

COMPANY REGISTRATION NUMBER: 10784763

**Epos Now Ltd**  
**Financial statements**  
**31 May 2022**

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# **Epos Now Ltd**

## **Financial statements**

### **Year ended 31 May 2022**

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## **Epos Now Ltd**

### **Officers and professional advisers**

#### **Director**

J Heavens

#### **Registered office**

2 Whiting Road  
Norwich Business Park  
Norwich  
NR4 6DJ

#### **Independent Auditor**

Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
Victoria House  
199 Avebury Boulevard  
Milton Keynes  
MK9 1AU

# Epos Now Ltd

## Strategic Report

### Year ended 31 May 2022

#### Introduction

The Director presents the Strategic Report for the year ended 31 May 2022.

#### Principal activities

The principal activity of the group is to empower a diverse global base of merchants across multiple geographies and languages with a powerful all-in-one total business management tool that is critically needed to optimise their business and simplify payments and finance.

Our platform provides point-of-sale, embedded finance, stock control, employee management, booking, customer management and omnichannel capabilities. It is the modern business-critical technology needed to compete, win and automate so merchants can focus on doing what they love.

#### Business review

In the year ended 31 May 2022 we continued to deliver on our long-term strategy of shifting focus from upfront product sales into predictable recurring revenues (and consistent value to the merchants). This included launching our own payments platform during the period.

This strategy was very successful with revenue from recurring lines increasing 78.5% year on year. This growth improved our profitability with a gross profit increase from £16.0m to £32.7m (gross margins increasing from 48% to 68%). This also benefitted the bottom line, with a huge shift from net losses of £5.7m to a net profit of £2.8m in the period. As the revenue continues to compound, the positive effects of this strategy will continue long into the future.

Along with this shift we continued to invest heavily in net new customer acquisition and expansion of functionality for our existing customers in the period, which contributed to a notable total overall revenue increase of 46% year on year (from £33.0m to £48.0m).

|                                | 2022          | 2021                 |
|--------------------------------|---------------|----------------------|
|                                | £'000         | (restated)*<br>£'000 |
| <b>Turnover</b>                | 48,005        | 32,977               |
| <b>Operating profit/(loss)</b> | 3,021         | (6,566)              |
| Depreciation & amortisation    | 1,176         | 632                  |
| Adjusted items                 | 10,210        | 8,154                |
| Impairment                     | -             | 29                   |
| <b>Adjusted EBITDA**</b>       | <b>14,380</b> | <b>2,249</b>         |

\*The 2021 results have been restated as set out in note 33 to the financial statements.

\*\*Adjusted EBITDA is defined as operating profit before depreciation, amortisation and adjusted items.

This trading period also shows a tailwind impact due to the Covid-19 pandemic where our customers experienced disruption and difficulty, particularly when government support was removed as well as combating higher inflation, interest rates and general cost increases. The consequence of which was reduced onboarding and lower merchant trading levels for parts of the year, in addition to our customers pausing and/or cancelling subscriptions. To help mitigate the impact we offered substantial discounts, credits and support. However, looking to the future, we can see that for many merchants adopting our technology is the cheapest and most effective way to combat these market challenges, and as a result future trading is expected to be very positive.

## **Epos Now Ltd**

### **Strategic Report**

#### **Year ended 31 May 2021 (continued)**

##### **Business review (continued)**

The group made significant investments in its platform and people to support our merchants in this ever-challenging market environment, quickly launching new products and services to meet changing consumer demands. Significant contributors to the relative performance year-on-year are:

- Successfully launching new products and services quickly with very strong demand and uptake, enabling our merchants with the technology they need to successfully navigate through hurdles or challenges.
- Moving to a multi-year recurring revenue model from an upfront product sales model and increasing our recurring revenues and commissions as a percentage of total revenue, at the expense of product sales in the current and previous trading periods.
- Large investment in customer acquisition and associated short term costs such as onboarding.
- Investing significantly in infrastructure, products, people and talent to future proof the business to meet the demands of the customer.

The group made only limited use in the year ended 31 May 2022 of government support (with £163,391 being claimed (2021: £283,501) under the Coronavirus Job Retention Scheme in the UK and equivalent schemes outside of the UK) and benefited from the continued support of its funders. In the latter context, the group has met all funding repayments when due and continued to repay the remainder of the loan obtained in the prior year under the UK government-backed Coronavirus Business Interruption Loan Scheme ('CBILS'). It has also, in August 2022, secured a large revolving credit facility with the largest bank in Europe. The combination of these factors, together with access to additional funding facilities mean that the outlook is considered to remain very positive with the company well positioned for continued growth.

