property to the condition that existed at the commencement date of the lease.

##### *Restructuring provisions*

Redundancy and restructuring provisions are only recognised when a detailed formal plan for the restructuring exists and it has been communicated to those affected by it.

##### **Income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Current tax assets and liabilities are offset when the Group has a legally enforceable right to set off and when the Group intends to settle on a net basis.

##### *Deferred tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting end date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow based on the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset, when the Group has a legally enforceable right to set-off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

##### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are revenue contract related.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1. Accounting policies (continued)**

Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**Retirement benefit obligations**

*Defined contribution pension obligation*

The Group operates a defined contribution scheme for the benefit of its employees. Contributions are charged to profit or loss in the year they are payable. The assets of the scheme are held separately from those of the Group in an independently administered fund.

**Leases**

On commencement of a contract (or part of a contract) which gives the Group the right to use an asset for a period of time in exchange for consideration, the Group recognises a right-of-use asset and a lease liability, unless the lease qualifies as a 'short-term' lease or a 'low-value' lease.

*Short-term leases*

Where the lease term is twelve months or less and the lease does not contain an option to purchase the leased asset, lease payments are recognised as an expense on a straight-line basis over the lease term.

*Leases of low-value assets*

For leases where the underlying asset is low-value, lease payments are recognised as an expense on a straight-line basis over the lease term.

*Initial measurement of the lease liability*

The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

The lease term is the non-cancellable period of the lease plus extension periods that the Group is reasonably certain to exercise and termination periods that the Group is reasonably certain not to exercise.

Lease payments include fixed payments, less any lease incentives receivable, variable lease payments dependant on an index or a rate (such as those linked to LIBOR) and any residual value guarantees. Variable lease payments are initially measured using the index or rate when the leased asset is available for use.

*Subsequent measurement of the lease liability*

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments. Interest on the lease liability is recognised in profit or loss.

*Remeasurement of the lease liability*

The lease liability is adjusted for changes arising from the original terms and conditions of the lease that change the lease term, the Group's assessment of its option to purchase the leased asset, the amount expected to be payable under a residual value guarantee and/or changes in lease payments due to a change in an index or rate. The adjustment to the lease liability is recognised when the change takes effect and is adjusted against the right-of-use asset, unless the carrying amount of the right-of-use asset is reduced to nil, when any further adjustment is recognised in profit or loss.

Adjustments to the lease payments arising from a change in the lease term or assessment of options to purchase the leased asset are discounted using a revised discount rate. The revised discount rate is calculated as the interest rate implicit in the lease for the remainder of the lease term, or if that rate cannot be readily determined, the incremental borrowing rate at the date of reassessment.

## CORNERSTONE ONDEMAND UK HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1. Accounting policies (continued)

##### *Lease modifications*

A lease modification is a change that was not part of the original terms and conditions of the lease and is accounted for as a separate lease if it increases the scope of the lease by adding the right to use one or more additional assets with a commensurate adjustment to the payments under the lease.

For a lease modification not accounted for as a separate lease, the lease liability is adjusted for the revised lease payments, discounted using a revised discount rate. The revised discount rate used is the interest rate implicit in the lease for the remainder of the lease term, or if that rate cannot be readily determined, the incremental borrowing rate at the date of the modification.

Where the lease modification decreases the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease. Any difference between the adjustment to the lease liability and the adjustment to the right-of-use asset is recognised in profit or loss. For all other lease modifications, the adjustment to the lease liability is recognised as an adjustment to the right-of-use asset.

##### **Share-based payments**

The Group has issued share options and restricted stock units to certain directors and employees. Effective 1 July 2015, the Group entered into a recharge agreement with its parent, whereby all companies within the Group agreed that the total cost incurred by the parent over the life of the awards relating to the grant of awards to employees should be borne by the Group. Any excess share-based payment charge in any given period, over and above the amount re-charged by the parent for that period is recognised as a credit to equity.

*The total cost incurred prior to this effective date was accounted for by the Group as a credit to equity.* The fair value of the awards are calculated using the Black-Scholes method. The fair value is charged as an expense in profit or loss over the vesting period. The charge is adjusted each year to reflect the expected and the actual level of vesting.

During the prior year, all share-based payment arrangements were cancelled in October 2021, when Cornerstone OnDemand Inc, the Company's parent, which was publicly traded in the United States, was acquired by Clearlake Capital Group, L.P. and became a privately held company. The share-based payment arrangements were replaced with cash awards on the same vesting profile, and the relevant employing company in the Group took over the obligation to settle the awards. At the date of the modification a liability was recognised for the cash award, to the extent vested in accordance with IAS 19, and the liability due to the parent under the re-charge agreement, for unvested awards was extinguished. The net difference, between the liability initially recognised for the cash award, and the liability due to the parent which was extinguished, was recognised directly in equity.

## **CORNERSTONE ONDEMAND UK HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **2. Critical accounting judgements, estimates and assumptions**

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

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

The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

##### **Recognition of deferred tax assets**

A deferred tax asset has not been recognised in these accounts as it is unclear whether the Group will make sufficient taxable profits in the foreseeable future to utilise available losses. The amount of the unrecognised deferred tax asset at the reporting date is disclosed in note 10.

##### **Revenue recognition**

Total contract values are allocated to subscriptions to the Group's products and professional services based on management's best estimate of the standalone selling price. This determination requires the Group to make certain estimates and judgements. The Group considers numerous factors, including the nature and complexity of the performance obligations themselves; the geography, market conditions and competitive landscape for the sale; internal costs; and pricing and discounting practices. The Group updates its estimates of standalone selling price on an ongoing basis through internal periodic reviews and as events or circumstances may require. Note 3 provides further detail on the revenue, costs and balances arising from the application of IFRS 15 to the Group's contracts with customers.

Royalty revenue from related parties is recognised when the license is granted at the beginning of each 90-day non-cancellable period of the license agreement (refer to accounting policy). The billing profile is therefore in line with the way the revenue is recognised and, as a result, the only balances recognised under IFRS 15 are amounts due from Group undertakings. The receivables outstanding at the reporting date in respect of this revenue arrangement, are included in 'Amounts owned by Group undertakings' (refer to note 16).

##### **Internally generated intangible assets**

The Group incurs a significant amount of expenditure on development activities related to software. Under IAS 38- 'Intangible assets', development costs incurred on internally generated intangible assets are required to be capitalised if certain criteria are met (refer to accounting policies). The Directors have exercised a critical judgement in determining that the criteria were met in the prior year. As a result, costs that are directly attributable to the Group's software development activities have been capitalised since that point. Note 11 provides further detail on the amount of development costs capitalised in the year.

