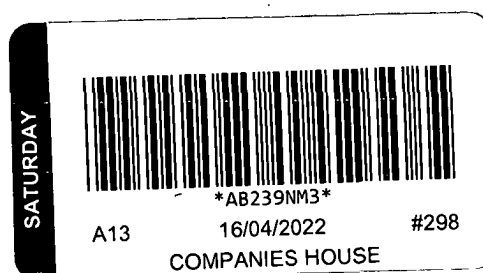


Registration number: 07982374

Medallia Limited

Annual report and financial statements
for the year ended 31 January 2021



Medallia Limited

Contents

Company information	1
Strategic report	2 to 6
Directors report	7 to 8
Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements	9
Independent auditor's report	10 to 13
Income statement	14
Statement of financial position	15
Statement of changes in equity	16
Notes to the financial statements	17 to 34

Medallia Limited

Company information

Directors	R M Oulman
	K J Furlong
Company secretary	Citco Management (UK) Limited (Terminated 27 July 2021)
	Oakwood Corporate Secretary Limited (Appointed 1 June 2021)
Registered office	3rd Floor 1 Ashley Road Altrincham Cheshire United Kingdom WA14 2DT
Auditors	Ernst & Young LLP Statutory Auditor Apex Plaza Forbury Road Reading RG1 1YE

Medallia Limited

Strategic report For the year ended 31 January 2021

The directors present their strategic report for the year ended 31 January 2021. The directors, in preparing this strategic report, have complied with section 414C of the Companies Act 2006.

Principal activity

For the year 1 February 2020 to 31 January 2021 Medallia Limited's principal activity was the provision of Sales, Marketing and customer activities on behalf of its parent company, Medallia Inc.

Business review

The financial period ended 31 January 2021 was the eighth full year of trading for Medallia Limited. Refer to page 3 for further information on the key performance indicators of the company.

Principal risks and uncertainties

The management of the business and execution of the company's strategy are subject to a number of risks. The key business and financial risks and uncertainties affecting the company are continually monitored by the directors and appropriate steps are taken to eliminate or reduce their impact. The following risks are significant to the company's operations:

- SLA (Service Level Agreement) breach. The company could suffer integrity and financial loss, should a significant SLA breach or period of downtime occur. The directors believe that the procedures and measures in place that are enforced mitigate the risks of an outage occurring wherever possible.
- Competitive Risks. The company faces competitive risk from large multi-nationals entering into the market providing "loss leader" services. The directors believe that the brand is very strong, and continued investment in sales and marketing activity will continue to strengthen existing and new customer relationships.
- Legislative Risks. The company faces a legislative risk in certain countries around the security and physical location of electronic data. These legislative standards are subject to continuous revision and any new directive could have a material impact on the ability of the group to supply services at a profit. A further risk is geo political risk, including but not limited to events such as Brexit. The directors are confident that current security measures are robust but also continue to appraise additional regional datacentre resources to meet the demand and expectations of our customers.
- Cyber Security Risks. Cyber-attacks and other malicious internet-based activity continue to occur, with cloud based services targeted in the past. The directors are confident that the procedures designed and implemented by the company are appropriate to mitigate the risk of this occurring.
- Brexit. The United Kingdom exited the European Union on 31 January 2020 (commonly referred to as 'Brexit') with the transition period ending on 31 December 2020. New rules governing the future relationship between the EU and UK took effect on 1 January 2021. Whilst we have not experienced significant impact related to Brexit, we are continuing to monitor developments for any potential future impacts. Such impacts could include volatility in global stock markets and currency exchange rates as well as differing laws and regulations as the United Kingdom determines which European Union laws to replace or replicate.

Medallia Limited

Strategic report

For the year ended 31 January 2021 (continued)

Financial key performance indicators

The financial statements are prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the requirements of the Companies Act 2006.

Key financial and other performance indicators during the year were as follows:

	2021 £	2020 £	Change %
Turnover	39,687,734	29,875,540	33
Operating cost	(25,041,018)	(15,178,682)	65
Current assets compared to current liabilities (quick ratio)	3.76	3.09	22
Average number of employees	140	119	18

Other key performance indicators

Turnover increased by 33% during the year due to the mark up on Cost+ activities attributed to the extra investment made by the company.

Total operating cost increased by 65% during the year. This increase was largely due to an increase in staff-related costs, driven both by an increase in staff numbers as well as the changing mix to staff with sales focus having an impact on increasing costs.

The company's quick ratio (current assets as a percentage of current liabilities) has increased primarily due to an increase in debtors of 54% predominantly caused by intercompany balances. This was partially offset by a 27% increase in creditors due to social security and other taxes payable.

The total average number of employees increased by 18% (6% decrease in prior year) during the year.

Over the past year, Medallia Limited has changed the headcount makeup of the company with a sales focus. The average number of sales employees increased by 13%, whereas operational employees increased by 9% on average. This is in an attempt to consolidate and drive the revenue growth across the group, whilst also making sure resources are readily available to accommodate the scalability.