##### **Future developments and going concern**

The group recognises the very challenging period that has been navigated by our customers. Specific observations in this regard include:

- Covid-19 and the current economic conditions including inflation (affecting supply chain) and the cost of living crisis (affecting consumer spend) could have a large detrimental effect on our customer base. However, the adoption of our platform and technology is a very effective way for merchants to combat these challenges so demand is expected to be strong going forward.
- The business has positioned itself well by releasing essential functionality quickly such as Epos Now payment services and Epos Now Capital.
- Our products are now essential tools, such as order and pay, so consumers can check out on their phones, and e-commerce solutions, so merchants can get online quickly.
- The business has developed a number of new products to support businesses through the current economic climate. Some of which result in smaller businesses being able to be more flexible and obtain cash and funding much quicker than ever before.

##### **Key performance indicators**

The group uses a range of performance measures to monitor and manage the business effectively.

The key performance indicators are considered to be turnover, gross profit, gross margin and customer locations. These are summarised below:

## Epos Now Ltd

### Strategic Report

#### Year ended 31 May 2022 (continued)

##### Key performance indicators (continued)

|                         | 2022   | 2021<br>(restated)* |
|-------------------------|--------|---------------------|
| Turnover (£'000)        | 48,005 | 32,977              |
| Gross profit (£'000)    | 32,718 | 15,986              |
| Gross profit margin (%) | 68%    | 48%                 |
| Customer locations      | 55,843 | 45,178              |

\*The 2021 results have been restated as set out in note 33 to the financial statements.

##### Principal risks and uncertainties

These are considered to be as follows:

- **Industry and competition:** The group operates in a very competitive market that is subject to technological advances, changing customer needs and strong competition. The group must anticipate and respond to those changes in order to remain competitive, and must therefore continue to invest in research and development and market analysis to mitigate the risk.
- **Customer stability:** Many of the group's customers are small and medium sized businesses and as such, the group is subject to the risk of those businesses being unable to satisfy their obligations to the group. With the ongoing challenging environment being faced by the retail and hospitality sectors, particularly with regards to workforce and supply chain, it is essential that the group continues to develop its products to help meet these challenges.
- **Covid-19:** As the majority of the group's customer base are small and medium sized businesses in the retail and hospitality sectors, many of the group's merchants faced difficulties during the period as they were forced to temporarily close as a result of restrictions introduced to slow the spread of the Covid-19 pandemic. As a result, a small number of merchants closed their businesses, and the group recognised an appropriate bad debt expense during the period in relation to their outstanding debtor balances. The removal of government support initiatives in the year has resulted in further closures. However, the group believes that the underlying retail and hospitality markets have recovered well from the disruption experienced and continue to represent a strong opportunity for growth, especially given the accelerated transition to technology adoption for many such businesses.

##### Financial risk management objectives and policies

The group uses various financial instruments including deposit accounts and cash, and items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to ensure sufficient finance for the group's operations. The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below. The main risks arising from the company's financial instruments are credit risk and interest rate risk, they are summarised below. These policies have remained unchanged from previous periods.

## **Epos Now Ltd**

### **Strategic Report**

#### **Year ended 31 May 2022 (continued)**

##### **Price risk**

The group's principal price risk is in the purchase of inventory from third parties for resale. The group maintains strong commercial relationships and clear lines of communication with all key suppliers, and will typically buy in bulk at a fixed price to avoid the impact of short term price changes.

##### **Credit risk**

The group's principal credit risk is in the recovery of amounts owed by trade debtors. In order to manage credit risk, the Director assesses customers based on a combination of payment history and other information. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

##### **Interest rate risk**

The group seeks to enter into borrowing arrangements with regulated institutions at contracted rates in line with general market availability. Please refer to note 21 for a full breakdown of borrowing.

##### **Liquidity risk**

As a result of healthy cash balances being held and external funding facilities, the Director did not consider liquidity or cashflow risk to be an issue as at 31 May 2022. These areas continue to be closely monitored to ensure the group's procedures continue to operate effectively to minimise risk in this regard.

This report was approved by the Director on 24 February 2023 and signed by:



J Heavens  
Director

Registered office:  
2 Whiting Road  
Norwich Business Park  
Norwich  
NR4 6DJ

## **Epos Now Ltd**

### **Director's Report**

#### **Year ended 31 May 2022**

The Director presents his report and the group consolidated financial statements for the year ended 31 May 2022.

#### **Director of the group**

The Director who held office during the year was J Heavens.

#### **Dividends**

No dividends (2021: £nil), were declared during the year.

#### **Events after the end of the reporting period**

Particulars of events after the reporting date are detailed in note 29 to the financial statements.

#### **Research and development**

A large proportion of the group's revenues, including the majority of recurring revenue streams, are powered by its proprietary technology platform. In addition to providing a complete electronic point of sale solution to our merchants, the platform also provides the business with a number of important competitive advantages, including flexibility, speed of development of new features, and differentiation from more generic propositions available in the market. In order to remain competitive and promote innovation, ongoing investment in the technology platform remains a priority for the business. Research and development spend of £636,923 (2021: £659,841) has been recognised as an expense in the period.