##### **Assets and liabilities acquired in a business combination**

The Group initially measures the assets and liabilities acquired in a business combination, including separable intangible assets, at their fair value at the date of acquisition. Management judgement was required in deriving a number of assumptions, which are used in assessing the fair value of the acquired assets and liabilities for the Group's acquisition of Libra Acquireco Limited in 2020, including the timing and amount of future incremental cash flows expected to be generated by the separable intangible assets and in calculating an appropriate cost of capital. Note 11 provides further detail on the carrying value of the intangible assets recognised on the acquisition in 2020.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****3. Revenue**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Revenue from contracts with customers</i>		
Subscription revenue	248,214,470	214,551,198
Professional consulting services revenue	6,563,014	9,213,588
Royalty revenue from related parties	26,087,436	42,136,558
	<u>280,864,920</u>	<u>265,901,344</u>
<i>Disaggregation of revenue by geographical region:</i>		
United Kingdom	54,228,018	66,265,539
Europe	175,987,494	161,367,586
United States of America and Canada	3,490,191	13,570,651
Rest of the world	47,159,217	24,697,568
	<u>280,864,920</u>	<u>265,901,344</u>
<i>Timing of revenue recognition</i>		
Over time	<u>279,562,387</u>	<u>265,901,344</u>

Subscription revenue is recognised over the term of the agreement and billed annually in advance. Professional consulting services revenue from fixed fee contracts is recognised as services are performed based on the proportion performed to date relative to the total expected services to be performed, and for time-and-materials contracts as such time-and materials are incurred. The billing profile for professional consulting services revenue is broadly in line with the manner in which revenue is recognised. As a result, billing is generally in advance of revenue recognition for subscription revenue and the Group recognises deferred income for amounts billed in advance of the satisfaction of performance obligations.

At the reporting date the Group had approximately \$424,148,544 (2021: \$410,052,851) of revenue expected to be recognised from remaining performance obligations. This is substantially comprised of subscription revenue, with less than 1% attributed to professional services and other revenue. The Group expects to recognise revenue of approximately one half (2021: one half) on these remaining performance obligations within one year of the reporting date, with the balance recognised thereafter. The estimated revenues from the remaining performance obligations do not include uncommitted contract amounts, such as (i) amounts which are cancellable by the customer without any significant penalty; and (ii) amounts associated with optional renewal periods. Turnover for the year includes \$124,126,642 (2021: \$119,408,728) released from the deferred income balance carried forward at the beginning of the year.

The Group recognised a loss in respect of impairment adjustments on its trade receivables of \$74,151 (2021: \$599,739) in the year. The Group recognised \$5,594,058 (2021: \$8,753,185) in profit and loss in the year in respect of amortised deferred commission costs relating to its contacts with customers.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****4. Breakdown of expenses by nature**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Direct cost	12,275,334	11,865,617
Employee benefits expenses (note 6)	53,260,204	47,031,253
Commissions	5,594,058	8,753,185
Depreciation and amortisation		
- owned assets (notes 11 and 12)	10,088,297	10,607,717
- right-of-use-asset (note 12)	1,884,799	2,519,022
Lease expense for 'low value' assets	32,886	12,407
Foreign exchange losses/(gains)	22,632,671	(245,218)
Consulting and legal fees	4,519,269	3,701,778
Sales and marketing costs	3,321,404	2,728,656
Impairment of trade receivables	74,151	599,739
Travel costs	1,105,753	372,790
Telecommunications and hosting	2,012,373	2,248,109
Transfer price arrangement	232,773,435	184,763,747
Capitalised development costs	(9,074,381)	(9,142,116)
Other operating expenses	3,754,793	5,088,829
	<u>344,255,046</u>	<u>270,905,515</u>

Included in transfer price arrangement in the prior year was \$2.4m of non-recurring charges relating to the true up and close out of certain intercompany transactions, subsequent to a wider Group restructuring project.

**5. Auditor's remuneration**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Fees payable to the Company's auditor:		
Audit of the Company's financial statements	151,000	131,823
	<u>151,000</u>	<u>131,823</u>
For other services:		
Fees payable to the Company's auditor:		
Accounts preparation services	-	66,400
Other services	33,000	38,259
	<u>33,000</u>	<u>104,659</u>

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****6. Employees and directors**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Wages and salaries	31,804,648	23,992,618	-	-
Social Security	6,525,215	5,115,801	-	-
Pension	2,124,898	1,158,952	-	-
	40,454,761	30,267,371	-	-
Share based payment expense	-	4,181,143	-	-
Bonus and commissions	11,109,650	11,430,702	-	-
Other employee cost	1,695,793	1,152,037	-	-
	53,260,204	47,031,253	-	-

The average monthly number of persons employed during the year, analysed by category was as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>
Admin	57	55	-	-
R&D	153	127	-	-
Sales and Marketing	136	117	-	-
Service	95	89	-	-
	441	388	-	-

**Directors' remuneration**

The Directors did not receive any remuneration from the Company, or any other entity in the Group, in the year (2021: \$nil). The Directors are remunerated by a fellow group undertaking. The Group is unable to separately identify the proportion of the remuneration receivable from the fellow group undertaking that is attributable to their services performed in the Group.

In the prior year, \$3,014,031 of the share-based payments expense included above was recharged to the ultimate parent company. All share-based payment transactions were cancelled in 2021 (see note 7 for further details).

**7. Share-based payment transactions****Equity-settled share-based payments**

The parent previously operated an equity-settled share option scheme in which a number of the Group's employees are members. Effective 1 July 2015, the Group entered into a recharge agreement with the parent where the parent and the Group agreed that the total cost incurred by the parent over the life of the awards relating to the grant of awards to employees should be borne by the Group. Any excess share-based payment charge in any given period, over and above the amount re-charged by the parent for that period has been recognised as a credit to equity. The total share-based payment charge for the year was \$nil (2021: \$4,181,143) and the amount re-charged by the ultimate parent was \$nil (2021: \$3,014,031).

In the prior year, all share-based payment arrangements were cancelled in October 2021, when Cornerstone OnDemand Inc, the Company's parent, which was publicly traded in the United States, was acquired by Clearlake Capital Group, L.P. and became a privately held company. The share-based payment arrangements were replaced with cash awards on the same vesting profile, and the relevant employing company in the Group took over the obligation to settle the awards. At the date of the modification a liability was recognised, to the extent vested in accordance with IAS 19, and the liability due to the parent under the re-charge agreement, for unvested awards was extinguished. The net difference of \$834,890, between the liability initially recognised for the cash award, and the liability due to the parent, which was extinguished, was recognised directly in equity.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**7. Share-based payment transactions (continued)**

Up until October 2021, the Group had the following share-based payment plans.