Medallia Limited

Strategic report

For the year ended 31 January 2021 (continued)

Impact of COVID-19

The directors continue to monitor the ongoing situation regarding the COVID-19 pandemic and the potential impact on the company, and take mitigating actions as required.

Due to the nature of the operations of the company, there were no significant impacts arising from the pandemic other than the decision to exit the 5th floor of the Cheapside property (refer to note 20 for further information). To date no refinancing is required and there has been no material adverse affect on the company's results, asset carrying values or statement of financial position.

Schedule 172 statement - Directors' statement of compliance with duty to promote the success of the company

This section describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) Companies Act 2006 in exercising their duty to promote the success of the company for the benefit of its members as a whole, for the year ended 31 January 2021.

The company is a subsidiary of Medallia Inc, and the company's key stakeholders are its ultimate beneficial owner, Medallia Inc, related Medallia Inc subsidiaries and the stakeholder groups.

Customers	
Why it is important to engage and what matters to them?	Medallia has made the commitment to help its customers improve and grow through superior customer service; if we do not fulfil this expectation the brand will be eroded, and market share will be lost.
How management and/or directors engaged and what was the impact of the engagement?	Medallia's core business is providing real-time customer data, insights, and tools to improve customer experiences. We use our own software to review customer feedback, net promoter scores and complaints data. Over the past year Medallia has had to look for new ways to engage with our customers as traditional in person events were not possible due to the COVID-19 pandemic. We took this opportunity to host digital events with customers as we adapted to the new business environment. Finding new ways for our customers to engage with Medallia and our tools is key as greater engagement leads to a better experience for their customers.

Medallia Limited**Strategic report****For the year ended 31 January 2021 (continued)****Schedule 172 statement - Directors' statement of compliance with duty to promote the success of the company (continued)**

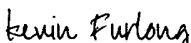
Suppliers	
Why it is important to engage and what matters to them?	The company's suppliers are fundamental to ensuring Medallia meets the high standards of conduct that customers and other key stakeholders expect. Medallia uses 3rd party contractors who support product implementations or managed services, in these cases they are representing the brand and enabling the company to run uninterrupted.
How management and/or directors engaged and what was the impact of the engagement?	Medallia has a centralized procurement function that helps manage the supplier relationships and ensures all needed agreements are in place and adhered to.
Workforce	
Why it is important to engage and what matters to them?	<p>The company's long-term success is predicated on the commitment of the workforce to our mission and purpose. The knowledge and skills of our workforce have been built over time to best suit our customers, it is key for Medallia to retain this as our workforce needs to be adaptive as we scale and grow.</p> <p>Engaging with the workforce is essential to ensure that the company fosters an environment that the workforce is motivated to work in and that best supports their wellbeing.</p>
How management and/or directors engaged and what was the impact of the engagement?	<p>We are committed to a respectful, rewarding, diverse and inclusive work environment that allows our team members to develop and grow with Medallia. To act on that commitment, we structure our human capital management objectives around four pillars: Hire, Retain, Invest and Experience.</p> <p>Voice of Medallia is a yearly employee survey that asks the workforce a large number of questions on a wide range of subjects. The results are used by management to assess if the needs of the workforce are being adequately met.</p> <p>During the prior year Medallia invested in Crowdcity Limited, their mission is to provide innovation software, empowering their customers to harness the knowledge, experience and creativity of their people to discover new ideas. Medallia have started to use this software internally to drive new perspectives and insights from its workforce to improve their working lives and the business.</p>

Medallia Limited**Strategic report****For the year ended 31 January 2021 (continued)****Schedule 172 statement - Directors' statement of compliance with duty to promote the success of the company (continued)**

Shareholders	
Why it is important to engage and what matters to them?	As the Board of directors, our intention is to behave responsibly towards our shareholder, Medallia Inc. This is important to ensure continued access to capital, develop a long-term relationship and will aid the creation of value.
How management and/or directors engaged and what was the impact of the engagement?	A director of the company is also a director of Medallia Inc. which ensures that corporate objectives and initiatives can be implemented and adapted in Medallia Limited. The company also provides monthly financial performance results to the Group commercial and finance functions for review and consolidation. This review by the Group team allows challenges to be made and actions taken where necessary for management implementation.

Approved by the Board on 13 April 2022 and signed on its behalf by:

DocuSigned by:



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K J Furlong

Director

Medallia Limited

Directors report For the year ended 31 January 2021

The directors present their report and the financial statements for the year ended 31 January 2021.

Directors of the company

The directors who held office during the year were as follows:

R M Oulman

A Livesey (resigned 27 May 2020)

D W Grasham (appointed 27 May 2020 and resigned 1 July 2021)

The following director was appointed after the year end:

K J Furlong (appointed 27 July 2021)

Information included in the Strategic Report

In accordance with section 414C (11) of the Companies Act 2006, the directors have opted to include the following areas of importance in their strategic report:

- Business review
- Principal risks and uncertainties

Results and dividends

The loss for the year, after taxation, amounted to £6,924,558 (2020: profit of £2,177,968).