#### **Disclosure of information in the Strategic Report**

The Strategic Report includes the following disclosures that would otherwise have been included in the Directors' Report:

- An indication of exposure to price risk, credit risk, interest rate risk and liquidity risk;
- Financial risk management objectives and policies;
- Future developments and going concern.

#### **Employee engagement**

We have continued to increase the level of employee engagement this year. We have regular touchpoints with our employees at all levels periodically across the year. We obtain insight and use this to continue to redefine our culture, to ensure we correctly define our "why", using this as the building blocks for our people strategy moving forward.

#### **Valuing our shared company culture**

Recognising we are entering our next stage of growth, we have been working to re-establish our culture which supports a clear vision for the future. This vision is designed to inspire and unite our people, while fuelling business growth. This year we have launched our culture and values framework, which was designed in collaboration with our employees via our global people roadshow.

## **Epos Now Ltd**

### **Director's Report**

#### **Year ended 31 May 2022 (continued)**

##### **Developing and enhancing our people's performance**

We continue to focus on developing capabilities that drive product knowledge and innovation to aid us to continue to scale but retain the customer at the heart of decision making. This provides the dual benefit of investing in our people and ensuring our company's strategic objectives are realised.

We have significantly expanded our people team to help our teams develop clear objectives, track their progress, and guide their personal development, with the goal of helping us grow as individuals and as a business.

##### **Increasing engagement and wellbeing**

Adapting to the changing demands following the pandemic has been a major focus within our people strategy. A significant aspect of this is continuing to improve and optimise employee engagement. We introduced our quarterly people survey, obtaining valuable insights in where we can further improve the employee experience and our company culture.

We are responsive to the needs of our employees. As such, should any employee become disabled during their time with us, we will actively retrain that employee and make reasonable adjustments to their working environment where possible, in order to keep the employee with the business. It is the policy of Epos Now that the recruitment, training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

##### **Rewarding and energising our people**

The foundations are now in development to launch our new value and behaviour framework which will build on our aspirations to become an employer of choice. Recognising the importance of attracting and retaining top talent, significant improvements have been made to ensure we are matching the right talent to our company culture and providing the right career opportunities, which along with career mapping is key to retaining talent and further cementing the inclusive culture we are building.

##### **Becoming an employer of choice**

The foundations are now in development to launch our new value and behaviour framework which will build on our aspirations to become an employer of choice. Recognising the importance of attracting and retaining top talent, significant improvements have been made to ensure we are matching the right talent to our company culture and providing the right career opportunities, which along with career mapping is key to retaining talent and further cementing the inclusive culture we are building.

##### **Director's responsibilities statement**

The Director is responsible for preparing the Strategic Report, and Director's Report and the financial statements in accordance with applicable law and regulations.

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

Under company law the Director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs and profit or loss of the group and the company for that period.

## **Epos Now Ltd**

### **Director's Report**

#### **Year ended 31 May 2022 (continued)**

##### **Director's responsibilities statement (continued)**

In preparing these financial statements, the Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Director is 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 group 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.

##### **Director's liability**

The company has provided an indemnity for the Director, which is a qualifying third party indemnity provision for the purpose of s.234 of the Companies Act 2006. An indemnity is in place in relation to the financial year and up to the date of approval of the financial statements.

##### **Disclosure of information to auditors**

The Director confirms that:

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

##### **Reappointment of auditors**

The auditors, Grant Thornton UK LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

This report was approved by the Director on 24 February 2023 and signed by:



.....  
J Heavens  
Director

Registered office:  
2 Whiting Road  
Norwich Business Park  
Norwich  
NR4 6DJ

## **Epos Now Ltd**

### **Independent Auditor's Report to the Members of Epos Now Ltd**

#### **Year ended 31 May 2022**

##### **Opinion**

We have audited the financial statements of Epos Now Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 May 2022, which comprise the 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 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and The 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 May 2022 and of the group's profit 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.

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

We are responsible for concluding on the appropriateness of the Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the Director's conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the Director and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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.

## **Epos Now Ltd**

### **Independent Auditor's Report to the Members of Epos Now Ltd (continued)**

**Year ended 31 May 2022**

#### **Conclusions relating to going concern (continued)**

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. The responsibilities of the Director with respect to going concern are described in the 'Responsibilities of the Director for the financial statements' section of this report.

#### **Other information**

The Director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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

We have nothing to report in this regard.

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

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

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

#### **Matter on which we are required to report under the Companies Act 2006**

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Director's Report.

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

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.