**2010 Plan**

In March 2011, upon the completion of the parent's initial public offering, the parent adopted the 2010 Plan and the parent will no longer grant any additional awards under the 1999 Plan and the 2009 Plan. However, the 1999 Plan and the 2009 Plan will continue to govern the terms and conditions of the outstanding awards previously granted under each respective plan. Upon the adoption of the 2010 Plan, the maximum aggregate number of shares issuable thereunder was 3,680,480 shares, plus (i) any shares subject to stock options or similar awards granted under the 1999 Plan or 2009 Plan prior to March 16, 2011 that expire or otherwise terminate without having been exercised in full and (ii) shares issued pursuant to awards granted under the 1999 Plan and 2009 Plan that are forfeited to or repurchased by the parent after March 16, 2011, with the maximum number of shares to be added to the 2010 Plan from the 1999 Plan and 2009 Plan equal to 5,614,369 shares of common stock.

In addition, the number of shares available for issuance under the 2010 Plan will be annually increased on the first day of each fiscal year beginning with 2012, by an amount equal to the lesser of 5,500,000 shares, 4.5% of the outstanding shares of the parent's common stock as of the last day of the immediately preceding fiscal year, or such other amount as the parent's Board of Directors determines.

Shares issued pursuant to awards under the 2010 Plan that are repurchased by the parent or that expire or are forfeited, as well as shares used to pay the exercise price of an award or to satisfy the minimum tax withholding obligations related to an award, will become available for future grant or sale under the 2010 Plan. In addition, to the extent that an award is paid out in cash rather than shares, such cash payment will not reduce the number of shares available for issuance under the 2010 Plan.

The 2010 Plan permits the grant of incentive stock options to employees and the grant of non-statutory stock options, restricted stock, restricted stock units, stock appreciation rights, performance units and performance shares to the Group's employees, directors and consultants.

**Stock Options**

The exercise price of stock options granted under the 2010 Plan must equal at least the fair market value of the parent's common stock on the date of grant. The term of an incentive stock option may not exceed ten years; provided, however, that an incentive stock option held by a participant who owns more than 10% of the total combined voting power of all classes of the parent's stock, may not have a term in excess of five years and must have an exercise price of at least 110% of the fair market value of the parent's common stock on the grant date.

**Restricted Stock Units**

The parent may also grant restricted stock units under the 2010 Plan. The fair value of each restricted stock unit granted is equal to the grant date fair market value of the parent's common stock. The payment of restricted stock units may be in the form of cash, shares, or in a combination thereof, as determined by the parent's Board of Directors.

**Performance Units/Performance Shares**

The parent may also grant performance units and performance shares under the 2010 Plan. Performance units and performance shares are awards that will result in a payment to a participant only if performance goals for a predetermined performance period, established by the parent's Board of Directors, are achieved or the awards otherwise vest. The fair value of each performance unit and performance share awarded is equal to the grant date fair market value of the parent's common stock when the performance goals are defined solely by reference to the parent's operations. The fair value of each performance unit and performance award that contain performance goals tied to performance of the parent's common stock is estimated using a Monte-Carlo simulation. The payment of performance units and performance shares may be in the form of cash, shares, or a combination thereof, as determined by the parent's Board of Directors.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**7. Share-based payment transactions (continued)**

**Employee Stock Purchase Plan**

Under the parent's 2010 Employee Stock Purchase Plan ("ESPP") eligible employees are granted the right to purchase shares at the lower of 85% of the fair market value of the parent's common stock at the time of grant or 85% of the fair market value at the time of exercise. The right to purchase shares is granted twice yearly for six month offering periods in June and December and exercisable on or about the succeeding December and June, respectively, on each year. The parent commenced its first offering period in December 2014 and the first purchase period occurred in June 2015. Under the ESPP, nil shares remained available for issuance at 31 December 2021 (2020: 4,176,406 shares).

A reconciliation of the share-based payment schemes is presented below:

<b>Group</b>	<b>Outstanding at the start of the year</b>	<b>Granted</b>	<b>Exercised</b>	<b>Forfeited</b>	<b>Cancelled*</b>	<b>Outstanding at the end of the year</b>
<b>2021</b>						
Restricted Stock Units (RSUs)	252,474	114,312	(113,282)	(43,913)	(209,591)	-
Weighted average exercise price (\$)	Nil	Nil	Nil	Nil	Nil	-
Stock Options	93,693	-	(57,700)	(1,500)	(34,493)	-
Weighted average exercise price (\$)	37.63	-	(53)	(56.05)	(11.12)	-
Performance Units/Performance Shares	24,044	-	-	(24,044)	-	-
Weighted average exercise price (\$)	Nil	-	-	Nil	-	-
Employee Stock Purchase Plan	-	11,953	(11,953)	-	-	-
Weighted average exercise price (\$)	-	33.57	(33.57)	-	-	-

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****7. Share-based payment transactions (continued)**

The fair value for share-based payment awards granted during the year covered by the financial statements, and the assumptions used in the calculation were as follows:

**Employee Stock Purchase Plan**

The estimate of the grant date fair value of each option was calculated using the Black Scholes model, using the following inputs:

	<b>2021</b>
Share price at grant date (\$)	10.17-13.34
Weighted average exercise price (\$)	33.57
Expected option life (years)	0.5
Expected volatility (%)	29.4 -40.0
Expected dividends (%)	nil
Discount rate (%)	0 to 0.1

Expected volatility was determined by calculating the historical volatility of similar companies' share prices over the previous years based on the expected life of the option. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

**Restricted Stock Units (RSUs)**

The weighted average fair value of RSUs granted during the prior year was \$44.86 (2020: \$32.75), which was calculated based on the share price of the US parent at the date of grant.

**8. Finance income**

	<b>2022</b>	<b>2021</b>
	\$	\$
Interest on bank deposits	306	45,594

**9. Finance costs**

	<b>2022</b>	<b>2021</b>
	\$	\$
Interest on lease liabilities	96,003	165,819
Other interest	77,827	11,051
	<u>173,830</u>	<u>176,870</u>

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****10. Taxation**

	2022 \$	2021 \$
<b>Current taxation</b>		
UK corporation tax	-	(1,582,465)
Foreign tax	2,168,225	875,170
	2,168,225	(707,295)
<b>Deferred tax</b>		
Origination and reversal of timing differences	1,987,442	(993,426)
Total tax (credit)/expense in the income statement	4,155,667	(1,700,721)

**Factors affecting tax charge for the year**

The tax charge for the year can be reconciled to the result per the statement of comprehensive income as follows:

	2022 \$	2021 \$
(Loss) before income tax	(63,563,650)	(5,135,447)
(Loss)/profit before income tax multiplied by the standard rate of corporation tax of 19% (2021: 19%)	(12,077,094)	(975,735)
Effects of:		
Foreign tax rate differential	(8,237,524)	142,937
(Income) / Expenses not (taxable) / deductible for tax purposes	(95,504)	268,754
Deferred tax assets not recognized	23,789,132	(488,588)
Withholding tax	437,268	(62,575)
Other	339,389	(585,514)
Total tax Charge/(credit)	4,155,667	(1,700,721)

The Group has estimated trading losses of \$262,851,518 (2021: \$223,053,080) available to carry forward against future taxable profits. Deferred tax in respect of these losses has only been recognised to the extent that there is a corresponding deferred tax liability. The amount of unprovided deferred tax arising on these tax losses is \$60,557,942 (2021: \$48,078,309). No deferred tax asset has been recognised on these losses due to uncertainty over whether the Group will make future profits that can be offset by the losses. Accumulated tax losses of \$256,804,129 (2021: \$217,056,161) can be carried forward indefinitely. The remaining accumulated tax losses begin to expire in 2023.