The directors do not recommend the payment of a dividend (2020: £nil).

Future developments

The directors aim to maintain the existing level of investment in people, in addition to developing new policies and processes to deliver sustained and future growth. Over the next year the company will show continued investment, particularly in sales, operations and marketing, and the directors are very confident that this investment will deliver increased growth and open up new opportunities to grow market share, especially following the acquisition of the group by Thoma Bravo, a leading software investment firm, in October 2021. This acquisition will allow the group to benefit from Thoma Bravo's operating capabilities, capital support and sector expertise.

Political and charitable contributions

The company made no political charitable contributions during the year (2020: nil).

Branches outside the United Kingdom

Medallia Limited currently has 8 branches (2020: 9) in operation across the following locations: Italy, Switzerland, Sweden, Austria, Hong Kong and South Korea.

Going concern

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

The company has net current assets of £13,898,865 (2020: £8,125,501) as set out in the Statement of Financial Position on page 15.

Medallia Limited

Directors report

For the year ended 31 January 2021 (continued)

Going concern (continued)

In assessing whether the going concern basis is appropriate, the directors take into account all available information about the future including financial forecasts up until 12 months from the date of the signing of these financial statements. The Directors have performed this review at a company level and have also performed a review for the entire group including considering the impact of COVID-19 and have concluded that it does not impact the going concern of the business and the Directors are satisfied that Medallia Inc., as ultimate parent company, has sufficient ability to fulfil its obligations under the parental support arrangement based on the available resources and continued strong performance during the pandemic.

In making this conclusion, the directors have considered the letter of support the company received from Medallia Inc. confirming that it will provide financial support as needed for a period of twelve months from the date of approval of these financial statements. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future due to the ongoing financial results of the ultimate parent company. The directors considered that Medallia Inc. had significant cash and cash equivalents as well as marketable securities, has no significant debt maturities until 2025 and has available undrawn facilities should these be required.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis as the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of 12 months from the date of signing these accounts. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Events after the reporting period

There were no significant events after the reporting date.

Directors indemnities

The company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report, subject to the conditions set out in the Companies Act 2006.

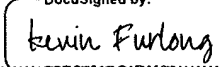
Disclosure of information to the auditors

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

Reappointment of auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board on 13 April 2022 and signed on its behalf by:

DocuSigned by:

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K J Furlong
Director

Medallia Limited

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the income statement of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Medallia Limited

Opinion

We have audited the financial statements of Medallia Limited (the 'company') for the year ended 31 January 2021, which comprise the Income statement, Statement of financial position, Statement of changes in equity and the related notes 1 to 29, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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 company's ability to continue as a going concern for a period of 12 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of Medallia Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor'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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Independent auditor's report to the members of Medallia Limited (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006) and the relevant tax compliance regulations, principally relating to those issued by HMRC.
- We understood how Medallia Limited is complying with those frameworks by making enquiries with management and of those charged with governance to understand how the company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries through our review of Board minutes, by understanding the entity level controls in place and through inspection of supporting evidence.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it considered the risk of management override to be. We also considered where the significant judgements and estimates are in the financial statements as well as the overall programmes in place to address the risks identified, or that otherwise prevent, deter and detect fraud and how management monitors these programmes and controls
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved reviewing the minutes of the directors' meetings and performing enquiries with management, testing journal entries with a focus on manual journals or unusual transactions based on our understanding of the business, as well as examining the transactions in the year.

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

Use of our report

This report, including the opinions, has been prepared for and only for the 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.

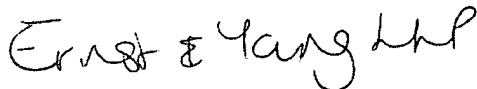
Independent auditor's report to the members of Medallia Limited (continued)

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



.....
Kate Allen (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor

Apex Plaza
Forbury Road
Reading
RG1 1YE

Date: 14 April 2022

Medallia Limited**Income statement
For the year ended 31 January 2021**

	Note	2021 £	2020 £
Turnover	4	39,687,734	29,875,540
Cost of sales		<u>(12,345,195)</u>	<u>(12,562,883)</u>
Gross profit		27,342,539	17,312,657
Administrative expenses		(25,041,018)	(15,178,682)
Impairment of investments	14	(8,433,791)	-
Onerous lease expense	5	<u>(1,370,095)</u>	<u>-</u>
Operating (loss)/profit	6	(7,502,365)	2,133,975
Finance income	7	350	544
Finance costs	8	<u>(244,747)</u>	<u>(91,480)</u>
(Loss)/profit before tax		(7,746,762)	2,043,039
Tax credit on (loss)/profit	12	<u>822,204</u>	<u>134,929</u>
(Loss)/profit for the financial year		<u><u>(6,924,558)</u></u>	<u><u>2,177,968</u></u>

The above results were derived from continuing operations.

