

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018  
FOR  
PERKBOX LIMITED**



**PERKBOX LIMITED**

**CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Group Strategic Report</b>	<b>2</b>
<b>Report of the Directors</b>	<b>3</b>
<b>Independent Auditors' Report</b>	<b>5</b>
<b>Consolidated Income Statement</b>	<b>8</b>
<b>Consolidated Balance Sheet</b>	<b>9</b>
<b>Company Balance Sheet</b>	<b>10</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>11</b>
<b>Company Statement of Changes in Equity</b>	<b>12</b>
<b>Consolidated Cash Flow Statement</b>	<b>13</b>
<b>Notes to the Consolidated Cash Flow Statement</b>	<b>14</b>
<b>Notes to the Consolidated Financial Statements</b>	<b>15</b>

**PERKBOX LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**DIRECTORS:**

C P Cao  
S Chopra  
U Goyal  
J H M Stern

**SECRETARY:**

R J Gorle

**REGISTERED OFFICE:**

50 Finsbury Square  
Second Floor  
London  
EC2A 1HD

**REGISTERED NUMBER:**

07355963 (England and Wales)

**INDEPENDENT AUDITORS:**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH

## PERKBOX LIMITED

### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their strategic report of the company and the group for the year ended 31 December 2018.

#### REVIEW OF BUSINESS

The Group develops and operates a leading 'software as a service' employee engagement and customer loyalty platform, which provides a range of tools and discounted perks and benefits to staff and customers for reward and recognition. Access to the products is made available on a subscription basis, and specific perks and benefits can then be redeemed by the end users.

During the year the Group developed new products and features which were launched on its platform including Perkbox Medical, providing affordable medical benefits, and Perkbox Insights a tool for employee pulse survey insights.

The directors are satisfied with the performance during the year. The Group grew its core businesses substantially in terms of number of customers and ongoing subscription revenues and it is well positioned in the UK employee engagement and customer loyalty markets.

During the year, the Group also established a new branch in France and started the process of establishing a branch in Australia. These new offices are sales offices to sell the Group's products.

The Group continued to invest strongly in development of the product and expansion of the team and therefore as expected made an operating loss in the year. The directors expect to continue investing in the growth of the Group to grow its customer base and make improvements to its core products.

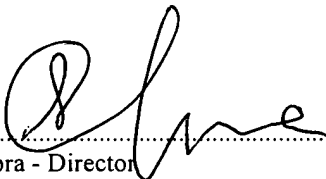
New funding of £7.5 million was received in September/October which will be used to continue funding the investment in products and markets.

At the end of the year the Group had cash reserves of £4.66M.

#### PRINCIPAL RISKS AND UNCERTAINTIES

The employee engagement and customer loyalty markets are fast moving. They are therefore subject to change for example in the competitive environment, the regulatory and tax environments, and as a result of updates to technical platforms and standards. Our business is also reliant on third party partners to continue to provide attractive benefits for our users.

#### ON BEHALF OF THE BOARD:

  
.....  
S Chopra - Director

Date: ..... 19/09/19

## PERKBOX LIMITED

### REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report with the audited financial statements of the company and the group for the year ended 31 December 2018.

#### PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of the development and operation of a 'software as a service' employee engagement and customer loyalty platform.

#### DIVIDENDS

No dividends will be distributed for the year ended 31 December 2018.

#### DIRECTORS

The directors of the company who were in office during the year and up to the date of signing the financial statements of the company who were in office during the year and up to the date of signing the finance were:

C P Cao  
S Chopra  
U Goyal  
J H M Stern

- appointed 12.11.2018

The beneficial interests of the directors holding office on 31 December 2018 in the issued share capital of the company were as follows:

	31.12.18	31.12.17
<b>Ordinary 0.1p shares</b>		
C P Cao	424,686	424,686
S Chopra	481,516	481,516
U Goyal	-	-
J H M Stern	-	-

#### GOING CONCERN

The company has made a loss in the year under review, but the directors are confident that the company will become profitable in the future, through its existing products and on-going development and marketing of its platform.