The 19% corporation tax rate in the UK increased to 25% from April 2023. The increase was substantively enacted in May 2021. Deferred tax relevant to UK operations has been measured based on the tax rates substantively enacted at the year-end, which will apply when the deferred tax un-winds.

## CORNERSTONE ONDEMAND UK HOLDINGS LIMITED

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

## 11. Intangible assets

Group	Goodwill	Computer software	Software development	Customer Contracts	Trade and domain names	Customer relationships	Developed technology	Total
<b>Cost</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
At 31 December 2020	218,689,967	428,831	-	2,217,224	332,584	11,529,563	18,735,539	251,933,708
Additions	-	-	9,142,116	-	-	-	-	9,142,116
Disposals	-	(7,185)	-	-	-	-	-	(7,185)
Exchange adjustments	(9,599,886)	(4,858)	-	(26,233)	(3,935)	(136,413)	(221,671)	(9,992,996)
<b>At 31 December 2021</b>	<b>209,090,081</b>	<b>416,788</b>	<b>9,142,116</b>	<b>2,190,991</b>	<b>328,649</b>	<b>11,393,150</b>	<b>18,513,868</b>	<b>251,075,643</b>
Additions	-	-	9,074,381	-	-	-	-	9,074,381
Disposals	-	(1,703)	(1,017,868)	-	-	-	-	(1,019,571)
Exchange adjustments	(15,712,881)	(10,489)	(197,867)	(226,334)	(33,950)	(1,176,937)	(1,844,622)	(19,203,080)
<b>At 31 December 2022</b>	<b>193,377,200</b>	<b>404,596</b>	<b>17,000,762</b>	<b>1,964,657</b>	<b>294,699</b>	<b>10,216,213</b>	<b>16,669,246</b>	<b>239,927,373</b>
<b>Accumulated amortisation</b>								
At 31 December 2020	-	218,703	-	763,710	76,371	722,053	3,264,861	5,045,698
Charge for the year	-	147,474	1,030,912	1,117,151	111,715	1,056,215	4,775,819	8,239,286
Disposals	-	(6,561)	-	-	-	-	-	(6,561)
Exchange adjustments	-	(2,345)	(7,489)	(30,881)	(3,088)	(29,196)	(132,015)	(205,014)
<b>At 31 December 2021</b>	<b>-</b>	<b>357,271</b>	<b>1,023,423</b>	<b>1,849,980</b>	<b>184,998</b>	<b>1,749,072</b>	<b>7,908,665</b>	<b>13,073,409</b>
Charge for the year	-	54,345	2,936,185	336,577	100,463	949,831	4,294,789	8,672,190
Disposals	-	(1,703)	(34,221)	-	-	-	-	(35,924)
Exchange adjustments	-	(5,708)	8,052	(221,901)	(21,324)	(201,607)	(911,592)	(1,354,080)
<b>At 31 December 2022</b>	<b>-</b>	<b>404,205</b>	<b>3,933,439</b>	<b>1,964,656</b>	<b>264,137</b>	<b>2,497,296</b>	<b>11,291,862</b>	<b>20,355,595</b>
<b>Net book value</b>								
At 31 December 2022	193,377,200	391	13,067,323	1	30,562	7,718,917	5,377,384	219,571,778
At 31 December 2021	209,090,081	59,517	8,118,693	341,011	143,651	9,644,078	10,605,203	238,002,234

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED**

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

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**11. Intangible assets (continued)**

The amortisation charge for the year of \$7,230,973 and \$1,441,217 (2021: \$5,806,730 and \$2,432,556) is recognised within cost of sales and administrative expenses respectively.

There are no contractual commitments to acquire intangible assets at the reporting date (2021: \$nil).

Goodwill acquired in a business combination is allocated to cash generating units (CGUs) and is tested for impairment on an annual basis by comparing the carrying amount against the discounted cash flow projections of the CGU.

For the purpose of impairment testing, the Group is considered to be one CGU.

The recoverable amount of the Group has been determined based on value in use calculations, using approved budgets and forecasts for the next financial year, followed by an extrapolation of expected cash flows for the periods thereafter. The key assumptions in the value in use calculation were as follows:

- Forecasted future revenues
- Discount rates, which reflect the current market assessment of the risks specific to the business. The discount rate was estimated based on market-based inputs. The discount rate for the individual Intangible Assets was adjusted based on the riskiness of the Intangible Assets relative to the Parent (Cornerstone Inc.) WACC.

As a result of the impairment review, and calculation of the recoverable amount of the Group, there was no impairment charge in the current or prior year.

The Company had no intangible assets at 31 December 2022, or at 31 December 2021.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****12. Property, plant and equipment****Group**

	<b>Leasehold improvements</b>	<b>Equipment</b>	<b>Right-of-use assets property</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cost</b>				
At 31 December 2020	1,338,111	9,416,107	8,657,666	19,411,884
Additions	14,657	99,276	384,429	498,362
Disposals	(405,602)	(29,581)	(2,073,281)	(2,508,464)
Exchange adjustments	(12,587)	(160,302)	(146,625)	(319,514)
At 31 December 2021	934,579	9,325,500	6,822,189	17,082,268
Additions	33,348	824,277	95,064	952,689
Disposals	(902,605)	(2,480,662)	(1,232,799)	(4,616,066)
Exchange adjustments	62,663	(7,019)	(430,294)	(374,650)
At 31 December 2022	127,985	7,662,096	5,254,160	13,044,241
<b>Accumulated Depreciation</b>				
At 31 December 2020	1,041,641	6,236,738	2,881,142	10,159,521
Charge for the year	288,624	2,079,807	2,519,022	4,887,453
Disposals	(405,602)	(28,230)	(2,054,300)	(2,488,132)
Exchange adjustments	(27,557)	(126,295)	(195,995)	(349,847)
At 31 December 2021	897,106	8,162,020	3,149,869	12,208,995
Charge for the year	45,363	1,370,744	1,884,799	3,300,906
Disposals	(902,605)	(2,480,662)	(994,294)	(4,377,561)
Exchange adjustment	70,061	107,449	(6,558)	170,952
At 31 December 2022	109,925	7,159,551	4,033,816	11,303,292
<b>Net book value</b>				
At 31 December 2022	18,060	502,545	1,220,344	1,740,949
At 31 December 2021	37,473	1,163,480	3,672,320	4,873,273

The depreciation charge is recognised within administrative expenses.