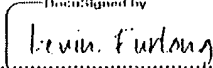
The company has no recognised gains or losses for the year other than the results above.

The notes on pages 17 to 34 form an integral part of these financial statements.

Medallia Limited**Statement of financial position
As at 31 January 2021**

	Note	2021 £	2020 £
Non-current assets			
Tangible assets	13	3,800,597	3,569,525
Investments	14	<u>3,927,611</u>	<u>12,361,402</u>
		<u>7,728,208</u>	<u>15,930,927</u>
Current assets			
Debtors: amounts falling due after more than one year		163,698	185,113
Debtors: amounts falling due within one year	15	18,432,991	11,828,819
Cash at bank and in hand	17	<u>337,477</u>	<u>272,862</u>
		18,934,166	12,286,794
Creditors: amounts falling due within one year	18	<u>(5,035,301)</u>	<u>(3,976,180)</u>
Net current assets		<u>13,898,865</u>	<u>8,310,614</u>
Total assets less current liabilities		21,627,073	24,241,541
Creditors: amounts falling due after more than one year	19	(11,945,036)	(12,511,003)
Provisions for liabilities	20	<u>(1,370,095)</u>	<u>-</u>
Net assets		<u>8,311,942</u>	<u>11,730,538</u>
Capital and reserves			
Called up share capital	22	1	1
Other reserves		8,451,019	4,945,057
Profit and loss account		<u>(139,078)</u>	<u>6,785,480</u>
Total shareholders' equity		<u>8,311,942</u>	<u>11,730,538</u>

Approved and authorised by the Board on 13 April 2022 and signed on its behalf by:


 K J Furlong
 Director

The notes on pages 17 to 34 form an integral part of these financial statements.

Medallia Limited**Statement of changes in equity
For the year ended 31 January 2021**

	Called up share capital £	Other reserves £	Profit and loss account £	Total Shareholder's equity £
At 1 February 2019	<u>1</u>	<u>2,359,101</u>	<u>4,607,512</u>	<u>6,966,614</u>
Profit for the year	-	-	2,177,968	2,177,968
Total comprehensive income	-	-	2,177,968	2,177,968
Credit in relation to share awards	-	2,585,956	-	2,585,956
At 31 January 2020	<u>1</u>	<u>4,945,057</u>	<u>6,785,480</u>	<u>11,730,538</u>
	Called up share capital £	Other reserves £	Profit and loss account £	Total shareholder's equity £
At 1 February 2020	<u>1</u>	<u>4,945,057</u>	<u>6,785,480</u>	<u>11,730,538</u>
Loss for the year	-	-	(6,924,558)	(6,924,558)
Total comprehensive income	-	-	(6,924,558)	(6,924,558)
Credit in relation to share awards	-	3,505,962	-	3,505,962
At 31 January 2021	<u>1</u>	<u>8,451,019</u>	<u>(139,078)</u>	<u>8,311,942</u>

The notes on pages 17 to 34 form an integral part of these financial statements.

Medallia Limited

Notes to the financial statements For the year ended 31 January 2021

1 General information

Medallia Limited ("the company") is a private company limited by share capital, incorporated in England and Wales and domiciled in the United Kingdom.

The address of its registered office is:

3rd Floor
1 Ashley Road
Altrincham
Cheshire
United Kingdom
WA14 2DT

(Registration number: 07982374)

The nature of the company's operations and its principal activities are set out in the Strategic report on pages 2 to 6.

These financial statements were authorised for issue by the Board on 13 April 2022.

2 Accounting policies

Summary of significant accounting policies

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the following disclosure exemptions available to it in respect of its separate financial statements:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 401 of the Companies Act 2006 because it is a wholly owned subsidiary of Medallia, Inc. which prepares consolidated financial statements that are publicly available. These financial statements may be obtained from its registered address at 575 Market Street, Suite 1850, San Francisco, CA 94105, USA.

Going concern

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

The company has net current assets of £13,898,865 (2020: £8,125,501) as set out in the Statement of Financial Position on page 15.

Medallia Limited

Notes to the financial statements For the year ended 31 January 2021 (continued)

2 Accounting policies (continued)

Going concern (continued)

In assessing whether the going concern basis is appropriate, the directors take into account all available information about the future including financial forecasts up until 12 months from the date of the signing of these financial statements. The Directors have performed this review at a company level and have also performed a review for the entire group including considering the impact of COVID-19 and have concluded that it does not impact the going concern of the business and the Directors are satisfied that Medallia Inc., as ultimate parent company, has sufficient ability to fulfil its obligations under the parental support arrangement based on the available resources and continued strong performance during the pandemic.