The directors have prepared detailed cash flow forecasts, which are based on their current expectations of trading prospects. The forecasts have been prepared over a period of 12 months and directors are confident that the company will not be in breach of its loan covenants and will be able to meet its liabilities as they fall due. Accordingly, the directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

#### FINANCIAL RISK MANAGEMENT

The company's operations expose it to a variety of financial risks that include credit risk and liquidity risk. The following policies are in place to help mitigate these risks:

##### Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, and credit exposures such as outstanding receivables. The company seeks to minimise the exposure on cash deposits by using only major banks and financial institutions. It operates credit checking and control procedures to reduce the risk from bad debts.

##### Liquidity risk

The company actively manages cash balances to ensure there are sufficient available funds for operations.

#### THIRD PARTY INDEMNITY

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

**PERKBOX LIMITED**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

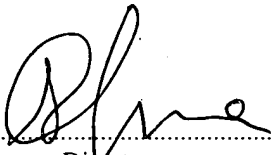
The directors present their views of future developments of the company and group in the strategic report

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

In the case of each director in office at the date the Report of the Directors is approved:

- so far as the director is aware, there is no relevant audit information of which the group and parent company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and parent company's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**



S. Chopra - Director

Date:

19/09/19

## **PERKBOX LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PERKBOX LIMITED**

#### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

##### **Opinion**

In our opinion, Perkbox Limited's group financial statements and parent company financial statements (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 2018 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Group Strategic Report, Report of the Directors and Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 December 2018; the Consolidated Income Statement, the Consolidated Cash Flow Statement, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

##### **Basis for opinion**

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

##### **Independence**

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

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

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

## **PERKBOX LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PERKBOX LIMITED**

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### **Strategic Report and Report of the Directors**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

#### **Responsibilities for the financial statements and the audit**

##### **Responsibilities of the directors for the financial statement**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

##### **Auditors' responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### **Use of this report**

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



**PERKBOX LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PERKBOX LIMITED**

**OTHER REQUIRED REPORTING**

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Mark Jordan (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH

Date: 17/9/19

**PERKBOX LIMITED**

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

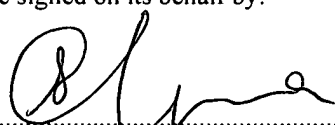
	Notes	2018 £	2017 £
<b>TURNOVER</b>	3	53,607,420	34,702,873
Cost of sales		<u>(35,716,141)</u>	<u>(21,824,496)</u>
<b>GROSS PROFIT</b>		17,891,279	12,878,377
Administrative expenses		<u>(22,545,227)</u>	<u>(14,875,949)</u>
<b>OPERATING LOSS</b>	5	(4,653,948)	(1,997,572)
Interest receivable and similar income		<u>7,108</u>	<u>3,869</u>
		(4,646,840)	(1,993,703)
Interest payable and similar expenses	6	<u>(147,146)</u>	<u>-</u>
<b>LOSS BEFORE TAXATION</b>		(4,793,986)	(1,993,703)
Tax on loss	7	<u>39,345</u>	<u>89</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u><u>(4,754,641)</u></u>	<u><u>(1,993,614)</u></u>

The notes on pages 15 to 24 form part of these financial statements

CONSOLIDATED BALANCE SHEET  
31 DECEMBER 2018

	Notes	2018 £	2017 £
<b>FIXED ASSETS</b>			
Intangible assets	9	335,340	409,883
Tangible assets	10	<u>380,892</u>	<u>190,381</u>
		716,232	600,264
<b>CURRENT ASSETS</b>			
Stocks	12	3,007,227	1,410,697
Debtors	13	4,223,597	2,484,632
Cash at bank and in hand		<u>4,662,584</u>	<u>2,271,271</u>
		11,893,408	6,166,600
<b>CREDITORS</b>			
Amounts falling due within one year	14	<u>(5,226,474)</u>	<u>(4,126,337)</u>
<b>NET CURRENT ASSETS</b>		<u>6,666,934</u>	<u>2,040,263</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		7,383,166	2,640,527
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	(4,000,000)	(2,000,000)
<b>PROVISIONS FOR LIABILITIES</b>	19	-	(322)
<b>NET ASSETS</b>		<u>3,383,166</u>	<u>640,205</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	1,368	1,353
Share premium account	21	4,685,926	4,668,339
Other reserves	21	7,480,000	-
Accumulated losses	21	<u>(8,784,128)</u>	<u>(4,029,487)</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>3,383,166</u>	<u>640,205</u>