The Company had no property, plant and equipment at 31 December 2022, or at 31 December 2021.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****13. Investments**

<b>Company</b>	<b>Subsidiary undertakings \$</b>
<b>Cost:</b>	
At 31 December 2021	304,076,583
Additions	417,713,267
Disposals	(257,248,436)
<b>At 31 December 2022</b>	<b>464,541,414</b>
<b>Impairment:</b>	
At 31 December 2021	-
Impairment	152,733,248
<b>At 31 December 2022</b>	<b>152,733,248</b>
<b>Carrying amount:</b>	
At 31 December 2022	311,808,166
At 31 December 2021	304,076,583

During the year the Company commenced a Legal Entity Rationalisation (LER) project. As part of the LER project the Company was impacted by a number of transactions and movements in its subsidiaries.

The transactions and movements included; the acquisition of an indirect subsidiary for \$131,422,165 and another for \$1; the receipt of a number of indirect subsidiaries via a distribution from direct subsidiaries; contribution of a number of direct subsidiaries to other direct subsidiaries in return for additional shares issued by the receiving entity, and; contribution of inter-group receivable assets to direct subsidiaries in return for additional shares issued by the receiving entity.

The Company also distributed 100% of its shares in two direct subsidiaries to its immediate parent company. The investments were derecognised at their carrying value of \$7,708,075, with a corresponding entry to profit and loss reserves (see note 27).

The net of additions and disposals, as shown in the table above, amounts to \$160,464,831. This amount represents the total cash paid by the Company to direct subsidiaries to acquire indirect subsidiaries, plus the total inter-group receivable assets contributed by the Company to direct subsidiaries in return for shares, less the \$7,708,075 in respect of distributed subsidiaries (see paragraph above). The additional investment in direct subsidiaries arising from the contribution of inter-group receivable assets was recognised at the carrying value of those assets in the Company, immediately before the contribution.

As part of the same LER project, the Company also received \$152,733,249 of dividends from subsidiaries. The directors consider it appropriate to reduce the carrying value of the investment in subsidiaries by the same amount, on the basis that the dividends triggered a reduction in the recoverable amount of the investments in subsidiaries of the same amount. This credit to investments has been reported as an impairment in the table above.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****14. Subsidiaries**

Details of the Company's subsidiaries at 31 December 2022 are as follows:

<b>Name of undertaking</b>	<b>Registered office</b>	<b>Direct ownership interest (%)</b>	<b>Indirect ownership interest (%)</b>	<b>Nature of business</b>
Cornerstone OnDemand Limited*	a)	100		a)
Cornerstone OnDemand Europe Limited*	a)	100		a)
Cornerstone OnDemand International Limited*	a)	100		a)
Cornerstone OnDemand Singapore Pte. Ltd.	b)		100	a)
Cornerstone OnDemand Netherlands BV	c)		100	a)
Lumesse Austria GmbH	d)		100	a)
Cornerstone OnDemand Belgium BV (Formerly Lumesse BVBA)	e)		100	a)
Cornerstone OnDemand Shanghai Limited (formerly Lumesse Solutions (Shanghai) Limited)	f)		100	a)
LumesseA/S	g)		100	a)
Lumesse Holdings SAS	h)		100	b)
Cornerstone OnDemand France SARL (formerly Lumesse SARL)	h)		100	a)
Lumesse Holdings GmbH	i)		100	b)
Cornerstone OnDemand GMBH (formerly Lumesse GmbH)	i)		100	a)
Cornerstone OnDemand Hong Kong Limited (formerly Lumesse Hong Kong Limited)	j)		100	a)
Lumesse Italy Srl	k)		100	a)
Lumesse Talent Management Malaysia Sdn Bnd	l)		100	a)
Lumesse AS	m)		100	a)
Saba Software Sp.z.o.o. (formerly Lumesse Sp.z.o.o)	n)		100	a)
Lumesse Holdings AB	o)		100	a)
Lumesse AB	o)		100	a)
Lumesse Holdings AG	p)		100	b)
Lumesse Rights AG	p)		100	a)
Lumesse Switzerland AG	p)		100	a)
Libra AcquireCo Ltd	a)		100	a)
TalentObjects Holdings Limited	a)		100	c)
TalentObjects Limited	a)		100	c)
Lumesse Holdings Limited	a)		100	b)
Lumesse Corporate Limited*	a)		100	a)
Lumesse Holdings UK Limited	a)		100	b)
Lumesse (UK) Limited	a)		100	b)
Lumesse Limited*	a)		100	a)
Lumesse Holdings AS	q)		100	b)

## CORNERSTONE ONDEMAND UK HOLDINGS LIMITED

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

#### 14. Subsidiaries ( continued)

\*These entities were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies and the members have not required these subsidiaries to obtain an audit of its financial statements for the year in accordance with section 476. In accordance with section 479A, the Company has provided a guarantee of all outstanding liabilities to which each of these subsidiaries is subject to at the end of the financial year to which the guarantee relates, under section 479C.

In 2023, the following entities were liquidated or merged with other subsidiaries within the Group:

- Lumesse Holdings AS – Liquidation completed 09 March 2023
- Lumesse AS – Liquidation completed 09 March 2023
- Lumesse A/S – Liquidation completed 14 February 2023
- Lumesse Austria GmbH - Liquidation completed 02 May 2023
- Lumesse Holdings GmbH – Merged into Cornerstone OnDemand GMBH effective 27 July 2023
- Libra AcquireCo Ltd - Dissolved on 7 November 2023
- TalentObjects Holdings Limited - Dissolved on 7 November 2023
- TalentObjects Limited - Dissolved on 7 November 2023
- Lumesse Holdings Limited - Dissolved on 7 November 2023
- Lumesse Holdings UK Limited - Dissolved on 7 November 2023
- Lumesse (UK) Limited - Dissolved on 7 November 2023
- An affiliated Group entity; Saba Software GmbH was merged into the company's indirect subsidiary; Cornerstone OnDemand Germany GmbH effective 21 September 2023
- An affiliated Group entity; SumTotal Systems GmbH was merged into the company's indirect subsidiary; Cornerstone OnDemand Germany GmbH effective 15 September 2023
- The German branch operations of an affiliated Group entity; Cornerstone OnDemand Global Operations, Inc. was transferred (as a going concern) to the company's indirect subsidiary; Cornerstone OnDemand Germany GmbH effective date of 1 October 2023,
- The French branch operations of an affiliated Group entity; Cornerstone OnDemand Global Operations, Inc. was transferred (as a going concern) to the company's indirect subsidiary; Cornerstone OnDemand France SARL on 1 November 2023

