

## **Zoovu Limited**

Annual Report and Financial Statements

Year Ended

31 December 2022

Company Number 11536298



# Zoovu Limited

## Company Information

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**Directors**

A Ludi  
N Payne  
J A Novak  
D R Dean

**Registered number**

11536298

**Registered office**

27 Old Gloucester Street  
London  
WC1N 3AX

**Independent auditor**

CLA Evelyn Partners Limited  
103 Colmore Row  
Birmingham  
B3 3AG

# Zoovu Limited

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# Zoovu Limited

## Group Strategic Report for the Year Ended 31 December 2022

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### Introduction

The directors present their strategic report for the year ended 31 December 2021.

### Review of business

Zoovu Limited was established on 24th August 2018 to focus on empowering businesses to help buyers discover products and make purchase decisions, wherever they are. The A.I. driven SaaS platform structures product content of B2B & B2C e commerce and enriches it with language that people understand to enable powerful and personalised product discovery experiences such as visual configurators, semantic search and conversational assistants across all digital channels and partners.

The company's customers are leaders in the digital commerce space, and include industry leaders such as Microsoft, BSH, Robert Bosch and Whirlpool who use Zoovu's secure and scalable no code platform to engage, educate and convert customers, streamline buyer journeys, and deliver great purchase experiences to millions of customers worldwide.

The Zoovu group has operating companies in the United Kingdom, United States, Germany, Poland, Austria, France, Belgium and since September 2022 in Canada.

On 4 March 2022 Zoovu closed a majority change of control transaction with FTV Capital. As part of the transaction, FTV invested \$169m: \$25m in primary funding, through the issue of preference shares by Zoovu US Holdings, LLC and \$144m in secondary funding, through the purchase of equity from existing investors.

### Results and developments during the year

New customers and upsells in 2022 resulted in a growth rate of 18% in consolidated revenue from \$17.8m to \$21.0m. Operating costs before exceptional costs have increased by \$2.4m reflecting the use of the funding from FTV Capital to build out the group's go-to-market strategy and team, and strengthen its data driven product platform. The increases in cost are mainly related to staff costs (\$2.1m), travel costs (\$0.3m), marketing costs (\$0.6m) offset by there being no goodwill impairment charges in the year where last year included a charge of \$0.7m related to Zoovu (Belgium) (formerly Clever Bots).

Exceptional costs are down \$1.5m in the year, where the prior year included \$1.5m professional fees related to the group raising funds.

Other operating income this year includes \$349,198 of Research and Development Expenditure Credits in relation to Zoovu Limited. Last year Zoovu Limited was eligible for the Small to Medium-sized Enterprises (SME) R&D scheme which is presented in the consolidated statement of comprehensive income within Taxation (\$1.7m including adjustments for prior periods).

The fair value adjustment of \$1.6m in the year relates to the revaluation of the warrant liability from \$1.7m on 31 December 2021 to \$3.3m on 4 March 2022, prior to its extinguishment. The revalued liability of \$3.3m was transferred to other reserves as a capital contribution on that date. The prior year fair value adjustment relates to increasing the \$7.4m principal amount of convertible loan notes issued in 2021 to the amount redeemed on 4 March 2022, being \$15m.

Bank interest income increased in the year following the cash injection from the majority change of control transaction in March 2022. Interest charges have increased \$0.5m from \$1.7m to \$2.2m, mainly due to a new loan in the year from the company's parent, Zoovu US Holdings LLC (\$0.4m interest) and increased finance costs on unwinding of the venture loan discount (\$0.3m) offset by lower interest on the convertible loan notes that were redeemed in the year (\$0.1m).

# Zoovu Limited

## Group Strategic Report (continued) for the Year Ended 31 December 2022

### Results and developments during the year (continued)

The tax credit has decreased in the year with the change from the more generous Small to Medium-sized Enterprises (SME) R&D scheme in 2021 to the Research and Development Expenditure Credit scheme in 2022. The credit in 2021 included \$0.8m related to claims for prior periods.

Fixed assets have decreased \$2.1m to \$2.9m, driven mainly by goodwill and software amortisation charges in the year of \$1.8m and disposals of tangible assets with a net book value of \$0.1m.

Current assets have increased \$10.1m to \$27.9m. \$9.8m of the increase relates to cash and cash equivalents and \$0.4m of the increase relates to debtors (being mainly the Research and Development Expenditure Credit referred to above).

Current liabilities have decreased \$16.4m to \$12m. \$15m of this decrease stems from the redemption of convertible loan notes in the year, and \$1.7m stems from accruals and deferred income decreases.

Non current liabilities have increased \$18.1m to \$29.2m. This is driven primarily by a new loan from a group company in the year (\$23.1m) offset by the extinguishment of the warrant liability in the year (\$1.7m).

### Key performance indicators

	2022	2021
	\$	\$
Revenues	20,991,969	17,781,004
Loss for the financial year	(13,004,443)	(19,317,214)

### Exposure to risk and how it is managed

The company has responsibility for managing the risks facing itself and its subsidiaries. The company conducts business in multiple geographies and has exposure to currency risk.

### Key clients

Zoovu has a number of large corporate customers that represent a strong opportunity for further business growth in future years but does mean that approximately 24 (2021 – 30) customers represent a substantial portion of the 2022 revenue. We would expect in 2023 that we will see a significant percentage of our revenues coming from both new and existing larger corporate customers.

### Market risk

In 2022, Zoovu increased the percentage of business from North America by 26%. The directors envisage this trend to continue in 2023.

### Liquidity

The company has adequate cash resources to meet its operating needs. At 31 December 2022 Zoovu had a consolidated cash balance of \$21.3m. The company prepares both short term and long term cashflow forecasts to ensure liquidity.

### Credit risk

Credit risk refers to the possibility that a counterparty will default on its contractual obligations resulting in a financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

# Zoovu Limited

## Group Strategic Report (continued) for the Year Ended 31 December 2022

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### Key personnel

Zoovu being in the A.I. Software SaaS sector means that the development and acquisition of additional research and development team members is a key component to our business, as well as the growth and enhancement of our team. In this sector we will always continue to experience wage pressure risk as we balance our growth expenses with our need to retain our team.

### Future developments

Zoovu continues to enhance its A.I. Content Discovery offering and expect to see growth in our customer base in 2023 following reviews of our ideal customer profile and brand marketing.

This report was approved by the board and signed on its behalf.

Nicole Payne  
Nicole Payne (Oct 17, 2023 13:33 GMT+1)  
.....  
**N Payne**  
Director

Date: 17/10/2023

# Zoovu Limited

## Directors' Report for the Year Ended 31 December 2022

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The directors present their report and the financial statements for the year ended 31 December 2022.

### Statement of directors' responsibilities

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 the group and of the profit or loss of the group for that period.

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

- select suitable accounting policies for the group's financial statements and then 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Zoovu Limited

## Directors' Report (continued) for the Year Ended 31 December 2022

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### Results and dividends

The loss for the year, after taxation, amounted to \$13,004,443 (2021 - loss \$19,317,214).

The directors did not recommend the payment of a dividend (2021 - \$NIL).