## **Epos Now Ltd**

### **Independent Auditor's Report to the Members of Epos Now Ltd (continued)**

**Year ended 31 May 2022**

#### **Responsibilities of the Director for the financial statements**

As explained more fully in the Director's responsibilities statement, the Director is 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 Director determines 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 Director is 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 Director either intends to liquidate the group or the parent company or to cease operations, or has no realistic alternative 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

We obtained an understanding of the legal and regulatory frameworks applicable to the group and the parent company and the industry in which it operates through our commercial and sector experience, discussions with management, those charged with governance, inspection of the group and parent company's legal correspondence and board minutes. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud. We also enquired of management concerning the policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

## **Epos Now Ltd**

### **Independent Auditor's Report to the Members of Epos Now Ltd (continued)**

#### **Year ended 31 May 2022**

- Through the understanding that we obtained, we determined that the most significant legal and regulatory frameworks directly relevant to specific assertions in the financial statements are those related to the financial frameworks (FRS 102 and the Companies Act 2006) and the relevant tax compliance regulations in the jurisdictions in which the group and parent company operates. In addition, we concluded that there are certain significant laws and regulations that may have effect on the determination of the amounts and disclosures in the financial statements and those are laws and regulations relating to health and safety, employee matters, data protection, import duty and bribery and corruption practices.
- We assessed the susceptibility of the group and parent company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - potential management bias in determining accounting estimates;
  - journal entries (in particular manual journal entries determined to be large or relating to unusual transactions).
- Our procedures involved:
  - identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement line item;
  - challenging assumptions and judgements made by management in its significant accounting estimates; and
  - identifying and testing journal entries, in particular journal entries with characteristics that meet certain criteria assessed as higher risk.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the group and parent company operates; and
  - understanding of the legal and regulatory requirements specific to the group and parent company.
- We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.

**Epos Now Ltd**

**Independent Auditor's Report to the Members of Epos Now Ltd (continued)**

**Year ended 31 May 2022**

**Use of our 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.

*Grant Thornton UK LLP*

.....  
Andrew Hodgekins  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Chelmsford

Date: 24 February 2023 .....

## Epos Now Ltd

### Consolidated Statement of Comprehensive Income

Year ended 31 May 2022

|   | Note | 2022<br>£           | 2021<br>(restated)*<br>£ |
|---|------|---------------------|--------------------------|
| <b>Turnover</b>   | 5    | 48,004,942          | 32,977,064               |
| Cost of sales   |      | <u>(15,287,041)</u> | <u>(16,991,122)</u>      |
| <b>Gross profit</b>   |      | 32,717,901          | 15,985,942               |
| Administrative expenses   |      | (29,860,335)        | (22,835,434)             |
| Other operating income  | 6    | <u>163,391</u>      | <u>283,501</u>           |
| <b>Operating profit/(loss)</b>  | 7    | <u>3,020,957</u>    | <u>(6,565,991)</u>       |
| Other interest receivable and similar income                            | 11   | 985                 | 742                      |
| Interest payable and similar expenses                                   | 12   | <u>(880,538)</u>    | <u>(393,032)</u>         |
|   |      | <u>(879,553)</u>    | <u>(392,290)</u>         |
| <b>Profit/(loss) before tax</b>   |      | 2,141,404           | (6,958,281)              |
| Tax on profit/(loss)  | 13   | <u>690,471</u>      | <u>1,306,152</u>         |
| <b>Profit/(loss) for the financial year</b>                             |      | <u>2,831,875</u>    | <u>(5,652,129)</u>       |
| Foreign currency retranslation  |      | <u>31,759</u>       | <u>(71,332)</u>          |
| <b>Profit/(loss) and total comprehensive income/(loss) for the year</b> |      | <u>2,863,634</u>    | <u>(5,723,461)</u>       |

All the activities of the group are from continuing operations.

\*The 2021 results have been restated as set out in note 33 to the financial statements.

The notes on pages 20 to 42 form an integral part of these financial statements.

# Epos Now Ltd

## Consolidated Statement of Financial Position

31 May 2022

|  | Note | 2022<br>£           | 2021<br>(restated)*<br>£ |
|--|------|---------------------|--------------------------|
| <b>Fixed assets</b>  |      |                     |                          |
| Intangible assets  | 14   | 3,624,988           | 2,351,085                |
| Tangible assets  | 15   | 1,941,935           | 333,809                  |
|  |      | <u>5,566,923</u>    | <u>2,684,894</u>         |
| <b>Current assets</b>  |      |                     |                          |
| Stocks   | 17   | 1,650,572           | 924,254                  |
| Debtors  | 18   | 8,422,891           | 7,778,060                |
| Cash at bank and in hand                                       |      | 6,802,929           | 6,578,150                |
|  |      | <u>16,876,392</u>   | <u>15,280,464</u>        |
| <b>Creditors: Amounts falling due within one year</b>          | 19   | <u>(21,146,680)</u> | <u>(17,742,245)</u>      |
| <b>Net current liabilities</b>                                 |      | <u>(4,270,288)</u>  | <u>(2,461,781)</u>       |
| <b>Total assets less current liabilities</b>                   |      | 1,296,635           | 223,113                  |
| <b>Creditors: Amounts falling due after more than one year</b> | 20   | <u>(2,362,151)</u>  | <u>(4,152,264)</u>       |
| <b>Net liabilities</b>   |      | <u>(1,065,516)</u>  | <u>(3,929,151)</u>       |
| <b>Capital and reserves</b>                                    |      |                     |                          |
| Called up share capital  | 25   | 2,000               | 2,000                    |
| Profit and loss account  |      | <u>(1,067,516)</u>  | <u>(3,931,151)</u>       |
| <b>Shareholders' deficit</b>                                   |      | <u>(1,065,516)</u>  | <u>(3,929,151)</u>       |

\*The 2021 results have been restated as set out in note 33 to the financial statements.