#### Nature of business

- a) Sale of learning and human capital management software
- b) Holding company
- c) Dormant

#### Registered office

- a) 16 St. Johns Lane, Farringdon London, United Kingdom EC1M 4BS
- b) 137 Telok Ayer Street #08-01 Singapore 068602
- c) Stationsplein 45, 4e verdieping A4.004, 3013 AK, Rotterdam, ZH, Netherlands
- d) c/o Lehner & Partner, Himmelpfortgasse 20/2, 1010 Wien
- e) Drukpersstraat 4, 1000 Bruxelles, Bruxelles, Belgium
- f) 47th Floor, Hong Kong New World Tower, 300 Huaihai Zhong Road, Shanghai, 200001, China
- g) c/o Lundgrens Law Firm P/S, Tuborg Boulevard 12, 4, 2900 Hellerup, Denmark
- h) 40-42 rue la Boetie, 6th floor, 75008 Paris, France
- i) Hamborner Straße 51, 40472, Düsseldorf, NRW, Germany
- j) 33 Hysan Avenue, Unit 45-103, 46th Floor, Lee Garden One, Hong Kong Island, Hong Kong
- k) Via Giovanni Gioacchino Winckelmann 1, Milano – 20146 Milano, MI, Lombardia, Italy
- l) Unit No. 17-2, Level 17, Wisma UOA II, No. 21, Jalan Pinang, 50450 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia
- m) c/o Advokatfirmaet Schjodt AS, Ruselokkveien 14, 0251 Oslo
- n) ul. Pawia 23, 31-154 Krakow Malopolskie, Poland
- o) Stadsgården 6, 116 45, Stockholm, Stockholms län, Sweden
- p) c/o BDO AG Biberiststrabe 16, 4501 Solothurn, Switzerland
- q) c/o Advokatfirmaet Schjodt AS, Ruselokkveien 14, 0251 Oslo, Norway

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****15. Acquisition of trade and assets**

During the year, on 30 April 2022, the Group acquired the business and assets of Saba Software (UK) Limited, a fellow group undertaking within the Group headed by the Company's ultimate parent undertaking, for consideration of £22,084,787. The consideration was in the form a promissory note payable to Saba Software (UK) Limited. The assets and liabilities acquired included property, plant and equipment, , cash, trade receivables, trade payables and deferred tax. The acquired business was ultimately controlled by the same party both before and after the acquisition, because it remains within the Group headed by the Company's ultimate parent undertaking. As a result, the acquisition met the definition of a common control business combination under IFRS 3- 'Business Combinations' ('IFRS 3') and is therefore not within the scope of IFRS 3.

The Group have applied generally accepted accounting practice under IFRS and accounted for the acquisition using the merger accounting principles of FRS 102- The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102'), as applied to a trade and assets purchase. As a result, the acquired assets and liabilities were recognised at their book values, as reported in Saba Software (UK) Limited immediately before the acquisition- no adjustments were made to reflect fair values at the acquisition date, or to recognise any new identifiable assets or liabilities, at the date of the acquisition, that would otherwise be recognised under the acquisition accounting method. No goodwill was recognised as a result of the acquisition. The only adjustments were to align accounting policies. In accordance with generally accepted accounting practice under FRS 102, for the application of merger accounting principles to a trade and assets acquisition, the results of the acquired business were accounted for prospectively from the date of the acquisition

The consideration of £22,084,787 (\$27,770,516 as translated at the date of the transaction) was equal to the book value of the net assets recognised on 30 April 2022.

The carrying value of the assets and liabilities on initial recognition on 30 April 2022 were as follows:

	\$
Property plant and equipment	192,654
Cash	35,979,114
Trade and other receivables	4,954,244
Trade and other payables	(1,550,714)
Deferred tax	(112,098)
Deferred revenue	(11,692,684)
<b>Net assets/(liabilities)</b>	<b><u>27,770,516</u></b>

During the year ended 31 December 2022, the acquired business and assets of Saba Software (UK) Limited contributed the following to the Group's consolidated statement of comprehensive income:

	\$
Turnover	14,985,784

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****16. Trade and other receivables**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade receivables	65,485,238	63,540,407	-	-
Accrued income	1,804,095	1,162,348	-	-
Amounts owed by group undertakings	89,903,580	116,605,774	-	-
Prepayments	2,445,500	1,870,404	-	-
Deferred commissions asset	5,552,500	8,086,833	-	-
Other receivables	460,926	73,505	-	-
	<u>165,651,839</u>	<u>191,339,271</u>	<u>-</u>	<u>-</u>

Trade receivables are stated net of an expected credit loss provision of \$712k (2021: \$987K).

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment. These amounts are repayable on demand.

**17. Other receivables – non-current**

<b>Group</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Deferred commissions asset	16,881,103	11,765,399
Other receivables	253,558	255,985
	<u>17,134,661</u>	<u>12,021,384</u>

**18. Cash and cash equivalents****Group**

Cash and cash equivalents consist of cash on hand and balances with banks.

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Cash on hand and balances with banks	23,199,490	63,659,186
	<u>23,199,490</u>	<u>63,659,186</u>

**19. Trade and other payables**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade payables	2,999,101	2,009,566	-	-
Accruals	16,492,846	16,319,976	-	-
Other tax and social security	4,018,904	3,736,117	-	-
Amounts owed to group undertakings	90,314,756	116,034,776	13,049,889	1
Other payables	308,548	158,680	-	-
	<u>114,134,155</u>	<u>138,259,115</u>	<u>13,049,889</u>	<u>1</u>

Amounts owed to group undertakings include formal loans of \$3,013,346 (2021: \$nil) which are unsecured, with interest payable at 4.5% annually. The remaining amounts are unsecured, interest free and have no fixed repayment terms.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****20. Deferred Income****Group**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Deferred income	131,816,166	125,397,821
	<u>131,816,166</u>	<u>125,397,821</u>

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Current	131,260,999	124,321,102
Non-current	555,167	1,076,719
	<u>131,816,166</u>	<u>125,397,821</u>

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
At 1 January	125,397,821	122,855,588
Payments received in advance	221,584,230	252,427,667
Transfer to revenue	(216,683,751)	(243,779,689)
Exchange adjustments	1,517,866	(6,105,745)
	<u>131,816,166</u>	<u>125,397,821</u>

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****21. Lease liabilities**

<b>Group</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
At 1 January	4,100,878	6,717,442
Interest expense	96,003	165,819
Additions	-	384,429
Lease payments	(1,666,928)	(2,859,437)
Exchange adjustments	(332,721)	(307,375)
	<u>2,197,232</u>	<u>4,100,878</u>

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Current	1,370,915	1,711,404
Non-current	826,317	2,389,474
	<u>2,197,232</u>	<u>4,100,878</u>

*Maturity analysis of lease liabilities*

The maturity of the gross contractual undiscounted cash flows due on the Group's lease liabilities is set out below based on the period between the reporting date and the end of the lease term as determined for IFRS 16.