### Going concern

The Directors have prepared a detailed budget and forecast of the Group's expected performance over a period covering at least the next twelve months from the date of the approval of these financial statements. As well as modelling the realisation of the sales pipeline, these forecasts also cover a downside scenario in order for the Board to satisfy itself that the Group remains within its current cash facilities.

Whilst the Directors are confident in the Group's ability to grow revenue, the Board's sensitivity modelling (which considered the impact of economic factors such as increased interest rates and reduction of investments in eCommerce for B2B and B2C) shows that the Group can remain within its facilities in the event that revenue growth is delayed for a period in excess of twelve months. The Directors' financial forecasts and operational planning and modelling also include the actions, under the control of the Group, that they could take to significantly reduce the cost base during the coming year in the event that the longer term revenues and growth substantially reduced below those that were reported in 2022. On the basis of this financial and operational modelling, the Directors believe that the Group has the capability and the operational agility to react quickly, to align the business with its revenue and funding.

As a consequence, the Directors have a reasonable expectation that the Group can continue to operate within its existing facilities and be able to meet its commitments and discharge its liabilities in the normal course of business for a period not less than twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Group financial statements.

### Post balance sheet events

On 20 February 2023, amendments were made to the Loan Agreement amongst Wuessen Lending S.à.r.l. (as Lender and Warrant Holder), Zoovu Limited (as Borrower) and Zoovu (Austria) GmbH (as Original Guarantor) dated 17 April 2020, as amended and restated on 11 June 2021, as well as to the Warrant Instrument issued by Zoovu US Holdings, LLC dated 4 March 2022.

#### *Amendments to the Loan Agreement*

- The final repayment date was amended from 1 November 2024 to 1 June 2026 and the Borrower will repay the principal and interest in accordance with a revised repayment schedule; and
- Interest calculated on the amount of each Loan was increased from 9.5% per annum to 10.5% per annum, from and including 1 February 2023.



# Zoovu Limited

## Directors' Report (continued) for the Year Ended 31 December 2022

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### Directors

The directors who served during the year were:

A Ludi  
E B Malinger (resigned 23 June 2022)  
R Mullen (resigned 14 November 2022)  
M Schliefnig (resigned 25 June 2022)  
N Payne (appointed 23 June 2022)  
J A Novak (appointed 14 December 2022)  
B Van Cong (resigned 23 June 2022)  
A Malherbe (appointed 27 June 2022, resigned 14 February 2023)

After the year end, on 14 February 2023, D R Dean was appointed as a director.

### Matters covered in the Group Strategic Report

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Group (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 1 - 3. These matters relate to the principal activity of the group, the risks that it faces and future developments.

### Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

### Auditor

The auditor, CLA Evelyn Partners Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Nicole Payne  
Nicole Payne (06/11/2023 13:33 GMT+1).....

**N Payne**  
Director

Date: 17/10/2023

# **Zoovu Limited**

## **Independent Auditor's Report to the Members of Zoovu Limited**

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### **Opinion**

We have audited the financial statements of Zoovu Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise Consolidated statement of comprehensive income, Consolidated statement of financial position, Company statement of financial position, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated statement of cash flows and the notes to the financial statements, including 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 group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- 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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

### **Other information**

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

We have nothing to report in this regard.

# Zoovu Limited

## Independent Auditor's Report to the Members of Zoovu Limited (continued)

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### Opinions on other matters prescribed by the Companies Act 2006

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

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

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained an understanding of the Group and Parent Company's legal and regulatory framework, through enquiry of management concerning their understanding of relevant laws and regulations, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements.

# Zoovu Limited

## Independent Auditor's Report to the Members of Zoovu Limited (continued)

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### Auditor's responsibilities for the audit of the financial statements (continued)

We understand that the Group and Parent Company comply with the framework through:

- Outsourcing tax compliance to external experts.
- Subscribing to relevant updates from external experts and making changes to internal procedures and controls as necessary.
- The directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements; which are central to the Group's ability to conduct its business; and where failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the Group:

- The Companies Act 2006 and IFRS in respect of the preparation and presentation of the financial statements.
- UK, USA and European taxation laws.
- General Data Protection Regulation (GDPR)
- Data Protection Act 2018 (DPA)
- US data privacy laws

The procedures carried out to gain evidence in the above areas included:

- Making enquiries of management and reviewing available board meeting minutes; and
- Obtaining written management representations that they disclosed to us all known instances of non-compliance or suspected non-compliance with laws and regulations and accounted for and disclosed all known actual or possible litigation and claims in the financial statements.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were:

- The risk that management may be incentivised to overstate revenue, particularly in relation to year end cut off; and
- Manipulation of the financial statements to increase revenue and/or profits via fraudulent journal entries.

These areas were communicated to the other members of the engagement team who were not present at the discussion.

The procedures we carried out to gain evidence in the above areas included:

- Testing of revenue transactions, accrued income and deferred income calculations to underlying documentation to ensure revenue has been recorded in the correct period; and
- Testing of manual journal entries, selected based on specific risk characteristics, including those increasing revenue posted to unusual accounts.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

# Zoovu Limited

## Independent Auditor's Report to the Members of Zoovu Limited (continued)

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### Use of our report

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

Stephen Drew  
Stephen Drew (Oct 17, 2023 15:19 GMT+1)

### Stephen Drew

Senior Statutory Auditor, for and on behalf of

CLA Evelyn Partners Limited  
Statutory Auditor  
Chartered Accountants

103 Colmore Row  
Birmingham  
B3 3AG

Date: 17/10/2023

# Zoovu Limited

## Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2022

	Note	2022 \$	2021 \$
Turnover	4	20,991,969	17,781,004
Cost of sales		(2,129,383)	(1,803,159)
<b>Gross profit</b>		<b>18,862,586</b>	<b>15,977,845</b>
Administrative expenses		(28,792,532)	(26,727,163)
Exceptional administrative expenses	14	(37,528)	(1,511,477)
Other operating income	5	516,058	308,843
<b>Operating loss</b>	6	<b>(9,451,416)</b>	<b>(11,951,952)</b>
Interest receivable and similar income	10	78,565	4,208
Interest payable and similar charges	11	(2,220,030)	(1,654,480)
Fair value movements		(1,553,399)	(7,550,004)
<b>Loss before taxation</b>		<b>(13,146,280)</b>	<b>(21,152,228)</b>
Taxation	13	141,837	1,835,014
<b>Loss for the financial year</b>		<b>(13,004,443)</b>	<b>(19,317,214)</b>
Currency translation differences		327,703	139,448
<b>Other comprehensive income for the year</b>		<b>327,703</b>	<b>139,448</b>
<b>Total comprehensive income for the year</b>		<b>(12,676,740)</b>	<b>(19,177,766)</b>

There were no recognised gains and losses for 2022 or 2021 other than those included in the consolidated statement of comprehensive income.

The notes on pages 19 to 49 form part of these financial statements.