The financial statements on pages 3 to 24 were approved by the Board of Directors on 19 Sept 2019 and were signed on its behalf by:

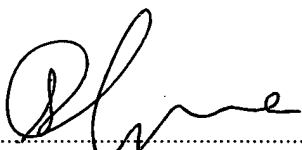


S Chopra - Director

COMPANY BALANCE SHEET  
31 DECEMBER 2018

	Notes	2018 £	2017 £
<b>FIXED ASSETS</b>			
Intangible assets	9	-	34,202
Tangible assets	10	380,892	190,381
Investments	11	<u>403,778</u>	<u>403,778</u>
		784,670	628,361
<b>CURRENT ASSETS</b>			
Stocks	12	3,007,227	1,410,697
Debtors	13	4,598,957	2,462,130
Cash at bank and in hand		<u>4,547,740</u>	<u>2,228,208</u>
		12,153,924	6,101,035
<b>CREDITORS</b>			
Amounts falling due within one year	14	<u>(5,200,286)</u>	<u>(4,039,354)</u>
<b>NET CURRENT ASSETS</b>		<u>6,953,638</u>	<u>2,061,681</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		7,738,308	2,690,042
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	<u>(4,000,000)</u>	<u>(2,000,000)</u>
<b>NET ASSETS</b>		<u><u>3,738,308</u></u>	<u><u>690,042</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	1,368	1,353
Share premium account	21	4,685,926	4,668,339
Other reserves	21	7,480,000	-
Accumulated losses	21	<u>(8,428,986)</u>	<u>(3,979,650)</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u><u>3,738,308</u></u>	<u><u>690,042</u></u>
Company's loss for the financial year		<u><u>(4,449,336)</u></u>	<u><u>(1,943,777)</u></u>

The financial statements were approved by the Board of Directors on 19 Sept 2019 and were signed on its behalf by:

  
.....  
S Chopra - Director

**PERKBOX LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Accumulated losses £	Share premium account £	Other reserves £	Total equity £
<b>Balance at 1 January 2017</b>	1,353	(2,035,873)	4,668,339	-	2,633,819
<b>Changes in equity</b>					
Loss for the financial year and total comprehensive expenses	-	(1,993,614)	-	-	(1,993,614)
<b>Balance at 31 December 2017</b>	<u>1,353</u>	<u>(4,029,487)</u>	<u>4,668,339</u>	<u>-</u>	<u>640,205</u>
<b>Changes in equity</b>					
Issue of share capital	15	-	17,587	-	17,602
Loss for the financial year and total comprehensive expenses	-	(4,754,641)	-	-	(4,754,641)
Shares to be issued	-	-	-	7,480,000	7,480,000
<b>Balance at 31 December 2018</b>	<u>1,368</u>	<u>(8,784,128)</u>	<u>4,685,926</u>	<u>7,480,000</u>	<u>3,383,166</u>

The notes on pages 15 to 24 form part of these financial statements

**PERKBOX LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Accumulated losses £	Share premium account £	Other reserves £	Total equity £
<b>Balance at 1 January 2017</b>	1,353	(2,035,873)	4,668,339	-	2,633,819
<b>Changes in equity</b>					
Loss for the financial year and total comprehensive expenses	-	(1,943,777)	-	-	(1,943,777)
<b>Balance at 31 December 2017</b>	<u>1,353</u>	<u>(3,979,650)</u>	<u>4,668,339</u>	<u>-</u>	<u>690,042</u>
<b>Changes in equity</b>					
Issue of share capital	15	-	17,587	-	17,602
Total comprehensive loss	-	(4,449,336)	-	-	(4,449,336)
Shares to be issued	-	-	-	7,480,000	7,480,000
<b>Balance at 31 December 2018</b>	<u><u>1,368</u></u>	<u><u>(8,428,986)</u></u>	<u><u>4,685,926</u></u>	<u><u>7,480,000</u></u>	<u><u>3,738,308</u></u>