In making this conclusion, the directors have considered the letter of support the company received from Medallia Inc. confirming that it will provide financial support as needed for a period of twelve months from the date of approval of these financial statements. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future due to the ongoing financial results of the ultimate parent company. The directors considered that Medallia Inc. had significant cash and cash equivalents as well as marketable securities, has no significant debt maturities until 2025 and has available undrawn facilities should these be required.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis as the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of 12 months from the date of signing these accounts. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Revenue recognition

Revenue represents the amounts, excluding value added tax, derived from the provision of services to Medallia Inc.

Revenue represents an amount equal to the value of certain direct and indirect costs plus a mark-up of either 5 % or 7 % and is recognised as costs are incurred.

Finance income

Finance income is recognised in the Income Statement using the effective interest method.

Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

Functional and presentation currency

The Company's functional and presentational currency is GBP and financial statements are rounded to the nearest £.

Medallia Limited

Notes to the financial statements For the year ended 31 January 2021 (continued)

2 Accounting policies (continued)

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash at bank and in hand are presented in the Income Statement within 'finance income or finance costs'. All other foreign exchange gains and losses are presented in the Income Statement within 'Administrative expenses'.

Tax

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

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	Over the term of the lease
Plant and machinery	33%

Medallia Limited

Notes to the financial statements For the year ended 31 January 2021 (continued)

2 Accounting policies (continued)

Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Debtors

Debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Medallia Limited

Notes to the financial statements For the year ended 31 January 2021 (continued)

2 Accounting policies (continued)

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Leases

The Company as a lessee

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

The Company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

Medallia Limited

Notes to the financial statements For the year ended 31 January 2021 (continued)

2 Accounting policies (continued)

Share based payments

The share option programme allows employees of the company to acquire share certificates of Medallia Inc, the ultimate parent company. As the company itself has no obligation, it measures the services of these employees as an equity-settled share-based payment transaction.

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Income Statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

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

Where equity instruments are granted to persons other than employees, the Income Statement is charged with fair value of goods and services received.

Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

There were no key sources of estimation uncertainty or critical accounting judgements made by the directors in preparing these financial statements.

Medallia Limited

Notes to the financial statements For the year ended 31 January 2021 (continued)

4 Turnover

Turnover represents an amount equal to the value of direct and indirect costs, as recognised, plus an additional mark-up of either 5% or 7% on those costs (depending on their nature), as specified in the transfer pricing agreements between Medallia Limited and its parent undertaking Medallia Inc. Revenue was derived from rendering services within the United Kingdom.

The analysis of the company's turnover for the year by market is as follows:

	2021 £	2020 £
United Kingdom	<u>39,687,734</u>	<u>29,875,540</u>

5 Other losses

The analysis of the company's other gains and losses for the year is as follows:

	2021 £	2020 £
Onerous lease expense (note 20)	<u>1,370,095</u>	<u>-</u>

6 Operating (loss)/profit

Arrived at after charging/(crediting)

	2021 £	2020 £
Foreign exchange gains	(351,448)	(595,439)
Operating lease rentals	1,527,456	1,516,414
Share based payment	3,505,962	2,585,956
Amortisation	-	4,556
Depreciation expense	1,408,812	1,008,989
Impairment charge -Tangible fixed assets	893,481	-
Impairment charge - Fixed asset investments	<u>8,433,791</u>	<u>-</u>

7 Finance income

	2021 £	2020 £
Interest receivable	<u>350</u>	<u>544</u>

Medallia Limited**Notes to the financial statements
For the year ended 31 January 2021 (continued)****8 Finance costs**

	2021 £	2020 £
Other interest payable	38,853	24,600
Interest payable on amounts owed to group undertakings	205,894	66,880
	<u>244,747</u>	<u>91,480</u>

9 Staff costs

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	24,436,034	15,630,799
Social security costs	2,496,957	1,739,708
Cost of defined contribution scheme	411,894	229,645
	<u>27,344,885</u>	<u>17,600,152</u>

Included within wages and salaries is £3,505,962 (2020: £2,585,956) relating to the share based charge in the year.

Medallia Limited has a Group Personal Pension Scheme (a defined contribution scheme) and makes a contribution up to 4% (2020: 4%) of the employee's basic annual salary to the scheme. For employees to obtain the 2% contribution from the employer they must join the scheme and contribute a minimum of 3% of basic annual salary.

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

	2021 £	2020 £
Sales and marketing	47	54
Operations	60	55
Administration	33	10
	<u>140</u>	<u>119</u>

10 Directors' remuneration

	2021 £	2020 £
Directors' emoluments	141,526	107,215
Company contributions to defined contribution pension schemes	1,175	2,629
	<u>142,701</u>	<u>109,844</u>

Medallia Limited

Notes to the financial statements For the year ended 31 January 2021 (continued)

10 Directors' remuneration (continued)

During the year retirement benefits were accruing to 1 director (2020: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £141,256 (2020: £107,215).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,175 (2020: £2,629).