**Zoovu Limited**  
Registered number: 11536298

**Consolidated Statement of Financial Position**  
as at 31 December 2022

	Note	2022 \$	2021 \$
<b>Fixed assets</b>			
Intangible assets	15	2,851,114	4,746,517
Tangible assets	16	60,919	255,645
		<u>2,912,033</u>	<u>5,002,162</u>
<b>Current assets</b>			
Debtors	18	6,594,959	6,229,166
Cash and cash equivalents		21,309,814	11,521,896
		<u>27,904,773</u>	<u>17,751,062</u>
Creditors: amounts falling due within one year	19	(11,980,203)	(28,400,851)
<b>Net current assets/(liabilities)</b>		<u>15,924,570</u>	<u>(10,649,789)</u>
Creditors: amounts falling due after more than one year	20	(29,245,575)	(11,094,645)
Deferred taxation	23	(130,213)	(325,533)
<b>Net liabilities</b>		<u>(10,539,185)</u>	<u>(17,067,805)</u>
<b>Capital and reserves</b>			
Share capital	24	23	8
Share premium	25	38,735,278	22,808,196
Other reserves	25	3,278,263	-
Merger reserve	25	10,083,712	10,083,712
Profit and loss account	25	(62,636,461)	(49,959,721)
<b>Shareholders' deficit</b>		<u>(10,539,185)</u>	<u>(17,067,805)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Nicole Payne  
Nicole Payne (Oct 17, 2023 13:33 GMT+1)  
**N Payne**  
Director

Date: 17/10/2023

The notes on pages 19 to 49 form part of these financial statements.

**Zoovu Limited**  
Registered number: 11536298

**Company Statement of Financial Position  
as at 31 December 2022**

	Note	2022 \$	2021 \$
<b>Fixed assets</b>			
Intangible assets	15	42,710	112,773
Tangible assets	16	1,359	185,082
Investments	17	8,896,259	6,491,238
		<u>8,940,328</u>	<u>6,789,093</u>
<b>Current assets</b>			
Debtors	18	11,865,571	18,196,909
Cash and cash equivalents		17,143,193	6,692,118
		<u>29,008,764</u>	<u>24,889,027</u>
Creditors: amounts falling due within one year	19	(6,744,856)	(29,817,735)
<b>Net current assets/(liabilities)</b>		<u>22,263,908</u>	<u>(4,928,708)</u>
Creditors: amounts falling due after more than one year	20	(29,245,575)	(11,094,645)
<b>Net assets/(liabilities)</b>		<u><u>1,958,661</u></u>	<u><u>(9,234,260)</u></u>
<b>Capital and reserves</b>			
Share capital	24	23	8
Share premium	25	38,735,278	22,808,196
Other reserves	25	3,278,263	-
Profit and loss account	25	(40,054,903)	(32,042,464)
<b>Shareholders' funds/(deficit)</b>		<u><u>1,958,661</u></u>	<u><u>(9,234,260)</u></u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the parent company for the year was \$8,442,944 (2021 - \$18,938,358).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Nicole Payne  
Nicole Payne (Oct 17, 2023 13:33 GMT+1).....  
**N Payne**  
Director

Date: 17/10/2023

The notes on pages 19 to 49 form part of these financial statements.



## Zoovu Limited

### Consolidated Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital \$	Share premium \$	Other reserves \$	Merger reserve \$	Profit and loss account \$	Shareholders' deficit \$
At 1 January 2022	8	22,808,196	-	10,083,712	(49,959,721)	(17,067,805)
<b>Comprehensive loss for the year</b>						
Loss for the year	-	-	-	-	(13,004,443)	(13,004,443)
Currency translation differences	-	-	-	-	327,703	327,703
<b>Total comprehensive loss for the year</b>	-	-	-	-	(12,676,740)	(12,676,740)
Shares issued during the year (see note 24)	15	15,927,082	-	-	-	15,927,097
Capital contribution (see note 25)	-	-	3,278,263	-	-	3,278,263
<b>At 31 December 2022</b>	<b>23</b>	<b>38,735,278</b>	<b>3,278,263</b>	<b>10,083,712</b>	<b>(62,636,461)</b>	<b>(10,539,185)</b>

The notes on pages 19 to 49 form part of these financial statements.

## Zoovu Limited

### Consolidated Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital	Share premium	Merger reserve	Profit and loss account	Shareholders' (deficit)/funds
	\$	\$	\$	\$	\$
At 1 January 2021	8	22,808,196	10,083,712	(30,781,955)	2,109,961
<b>Comprehensive loss for the year</b>					
Loss for the year	-	-	-	(19,317,214)	(19,317,214)
Currency translation differences	-	-	-	139,448	139,448
<b>Total comprehensive loss for the year</b>	-	-	-	(19,177,766)	(19,177,766)
<b>At 31 December 2021</b>	<b>8</b>	<b>22,808,196</b>	<b>10,083,712</b>	<b>(49,959,721)</b>	<b>(17,067,805)</b>

The notes on pages 19 to 49 form part of these financial statements.

## Zoovu Limited

### Company Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital	Share premium	Other reserves	Profit and loss account	Shareholders' (deficit)/funds
	\$	\$	\$	\$	\$
At 1 January 2022	8	22,808,196	-	(32,042,464)	(9,234,260)
<b>Comprehensive loss for the year</b>					
Loss for the year	-	-	-	(8,442,944)	(8,442,944)
Currency translation differences	-	-	-	430,505	430,505
<b>Total comprehensive loss for the year</b>	-	-	-	(8,012,439)	(8,012,439)
Shares issued during the year	15	15,927,082	-	-	15,927,097
Capital contribution (see note 25)	-	-	3,278,263	-	3,278,263
<b>At 31 December 2022</b>	<b>23</b>	<b>38,735,278</b>	<b>3,278,263</b>	<b>(40,054,903)</b>	<b>1,958,661</b>

### Company Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital	Share premium	Profit and loss account	Shareholders' funds/(deficit)
	\$	\$	\$	\$
At 1 January 2021	8	22,808,196	(13,166,045)	9,642,159
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(18,938,358)	(18,938,358)
Currency translation differences	-	-	61,939	61,939
<b>Total comprehensive loss for the year</b>	-	-	(18,876,419)	(18,876,419)
<b>At 31 December 2021</b>	<b>8</b>	<b>22,808,196</b>	<b>(32,042,464)</b>	<b>(9,234,260)</b>

The notes on pages 19 to 49 form part of these financial statements.