The notes on pages 15 to 24 form part of these financial statements

**PERKBOX LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Cash used in operations	1	(6,681,220)	(2,206,624)
Interest paid		(147,146)	-
Tax paid		<u>32,444</u>	<u>-</u>
Net cash used in operating activities		<u>(6,795,922)</u>	<u>(2,206,624)</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		-	(68,405)
Purchase of tangible fixed assets		(317,475)	(118,135)
Acquisition of subsidiary undertaking		-	(375,270)
Interest received		<u>7,108</u>	<u>3,869</u>
Net cash used in investing activities		<u>(310,367)</u>	<u>(557,941)</u>
<b>Cash flows from financing activities</b>			
New loans in year		2,000,000	2,000,000
Shares to be issued		7,480,000	-
Shares issued		<u>17,602</u>	<u>-</u>
Net cash generated from financing activities		<u>9,497,602</u>	<u>2,000,000</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>2,391,313</u>	<u>(764,565)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>2,271,271</u>	<u>3,035,836</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>4,662,584</u></u>	<u><u>2,271,271</u></u>

The notes on pages 15 to 24 form part of these financial statements

**PERKBOX LIMITED**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

	2018	2017
	£	£
Loss before taxation	(4,793,986)	(1,993,703)
Depreciation amortisation charges	201,507	97,663
Finance costs	147,146	-
Finance income	<u>(7,108)</u>	<u>(3,869)</u>
	(4,452,441)	(1,899,909)
Increase in stocks	(1,596,530)	(1,092,029)
Increase in trade and other debtors	(1,608,965)	(1,347,934)
Increase in trade and other creditors	<u>976,716</u>	<u>2,133,248</u>
<b>Cash used in operations</b>	<u><u>(6,681,220)</u></u>	<u><u>(2,206,624)</u></u>

**2. CASH AND CASH EQUIVALENTS**

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

**Year ended 31 December 2018**

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	<u><u>4,662,584</u></u>	<u><u>2,271,271</u></u>

**Year ended 31 December 2017**

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	<u><u>2,271,271</u></u>	<u><u>3,035,836</u></u>

The notes on pages 15 to 24 form part of these financial statements



## PERKBOX LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 1. STATUTORY INFORMATION

Perkbox Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page. The company incorporated in England on 24 August 2010.

The presentation currency of the financial statements is the Pound Sterling (£).

#### 2. ACCOUNTING POLICIES

##### **Basis of preparing the financial statements**

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

The accounting policies have been applied consistently, other than where new policies have been adopted.

##### **Going concern**

The company and Group has made a loss in the year under review, but the directors are confident that the company will become profitable in the future, through its existing products and on-going development and marketing of its platform.

The Directors have prepared detailed cash flow forecasts, which are based on their current expectations of trading prospects. The forecasts have been prepared over a period of 12 months and the directors are confident that the Company will be in a breach of its covenants and will be able to meet its liabilities as they fall due.

##### **Significant accounting judgements and estimation uncertainty**

The Company makes estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

##### **Turnover**

Turnover comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Sales are presented, net of VAT, rebates and discounts, and after eliminating sales within the Group.

##### **Goodwill**

Goodwill, being the amount paid in connection with the acquisition of a business in 2017, is being amortised evenly over its estimated useful life of two years.

##### **Intangible assets**

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

##### **Tangible fixed assets**

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

Office equipment	-	25% on cost
Computer equipment	-	25% on cost

##### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

# PERKBOX LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2018

### 2. ACCOUNTING POLICIES - continued

#### Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. Current or deferred taxation assets and liabilities are not discounted.

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

#### Deferred tax

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

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

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

#### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

#### Hire purchase and leasing commitments

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

#### Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

### 3. TURNOVER

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

An analysis of turnover by geographical market is given below:

	2018	2017
	£	£
United Kingdom	<u>53,607,420</u>	<u>34,702,873</u>
	<u>53,607,420</u>	<u>34,702,873</u>

### 4. EMPLOYEES AND DIRECTORS

	2018	2017
	£	£
Wages and salaries	9,791,278	6,873,618
Social security costs	1,127,539	731,595
Other pension costs	<u>137,174</u>	<u>29,789</u>
	<u>11,055,991</u>	<u>7,635,002</u>

