

HEADHUNTER SYSTEMS LIMITED

Report and Financial Statements

31 December 2020

Registered number

07059614

HEADHUNTER SYSTEMS LIMITED

Registered number: 07059614

Directors' Report

The Directors present their report and financial statements for the year ended 31 December 2020

Principal activities

The Group's principal activity during the period continued to be the provision of web based platforms that allow education institutions and non-profit organizations to have their own exclusive alumni, career and fundraising networks.

Future developments

Further details of the Group's future strategy can be found in the Strategic report.

Dividends

No dividends were declared in the year.

Events since the balance sheet date

During July 2021, the Company's wholly owned subsidiary, Graduway Inc, acquired 100% of Scope Analytics Inc., a US corporation for the outright purchase of intellectual property assets, customer relationships and goodwill relating to the PeerPal digital recruitment tool.

During December 2021, the Company's wholly owned subsidiary, Graduway Inc, acquired 100% of Gravyty Technologies Inc., a US corporation for the outright purchase of intellectual property assets, customer relationships and goodwill. Gravyty provides expert personalized on-demand guidance for frontline fundraisers.

Directors

The following persons served as Directors during the year:

D Cohen
S Banerjee
R N Malik
M Velcich

Directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 Group'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 also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each person who was a Director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This report was approved by the board on 22 February 2022 and signed on its behalf.

D Cohen

Director

HEADHUNTER SYSTEMS LIMITED

Group Strategic Business Review

for the year ended 31 December 2020

Introduction

The Directors present their Group Strategic Report for Headhunter Systems Limited (the Company) and its subsidiaries (the Group) for the year ended 31 December 2020. The company's principal activity during the period continues to be the provision of web-based platforms that allow education institutions and non-profit organizations to have their own exclusive alumni, career and fundraising networks. The Group has adopted the US dollar as the basis of preparing accounts.

Business Review

The Group results for the year show the total revenue at \$12,276k (2019: \$8,367k), a 49% increase compared to the prior year and a loss for the financial year of \$3,955k (2019: \$7,214k). All sectors of the business performed well during the unprecedented disruption arising from the Covid-19 pandemic. Various measures have been put in place to minimize the risk to the employees of the Group in line with government guidance. The Group has remained resilient to the impact of Covid-19 and demand for services continues to be high.

During February 2020, the Company and its wholly owned subsidiary, Graduway Inc, entered into an Asset Purchase Agreement with Snap! Mobile, LLC a US corporation for the outright purchase of intellectual property assets, customer relationships and goodwill relating to the seller's Snap! Advance suite of digital fundraising software products.

In August 2018, the Company acquired two subsidiaries in the U.K. Vineup Limited and Vineup UK Limited, providers of online alumni networking and digital career community platforms to institutes of higher education and non-profits since 2012. As part of an internal restructuring, and subsequent to the hive up of the businesses to the Company, the Company filed an application to voluntarily strike off two of its subsidiaries Vineup Limited and Vineup UK Limited in October 2020.

Principal risks and uncertainties

Cybercrime and fraud are becoming more pervasive, and we continually review our security measures to counteract this threat.

The Group operates internationally which includes territories where there is political and economic uncertainty. The movement in foreign currencies does affect our business.

The Covid-19 pandemic continues to be a concern. The Directors are aware of the challenges and have adopted policies and procedures to minimize health risks to staff and customers.

The Directors have considered the financial position of the Group and have concluded that it remains a going concern.

Future developments

The directors are constantly looking at opportunities to further grow the Group both through organic growth and acquisition opportunities of similar companies.

Going concern

The balance sheet states a net deficit of \$5,452,632. Excluding secured non-current long term loans with a net debt position of \$12,652,607 due for repayment in February 2024, there is a net positive position of \$7,199,975. The Directors have considered the financial position of the Group and have concluded that there are sufficient funds to continue as a going concern. This conclusion has been reached after future planning and budgeting has been completed, considering the growing market for digital services across all the markets that the Group serves.