# Zoovu Limited

## Consolidated Statement of Cash Flows for the Year Ended 31 December 2022

	2022 \$	2021 \$
<b>Cash flows from operating activities</b>		
Loss for the financial year	(13,004,443)	(19,317,214)
<b>Adjustments for:</b>		
Amortisation of intangible assets	1,891,526	2,170,996
Depreciation of tangible assets	77,793	105,713
Loss on disposal of tangible assets	2,130	-
Impairment of tangible fixed assets	-	18,478
Impairment of intangible assets	-	720,102
Finance charges	2,220,030	1,654,480
Interest income	(78,565)	(4,208)
Taxation credit	(141,837)	(1,835,014)
Net fair value losses recognised in P&L	1,553,399	7,550,004
Increase in debtors	(897,613)	(634,843)
(Decrease)/increase in creditors	(962,784)	5,769,264
Corporation tax (paid)/received	(486,375)	745,804
Foreign exchange	(2,463,973)	(280,410)
<b>Net cash used in operating activities</b>	<b>(12,290,712)</b>	<b>(3,336,848)</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(7,134)	(41,267)
Purchase of tangible fixed assets	(42,989)	(20,333)
Sale of tangible fixed assets	135,817	-
Interest received	78,565	4,208
Deferred consideration paid	(495,000)	-
<b>Net cash used in investing activities</b>	<b>(330,741)</b>	<b>(57,392)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	887,441	-
New secured venture loans net of arrangement fees and new convertible loan notes	-	13,441,816
Repayment of loans	(2,058,500)	(1,358,161)
New loans from group companies	23,092,710	-
Interest paid	(1,477,039)	(978,874)
<b>Net cash from financing activities</b>	<b>20,444,612</b>	<b>11,104,781</b>

# Zoovu Limited

## Consolidated Statement of Cash Flows (continued) for the Year Ended 31 December 2022

	2022 \$	2021 \$
<b>Net increase in cash and cash equivalents</b>	<u>7,823,159</u>	<u>7,710,541</u>
Cash and cash equivalents at beginning of year	11,521,896	3,907,127
Foreign exchange on cash and cash equivalents	1,964,759	(95,772)
<b>Cash and cash equivalents at the end of year</b>	<u><u>21,309,814</u></u>	<u><u>11,521,896</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	21,309,814	11,521,896
	<u><u>21,309,814</u></u>	<u><u>11,521,896</u></u>

The notes on pages 19 to 49 form part of these financial statements.

# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

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### 1. General information

Zoovu Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the Company's operations and its principal activities are set out in the strategic report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies (see note 3).

The financial statements are presented in USD.

#### Parent company disclosure exemptions

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

- No statement of cash flows has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the company as a whole; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. The acquisition or merger method of accounting has been used as required.

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

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 24 August 2018.

The company was established as the holding company for the group through the acquisition of 100% of the share capital of Zoovu (Austria) GmbH which had previously merged with the former holding company of the group, Smart Information Systems GmbH.

The group reorganisation arrangement constituted a combination of entities under common control due to all shareholders of Zoovu Limited holding shares to which voting rights were attached in identical proportion to those formerly held in Smart Information Systems GmbH, on incorporation. The shareholders of Zoovu Limited, on incorporation, were the same as those in Smart Information Systems GmbH.

The reconstructed group was consolidated using merger accounting principles which treated the restructured group as if it had always been in existence for the 2018 and future financial statements for the group.

In the group financial statements, merged subsidiary undertakings are treated as if they had always been a member of the group.

The company has applied the statutory relief as prescribed by the Companies Act 2006 in respect of the reorganisation as the company acquired more than 90% of the equity in the entity which merged with the former holding company of the group. The carrying value of the initial investment is carried at the nominal value of the shares issued.

# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.3 Going concern

The Directors have prepared a detailed budget and forecast of the Group's expected performance over a period covering at least the next twelve months from the date of the approval of these financial statements. As well as modelling the realisation of the sales pipeline, these forecasts also cover a downside scenario in order for the Board to satisfy itself that the Group remains within its current cash facilities.

Whilst the Directors are confident in the Group's ability to grow revenue, the Board's sensitivity modelling (which considered the impact of economic factors such as increased interest rates and reduction of investments in eCommerce for B2B and B2C) shows that the Group can remain within its facilities in the event that revenue growth is delayed for a period in excess of twelve months. The Directors' financial forecasts and operational planning and modelling also include the actions, under the control of the Group, that they could take to significantly reduce the cost base during the coming year in the event that the longer term revenues and growth substantially reduced below those that were reported in 2022. On the basis of this financial and operational modelling, the Directors believe that the Group has the capability and the operational agility to react quickly, to align the business with its revenue and funding.

As a consequence, the Directors have a reasonable expectation that the Group can continue to operate within its existing facilities and be able to meet its commitments and discharge its liabilities in the normal course of business for a period not less than twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Group financial statements.

#### 2.4 Foreign currency translation

##### Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'US Dollars', which is the group's presentation currency. The company's functional currency is pounds sterling

##### 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 consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Dollars at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.



# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

##### Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

The group recognises revenue from the sale of our software as a service product on a straight line basis beginning on the date the customer is provided access to our platform.

Professional services revenue is recognised over the period that the service is performed.

#### 2.6 Operating leases: the group as lessee

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### 2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102.

Grants of a revenue nature are recognised in the consolidated statement of comprehensive income in the same period as the related expenditure.

#### 2.8 Interest receivable and similar income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

#### 2.9 Interest payable and similar charges

Interest payable and similar charges are charged to the consolidated statement of comprehensive income 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.

# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.10 Pensions

##### Defined contribution pension plan

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

The contributions are recognised as an expense in the consolidated statement of comprehensive income 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 group in independently administered funds.

#### 2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 and the group operate and generate income.

Research and development tax credits are recognised as a reduction in the income tax payable in the period for which the refund has been claimed.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### 2.12 Exceptional expenses

Exceptional items are transactions that fall within the ordinary activities of the group but are presented separately due to their size or incidence.

# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.13 Intangible assets

##### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the consolidated statement of comprehensive income over its useful economic life of 5 years.

##### Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Website development & computer- software	3 years
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#### 2.14 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Computers, office equipment and motor vehicles	- 3 - 10 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.15 Impairment of fixed and intangible assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 2.16 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 2.17 Debtors

Short-term debtors are measured at transaction price, less any impairment.

#### 2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

#### 2.19 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.20 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

#### 2.21 Financial instruments

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset, with the net amounts presented in the statement of financial position, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities of the Group include convertible loan notes and a warrant liability. Financial liabilities are recognised initially at their fair value. At the end of each reporting period, financial liabilities are remeasured at fair value with changes in fair value reported in the statement of comprehensive income.

#### 2.22 Business combinations

The group applies the acquisition method in accounting for business combinations. The consideration transferred by the group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Directly attributable acquisition costs are treated as part of the consideration.

The group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values. Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of:

- a) fair value of consideration transferred including directly attributable acquisition costs and
- b) the recognised amount of any non-controlling interest in the acquire.

If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie negative goodwill) is recognised on the statement of financial position, and subsequently amortised.

# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

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### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether there are indicators of impairment of the group's intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. As a result of the review, an impairment loss of \$Nil (2021 - \$720,102) was recognised.
- Determine whether there are indicators of impairment of the investments held by the parent company. Factors taken into consideration in reaching such a decision include the economic viability of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. As a result of the review, an impairment loss of \$Nil (2020 - \$1,143,481) was recognised.
- Determine whether there are indicators of impairment of amounts owed by group undertakings to the parent company and whether provisions are required in respect of amounts owed by group undertakings based on the ability to generate profits and cash.
- Determine the accounting treatment of the warrants attached to the venture loan under s12 of FRS 102 with reference to the contractual terms of the warrants, applying a judgement around the terms and the likely financial impact of these terms (see note 20).
- Determine the fair value of the financial liabilities, noting that they are sensitive to estimates over the expected returns that holders of the warrants expect.