These financial statements were approved by the Director and authorised for issue on 24 February 2023 and are signed by:



J Heavens  
Director

Company registration number: 10784763

The notes on pages 20 to 42 form an integral part of these financial statements.

## Epos Now Ltd


### Company Statement of Financial Position

31 May 2022

|   | Note | 2022<br>£      | 2021<br>£      |
|---|------|----------------|----------------|
| <b>Fixed assets</b>                                   |      |                |                |
| Investments   | 16   | 200            | 200            |
| <b>Current assets</b>                                 |      |                |                |
| Debtors   | 18   | 2,000          | 2,000          |
| <b>Creditors: Amounts falling due within one year</b> | 19   | <u>(3,144)</u> | <u>(3,144)</u> |
| <b>Net current liabilities</b>                        |      | <u>(1,144)</u> | <u>(1,144)</u> |
| <b>Net liabilities</b>                                |      | <u>(944)</u>   | <u>(944)</u>   |
| <b>Capital and reserves</b>                           |      |                |                |
| Called up share capital                               | 25   | 2,000          | 2,000          |
| Profit and loss account                               |      | <u>(2,944)</u> | <u>(2,944)</u> |
| <b>Shareholders' deficit</b>                          |      | <u>(944)</u>   | <u>(944)</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 profit for the financial year of the parent company was £Nil (2021: £Nil).

These financial statements were approved by the Director and authorised for issue on 24 February 2023 and are signed by:

  
.....

J Heavens  
Director

Company registration number: 10784763

The notes on pages 20 to 42 form an integral part of these financial statements.

## Epos Now Ltd

### Consolidated Statement of Changes in Equity

Year ended 31 May 2022

|   | Share capital | Profit and loss<br>account<br>(restated)* | Total<br>(restated)* |
|---|---------------|---|----------------------|
|   | £             | £   | £                    |
| At 1 June 2020                          | 2,000         | 1,792,310                                 | 1,794,310            |
| Loss for the year                       | -             | (5,652,129)                               | (5,652,129)          |
| Foreign currency retranslation          | -             | (71,332)                                  | (71,332)             |
| Total comprehensive income for the year | -             | (5,723,461)                               | (5,723,461)          |
| At 31 May 2021                          | 2,000         | (3,931,151)                               | (3,929,151)          |

\*The 2021 results have been restated as set out in note 33 to the financial statements.

|   | Share capital | Profit and loss<br>account<br>(restated)* | Total<br>(restated)* |
|---|---------------|---|----------------------|
|   | £             | £   | £                    |
| At 1 June 2021                          | 2,000         | (3,931,151)                               | (3,929,151)          |
| Profit for the year                     | -             | 2,831,875                                 | 2,831,875            |
| Foreign currency retranslation          | -             | 31,759                                    | 31,759               |
| Total comprehensive income for the year | -             | 2,863,634                                 | 2,863,634            |
| At 31 May 2022                          | 2,000         | (1,067,516)                               | (1,065,516)          |

\*The 2021 results have been restated as set out in note 33 to the financial statements.

The notes on pages 20 to 42 form an integral part of these financial statements.

**Epos Now Ltd**

**Company Statement of Changes in Equity**

**Year ended 31 May 2022**

|                     | <b>Share capital</b> | <b>Profit and loss</b> | <b>Total</b> |
|---------------------|----------------------|------------------------|--------------|
|                     | <b>£</b>             | <b>account</b>         | <b>£</b>     |
|                     |                      | <b>£</b>               |              |
| At 1 June 2020      | 2,000                | (2,944)                | (944)        |
| Profit for the year | -                    | -                      | -            |
| At 31 May 2021      | 2,000                | (2,944)                | (944)        |

|                     | <b>Share capital</b> | <b>Profit and loss</b> | <b>Total</b> |
|---------------------|----------------------|------------------------|--------------|
|                     | <b>£</b>             | <b>account</b>         | <b>£</b>     |
|                     |                      | <b>£</b>               |              |
| At 1 June 2021      | 2,000                | (2,944)                | (944)        |
| Profit for the year | -                    | -                      | -            |
| At 31 May 2022      | 2,000                | (2,944)                | (944)        |

The notes on pages 20 to 42 form an integral part of these financial statements.