**PERKBOX LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**4. EMPLOYEES AND DIRECTORS - continued**

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

	2018	2017
Directors	2	2
Administrative staff	<u>237</u>	<u>159</u>
	<u>239</u>	<u>161</u>

	2018 £	2017 £
Directors' remuneration	<u>243,100</u>	<u>272,039</u>

Information regarding the highest paid director is as follows:

	2018 £	2017 £
Emoluments and remuneration	<u>127,075</u>	<u>121,550</u>

**5. OPERATING LOSS**

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

	2018 £	2017 £
Other operating leases	1,064,217	752,847
Depreciation - owned assets	126,964	63,460
Goodwill amortisation	40,341	-
Computer software amortisation	34,202	34,203
Auditors' remuneration - Audit fees	39,600	34,600
Foreign exchange differences	<u>(244)</u>	<u>-</u>

**6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2018 £	2017 £
Bank loan interest	<u>147,146</u>	<u>-</u>

**7. TAXATION ON LOSS**

**Analysis of the tax credit**

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

	2018 £	2017 £
Current tax:		
UK corporation tax	(39,023)	9
Deferred tax:		
Excess of capital allowances over depreciation	<u>(322)</u>	<u>(98)</u>
Tax on loss	<u>(39,345)</u>	<u>(89)</u>

**PERKBOX LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**7. TAXATION ON LOSS - continued**

**Reconciliation of total tax credit included in profit and loss**

The tax assessed for the year is higher (2017: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £	2017 £
Loss before tax	<u>(4,793,986)</u>	<u>(1,993,703)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(910,857)	(383,728)
Effects of:		
Expenses not deductible for tax purposes	37,569	29,593
Capital allowances in excess of depreciation	(11,396)	(15,530)
Tax losses carried forwards	854,083	366,048
Other adjustments	<u>(8,744)</u>	<u>3,528</u>
Total tax credit	<u>(39,345)</u>	<u>(89)</u>

The unrecognised deferred tax asset is due to a lack of historical profits. The approximate unrecognised deferred tax asset is £1,699,395 (2017: £863,615).

**8. INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

**9. INTANGIBLE ASSETS**

**Group**

	Goodwill £	Intellectual property £	Computer software £	Totals £
<b>COST</b>				
At 1 January 2018				
and 31 December 2018	<u>80,681</u>	<u>295,000</u>	<u>68,405</u>	<u>444,086</u>
<b>ACCUMULATED AMORTISATION</b>				
At 1 January 2018	-	-	34,203	34,203
Amortisation for year	<u>40,341</u>	<u>-</u>	<u>34,202</u>	<u>74,543</u>
At 31 December 2018	<u>40,341</u>	<u>-</u>	<u>68,405</u>	<u>108,746</u>
<b>NET BOOK VALUE</b>				
At 31 December 2018	<u>40,340</u>	<u>295,000</u>	<u>-</u>	<u>335,340</u>
At 31 December 2017	<u>80,681</u>	<u>295,000</u>	<u>34,202</u>	<u>409,883</u>

**PERKBOX LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**9. INTANGIBLE ASSETS - continued**

**Company**

	Computer software £
<b>COST</b>	
At 1 January 2018 and 31 December 2018	<u>68,405</u>
<b>ACCUMULATED AMORTISATION</b>	
At 1 January 2018	34,203
Amortisation for year	<u>34,202</u>
At 31 December 2018	<u>68,405</u>
<b>NET BOOK VALUE</b>	
At 31 December 2018	<u>-</u>
At 31 December 2017	<u>34,202</u>

**10. TANGIBLE ASSETS**

**Group**

	Office equipment £	Computer equipment £	Totals £
<b>COST</b>			
At 1 January 2018	58,160	254,599	312,759
Additions	<u>182,471</u>	<u>135,004</u>	<u>317,475</u>
At 31 December 2018	<u>240,631</u>	<u>389,603</u>	<u>630,234</u>
<b>ACCUMULATED DEPRECIATION</b>			
At 1 January 2018	20,811	101,567	122,378
Charge for year	<u>54,955</u>	<u>72,009</u>	<u>126,964</u>
At 31 December 2018	<u>75,766</u>	<u>173,576</u>	<u>249,342</u>
<b>NET BOOK VALUE</b>			
At 31 December 2018	<u>164,865</u>	<u>216,027</u>	<u>380,892</u>
At 31 December 2017	<u>37,349</u>	<u>153,032</u>	<u>190,381</u>