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Due in 1 year or less	1,419,379	1,835,987
Due after 1 year but not more than 5 years	889,728	2,482,523
Total undiscounted liabilities	<u>2,309,107</u>	<u>4,318,510</u>

*Leasing arrangements*

In the prior year, the Group had several property leases, at the location of its subsidiaries, including locations in the UK in London, Slough and Luton. In the prior year, leases were terminated at premises in Slough, Luton, and France.

In the current year, the Group had several property leases at the location of its subsidiaries, including London in the UK. During the year, the lease on Singapore was terminated. There are no lease liabilities or right of use assets recognised at the reporting date in respect of this lease.

The incremental borrowing rates used to determine lease liabilities at the reporting date, ranged from 3.61% to 4.24% (2021: 3.33% to 4.24%).

*Short term lease commitments*

At the reporting date the Group had no outstanding commitments for future minimum lease payments under non-cancellable operating leases.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****22. Deferred tax****Group**

The following is an analysis of deferred tax assets/(liabilities) presented in the statement of financial position:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Tax losses	3,650,490	4,762,965
Intangible assets recognized on business combination	(3,650,490)	(4,730,005)
Other deferred tax assets	-	273,549
Other deferred tax liabilities	-	(448,829)
Net deferred tax liability	-	(142,320)

**Movement in deferred tax**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
At 1 January	(142,320)	(220,646)
Deferred tax (credited)/charge to profit and loss in the period	(1,987,442)	993,426
Exchange adjustments	2,129,762	(915,100)
Net deferred tax liability	-	(142,320)

The Company has no deferred tax assets or liabilities.

**23. Provisions****Group**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Restructuring provisions (a)	199,385	-
Leasehold property provisions (b)	146,908	137,488
	346,293	137,488

Movements in each class of provision during the financial year are set out below:

	<b>Restructuring provisions</b>	<b>Leasehold property provisions</b>
	<b>\$</b>	<b>\$</b>
At 1 January 2022	-	137,488
Additions	199,385	117,893
Utilised/paid during the year	-	-
Released	-	(102,012)
Exchange adjustments	-	(6,461)
At 31 December 2022	199,385	146,908

- a. Restructuring provisions – relate to the employee restructuring programme that took place in CSOD France Sarl. A reorganization of teams across the Company to align with the Company's vision and strategic goals.
- b. Leasehold property provisions – relate to potential costs in respect of leasehold premises in Germany and Hong Kong. The provision is expected to be utilised in the next five years

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****24. Employee benefit obligations****Group****Retirement benefits - Defined contribution pension scheme**

The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Contributions payable by the Group for the year	2,124,898	1,158,952

At the year-end \$145,316 (2021: \$157,214) was outstanding and is included within accruals.

**25. Financial instruments and financial risk management****Financial instruments**

The Group's financial instruments mainly comprise cash and bank balances, and various items arising directly from its operations, such as trade and other receivables and trade and other payables. The main purpose of these financial instruments is to provide working capital for the Group. The Group's policy is to obtain the highest rate of return on its cash and bank balances, subject to having sufficient resources to manage the business on a day- to- day basis and not exposing the Group to unnecessary risk of default.

The totals for each category of financial instrument, measured in accordance with IFRS 9 as detailed in the accounting policies, are as follows:

**Financial assets measured at amortised cost**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	65,485,238	63,540,407
Accrued income	1,804,095	1,162,348
Amounts owed by group undertakings	89,903,580	116,605,774
Other receivables	460,926	73,505
Cash and cash equivalents	23,199,490	63,659,186
Other receivables – non current	253,558	255,985
	<b>181,106,887</b>	<b>245,297,205</b>

**Financial liabilities measured at amortised cost**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Trade payables	2,999,101	2,009,566
Accruals	16,492,846	16,319,976
Amounts owed to group undertakings	90,314,756	116,034,776
Other payables	308,554	158,680
	<b>110,115,257</b>	<b>134,522,998</b>

The carrying value of all financial instruments is not materially different from their fair value. It is the Group's policy that no trading in financial instruments shall be undertaken. Cash and bank balances attract floating interest rates. Accordingly, their carrying amounts are considered to approximate to fair value

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****25. Financial instruments and financial risk management (continued)****Financial risk management**

The Group provides treasury services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. The Directors monitor the Group's financial risks and management policies. The Directors' overall risk management strategy seeks to assist the Group in meeting its financial targets whilst minimising potential adverse effects on financial performance.

The Group is exposed to the following financial risks:

- Foreign currency risk
- Credit risk
- Liquidity risk
- Interest rate risk

*Foreign currency risk:*

Foreign currency risk comes from the movement of the EUR and GBP to the USD, 70% of the assets in the Group are denominated in EUR and GBP. A significant amount of business is done with customers in various European countries with approximately 62% of total invoicing done in Euro. This Euro client base gives rise to short term debtors and cash balances in Euro. Consequently, the movements in the Euro/USD exchange rates affect the Group statement of financial position, as well as the Group statement of comprehensive income.

The Group seeks to manage this risk in the first instance by looking to a natural hedge.

In addition, the Group has the following financing and financial position exposures:

(i) The retranslation of the UK, EUR, Polish, Swiss and Asian Pacific overseas subsidiaries net assets into USD for consolidation purposes.

(ii) Intercompany loan and trading relationships held in non-functional currency. In the case of the latter, this can have an impact on net profitability where the intercompany relationships are not treated for accounting purposes as equity loans.

The statement of comprehensive income is also affected by movements in the Euro/USD exchange rates when Euro sales to customers are converted to USD's at the date of the sales transaction, as this will vary from month to month. This is partially offset by the effect of retranslating Euro denominated costs into USD from month to month.

The following table demonstrates the sensitivity to a 5 percent change in the /USD exchange rate.

**Profit before tax**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
+5%	3,468,000	(1,089,000)
-5%	(3,468,000)	1,089,000

**Net assets**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
+5%	(6,154,454)	(1,210,301)
-5%	6,154,454	(1,210,301)

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****25. Financial instruments and financial risk management (continued)***Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial asset fails to meet its contractual obligations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position.

Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year.