# Epos Now Ltd

## Consolidated Statement of Cash Flows

Year ended 31 May 2022

|  | Note | 2022<br>£          | 2021<br>(restated)*<br>£ |
|--|------|--------------------|--------------------------|
| <b>Cash flows from operating activities</b>                |      |                    |                          |
| Profit/(loss) for the year                                 |      | 2,831,875          | (5,652,129)              |
| Adjustments to cash flows from non-cash items:             |      |                    |                          |
| Depreciation and amortisation                              | 15   | 1,175,817          | 632,489                  |
| Impairment of intangibles                                  | 14   | -                  | 29,421                   |
| Loss on disposal   |      | 1,641              | -                        |
| Finance income   | 11   | (985)              | (742)                    |
| Interest expense   | 12   | 880,538            | 393,032                  |
| Foreign exchange movements                                 |      | 718,820            | -                        |
| Income tax credit  | 13   | (690,471)          | (1,306,152)              |
| Increase in stocks   | 17   | (726,318)          | (583,893)                |
| Increase in debtors  | 18   | (307,369)          | (3,238,390)              |
| Increase in creditors                                      | 19   | 1,580,179          | 6,442,695                |
| Income taxes (paid)/received                               |      | 353,009            | (98,064)                 |
| <b>Net cash flows from operating activities</b>            |      | <b>5,816,736</b>   | <b>(3,381,733)</b>       |
| <b>Cash flows from investing activities</b>                |      |                    |                          |
| Acquisitions of tangible assets                            | 15   | (1,950,137)        | (296,123)                |
| Proceeds from sale of tangible assets                      |      | -                  | 674                      |
| Acquisition of intangible assets                           | 14   | (2,084,310)        | (1,596,170)              |
| <b>Net cash flows from investing activities</b>            |      | <b>(4,034,447)</b> | <b>(1,891,619)</b>       |
| <b>Cash flows from financing activities</b>                |      |                    |                          |
| (Repayment of)/proceeds from bank borrowings               |      | (663,227)          | 5,512,417                |
| Interest paid  |      | (895,268)          | (393,032)                |
| Interest received  |      | 985                | 742                      |
| <b>Net cash flows from financing activities</b>            |      | <b>(1,557,510)</b> | <b>5,120,127</b>         |
| <b>Net increase/(decrease) in cash at bank and in hand</b> |      | <b>224,779</b>     | <b>(153,225)</b>         |
| <b>Cash at bank and in hand at 1 June 2021</b>             |      | <b>6,578,150</b>   | <b>6,731,375</b>         |
| <b>Cash at bank and in hand at 31 May 2022</b>             |      | <b>6,802,929</b>   | <b>6,578,150</b>         |

\*The 2021 results have been restated as set out in note 33 to the financial statements.

The notes on pages 20 to 42 form an integral part of these financial statements.

# **Epos Now Ltd**

## **Notes to the Financial Statements**

### **Year ended 31 May 2022**

#### **1 General information**

Epos Now Ltd is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at 2 Whiting Road, Norwich Business Park, Norwich, NR4 6DJ.

The principal activity of the company was a non-trading holding company. The principal activity of the group was the provision of point of sale software, with hardware (where applicable) and additional services such as payments, table-side ordering, delivery integrations and omnichannel ordering. The target customers are predominantly in the retail, hospitality and service sectors. The group services a large addressable market predominantly in the USA, UK and Australia.

#### **2 Statement of compliance**

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

#### **3 Accounting policies**

##### **Basis of preparation of the financial statements**

The financial statements are prepared on a going concern basis, under the historic cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

##### **Disclosure exemptions**

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 parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included.

##### **Going concern**

The going concern basis of preparation has been adopted in preparing these financial statements. In determining that this basis is appropriate the Director has assessed the company and group's forecast trading performance and financial resources for a period to February 2024, being considered the foreseeable future. Underpinning the Director's assessment is a forecast model that has been prepared to consider at monthly intervals the trading, cash flow and balance sheet position of the group of which the company is a member.

It takes account of existing and expected working capital facilities together with consideration of the following principal assumptions that could give rise to a material variation from expected outturn:

- Customer acquisition and conversion rates
- Customer churn rates

## **Epos Now Ltd**

### **Notes to the Financial Statements**

#### **Year ended 31 May 2022 (continued)**

##### **3 Accounting policies (continued)**

###### **Going concern (continued)**

- Average Gross Transaction Values per customer
- Growth rate of payment product lines
- Cost inflation
- Working capital assumptions

While consideration has been given to the effect of sensitivities the forecasts have been prepared on what are judged to be conservative assumptions. Beyond this, separate stress test scenarios have been modelled demonstrating reduced growth rates, increasing churn levels, recall of bank loans and an increase in the cost base. Under all scenarios there were a number of actions management could take to mitigate the impact and improve cashflow and as a result there was not deemed to be a risk to going concern in the stressed scenarios.