Key financial performance indicators

Some of the Group's KPIs during the year were as follows:

	2020	2019
Turnover (\$'000)	12,276	8,367

Loss for the year (\$'000)	(3,955)	(7,214)
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This report was approved by the board on 22 February 2022 and signed on its behalf.

D Cohen
Director

HEADHUNTER SYSTEMS LIMITED

Independent auditor's report

to the members of HEADHUNTER SYSTEMS LIMITED

Opinion

We have audited the financial statements of Headhunter Systems Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cashflows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 have been prepared in accordance with the requirements of the Companies Act 2006 and:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the group and the 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.

Other matter

Without qualifying our opinion, we draw attention to the accounting policies on page 15 to the financial statements and the fact that the comparative information in the accounts was unaudited as the company was entitled to exemption from audit.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 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 1, 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 the financial statements.

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

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.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the amortisation of intangible assets, revenue recognition (which we pinpointed to the cut-off assertion, and significant one-off or unusual transactions).

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the

Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Jonathan Marchant (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

90 Victoria Street,

Bristol,

BS1 6DP

Date: 23 February 2022

HEADHUNTER SYSTEMS LIMITED
Consolidated Income Statement
for the year ended 31 December 2020

	Notes	2020 USD	Unaudited 2019 USD
Turnover	3	12,276,657	8,367,437
Cost of sales		(481,656)	(791,679)
Gross profit		<u>11,795,001</u>	<u>7,575,758</u>
Administrative expenses		(15,010,366)	(14,249,842)
Other operating income		-	44,489
Operating loss	4	<u>(3,215,365)</u>	<u>(6,629,595)</u>
Profit on sale of fixed assets		-	380
Interest receivable		6,687	49,791
Interest payable	7	(826,564)	(515,202)
Loss on ordinary activities before taxation		<u>(4,035,242)</u>	<u>(7,094,626)</u>
Tax on loss on ordinary activities	8	80,077	(119,870)
Loss for the financial year		<u>(3,955,165)</u>	<u>(7,214,496)</u>

There were no recognised gains or losses for 2020 or 2019 other than those in the consolidated statement of comprehensive income.

Notes on pages 17-24 form part of the financial statements.

HEADHUNTER SYSTEMS LIMITED**Consolidated Statement of Comprehensive Income****for the year ended 31 December 2020**

	Notes	2020	unaudited
		USD	2019
			USD
Loss for the financial year		(3,955,165)	(7,214,496)
Total comprehensive income for the year		<u>(3,955,165)</u>	<u>(7,214,496)</u>

HEADHUNTER SYSTEMS LIMITED
Consolidated Statement of Financial Position
as at 31 December 2020

	Notes	2020 USD	unaudited 2019 USD
Fixed assets			
Intangible assets	9	11,301,946	4,319,083
Tangible assets	10	233,622	267,694
		<u>11,535,568</u>	<u>4,586,777</u>
Current assets			
Debtors	12	2,941,792	1,767,341
Cash at bank and in hand		3,034,011	3,397,113
Restricted Cash		119,486	111,150
		<u>6,095,289</u>	<u>5,275,604</u>
Creditors: amounts falling due within one year	13	(10,117,359)	(6,327,503)
Net current liabilities		<u>(4,022,070)</u>	<u>(1,051,899)</u>
Total assets less current liabilities		<u>7,513,498</u>	<u>3,534,878</u>
Creditors: amounts falling due after more than one year	14,15	(12,773,461)	(12,821,221)
Provisions for liabilities			
Deferred taxation	16	(192,669)	(191,129)
Net liabilities		<u>(5,452,632)</u>	<u>(9,477,472)</u>
Capital and reserves			
Called up share capital	18	665	609
Share premium		17,450,665	10,071,335
Share option reserve		1,896,637	1,296,017
Profit and loss account		(24,800,599)	(20,845,433)
Total equity		<u>(5,452,632)</u>	<u>(9,477,472)</u>

Notes on pages 17-24 form part of the financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 February 2022