**PERKBOX LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**- FOR THE YEAR ENDED 31 DECEMBER 2018**

**10. TANGIBLE ASSETS - continued**

**Company**

	Office equipment £	Computer equipment £	Totals £
<b>COST</b>			
At 1 January 2018	58,160	254,599	312,759
Additions	<u>182,471</u>	<u>135,004</u>	<u>317,475</u>
At 31 December 2018	<u>240,631</u>	<u>389,603</u>	<u>630,234</u>
<b>ACCUMULATED DEPRECIATION</b>			
At 1 January 2018	20,811	101,567	122,378
Charge for year	<u>54,955</u>	<u>72,009</u>	<u>126,964</u>
At 31 December 2018	<u>75,766</u>	<u>173,576</u>	<u>249,342</u>
<b>NET BOOK VALUE</b>			
At 31 December 2018	<u>164,865</u>	<u>216,027</u>	<u>380,892</u>
At 31 December 2017	<u>37,349</u>	<u>153,032</u>	<u>190,381</u>

**11. INVESTMENTS**

**Company**

	Shares in group undertakings £
<b>COST</b>	
At 1 January 2018 and 31 December 2018	<u>403,778</u>
<b>NET BOOK VALUE</b>	
At 31 December 2018	<u>403,778</u>
At 31 December 2017	<u>403,778</u>

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

**Subsidiary**

**Loyalty Bay Limited**

Registered office: 50 Finsbury Square, Second Floor, London, EC2A 1HD

Nature of business: Customer loyalty platform

	%
Class of shares:	holding
Ordinary	100.00

**PERKBOX LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**12. STOCKS**

	<b>Group</b>		<b>Company</b>	
	2018	2017	2018	2017
	£	£	£	£
Stocks	<u>3,007,227</u>	<u>1,410,697</u>	<u>3,007,227</u>	<u>1,410,697</u>

**13. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	1,616,347	1,013,974	1,626,856	989,496
Amounts owed by group undertakings	-	-	365,951	40,000
Other debtors	1,386,789	744,822	1,386,789	707,026
Prepayments and accrued income	<u>1,220,461</u>	<u>725,836</u>	<u>1,219,361</u>	<u>725,608</u>
	<u>4,223,597</u>	<u>2,484,632</u>	<u>4,598,957</u>	<u>2,462,130</u>

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	1,774,174	1,124,451	1,775,256	1,102,650
Taxation	-	6,579	-	6,579
Other taxation and social security	379,110	239,472	379,110	239,472
VAT	288,733	630,022	285,142	625,194
Other creditors	124,903	126,087	124,415	113,841
Deferred revenue	1,573,312	1,208,409	1,573,312	1,208,409
Accrued expenses	<u>1,086,242</u>	<u>791,317</u>	<u>1,063,051</u>	<u>743,209</u>
	<u>5,226,474</u>	<u>4,126,337</u>	<u>5,200,286</u>	<u>4,039,354</u>

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

	<b>Group</b>		<b>Company</b>	
	2018	2017	2018	2017
	£	£	£	£
Bank loans and overdrafts (see note 16)	<u>4,000,000</u>	<u>2,000,000</u>	<u>4,000,000</u>	<u>2,000,000</u>

**16. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>		<b>Company</b>	
	2018	2017	2018	2017
	£	£	£	£
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>4,000,000</u>	<u>2,000,000</u>	<u>4,000,000</u>	<u>2,000,000</u>

**PERKBOX LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**17. LEASING AGREEMENTS**

The company has entered into a non-cancellable operating lease for which the total of future minimum lease payments are as follows:

	Non-cancellable operating leases	
	2018	2017
	£	£
Within one year	456,956	247,701
Later than one year but within five years	<u>84,116</u>	<u>18,807</u>
	<u>551,072</u>	<u>266,508</u>

**18. SECURED DEBTS**

The following secured debts are included within creditors:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans and overdrafts	<u>4,000,000</u>	<u>2,000,000</u>	<u>4,000,000</u>	<u>2,000,000</u>

Bank loans and overdrafts are secured by a fixed and floating charge over the assets of the company.