#### Other key sources of estimation uncertainty

- Recoverability of trade debtors  
Directors need to consider whether there are indicators of impairment of the group's trade debtors. Factors taken into consideration in reaching such a decision include the age of the debt, recovery since the reporting date and discussions with the counterparty. Provisions are raised where trade debtors are not considered recoverable in full or in part. Provisions are reassessed as part of the above review and are released where subsequent information supports the recovery of the debt.

# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 4. Turnover

An analysis of turnover by class of business is as follows:

	2022 \$	2021 \$
Software as a service	19,773,307	16,246,253
Professional services	1,218,662	1,534,751
	<u>20,991,969</u>	<u>17,781,004</u>

Analysis of turnover by country of destination:

	2022 \$	2021 \$
United Kingdom	2,562,463	2,322,540
Rest of Europe	10,941,011	9,196,544
Rest of the world	7,488,495	6,261,920
	<u>20,991,969</u>	<u>17,781,004</u>

### 5. Other operating income

	2022 \$	2021 \$
Government grants receivable	145,919	241,649
Other income	20,941	67,194
Research and development expenditure credit	349,198	-
	<u>516,058</u>	<u>308,843</u>

### 6. Operating loss

The operating loss is stated after charging:

	2022 \$	2021 \$
Exchange differences	695,431	346,601
Operating lease rentals	300,115	384,324
Depreciation of tangible fixed assets	77,793	105,713
Amortisation of intangible fixed assets	1,891,526	2,170,996
Loss on disposal of fixed assets	2,130	-
Impairment of fixed assets	-	738,580
	<u>-</u>	<u>738,580</u>

# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 7. Auditor's remuneration

	2022 \$	2021 \$
<b>Fees payable to the company's auditors for the audit of the consolidated and parent company's financial statements:</b>		
Successor auditor	98,883	-
Predecessor auditor	-	98,763
<b>Fees payable to affiliates of the company's auditors in respect of the auditing of subsidiaries:</b>		
Successor auditor	20,000	-
<b>Fees payable to the company's predecessor auditor in respect of:</b>		
Taxation compliance services	-	41,369
All other services	-	60,324
	<u>98,883</u>	<u>98,763</u>

### 8. Employees

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
Wages and salaries	15,659,992	13,882,466	4,169,263	4,439,299
Social security costs	2,273,189	2,035,981	553,204	496,964
Defined contribution scheme	457,300	371,231	360,185	310,917
	<u>18,390,481</u>	<u>16,289,678</u>	<u>5,082,652</u>	<u>5,247,180</u>

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

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
Sales, Marketing & Customer Success	91	86	28	28
Engineering	72	72	1	2
Other	32	22	8	10
	<u>195</u>	<u>180</u>	<u>37</u>	<u>40</u>



# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 9. Directors' remuneration

	2022 \$	2021 \$
Directors' emoluments	1,053,839	750,148
Company contributions to defined contribution pension schemes	87,066	13,846
	<u>1,140,905</u>	<u>763,994</u>

During the year retirement benefits were accruing to 3 directors (2021 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of \$803,959 (2021 - \$573,220).

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to \$58,719 (2021 - \$13,846).

### 10. Interest receivable

	2022 \$	2021 \$
Other interest receivable	<u>78,565</u>	<u>4,208</u>

### 11. Interest payable and similar charges

	2022 \$	2021 \$
Venture loan interest payable	1,100,486	971,024
Other charges	843	7,850
Interest on deferred consideration	9,720	14,700
Loans from group undertakings	375,710	-
Interest on convertible loan notes	-	119,811
Loan arrangement fees	-	90,304
Unwinding of loan discount	733,271	450,791
	<u>2,220,030</u>	<u>1,654,480</u>

# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 12. Fair value movements

	2022 \$	2021 \$
Fair value movements on warrants (see note 20)	(1,553,399)	6,841
Fair value movements on convertible loan notes (see note 19)	-	(7,556,845)
	<u>(1,553,399)</u>	<u>(7,550,004)</u>

### 13. Taxation

	2022 \$	2021 \$
<b>Corporation tax</b>		
Current tax on losses for the year	-	(896,215)
Adjustments in respect of previous periods	-	(757,951)
<b>Foreign tax</b>		
Foreign tax on income for the year	53,483	14,472
<b>Total current tax</b>	<u>53,483</u>	<u>(1,639,694)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(195,320)	(195,320)
<b>Taxation on loss on ordinary activities</b>	<u>(141,837)</u>	<u>(1,835,014)</u>

Included within current tax for the year is an amount of \$NIL in relation to the 2022 R&D claims (2021 - \$896,215 in relation to the 2021 R&D claims and \$757,951 in relation to the previous periods' R&D claims).

# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 13. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%). The differences are explained below:

	2022 \$	2021 \$
Loss on ordinary activities before tax	<u>(13,146,280)</u>	<u>(21,152,228)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%)	(2,497,793)	(4,018,923)
Effects of:		
Expenses not deductible for tax purposes	580,695	1,456,173
Fixed asset differences	(2,114)	(3,051)
Non-taxable income	(85,878)	-
Research and development expenditure deductions	-	524,130
Other temporary differences	(195,320)	(195,320)
Adjustment for deferred tax rates	(331,423)	(800,515)
Deferred tax not recognised	2,307,049	2,854,958
Difference in overseas tax rates	(2,009)	1,700
Adjustments in respect of prior periods	-	(757,951)
Current year R&D tax credit	84,956	(896,215)
<b>Total tax credit for the year</b>	<u><b>(141,837)</b></u>	<u><b>(1,835,014)</b></u>

# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

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### 13. Taxation (continued)

#### Factors that may affect future tax charges

A deferred tax asset of \$4,572,981 (2021 - \$3,364,324) in respect of trading losses has not been recognised in these financial statements on the basis of the uncertainty over the timing and extent of the generation of taxable profits to enable recognition.

### 14. Exceptional expenses

	2022 \$	2021 \$
Exceptional expenses	<u>37,528</u>	<u>1,511,477</u>

Exceptional expenses for the current year include expenses incurred in relation to C-Round funding of \$15,607. The remainder related to legal fees in connection with the merger of SEMKNOX GmbH and Zoovu (Germany) Limited (see note 17).

The exceptional expenses in 2021 predominantly included legal fees of \$1,526,972 incurred in relation to acquisition activity. The remainder related to the reversal of over-accrued employee settlement costs in the prior year and legal fees in connection with the acquisition of SEMKNOX GmbH.

# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 15. Intangible assets

#### Group

	Website development & computer software \$	Goodwill \$	Total \$
<b>Cost</b>			
At 1 January 2022	3,355,842	5,289,637	8,645,479
Additions	7,134	-	7,134
Foreign exchange movement	(29,448)	-	(29,448)
At 31 December 2022	<u>3,333,528</u>	<u>5,289,637</u>	<u>8,623,165</u>
<b>Amortisation</b>			
At 1 January 2022	1,528,255	2,370,707	3,898,962
Charge for the year	1,095,454	796,072	1,891,526
Foreign exchange movement	(18,437)	-	(18,437)
At 31 December 2022	<u>2,605,272</u>	<u>3,166,779</u>	<u>5,772,051</u>
<b>Net book value</b>			
At 31 December 2022	<u>728,256</u>	<u>2,122,858</u>	<u>2,851,114</u>
At 31 December 2021	<u>1,827,587</u>	<u>2,918,930</u>	<u>4,746,517</u>

# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 15. Intangible assets (continued)

#### Company

	Website development & computer software \$
<b>Cost</b>	
At 1 January 2022	268,483
Additions	7,134
Foreign exchange movement	(29,248)
At 31 December 2022	<u>246,369</u>
<b>Amortisation</b>	
At 1 January 2022	155,711
Charge for the year	66,287
Foreign exchange movement	(18,339)
At 31 December 2022	<u>203,659</u>
<b>Net book value</b>	
At 31 December 2022	<u>42,710</u>
At 31 December 2021	<u>112,773</u>

# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 16. Tangible fixed assets

#### Group

	Computers, office equipment and motor vehicles \$
<b>Cost</b>	
At 1 January 2022	716,378
Additions	42,989
Disposals	(196,605)
Exchange adjustments	(50,834)
At 31 December 2022	<u>511,928</u>
<b>Depreciation</b>	
At 1 January 2022	460,733
Charge or the year	77,793
Disposals	(58,658)
Exchange adjustments	(28,859)
At 31 December 2022	<u>451,009</u>
<b>Net book value</b>	
At 31 December 2022	<u><u>60,919</u></u>
At 31 December 2021	<u><u>255,645</u></u>

# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 16. Tangible fixed assets (continued)

#### Company

	Computers, office equipment and motor vehicles \$
<b>Cost</b>	
At 1 January 2022	253,355
Disposals	(196,605)
Exchange adjustments	(26,054)
At 31 December 2022	<u>30,696</u>
<b>Depreciation</b>	
At 1 January 2022	68,273
Charge for the year	28,261
Disposals	(58,658)
Exchange adjustments	(8,539)
At 31 December 2022	<u>29,337</u>
<b>Net book value</b>	
At 31 December 2022	<u><u>1,359</u></u>
At 31 December 2021	<u><u>185,082</u></u>



# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 17. Investments

#### Company

	Investments in subsidiary companies \$
<b>Cost</b>	
At 1 January 2022	7,634,719
Additions	2,405,021
At 31 December 2022	<u>10,039,740</u>
<b>Impairment</b>	
At 1 January 2022 and 31 December 2022	<u>1,143,481</u>
<b>Net book value</b>	
At 31 December 2022	<u>8,896,259</u>
At 31 December 2021	<u>6,491,238</u>

In the interests of corporate simplification and administrative efficiency of the wider Zoovu Group, Zoovu (Germany) GmbH and SEMKNOX GmbH were merged effective 1 January 2022, with the merged company named Zoovu (Germany) GmbH. As part of the merger, Zoovu Limited contributed (a) debt receivables of €559,200 owed by SEMKNOX GmbH to SEMKNOX GmbH, as well as (b) debt receivables of €1,564,251 owed by Zoovu (Germany) GmbH to Zoovu (Germany) GmbH (together \$2,405,021), whereby the debt in SEMKNOX GmbH and Zoovu (Germany) GmbH respectively was capitalised.

# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 17. Investments (continued)

#### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
Zoovu (USA) Inc	United States	Ordinary	100%
Zoovu (Austria) GmbH	Austria	Ordinary	100%
Zoovu (Poland) sp. z.o.o.	Poland	Ordinary	100%
Zoovu (Belgium) BV (formerly Clever Bots BV)*	Belgium	Ordinary	100%
Zoovu (Germany) GmbH**	Germany	Ordinary	100%
Zoovu (France) SAS	France	Ordinary	100%

All the subsidiaries have the same year end as Zoovu Limited:

The registered office of Zoovu (USA) Inc. is 855 Boylston Street, Suite 1000 (floor 10), Boston, MA 02116, USA

The registered office of Zoovu (Austria) GmbH is 1 Praterstraße, Vienna 1020, Austria

The registered office of Zoovu (Poland) sp. z.o.o. is 50-102 Wrocław, ul. Rynek 39/40, lok. 423, Poland

The registered office of Zoovu (Belgium) BV (formerly Clever Bots BV) is 1 Foreestelaan, Gent 9000, Belgium

The registered office of Zoovu (Germany) GmbH is 104 Skalitzer Straße, Berlin 10997, Germany

The registered office of Zoovu (France) SAS is 14 Avenue De L'Opera 75001 Paris, France

\*After the year end, in February 2023, Clever Bots BV changed its name to Zoovu (Belgium) BV.

\*\*In August 2022, Zoovu (Germany) GmbH was merged into SEMKNOX GmbH and the merged company was renamed to Zoovu (Germany) GmbH.

\*\*\*As at the end of the previous period, Zoovu Inc. was dissolved.

# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 18. Debtors

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
Trade debtors	3,527,263	3,287,110	438,935	1,087,036
Amounts owed by group undertakings	71,985	-	9,449,032	15,031,300
Other debtors	541,825	879,965	125,567	547,759
Prepayments and accrued income	813,693	990,974	312,528	634,599
Tax recoverable	432,715	-	390,713	-
Grants receivable	58,682	174,902	-	-
R&D tax credits	1,148,796	896,215	1,148,796	896,215
	<u>6,594,959</u>	<u>6,229,166</u>	<u>11,865,571</u>	<u>18,196,909</u>

# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 19. Creditors: Amounts falling due within one year

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
Venture loan	2,924,849	1,501,918	2,924,849	1,501,918
Convertible loan notes	-	15,039,656	-	15,039,656
Deferred consideration	-	485,280	-	485,280
Trade creditors	601,221	1,170,981	239,933	864,593
Amounts owed to group undertakings	89,538	-	1,767,648	7,764,859
Corporation tax	-	178	-	-
Other taxation and social security	835,336	952,994	119,592	250,798
Other creditors	260,078	286,343	60,371	85,370
Accruals and deferred income	7,269,181	8,963,501	1,632,463	3,825,261
	<u>11,980,203</u>	<u>28,400,851</u>	<u>6,744,856</u>	<u>29,817,735</u>

For details of the venture loan, please see note 21.

#### *Convertible loan notes*

After the year-end, the venture loan lender consented to the company fully redeeming the Notes, at the principal amount of the Notes plus all accrued interest thereon, multiplied by two (\$15,039,656). As part of the Share Purchase Agreement for Zoovu Limited dated 20 January 2022, Zoovu US Holdings, LLC agreed to pay on behalf of Zoovu Limited the Aggregate CLN Redemption Amount of \$15,039,656 less the CLN Redemption Amount due to the European Bank for Reconstruction and Development ("EBRD") of \$4,084,164 (being the discharge of EBRD's obligation to pay the subscription price for the CLN Securities in Zoovu US Holdings, LLC).

#### *Deferred consideration*

A Loan Note Instrument dated 7 September 2020 was issued to the SEMKNOX GmbH founders on acquisition of the company with a redemption value of \$495,000. The loan notes were redeemed on the second anniversary of the acquisition, in September 2022.