Directors who exercised share options was 1 (2020: 1), the number of directors in respect of whose services shares were received or receivable under long term incentive schemes was nil (2020: nil)

Director's remuneration in respect of the services provided by two of the directors for the year ended 31 January 2021 has been borne by other group companies. The directors are also a director of other companies within the Medallia group and the services supplied to the company do not occupy a significant amount of their time. As such, for these directors, Medallia Limited do not consider that they received any remuneration for their incidental services to the company for the year ended 31 January 2021 (2020: nil).

11 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u>50,000</u>	<u>45,000</u>

12 Taxation

Tax charged/(credited) in the income statement

	2021 £	2020 £
Current taxation		
UK corporation tax	-	472,189
UK corporation tax adjustment to prior periods	<u>(287,638)</u>	<u>(15,310)</u>
Total current tax	<u>(287,638)</u>	<u>456,879</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(430,726)	(637,490)
Adjustments in respect of prior years	(565)	45,682
Effect of changes in tax rates	<u>(103,275)</u>	<u>-</u>
Total deferred taxation	<u>(534,566)</u>	<u>(591,808)</u>
Tax receipt in the income statement	<u><u>(822,204)</u></u>	<u><u>(134,929)</u></u>

Medallia Limited**Notes to the financial statements
For the year ended 31 January 2021 (continued)****12 Taxation (continued)**

The tax on loss before tax for the year is higher than the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
(Loss)/profit before tax	<u>(7,746,762)</u>	<u>2,043,039</u>
Corporation tax at standard rate	(1,471,885)	388,177
Expenses not deductible	1,609,981	222,772
Effects of group relief/other reliefs	473,781	-
Adjustments in respect of prior periods	(288,203)	30,372
Tax rate changes	(103,275)	-
Share options	(1,042,603)	(781,022)
Transfer pricing adjustments	<u>-</u>	<u>4,772</u>
Total tax credit	<u>(822,204)</u>	<u>(134,929)</u>

Factors that may affect future tax charges

The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the statement of financial position date and as a result, any potential or unrecognised deferred tax balances as at 31 January 2021 continue to be measured at 19%.

Medallia Limited**Notes to the financial statements
For the year ended 31 January 2021 (continued)****13 Tangible fixed assets**

	Leasehold improvements £	Plant and machinery £	Total £
Cost or valuation			
At 1 February 2020	2,614,839	5,216,830	7,831,669
Additions	4,282	2,542,855	2,547,137
Impairment	(893,481)	-	(893,481)
Other adjustments	(13,772)	-	(13,772)
At 31 January 2021	<u>1,711,868</u>	<u>7,759,685</u>	<u>9,471,553</u>
Depreciation			
At 1 February 2020	432,273	3,829,871	4,262,144
Charge for the year	<u>316,178</u>	<u>1,092,634</u>	<u>1,408,812</u>
At 31 January 2021	<u>748,451</u>	<u>4,922,505</u>	<u>5,670,956</u>
Carrying amount			
At 31 January 2021	<u>963,417</u>	<u>2,837,180</u>	<u>3,800,597</u>
At 31 January 2020	<u>2,182,566</u>	<u>1,386,959</u>	<u>3,569,525</u>

The impairment for the leasehold improvement relates to impairment of investment of assets associated with the 5th floor of the Cheapside property (refer to note 20 for further information), and for which the company no longer receives significant benefit.

Medallia Limited**Notes to the financial statements
For the year ended 31 January 2021 (continued)****14 Fixed asset investments**

	2021 £	2020 £
Investments in subsidiaries	<u>3,927,611</u>	<u>12,361,402</u>
Subsidiaries		£
Cost or valuation		
At 1 February 2020		12,361,402
Impairments		<u>(8,433,791)</u>
At 31 January 2021		<u>3,927,611</u>
Carrying amount		
At 31 January 2021		<u>3,927,611</u>
At 31 January 2020		<u>12,361,402</u>

Name	Registered office	Class of shares	Holding
Medallia SA	1 st tower, 4th Floor, Office A, Buenos Aires, Argentina	Ordinary shares	10%
MEDACX, S. de R.L de C.V	111, Piso 1, 11560 Distrito, Federal CP, Mexico	Ordinary shares	10%
Crowdicity Limited	3rd Floor 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT	Ordinary shares	100%

On 31 January 2022, Medallia Limited agreed to sell the business and assets in Crowdicity Limited to Medallia Inc. as a going concern, and for Medallia Inc. to assume all liabilities of Crowdicity Limited. As part of this transaction, a fair market valuation was undertaken by an independent 3rd party valuer. The investment in Crowdicity Limited as at 31 January 2021 has therefore been impaired in line with this independent 3rd party fair market valuation.