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The expected credit losses at the reporting date were as follows on the basis of the ageing and current recoverability expected:

<b>Group</b>	<b>Not due</b>	<b>1 - 60 days</b>	<b>61 - 90 days</b>	<b>91 – 120 days</b>	<b>Total</b>
<b>2022</b>					
Expected credit loss rate (%)	0%	5.38%	5.36%	51.63%	1.08%
Gross carrying amount (\$)	55,498,921	8,573,646	1,828,989	295,732	66,197,288
Expected credit loss (\$)	-	461,267	98,104	152,679	712,050
	<b>Not due</b>	<b>1 - 60 days</b>	<b>61 - 90 days</b>	<b>91 – 120 days</b>	<b>Total</b>
<b>2021</b>					
Expected credit loss rate (%)	0%	5.20%	13.18%	58.05%	
Gross carrying amount (\$)	55,211,845	7,620,231	876,434	818,676	64,527,186
Expected credit loss (\$)	-	395,982	115,520	475,277	986,779

*Liquidity risk*

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****25. Financial instruments and financial risk management (continued)**

The contractual maturities of financial liabilities, including estimated interest payments are as follows:

	2022			
	Carrying amount \$	Contractual cash flow \$	1 year or less \$	1 to 5 years \$
<b>Non-derivative financial liabilities:</b>				
Trade and other payables	110,115,260	110,115,260	110,115,260	-
<b>Total</b>	<b>110,115,260</b>	<b>110,115,260</b>	<b>110,115,260</b>	

	2021			
	Carrying amount \$	Contractual cash flow \$	1 year or less \$	1 to 5 years \$
<b>Non-derivative financial liabilities:</b>				
Trade and other payables	134,522,998	134,522,998	134,522,998	-
<b>Total</b>	<b>134,522,998</b>	<b>134,522,998</b>	<b>134,522,998</b>	-

*Interest rate risk*

Interest rate risk is the risk that the future cash flows associated with a financial instrument will fluctuate because of changes in market interest rates. The interest rates on cash and bank balances are low, such that interest rate risk is minimal.

The cash flows associated with leases are as set out in the lease agreements, and no interest rate risk arises (refer to note 21 for details of lease liabilities).

The Group does not have any other interest-bearing financial instruments.

*Capital management*

The Group's capital comprises share capital, reserves and retained earnings. The Group's objectives when managing capital are to safeguard the Group's ability to continue to operate as a going concern, to maintain optimal capital structure commensurate with risk and return and to reduce the cost of capital.

**26. Share capital**

Ordinary share capital	2022 \$	2021 \$
303 (2021: 303) Ordinary shares of 1p each	3	3
<b>Total</b>	<b>3</b>	<b>3</b>

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

**CORNERSTONE ONDEMAND UK HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****27. Reserves**

The Group and Company's reserves are as follows:

**Share premium**

Consideration received for shares issued above their nominal value, net of transaction costs. During the year the company undertook a capital reduction to convert \$304,076,579 of share premium into distributable reserves, by way of a special resolution supported by a solvency statement.

**Retained earnings**

Cumulative profits or losses net of dividends paid and other adjustments.

**Distribution of subsidiaries**

During the year, the Company commenced a Legal Entity Rationalisation (LER) project with the objective to streamline the corporate structure of the CSOD Group via the "one entity" approach where feasible and to undertake dissolution of redundant operational corporates, branches and divisions. As part of this process, the Company distributed its holding in two subsidiaries to its immediate parent.

In the Company, the investment in the two subsidiaries was derecognised at its carrying value of \$7,708,075 against profit and loss reserves.

In the Group, the two subsidiaries had aggregate net liabilities at the date of the distribution. At the date of the distribution, when control was lost, their assets and liabilities were derecognised at their carrying value, with a corresponding credit to profit and loss reserves of \$ 4,271,560.

**Currency translation reserve**

Foreign exchange gains and losses on the re-translation of the results and net assets of the foreign operations of the Group.

**28. Analysis of movements in net debt****Group**

	1 January 2022 \$	Cash flows \$	Exchange rate movements \$	Other movements \$	31 December 2022 \$
Cash at bank and in hand	63,659,186	(60,251,448)	19,791,752	-	23,199,490
Lease liabilities obligation	(4,100,878)	1,570,925	332,721	-	(2,197,232)
	<u>59,558,308</u>	<u>(58,680,523)</u>	<u>20,124,473</u>	<u>-</u>	<u>21,002,258</u>
	1 January 2021 \$	Cash flows \$	Exchange rate movements \$	Other movements \$	31 December 2021 \$
Cash at bank and in hand	31,148,308	42,704,923	(10,194,045)	-	63,659,186
Lease liabilities obligation	(6,717,442)	2,693,618	307,375	(384,429)	(4,100,878)
	<u>24,430,866</u>	<u>45,398,541</u>	<u>(9,886,670)</u>	<u>(384,429)</u>	<u>59,558,308</u>

Other movements relate to the right-of-use assets acquired in the year.

## **CORNERSTONE ONDEMAND UK HOLDINGS LIMITED**

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

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#### **29. Financial commitments**

The Group has financial commitments of \$3,852,335 (2021: \$9,009,435), in respect of professional services to be delivered on won contracts and reseller fees, committed to at the year-end but not recognised in the financial statements.

#### **30. Contingent liabilities**

There are no contingent liabilities at the reporting date.

#### **31. Related party transactions**

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and have not been included in this note.

At the reporting date, the Group had outstanding amounts with other members of the wider Group related to transfer pricing and other intragroup business arrangements. Note 3 includes the total royalty revenue earned from the wider Group in the period and note 4 includes the total transfer pricing charges from the wider Group in the period. The amounts owed by group undertakings and amounts owed to group undertakings at the reporting date are shown in notes 16 and 19 respectively.

All amounts are unsecured, interest free and have no fixed repayment terms.

##### *Key management personnel*

In accordance with IAS 24- Related Party Disclosure ('IAS 24'), the Group is required to disclose key management personnel compensation in total for each of the following categories: short-term employee benefits, post-employment benefits, other long-term benefits, termination benefits, and share-based payment. Key management personnel are defined in IAS 24 as those persons having authority and responsibility for planning, directing, and controlling the activities of an entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

As set out in note 6, the directors of the Company are remunerated by a fellow group undertaking, and the Group is unable to separately identify the proportion of their remuneration receivable from the fellow group undertaking that is attributable to their services performed in the Group. Further, the directors consider that all key personnel of the Group, meeting the definition of key management personnel in IAS 24, are remunerated by fellow group undertakings, and that it is not possible to separately identify the proportion of their remuneration that is attributable to their role as key management personnel for the Group.

#### **32. Events after the reporting date**

In 2023, some subsidiaries were liquidated or merged with other subsidiaries within the Group. This was part of the Legal Entity Rationalisation (LER) project to streamline the corporate structure of the CSOD group which is not expected to have any material changes to the organisation as a whole. Details of the subsidiaries impacted by the LER project can be found in note 14.

#### **33. Controlling party**

At the reporting date, the immediate parent company was Cornerstone OnDemand, Inc a company registered in the United States of America (USA).

The ultimate parent undertaking of the Group is CCG Global LLC, a limited liability company incorporated in the state of Delaware, United States of America, registration number: 7178411; registered address, 251 Little Falls Drive, Wilmington, New Castle, DE 19808, United States of America.