D Cohen
Director

HEADHUNTER SYSTEMS LIMITED
Company Statement of Financial Position
as at 31 December 2020

	Notes	2020 USD	Restated & Unaudited 2019 USD
Fixed assets			
Intangible assets	9	8,753,607	1,544,757
Tangible assets	10	624	624
Investments	11	1,003	2,903,614
		<u>8,755,234</u>	<u>4,448,995</u>
Current assets			
Debtors	12	5,144,002	1,799,849
Cash at bank and in hand		2,855,059	3,282,815
		<u>7,999,061</u>	<u>5,082,664</u>
Creditors: amounts falling due within one year	13	(8,003,380)	(5,208,770)
Net current liabilities		<u>(4,319)</u>	<u>(126,106)</u>
Total assets less current liabilities		<u>8,750,915</u>	<u>4,322,889</u>
Creditors: amounts falling due after more than one year	14,15	(12,735,118)	(12,764,464)
Provisions for liabilities			
Deferred taxation	16	(138,807)	-
Net liabilities		<u>(4,123,010)</u>	<u>(8,441,575)</u>
Capital and reserves			
Called up share capital	18	665	609
Share premium		17,450,665	10,071,335
Share option reserve		1,896,637	1,296,017
Profit and loss account		(23,470,977)	(19,809,536)
Total equity		<u>(4,123,010)</u>	<u>(8,441,575)</u>

Notes on pages 17-24 form part of the financial statements.

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 loss in these financial statements.

The loss for the financial year was \$3,661,441 (loss for 2019 was \$6,637,132).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 February 2022

Daniel Cohen
Director

HEADHUNTER SYSTEMS LIMITED**Consolidated Statement of Changes in Equity
for the year ended 31 December 2020**

	Share capital	Share premium	Share option reserve	Profit and loss account	Total
	USD	USD	USD	USD	USD
At 1 January 2019	582	8,625,924	779,895	(13,630,937)	(4,224,536)
Loss for the financial year	-	-	-	(7,214,496)	(7,214,496)
Changes in year	-	-	516,122	-	516,122
Shares issued	27	1,445,411	-	-	1,445,438
At 31 December 2019	<u>609</u>	<u>10,071,335</u>	<u>1,296,017</u>	<u>(20,845,433)</u>	<u>(9,477,472)</u>
At 1 January 2020	609	10,071,335	1,296,017	(20,845,434)	(9,477,473)
Loss for the financial year	-	-	-	(3,955,165)	(3,955,165)
Changes in the year	-	-	600,620	-	600,620
Shares issued	56	7,379,330	-	-	7,379,386
At 31 December 2020	<u>665</u>	<u>17,450,665</u>	<u>1,896,637</u>	<u>(24,800,599)</u>	<u>(5,452,632)</u>

Notes on pages 17-24 form part of the financial statements.

HEADHUNTER SYSTEMS LIMITED
Company Statement of Changes in Equity
for the year ended 31 December 2020

	Share capital	Share premium	Share option reserve	Profit and loss account	Tot
	USD	USD	USD	USD	US
At 1 January 2019 as previously stated	582	9,405,819	-	(12,377,337)	(2,970,93
Prior year adjustment	-	(779,895)	779,895	(795,067)	(795,06
At 1 January 2019 as restated	<u>582</u>	<u>8,625,924</u>	<u>779,895</u>	<u>(13,172,404)</u>	<u>(3,766,00</u>
Loss for the financial year	-	-	-	(6,637,132)	(6,637,13
Changes in year	-	-	516,122	-	516,1:
Shares issued	27	1,445,411	-	-	1,445,4:
At 31 December 2019 as restated	<u>609</u>	<u>10,071,335</u>	<u>1,296,017</u>	<u>(19,809,536)</u>	<u>(8,441,57</u>
At 1 January 2020	609	10,071,335	1,296,017	(19,809,536)	(8,441,57
Loss for the financial year	-	-	-	(3,661,441)	(3,661,44
Changes in the year	-	-	600,620	-	600,6:
Shares issued	56	7,379,330	-	-	7,379,3:
At 31 December 2020	<u>665</u>	<u>17,450,665</u>	<u>1,896,637</u>	<u>(23,470,977)</u>	<u>(4,123,01</u>

Notes on pages 17-24 form part of the financial statements.