**19. PROVISIONS FOR LIABILITIES**

	Group	
	2018	2017
	£	£
Deferred tax		
Excess of capital allowances over depreciation	<u>-</u>	<u>322</u>
<b>Group</b>		
		Deferred tax
		£
Balance at 1 January 2018		322
Accelerated capital allowances		<u>(322)</u>
Balance at 31 December 2018		<u>-</u>

**20. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			2018	2017
Number:	Class:	Nominal value:	£	£
1,367,856 (2017: 1,352,582)	Ordinary	0.1p	<u>1,368</u>	<u>1,353</u>

15,274 Ordinary shares of 0.1p each were allotted as fully paid at a premium of 1:15141 per share during the year.



**PERKBOX LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**20. CALLED UP SHARE CAPITAL - continued**

On 28 September 2018 the company raised £7.48M by way of an advanced share subscription.

**21. RESERVES**

**Group**

	Accumulated losses £	Share premium account £	Other reserves £	Totals £
At 1 January 2018	(4,029,487)	4,668,339	-	638,852
Losses for the year	(4,754,641)	-	-	(4,754,641)
Cash share issue	-	17,587	-	17,587
Shares to be issued	-	-	7,480,000	7,480,000
At 31 December 2018	<u>(8,784,128)</u>	<u>4,685,926</u>	<u>7,480,000</u>	<u>3,381,798</u>

**Company**

	Accumulated losses £	Share premium account £	Other reserves £	Totals £
At 1 January 2018	(3,979,650)	4,668,339	-	688,689
Loss for the year	(4,449,336)	-	-	(4,449,336)
Cash share issue	-	17,587	-	17,587
Shares to be issued	-	-	7,480,000	7,480,000
At 31 December 2018	<u>(8,428,986)</u>	<u>4,685,926</u>	<u>7,480,000</u>	<u>3,736,940</u>

There is an Advanced Share Subscription Agreement with investors to issue ordinary shares on completion of the next funding round. The investors pre-paid for shares that will be allocated during the next funding round at a discount to the valuation stipulated in the Advanced Subscription Agreement.

**22. RELATED PARTY DISCLOSURES**

The Company is taking advantage of the exemptions of FRS 102, not to disclose transactions within the Group as it is 100% owned and the financial statements of the group are publicly available.

No further transactions require disclosure as per FRS 102.

**23. ULTIMATE CONTROLLING PARTY**

As at 31 December 2018 there was no parent entity nor ultimate controlling party.

**PERKBOX LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**24. SHARE-BASED PAYMENT TRANSACTIONS**

The Group operates the Huddlebuy Share Option Plan, a share-based payment scheme for its employees.

Key employees are granted share options in the Company as part of the scheme. The options are granted with a fixed exercise price, are exercisable subject to a vesting period typically over four years after the date of grant, and expire ten years after the date of grant. Employees are not entitled to dividends until the shares are exercised. Employees are required to remain in employment with the Company until exercise, otherwise the awards lapse. Grants for new joiners are approved by the board periodically. On exercise of the options by the employees, the Company issues new shares.

A reconciliation of share option movements over the year to 31 December 2018 is shown below:

	2018		2017	
	No.	Weighted average exercise price	No.	Weighted average exercise price
Outstanding at 1 January	60,018	£3.0142	31,057	£0.0012
Granted	19,082	£6.2976	34,109	£5.7400
Forfeited	(7,301)	£5.1214	(5,148)	£2.8968
Exercised	(15,274)	£1.1524	-	-
Expired	-	-	-	-
Outstanding at 31 December	56,525	£4.3353	60,018	£3.0142
Exercisable at 31 December	21,706	£1.7890	21,774	£1.7018

The Company is unable to directly measure the fair value of employee services received. Instead the fair value of the share options granted during the year is determined by estimating the market value of the options on the date of grant. The exercise price for all grants made up to 31 December 2018 was deemed to be approximately nominal value, hence the market value was not sufficiently material and no charge was deemed necessary.