The redemption value of \$495,000 was discounted at an incremental borrowing rate of 3.1% over the two-year period to obtain the fair value at the acquisition date. The resulting interest cost recognised evenly over the two-year period is \$29,320.

Group and Company	\$
Fair value of deferred consideration 31 December 2021	485,280
Interest cost 2022 (note 11)	9,720
<b>Deferred consideration paid September 2022</b>	<b><u>495,000</u></b>

## Zoovu Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022

**20. Creditors: Amounts falling due after more than one year**

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
Venture loan	6,152,866	9,369,781	6,152,866	9,369,781
Amounts owed to group undertakings	23,092,709	-	23,092,709	-
Warrant liability	-	1,724,864	-	1,724,864
	<u>29,245,575</u>	<u>11,094,645</u>	<u>29,245,575</u>	<u>11,094,645</u>

For details of the venture loan, please see note 21.

# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 20. Creditors: Amounts falling due after more than one year (continued)

#### *Warrant liability*

The company entered into a Term Loan Facility Agreement dated 17 April 2020 (as amended and restated on 11 June 2021) (the "Loan Agreement"), with Wuessen Lending S.à.r.l. (the "Lender", "Warrant Holder"). In connection with the Loan Agreement, the company issued warrants to the Warrant Holder under the terms of a warrant instrument dated 17 April 2020 (as amended and restated on 11 June 2021) (the "Existing Warrant Instrument") to subscribe to Series B Preferred Shares ("Preferred Shares") of €0.000001 in the company or new Preferred Shares (defined as a class of new preferred shares whether known as preferred or preference shares or otherwise) issued in the Next Equity Round. The warrants may be exercised in full or in part at any time until the expiration date 10 years from the date of issue.

The number of Warrant Shares over which the warrants shall be issued is as follows:

- (a) at the date of the Warrant Instrument (17 April 2020), Warrant Shares equal to \$600,000 divided by the Warrant Price, rounded down to the nearest whole Warrant Share (the "Tranche 1 Warrants")
- (b) in addition to the warrants issued in (a) above, on the drawdown of the Tranche C Loan under the Loan Agreement (19 February 2021), Warrant Shares equal to \$400,000 divided by the Warrant Price, rounded down to the nearest whole Warrant Share (the "Tranche 2 Warrants")
- (c) in addition to the warrants issued in (a) and (b) above, on the drawdown of the Tranche D Loan under the Loan Agreement (11 June 2021), Warrant Shares equal to \$615,000 divided by the Warrant Price, rounded down to the nearest whole Warrant Share (the "Tranche 3 Warrants")
- (d) in addition to the warrants issued in (a), (b) and (c) above, on the drawdown of the Tranche E Loan under the Loan Agreement, Warrant Shares equal to \$300,000 divided by the Warrant Price, rounded down to the nearest whole Warrant Share (the "Tranche 4 Warrants"). The availability of Tranche E has lapsed resulting in Tranche 4 Warrants not being issued.

The Warrant Price is

- (a) In respect of the Tranche 1 Warrants or the Tranche 2 Warrants
  - (i) \$13.18 per Warrant Share if the Warrant Shares are Preferred Shares, or
  - (ii) The Next Round Price per Warrant Share if the Warrant Shares are New Preferred Shares, and
- (b) In respect of the Tranche 3 Warrants or the Tranche 4 Warrants
  - (i) \$13.18 per Warrant Share if the Warrant Shares are Preferred Shares, or
  - (ii) The Next Round Price per Warrant Share if the Warrant Shares are New Preferred Shares, or
  - (iii) The Second Next Round Price per Warrant Share if the Warrant Shares are Second New Preferred Shares.

Under the terms of the Warrant Instrument, the subscription price for the Warrant Shares to be issued on exercise shall, at the absolute discretion of the Warrant Holder, be satisfied either:

- (1) by the payment in cash for each of the Warrant Shares at the Warrant Price; or
- (2) on a net issuance basis, whereby the Warrant Holder will receive a reduced number of Warrant Shares fully paid in lieu of paying the Warrant Price. The number of Warrant Shares the Warrant Holder shall receive shall be determined on an agreed formula.

# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 20. Creditors: Amounts falling due after more than one year (continued)

#### Warrant liability (continued)

The warrants were fair valued at 31 December 2021 using the Black-Scholes model at \$1,724,864 in total.

On 4 January 2022, Zoovu US Holdings, LLC ("US Holdco") was incorporated and acquired the entire share capital of Zoovu Limited under the terms of the share purchase agreement dated 20 January 2022. On 4 March 2022, FTV ZO Holdings, LLC and FTV VI Coinvest L.P. ("FTV"). FTV invested \$169m: \$25m in primary funding (through the issue of preference shares by US Holdco) and \$144m in secondary funding (through the purchase of equity from existing investors). As part of this, Zoovu US Holdings, LLC created and issued new warrants in favour of the Warrant Holder, on the terms agreed between them and the Warrant Holder on substantially the same terms as the Existing Warrant Agreement (the "New Instrument"). The New Instrument replaces the Existing Warrant Agreement so that the Warrant Holder discharges the warrants issued thereunder, releasing Zoovu Limited from its liabilities, obligations and claims under the Existing Warrant Agreement.

The Existing Warrant Instrument is therefore derecognised on 4 March 2022 at its fair value. The warrants were fair valued at 4 March 2022 using the Black-Scholes model at: \$26.54 per warrant for Tranche 1 and \$26.88 per warrant for Tranche 2 and Tranche 3 warrants, using the following inputs:

	Tranche 1	Tranche 2	Tranche 3	
Value of a Series B Preferred Share	\$47.13	\$47.13	\$47.13	
Annual standard deviation	52%	52%	52%	
Variance	27%	27%	27%	
Exercise price	\$13.18	\$13.18	\$13.18	
Time to maturity (years)	8	9	9	
Risk-free rate	1.10%	1.10%	1.10%	
Dividend yield	0%	0%	0%	
Number of shares underlying the warrant	45,524	30,349	46,662	
	Tranche 1	Tranche 2	Tranche 3	Total
	\$	\$	\$	\$
Fair value as at 31 December 2021	629,542	431,654	663,668	1,724,864
Fair value as at 4 March 2022	1,208,207	815,781	1,254,275	3,278,263
Fair value loss on remeasurement on 4 March 2022	578,665	384,127	590,607	1,553,399

#### Group debt

On 4 March 2022, the company received a loan from its parent, Zoovu US Holdings, LLC of \$24,187,963 and made an initial capital repayment of \$624,290. The loan is repayable on 3 March 2027 together with any unpaid interest and attracts interest at 2%.

# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 21. Loans

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
<b>Amounts falling due within one year</b>				
Venture loan (note 19)	2,924,849	1,501,918	2,924,849	1,501,918
Convertible loan notes (note 19)	-	15,039,656	-	15,039,656
<b>Amounts falling due 1-2 years</b>				
Venture loan (note 20)	6,152,866	9,369,781	6,152,866	9,369,781
	<u>9,077,715</u>	<u>25,911,355</u>	<u>9,077,715</u>	<u>25,911,355</u>

#### *Venture loan*

The Tranche E loan facility of \$3,000,000 was not drawn down in the financial year and is no longer available to the company. During the financial year, total interest payments amounted to \$1,100,486 (2021 - \$968,874) with capital repayments of \$2,058,500 (2021 - \$1,358,161). The venture loan was renegotiated in February 2023 (see post balance sheet events note 29).

Zoovu granted warrants to Wuessen Lending S.à.r.l. to subscribe for Series B Preferred Shares of €0.000001 in the company under a Loan Agreement and Warrant Instrument in April 2020, amended in June 2021. The warrants are treated as a derivative financial liability held at fair value, separate from the loan instrument. The loan consideration is therefore allocated between the two instruments on receipt. The gross, capital balance of the venture loan as at 31 December 2022 is \$9,941,500 (2021 - \$12,000,000) and is presented net of the loan discount in connection with the warrants of \$863,785 (2021 - \$1,128,301), which is released to the profit and loss over the life of the loan.



# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 22. Financial instruments

	Group 2022 \$	Group 2021 \$
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>25,636,054</u>	<u>16,216,470</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(34,552,383)	(17,005,492)
Financial liabilities measured at fair value through profit or loss	-	(16,764,520)
	<u>(34,552,383)</u>	<u>(33,770,012)</u>

Financial assets measured at amortised cost comprise cash and cash equivalents, trade debtors, other debtors, government grants and accrued income.

Financial liabilities measured at amortised cost comprise venture loan, deferred consideration, trade creditors, other creditors, accruals and loans.

Financial liabilities measured at fair value through profit or loss comprise convertible loan notes, and warrant liabilities.

# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 23. Deferred taxation

#### Group

	2022 \$	2021 \$
At beginning of year	(325,533)	(520,853)
Utilised in year	195,320	195,320
<b>At end of year</b>	<b>(130,213)</b>	<b>(325,533)</b>

The provision for deferred taxation is made up as follows:

	Group 2022 \$	Group 2021 \$
Timing differences related to acquisition intangibles	(130,213)	(325,533)

There is no deferred tax in the company (2021 - \$NIL).

### 24. Share capital

	2022 \$	2021 \$
<b>Allotted, called up and fully paid</b>		
0 (2021 - 1,517,236) Series B Preferred shares of €0.000001 each	-	2
0 (2021 - 1,301,492) Series A Preferred shares of €0.000001 each	-	1
0 (2021 - 1,844,990) Ordinary Class 1 shares of €0.000001 each	-	2
348,239 (2021 - 348,239) Deferred shares of €0.000001 each	-	-
0 (2021 - 2,006,021) Ordinary Founder shares of €0.000001 each	-	3
20,568,653 (2021 - 0) Ordinary Shares shares of €0.000001 each	23	-
	<b>23</b>	<b>8</b>

On 4 March 2022, share options were exercised, resulting in the issue of 137,628 Ordinary Class 1 Shares. Subsequent to this issue, all of the Series B Preferred shares, Series A Preferred shares, Ordinary Class 1 shares and Ordinary Founder shares were redesignated to 6,807,367 Ordinary Shares of €0.000001 each. On 4 March 2022, the convertible loan note liability was capitalised through the issue of 13,761,286 Ordinary Shares to Zoovu US Holdings, LLC. The Ordinary Shares have attached to them full rights to vote and to distribution on capital, including on winding up.

Prior to redesignation, the Ordinary Class 1, Ordinary Founder, Series A Preferred and Series B Preferred shares had attached to them full rights to vote and to distribution on capital, including on winding up.

The Deferred shares have no rights attached to them.

# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 25. Reserves

#### Share premium

The share premium includes the premium on issue of equity shares, net of any issue costs.

#### Other reserves

On 4 March 2022, Zoovu US Holdings, LLC (the company's parent) issued new warrants with the consent of the Warrant Holder, on substantially the same terms as the Existing Warrant Instrument (the "New Instrument"). The New Instrument replaced the Existing Warrant Agreement so that the Warrant Holder discharged Zoovu Limited from all liabilities, obligations and claims under the Existing Warrant Agreement. The warrants in Zoovu Limited were derecognised at their fair value on 4 March 2022 with the corresponding balance being recognised as a capital contribution.

#### Merger Reserve

The merger reserve arose as part of the group restructure in 2018.

#### Profit and loss account

Retained earnings represent cumulative profits or losses, net of dividends paid and other adjustments.

### 26. Pension commitments

The group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to \$457,300 (2021 - \$371,231). Contributions totalling \$63,033 (2021 - \$41,818) were payable to the funds at the reporting date and are included in creditors.

### 27. Commitments under operating leases

At 31 December 2022 the group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
Not later than 1 year	251,134	220,396	82,193	71,722
Later than 1 year and not later than 5 years	101,215	107,642	56,279	60,585
	<u>352,349</u>	<u>328,038</u>	<u>138,472</u>	<u>132,307</u>

During the prior year the company terminated its lease in the UK, and entered into a new lease. In addition, new leases were entered into by Zoovu (Austria) GmbH and Zoovu (USA) Inc.

# Zoovu Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 28. Related party transactions

The Company has taken advantage of the exemption under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the group.

During the year, a director purchased a company vehicle with a net book value of \$137,947 for proceeds of \$135,817 resulting in a loss on disposal of \$2,130.

### 29. Post balance sheet events

On 20 February 2023, amendments were made to the Loan Agreement amongst Wuessen Lending S.à.r.l. (as Lender and Warrant Holder), Zoovu Limited (as Borrower) and Zoovu (Austria) GmbH (as Original Guarantor) dated 17 April 2020, as amended and restated on 11 June 2021, as well as to the Warrant Instrument issued by Zoovu US Holdings, LLC dated 4 March 2022.

#### *Amendments to the Loan Agreement*

- The final repayment date was amended from 1 November 2024 to 1 June 2026 and the Borrower will repay the principal and interest in accordance with a revised repayment schedule; and
- Interest calculated on the amount of each Loan was increased from 9.5% per annum to 10.5% per annum, from and including 1 February 2023.

### 30. Analysis of net debt

	At 1 January 2022 \$	Cash flows \$	Non-cash changes \$	At 31 December 2022 \$
Cash at bank and in hand	11,521,896	7,823,159	1,964,759	21,309,814
Debt (including amounts due to group companies due after more than one year)	(25,911,355)	(21,034,210)	14,775,140	(32,170,425)
Debt due within 1 year	-	-	-	-
<b>Net debt</b>	<b>(14,389,459)</b>	<b>(13,211,051)</b>	<b>16,739,899</b>	<b>(10,860,611)</b>

Non-cash changes include fair value movement on the convertible loan note, compounding interest and the unwind of the loan discount.

### 31. Controlling party

Zoovu US Holdings, LLC is the immediate parent company and is owned by a combination of funds, institutional investors and private individuals, with FTV ZO Holdings, LLC holding a majority share of 57.14%. The sole member of FTV ZO Holdings, LLC is FTV VII L.P., whose general partner is FTV Management VII, LLC.