HEADHUNTER SYSTEMS LIMITED
Consolidated Statement of Cash Flows
for the year ended 31 December 2020

	Notes	2020 USD	unaudited 2019 USD
Operating activities			
Loss for the financial year		(3,955,165)	(7,214,496)
Adjustments for:			
Profit on sale of fixed assets		-	(380)
Interest receivable		(6,687)	(49,791)
Interest payable		826,564	515,202
Tax on loss on ordinary activities		(80,077)	119,870
Stock option expenses		600,621	516,155
Depreciation		64,201	4,914
Amortisation		1,558,940	272,276
Increase in debtors		(1,174,451)	(594,520)
Increase/(decrease) in creditors		3,693,873	(2,781,594)
		<u>1,527,819</u>	<u>(9,212,364)</u>
Interest received		6,687	49,791
Interest paid		(826,564)	(497,010)
Corporation tax paid		(41,874)	(106,727)
Cash generated by/(used in) operating activities		<u>666,068</u>	<u>(9,766,310)</u>
Investing activities			
Payments to acquire intangible fixed assets		(8,578,260)	(1,675,644)
Payments to acquire tangible fixed assets		(30,129)	(5,538)
Proceeds from sale of intangible fixed assets		-	54,378
Proceeds from sale of investments		-	149,439
Cash used in investing activities		<u>(8,608,389)</u>	<u>(1,477,365)</u>
Financing activities			
Proceeds from the issue of shares		7,530,996	(129,524)
(Repayment)/Issuance of loans		(20,035)	11,947,689
Cash generated by financing activities		<u>7,510,961</u>	<u>11,818,165</u>
Net cash (used)/generated			
Cash generated by/(used in) operating activities		666,068	(9,766,310)
Cash used in investing activities		(8,608,389)	(1,477,365)
Cash generated by financing activities		7,510,961	11,818,165
Net cash (used)/generated		<u>(431,360)</u>	<u>574,490</u>

Cash and cash equivalents at 1 January		3,397,113	2,822,623
Cash and cash equivalents at 31 December		<u>2,965,753</u>	<u>3,397,113</u>
Cash and cash equivalents comprise:			
Cash at bank		3,034,011	3,397,113
Bank overdrafts	13	<u>(68,258)</u>	<u>-</u>
		<u>2,965,753</u>	<u>3,397,113</u>

Notes on pages 17-24 form part of the financial statements.

HEADHUNTER SYSTEMS LIMITED
Consolidated Analysis of Net Debt
for the year ended 31 December 2020

	At 1 January 2020	Cash flows	At 31 December 2020
Notes	USD	USD	USD
Cash at bank and in hand	3,397,113	(363,102)	3,034,011
Overdraft	-	(68,258)	(68,258)
Debt due after 1 year	-	-	-
Debt due within 1 year	(12,672,642)	20,035	(12,652,607)
	<u>(9,275,529)</u>	<u>(411,325)</u>	<u>(9,686,854)</u>

Notes on pages 17-24 form part of the financial statements.

HEADHUNTER SYSTEMS LIMITED

Notes to the Accounts

for the year ended 31 December 2020

1 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. The comparative numbers presented are unaudited.

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 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 recognized 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.

Prior year adjustment

The retained earnings, share premium account and share based payment reserve have been restated to more accurately reflect the underlying records relating to share transactions. The opening retained earnings at 1 January 2019 has been restated to reflect the correction of capital transactions posted through retained earnings in earlier periods. The adjustment has no impact on the previously reported loss for the company in 2019 and does not impact net assets.

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Intangible assets are only recognised separately from goodwill where they are separable and arise from contractual or other legal rights. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life which is estimated to be ten years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value

added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer. Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs.