15 Debtors: amounts falling due within one year

	2021 £	2020 £
Amounts owed by group undertakings	15,442,888	9,804,025
Other debtors	1,398,729	1,147,529
Deferred tax assets (note 24)	1,411,831	877,265
Corporation tax	<u>179,543</u>	<u>-</u>
	<u>18,432,991</u>	<u>11,828,819</u>

Medallia Limited**Notes to the financial statements
For the year ended 31 January 2021 (continued)****16 Debtors: amounts falling due after more than one year**

	2021 £	2020 £
Other debtors	<u>163,698</u>	<u>185,113</u>

17 Cash at bank and in hand

	2021 £	2020 £
Cash at bank and in hand	<u>337,477</u>	<u>272,862</u>

18 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	731,451	594,627
Social security and other taxes	1,759,212	598,668
Accruals and other creditors	2,544,638	2,495,247
Corporation tax	-	287,638
	<u>5,035,301</u>	<u>3,976,180</u>

19 Creditors: amounts falling due after more than one year

	2021 £	2020 £
Other loans (Note 23)	10,362,381	10,584,138
Other creditors	<u>1,582,655</u>	<u>1,926,865</u>
	<u>11,945,036</u>	<u>12,511,003</u>

Included as other loans is a promissory note of \$13,833,833USD (£10,362,381) issued by Medallia Inc, for the purpose of acquiring Crowdicity as detailed in Note 14. This is repayable in full in 2034 with interest on any unpaid balance accruing at 1.86% compounded per annum.

20 Provisions for liabilities

	Onerous contracts £
At 1 February 2020	-
Charged to profit and loss account	3,459,987
Released to profit and loss account due to sub lease	<u>(2,089,892)</u>
At 31 January 2021	<u>1,370,095</u>

Medallia Limited

Notes to the financial statements For the year ended 31 January 2021 (continued)

20 Provisions for liabilities (continued)

Analysed as:

Non-current	1,146,544
Current	223,552
	<u>1,370,095</u>

Onerous contract provision

The company had previously entered into an operating lease to rent office space. Due to COVID-19, the company took the decision along with the wider Medallia group, closed all offices globally in March 2020, in favour of a home-working model rather than work from its office premises. The company is contractually required to continue making payments for the operating lease of the Cheapside property, however it no longer receives significant benefit from the leased asset. The company has recognised an onerous lease provision at the present value of the unavoidable costs, net of any expected benefit under the contract. The provision is expected to be utilised over the period to 18 March 2027.

During the year the company managed to agree a sublease, which has reduced the onerous lease provision by £2,089,892.

21 Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £411,894 (2020: £229,645). Contributions totalling £nil (2020: £nil) were payable to the fund at the reporting date and are included in creditors.

22 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary share of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

Shareholders of all ordinary shares are entitled to one vote for every share.

In December 2021, 99 ordinary shares were issued and allotted to Medallia Inc. whose registered office is at 575 Market St., Suite 1850, San Francisco CA 94105, United States. All allotted shares were paid for in full on the date of allotment.

Other reserves

Other reserves represents credit to equity in respect of equity settled share based payments.

Profit and loss account

The profit and loss account represents cumulative retained profits and losses, net of distributions to owners.

Medallia Limited**Notes to the financial statements
For the year ended 31 January 2021 (continued)****23 Loans**

	2021	2020
	£	£
Amounts falling due after more than 5 years		
Other loans (note 19)	<u>10,362,381</u>	<u>10,584,138</u>

24 Deferred taxation

	2021	
	£	2020
		£
Deferred tax asset		
At beginning of year		877,265
Adjustment in respect of prior years		565
Deferred tax credit to income statement for the period		<u>534,001</u>
At end of year		<u>1,411,831</u>
	2021	2020
	£	£
Accelerated capital allowances	253,036	31,926
Short term timing differences - trading	485,462	4,679
Share based payment	<u>673,333</u>	<u>840,660</u>
	<u>1,411,831</u>	<u>877,265</u>

A deferred tax asset has been recognised to the level where the directors believe that, based on forecasted results, it is more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted.

25 Commitments under operating leases

At 31 January 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021	2020
	£	£
Not later than one year	1,533,142	1,533,142
Later than one year and not later than five years	6,132,568	6,132,568
Later than five years	<u>1,735,088</u>	<u>3,268,230</u>
	<u>9,400,798</u>	<u>10,933,940</u>

Medallia Limited

Notes to the financial statements For the year ended 31 January 2021 (continued)

26 Share-based payments

Medallia Limited's 2008 Equity Incentive Plan (the 2008 Plan) provides for the granting of options to purchase class A Common shares of restricted Class A Common, Class A Common Restricted Stock Units and stock appreciation rights. The 2008 Plan provides for granting of awards to employees, directors and consultants of Medallia Limited. Under the 2008 Plan, the exercise price of an Incentive Stock Option (ISO) and Nonqualified Stock Option (NSO) shall not be less than 100% of the estimated fair value of the shares on the date of grant, provided, the exercise price of an ISO granted to a 10% stockholder shall not be less than 10% of the estimated fair value of the shares on the date of grant. Options under the 2008 Plan may be granted for periods of up to ten years. The 2008 Plan provides for grants of immediately exercisable options; however, such exercises contain repurchase provisions that provide Medallia Limited with rights to repurchase any unvested common stock upon termination of employment at the original exercise price. Options granted generally vest, and are released from the repurchase provision, over four years at a rate of 25% upon the first anniversary and 1/36 per month after.