This approach implicitly takes account of mitigating actions that could be taken to address shortfalls against expectations such as a reduction in marketing expenditure or product development on a short-term basis. Working capital facilities available to the group of which this company is a part principally comprise:

- Revolving credit facilities secured to August 2024. These are subject to continued compliance with contractual terms including financial covenant measures, which are currently being met and forecasted to be met throughout the going concern period and beyond.
- A debt facility entered into after 31 May 2020, via the company's United States registered subsidiary, with a US debt provider. The value of draw down against this facility as at 31 May 2022 is £7.4m (£5.9 at 31 May 2021). It is drawn down over a 12 month period, with repayment due over the same term. The current balance as at 31 January 2023 is £2.5m.
- Group cash balances as at 31 May 2022 of £6.8m (£6.6m at 31 May 2021). The current group cash balance as at 31 January 2023 is £7.7m.

The forecasts indicate that all debt financial covenants will be met in the forecast period. In the Director's opinion it remains appropriate to adopt the going concern basis of preparation.

###### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of Epos Now Ltd and all of its subsidiary undertakings.

Intercompany transactions and balances between group companies are eliminated in full.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

## **Epos Now Ltd**

### **Notes to the Financial Statements**

#### **Year ended 31 May 2022 (continued)**

#### **3 Accounting policies (continued)**

##### **Adjusted EBITDA**

The business is managed and measured on a day-to-day basis using underlying results (adjusted EBITDA). This is an important metric utilised within the business to monitor performance and guide strategic business decisions. The metric captures the group's view of underlying trading performance after excluding non-recurring items and initial investment/set-up costs related to acquiring new customers and establishing the group's global operations. Management applies judgement in determining which items should be excluded from adjusted EBITDA. The considerations factored into this judgement include but are not limited to:

- Nature of the item;
- Significance of the item on the financial results; and
- Management's expectation on the recurring or non-recurring nature of the item.

These items are excluded from adjusted EBITDA as management believe their inclusion distorts the underlying trading performance. This is consistent with the way that financial performance is measured by management and reported to the Board.

##### **Government grants**

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and performance model.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

##### **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue 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 revenue is recognised:

##### **Sale of goods**

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the transaction: and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

## **Epos Now Ltd**

### **Notes to the Financial Statements**

#### **Year ended 31 May 2022 (continued)**

##### **3 Accounting policies (continued)**

###### **Rendering of services (including software and commission-based revenue)**

Revenue 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 revenue can be measured reliably;
- it is probable that the company 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.

###### **Composite transactions**

Where a transaction comprises separable components (i.e. when software and hardware are sold as a complete solution) revenue is recognised for each component as if it were an individual contract.

###### **Supplier Subsidies**

If a fee, commission or form of consideration (subsidy) is received from a supplier and is not in connection with any distinct goods or services, it is considered as falling into one of the following categories:

- Category 1 – performance related consideration; or
- Category 2 – non-performance related consideration (e.g. subsidy of expenses)

Fees and commissions from suppliers will be initially recognised at the fair value of the asset received (or receivable), and if any of the fees or commissions become repayable, the Group will recognise a liability at the point in time at which the repayment meets the definition of a liability.

Category 1 subsidies will be recognised on a systematic basis up to the point the performance criteria is satisfied. Category 2 subsidies will be recognised as the expenses and associated costs are incurred, but no earlier than the subsidy being received or receivable. Any subsidies received but not meeting the recognition criteria will be recognised as deferred consideration (liabilities) on the balance sheet.

###### **Interest income**

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

###### **Current and deferred tax**

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 group operates and generates income.

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

# Epos Now Ltd

## Notes to the Financial Statements

### Year ended 31 May 2022 (continued)

#### 3 Accounting policies (continued)

##### Current and deferred tax (continued)

- 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; and
- 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.

##### Foreign currencies

The group and company's functional and presentation currency is the pound sterling and is rounded to the nearest £.

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the Consolidated Statement of Comprehensive Income.

The trading results of group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year-end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in other comprehensive income.

##### Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

##### Finance costs

Finance costs 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### Operating Leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

# Epos Now Ltd

## Notes to the Financial Statements

### Year ended 31 May 2022 (continued)

#### 3 Accounting policies (continued)

##### Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are only recognised separately from goodwill when they arise from contractual or other legal rights, are separable, the expected future economic benefits are probable and the cost or value can be measured reliably.

##### Capitalisation and amortisation of development costs

Directly attributable payroll and third party development costs incurred in the development of the Epos Now platform are capitalised as an intangible asset in accordance with the requirements of FRS 102.

##### Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

| <b>Asset class</b>         | <b>Amortisation method and rate</b> |
|----------------------------|-------------------------------------|
| Platform development costs | 5 years                             |

The period over which platform development costs are amortised is determined to be the minimum expected lifetime during which value will be derived from the asset.

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

##### Research and development

Research expenditure is written off in the period in which it is incurred.

Development expenditure incurred is capitalised as an intangible asset only when all of the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- There is the intention to complete the intangible asset and use or sell it;
- There is the ability to use or sell the intangible asset;
- There are adequate technical, financial, and other resources available to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Expenditure that does not meet the above criteria is expensed as incurred.