Research and development

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

Intangible fixed assets

Intangible fixed assets are measured at cost less accumulative amortisation and any accumulative impairment losses. Amortisation is provided on all intangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Customer relationships	over 6 - 9 years straight line
Developed technology	over 7 years straight line
Trade name	over 3 years straight line
Non-competition agreement	over 4 years straight line
Goodwill	over 10 years straight line
Assembled workforce	over 10 years straight line

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold land and buildings	over the lease term
Computers	33% straight line
Fixtures, fittings, tools and equipment	15% straight line

Investments

Investments in subsidiaries, associates and joint ventures are measured at cost less any accumulated impairment losses. Listed investments are measured at fair value. Unlisted investments are measured at fair value unless the value cannot be measured reliably, in which case they are measured at cost less any accumulated impairment losses. Changes in fair value are included in the profit and loss account.

Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price). Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period. Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the

reversal of deferred tax liabilities or other future taxable profits. 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, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

Operating leases

Rentals paid under operating leases are charged to profit or loss 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.

Provisions

Provisions are liabilities of uncertain timing or amount and are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably.

Foreign currency translation

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

Functional and presentation currency

These consolidated financial statements are presented in US Dollar, which is the Group's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated. The rate of the US Dollar to GBP Pound Sterling was 1.3303.

Pensions

Contributions to defined contribution plans are expensed in the period to which they relate. Differences between contributions payable and contributions actually paid in the period are shown as either accruals or prepayments at the year end.

Employee benefits - Share based payments

The company provides share-based payment arrangements to certain of its and its subsidiary employees as well as certain non-employees. Equity-settled arrangements are measured at fair value (excluding the effect on non-market based vesting conditions) at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest. Where equity-settled arrangements are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of vesting. Where a modification is not beneficial to the employee there is no change to the charge for share-based payment. Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the income statement. The company has no cash-settled arrangements.

The company (excluding its wholly owned subsidiaries) has four grantees and the measurement of the charge in the income statement for share-based payments is immaterial.

Going concern

The balance sheet states a net deficit of \$5,452,632. Excluding secured non-current long term loans with a net debt position of \$12,652,607 due for repayment in February 2024, there is a net positive position of \$7,199,975. The Directors have considered the financial position of the Group and have concluded that there are sufficient funds to continue as a going concern. This conclusion has been reached after future planning and budgeting has been completed, considering the growing market for digital services across all the markets that the Group serves.

2 Critical accounting estimates and judgements

Judgments in applying accounting policies and key sources of estimation uncertainty In the application of the Group's accounting policies the directors are required to make judgements, estimates and other assumptions about the carrying amount 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 assumptions which have a significant risk of causing material misstatement to the carrying amount of assets and liabilities are as follows:

I n t a n g i b l e a s s e t s
The methodology for valuing the intangible assets (details in note 9) is performed using appropriate methodologies, includes certain estimates made by management, relating to the valuation and impairments of intangible assets. Assets that are subject to amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

		Unaudited
	2020	2019
	USD	USD
3 Analysis of turnover		
Services rendered	12,276,657	8,367,437
By geographical market:		
UK	1,588,045	1,404,130
Europe	911,005	659,988
North America	8,181,037	5,070,146
Rest of world	1,596,570	1,233,173
	<u>12,276,657</u>	<u>8,367,437</u>
		Unaudited
4 Operating profit	2020	2019
	USD	USD
This is stated after charging:		
Operating lease rentals - land and buildings	489,335	385,265
Auditors' remuneration for audit services	35,682	-
	<u>525,017</u>	<u>385,265</u>
		Unaudited
5 Directors' emoluments	2020	2019
	USD	USD
Emoluments	283,604	227,255
Gains made under long term incentive schemes	-	245,945