We determine the fair value of stock options issued to employees on the date of grant using the Black-Scholes option pricing model, which is impacted by the fair value of our parent's common stock, as well as changes in assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, the expected volatility of our parent's common stock over the term of the option awards, the expected term of the awards, risk-free interest rates and the expected dividend yield.

The assumptions used in the Black-Scholes option pricing model were determined as follows:

Fair Value of Common Stock. Given the absence of a public trading market, the Board considered numerous objective and subjective factors to determine the fair value of our common stock at each grant date. These factors included, but were not limited to, (i) contemporaneous valuations of common stock performed by unrelated third party specialists; (ii) the prices for our Preferred Stock sold to outside investors; (iii) the rights, preferences and privileges of our Preferred Stock relative to our common stock; (iv) the lack of marketability of our common stock; (v) developments in the business; and (vi) the likelihood of achieving a liquidity event, such as an initial public offering or a merger or acquisition of Medallia Inc, given prevailing market conditions.

Expected Term. The expected term represents the period that our share-based awards are expected to be outstanding. The expected term assumptions were determined based on the vesting terms, exercise terms, and contractual lives of the options.

Expected Volatility. The expected volatility was derived from the historical stock volatilities of several unrelated public companies within the same industry that we consider to be comparable to our business over a period equivalent to the expected term of the option grants.

Risk-free Interest Rate. The risk-free rate that we use is based on U.S. Treasury zero-coupon issues with remaining terms similar to the expected term on the options.

Dividend Yield. We have never declared or paid any cash dividends and do not plan to pay cash dividends in the foreseeable future, and, therefore, use an expected dividend yield of zero.

No other features of options granted were incorporated into the measurement of fair value. Detailed below are movements in options since 1 January 2015:

Medallia Limited**Notes to the financial statements
For the year ended 31 January 2021 (continued)****26 Share-based payments (continued)****Stock options**

	Weighted average exercise price (pence) 2021	Number 2021	Weighted average exercise price (pence) 2020	Number 2020
Options outstanding at the beginning of the year	6.27	1,241,340	5.27	1,499,159
Options granted during the year	-	-	12.63	147,158
Options forfeited during the year	7.85	(111,920)	5.94	(176,879)
Options exercised during the year	5.36	(499,403)	4.05	(228,098)
Options relating to employees transferred to other group companies	-	(54,930)	-	-
Outstanding at the end of the year	6.84	575,087	6.27	1,241,340

The fair value of stock options granted to employees during the period ended 31 January 2020 is shown below. There were no stock options granted in 2021.

	2020
Weighted average FV of options granted (\$)	5.38
Expected term (in years)	5.85
Expected volatility	41.1%
Dividend yield	-
Risk-free interest rate	2.5%

Restricted Stock Units

Generally, restricted stock units granted under the Plan generally vest over 3 years and, (a) for employee new hire restricted stock unit grants, 33% vest one year from the vesting commencement date and continue to vest 1/16th per quarter thereafter; or (b) for employee refresh restricted stock units grants, 1/12th per quarter from the vest commencement date schedule. Restricted stock units granted under the Plan are settled in shares of our parent's common stock upon vesting. The fair value of the restricted stock units is determined by the estimated fair value of our parent's common stock at the time of grant.

Medallia Limited**Notes to the financial statements
For the year ended 31 January 2021 (continued)****26 Share-based payments (continued)**

	Weighted average exercise price (US\$) 2021	Number 2021
RSU outstanding at the beginning of the year	29.52	227,799
RSU Granted	25.49	280,462
RSU Exercised	28.36	(118,517)
RSU cancelled or expired	29.82	(62,836)
Unvested as at 31 January 2021	25.65	326,908

Employee expenses

In the year ended 31 January 2021, the Company recorded employee expenses of £3,505,962 (2020: £2,585,956) related to share-based payments.

27 Related party transactions

Only the directors who have the authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals is disclosed in note 10. As set out in note 19 the parent company, Medallia Inc. provided a loan to the company to fund the acquisition of Crowdicity Limited during the prior year. There are no other related party transactions other than with the parent company in the ordinary course of business.

28 Events after the reporting period

There were no significant events after the reporting date.

29 Controlling party and ultimate parent company

The immediate and ultimate parent Company and controlling party, and the smallest and largest undertaking, which consolidates these financial statements until 29 October was Medallia Inc.

Copies of these financial statements of Medallia Inc may be obtained from its registered address at:

575 Market Street,
Suite 1850,
San Francisco,
CA 94105, USA

On 29 October 2021, Thoma Bravo LP acquired the Medallia group, and thereafter the ultimate parent company is now Thoma Bravo LP, a Partnership incorporated in the United States of America.