Company contributions to defined contribution pension plans	28,433	27,459
	<u>312,037</u>	<u>500,659</u>
Highest paid director:		
Emoluments	283,604	227,255
Company contributions to defined contribution pension plans	28,433	27,459
	<u>312,037</u>	<u>254,714</u>
		Unaudited
Number of directors to whom retirement benefits accrued:	2020	2019
	Number	Number
Defined contribution plans	<u>1</u>	<u>1</u>
		Unaudited
	Group	Group
6 Staff costs	2020	2019
	USD	USD
Wages and salaries	8,174,728	7,220,580
Social security costs	418,584	457,734
Other pension costs	878,667	866,814
	<u>9,471,979</u>	<u>8,545,128</u>
	Group	Group
Average number of employees during the year	Number	Number
Customer success	14	31
Administration	10	10
Sales and marketing	42	37
Research and development	19	25
	<u>85</u>	<u>103</u>
		Unaudited
7 Interest payable	2020	2019
	USD	USD
Bank loans and overdrafts	<u>826,564</u>	<u>515,202</u>
8 Taxation		Unaudited
	2020	2019
	USD	USD

Analysis of charge in period

Corporation tax:		
UK corporation tax on profits of the period	22,676	106,727
Adjustments in respect of previous periods	-	-
	<u>22,676</u>	<u>106,727</u>
Deferred tax:		
Origination and reversal of timing differences	(102,753)	13,143
Effect of increased tax rate on opening liability	-	-
	<u>(102,753)</u>	<u>13,143</u>
	<u>(80,077)</u>	<u>119,870</u>

Factors affecting tax charge for period

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020	Unaudited
	USD	2019
		USD
Loss on ordinary activities before tax	(4,035,242)	(7,094,626)
Standard rate of corporation tax in the UK	19%	19%
	USD	USD
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019 19%)	(766,696)	(1,347,979)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	231,251	389,361
Non-taxable expense	114,131	98,063
Other differences leading to an increase (decrease) in the tax charge	151,239	928,693
Deferred tax not recognised	189,998	51,732
Current tax charge for period	<u>(80,077)</u>	<u>119,870</u>

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. This was not substantially enacted until post year end so there is no impact on deferred tax.

9 Intangible fixed assets

Group	Customer Relationships	Trade Name	Developed Technology	Non-competition agreement
	USD	USD	USD	USD
Cost				

At 1 January 2020	2,893,447	77,632	136,503	13,537
Additions	2,862,337	100,721	840,382	-
At 31 December 2020	<u>5,755,784</u>	<u>178,353</u>	<u>976,885</u>	<u>13,537</u>

Amortisation

At 1 January 2020	377,159	13,693	136,503	4,775
Provided during the year	830,677	93,316	105,048	3,393
At 31 December 2020	<u>1,207,836</u>	<u>107,009</u>	<u>241,551</u>	<u>8,168</u>

Carrying amount

At 31 December 2020	<u>4,547,948</u>	<u>71,344</u>	<u>735,334</u>	<u>5,369</u>
At 31 December 2019	<u>2,516,288</u>	<u>63,939</u>	<u>-</u>	<u>8,762</u>

Company	Customer relationships USD	Trade Name USD	Developed Technology USD	Non Competition Agreements USD
Cost				
At 1 January 2020	1,785,040	-	-	-
Additions	20,900	100,721	840,382	-
Transfer from investments	831,729	55,831	-	5,934
At 31 December 2020	<u>2,637,669</u>	<u>156,552</u>	<u>840,382</u>	<u>5,934</u>
Amortisation				
At 1 January 2020	240,282	-	-	-
Provided during the year	397,778	85,208	105,048	565
At 31 December 2020	<u>638,060</u>	<u>85,208</u>	<u>105,048</u>	<u>565</u>
Carrying amount				
At 31 December 2020	<u>1,999,609</u>	<u>71,344</u>	<u>735,334</u>	<u>5,369</u>
At 31 December 2019	<u>1,544,758</u>	<u>-</u>	<u>-</u>	<u>-</u>

During February 2020, the Company and its wholly owned subsidiary, Graduway Inc, entered into an Asset Purchase Agreement with Snap! Mobile, LLC a US corporation for the outright purchase of intellectual property assets, customer relationships and goodwill relating to the seller's Snap! Advance suite of digital fundraising software products.

In August 2018, the Company acquired two subsidiaries in the U.K. Vineup Limited and Vineup UK Limited, providers of online alumni networking and digital career community platforms to institutes of higher education and non-profits since 2012. As part of an internal restructuring, and subsequent to the hive up of the businesses to the Company, the Company filed an application to voluntarily strike off two of its subsidiaries Vineup Limited and Vineup UK Limited in October 2020.

10 Tangible fixed assets

Group	Group	Group
Land and buildings	Fixtures, fittings, tools and equipment	Total
At cost	At cost	
USD	USD	USD

Cost or valuation

At 1 January 2020	184,453	232,317	416,770
Additions	2,894	27,235	30,129
At 31 December 2020	<u>187,347</u>	<u>259,552</u>	<u>446,899</u>

Depreciation

At 1 January 2020	19,795	129,281	149,076
Charge for the year	18,584	45,617	64,201
At 31 December 2020	<u>38,379</u>	<u>174,898</u>	<u>213,277</u>

Carrying amount

At 31 December 2020	<u>148,968</u>	<u>84,654</u>	<u>233,622</u>
At 31 December 2019	<u>164,658</u>	<u>103,036</u>	<u>267,694</u>

11 Investments

Company	Investments in subsidiary undertakings	
	USD	
Cost		
At 1 January 2020		2,903,614
Additions		1,000
Transfer to intangible assets		(2,456,141)
Impairment		(447,470)
At 31 December 2020		<u>1,003</u>

During the year the trade and assets of Vineup were transferred into Headhunter Systems Limited. At this point an amount equal to the amortised cost of the associated intangible assets identified at acquisition was transferred to intangible assets, with the remaining value of the investment fully impaired.

The company holds 20% or more of the share capital of the following companies:

Company	Shares held		Capital and reserves	Profit (loss)
	Class	%	at 31 Dec 2020	to 31 Dec 2020
			USD	USD
Headhunter Technologies Limited (incorporated in Israel)	Ordinary	100	(407,887)	(766,966)
Graduway, Inc. (incorporated in Delaware, USA)	Common stock	100	432,308	433,308

12 Debtors

	Group	Unaudited
	2020	Group
	USD	2019
		USD
Trade debtors	2,706,144	1,576,263

Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	-
Other debtors	144,599	157,747
Prepayments and accrued income	91,049	33,331
	<u>2,941,792</u>	<u>1,767,341</u>
		Unaudited
	Group	Group
13 Creditors: amounts falling due within one year	2020	2019
	USD	USD
Bank overdrafts	68,258	-
Secured Bank loans	-	-
Trade creditors	219,746	86,925
Amounts owed to group undertakings and undertakings in which the company has a participating interest	-	-
Other taxes and social security costs	347,874	299,611
Other creditors	-	-
Accruals and deferred income	9,481,481	5,940,967
	<u>10,117,359</u>	<u>6,327,503</u>
		Unaudited
	Group	Group
14 Creditors: amounts falling due after more than one year	2020	2019
	USD	USD
Secured Bank loans	12,652,607	12,672,642
Accruals and deferred income	120,854	148,579
	<u>12,773,461</u>	<u>12,821,221</u>
		Unaudited
	Group	Group
15 Loans	2020	2019
	USD	USD
Loans not wholly repayable within five years:		
Bank loans	-	12,672,642
	<u>-</u>	<u>12,672,642</u>
Analysis of maturity of debt:		
Between two and five years	12,652,607	-
After five years	-	12,672,642
	<u>12,652,607</u>	<u>12,672,642</u>

The bank loans are secured by fixed and floating charges over the company's assets and a separate pledge patents, trademarks and copyrights. The term loan was expanded by an additional \$6,000,000 during Decem variable, set at LIBOR plus a fixed margin. Repayment of the term loan is spread quarterly over the term of the 2024. As a condition of the facility, the Company has agreed to be bound by certain covenants and registered a l assets (including a pledge of the Company's trademarks and copyrights) to the Lender's favour.

16 Deferred taxation

Group

	2020	Unaudited
	USD	2019
		USD
At 1 January	191,129	191,129
Additional deferred tax on acquisition of SNAP	123,491	-
Credited to the profit and loss account	(121,951)	-
At 31 December	<u>192,669</u>	<u>191,129</u>

The provision for deferred tax is made up as follows:

	2020	Unaudited
	USD	2019
		USD
Accelerated capital allowances	192,669	191,129
	<u>192,669</u>	<u>191,129</u>

17 Commitments under operating leases

At 31 December 2020 the Group and the company had future minimum lease payments due under non-cancellable the following periods:

	Group	Unaudited
	2020	Group
	USD	2019
		USD
Not later than 1 year	489,335	385,265
	<u>489,335</u>	<u>385,265</u>

				Unaudited
18 Share capital	Nominal	2020	2020	2019
	value	Number	USD	USD
Allotted, called up and fully paid:				
Ordinary shares	£0.01 each	49,207	665	<u>609</u>

19 Related party transactions

The Group has taken advantage of the exemption in FRS 102 from the requirement to disclose transactions with 100% owned group companies.

20 Events after the reporting date

During July 2021, the Company's wholly owned subsidiary, Graduway Inc, acquired 100% of Scope Analytics Inc., a US corporation for the outright purchase of intellectual property assets, customer relationships and goodwill relating to the PeerPal digital recruitment tool.

During December 2021, the Company's wholly owned subsidiary, Graduway Inc, acquired 100% of Gravyty Technologies Inc., a US corporation for the outright purchase of intellectual property assets, customer relationships and goodwill. Gravyty provides expert personalized on-demand guidance for frontline fundraisers.

21 Controlling party

The company is controlled by Graduway Holdings LLC, incorporated in Delaware, USA, by virtue of its majority shareholding. The principal place of business of the parent is 875 Manhattan Beach Blvd, Manhattan Beach, California, USA.

22 Share-based payments

On May 23, 2016 the Directors approved the company's 2015 Share Award Plan ("Plan") which reserved 2,936 of the company's ordinary share capital for the purpose of grant of options and/or issuance of shares in accordance with the Plan.

On July 24, 2017 the Directors approved a reservation of a further 1,238 of the company's ordinary share capital for the purpose of grant of options and/or issuance of shares in accordance with the Plan. The options are granted with a fixed exercise price, generally vest linearly over three years from the date of grant and expire ten years after the date of grant. Employees are required to remain in employment with the company and/or its wholly owned subsidiaries until exercise, otherwise the awards lapse.

On April 13, 2018, all outstanding options within the Plan were cancelled, and the Board of Directors reserved new amounts under the Plan.

On April 19, 2018, the Directors approved a reservation of a further 6,581 of the company's ordinary share capital for the purpose of grant of options and/or issuance of shares in accordance with the Plan. The options are granted with a fixed exercise price, generally vest linearly over four years from the date of grant and expire ten years after the date of grant. Employees and consultants are required to remain in contract with the company and/or its Subsidiaries until exercise, otherwise the awards lapse.

The options vest over a period of 3.67 - 4 years from the grant date.

On April 21, 2021, the Directors approved a reservation of a further 4,369 of the company's ordinary share capital for the purpose of grant of options and/or issuance of shares in accordance with the Plan.

A summary of the activity in stock options granted to employees is as follows:

	Year ended 31 December 2020		Year ended 31 December 2019	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
		USD		USD
Outstanding at beginning of year	6,001	850.49	5,841	797.00
Granted	1,048	1,444.68	936	945.05
Exercised	(37)	0.01	(51)	0.01
Forfeited and expired	(569)	794.91	(725)	599.40

Outstanding at end of year	6,443	956.93	6,001	850.49
Exercisable at end of year	2,626	779.43	1,477	746.81

23 Legal form of entity and country of incorporation

Headhunter Systems Limited is a private company limited by shares and incorporated in England.

24 Principal place of business

The address of the company's principal place of business is:

1 The Green
London
E4 7ES

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.