# Epos Now Ltd

## Notes to the Financial Statements

### Year ended 31 May 2022 (continued)

#### 3 Accounting policies (continued)

##### Tangible assets

Tangible assets are stated in the Consolidated Statement of Financial Position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

##### Depreciation

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

| <b>Asset class</b>              | <b>Depreciation method and rate</b> |
|---------------------------------|-------------------------------------|
| Leasehold property improvements | 25% straight line                   |
| Office equipment                | 25% straight line                   |
| Motor vehicles                  | 25% reducing balance                |
| Computer equipment              | 25% straight line                   |
| Devices & other equipment       | 20% straight line                   |

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.

##### Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

##### Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

## **Epos Now Ltd**

### **Notes to the Financial Statements**

#### **Year ended 31 May 2022 (continued)**

##### **3 Accounting policies (continued)**

###### **Financial instruments (continued)**

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

###### **Defined contribution pension obligation**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

###### **Business combinations**

Business combinations are accounted for using the purchase method.

The cost of a business combination is measured as the aggregate of the fair values, at the acquisition date, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination. The acquisition date is the date on which control was obtained.

Where control is achieved in stages, the cost of the business combination is the aggregate of the fair values of the assets given, liabilities incurred or assumed, and equity instruments issued at the date of each transaction in the series.

## **Epos Now Ltd**

### **Notes to the Financial Statements**

#### **Year ended 31 May 2022 (continued)**

#### **3 Accounting policies (continued)**

##### **Business combinations (continued)**

Where the business combination requires an adjustment to the cost contingent on future events, the estimated amount of that adjustment is included in the cost of the combination at the acquisition date providing it is probable and can be measured reliably. Where it is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration is treated as an adjustment to the cost of the combination. If such expected future events do not occur, or the estimate needs to be revised, the cost of the business combination is adjusted accordingly. The unwinding of any discounting is recognised as a finance cost in profit or loss in the period it arises.

##### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance costs in the Statement of Comprehensive Income and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

##### **Dividends**

Dividends and other distributions to the group's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

##### **Related party transactions**

The group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Director, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

##### **Cash and cash equivalents**

Cash and cash equivalents include cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

# Epos Now Ltd

## Notes to the Financial Statements

### Year ended 31 May 2022 (continued)

#### 3 Accounting policies (continued)

##### Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

##### Impairment

At each reporting date, the group reviews the carrying amounts of its fixed assets (property, plant and equipment, right-of-use assets, and intangible assets other than goodwill) to determine whether there is any indication that they are impaired. 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 the asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Any impairment loss is recognised as an expense within profit or loss immediately.

#### 4 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following is considered to be the area of estimation uncertainty where a material variation from actual to estimated outcomes may arise:

- Determining whether an allowance is required against certain customer and other receivable balances involves an estimate of the ability of counterparties to make required payments. If the financial positions of the counterparties were to deteriorate, affecting their ability to make payments, additional allowances may be required in future periods. Refer to note 18 for further information regarding debtor carrying values and note 7 for impairment charges recognised in the period.

The following are considered to be the principal areas where judgement has been applied in preparing these financial statements:

- Revenue recognition: See note 3 for narrative concerning the basis of disaggregation of revenue derived from bundled sales of hardware and software solutions.
- For customers who cancel their contracts, the group recognises the revenue due to it from that customer over the remaining period of the contract. Management then assess and estimate the level of risk and doubtful debt associated with such balances periodically and where appropriate, will provide for or impair the balances accordingly. Refer to note 18 for further information regarding debtor carrying values and note 7 for impairment charges recognised in the period.

## Epos Now Ltd

### Notes to the Financial Statements

#### Year ended 31 May 2022 (continued)

##### 5 Turnover

Turnover arises from:

|                       | 2022              | 2021              |
|-----------------------|-------------------|-------------------|
|                       | £                 | (restated)*       |
|                       |                   | £                 |
| Sale of goods         | 7,281,762         | 8,788,616         |
| Rendering of services | 32,799,087        | 19,238,129        |
| Commissions received  | 7,832,029         | 4,950,319         |
| Other services        | 92,064            | -                 |
|                       | <u>48,004,942</u> | <u>32,977,064</u> |

\*The 2021 results have been restated as set out in note 33 to the financial statements.

The turnover is attributable to the one principal activity of the group. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

|              | 2022              | 2021              |
|--------------|-------------------|-------------------|
|              | £                 | (restated)*       |
|              |                   | £                 |
| Europe       | 29,279,299        | 19,701,636        |
| Americas     | 14,075,556        | 10,680,246        |
| Asia-Pacific | 4,649,087         | 2,595,182         |
|              | <u>48,004,942</u> | <u>32,977,064</u> |

\*The 2021 results have been restated as set out in note 33 to the financial statements.

##### 6 Other operating income

The analysis of the group's other operating income for the year is as follows:

|                   | 2022           | 2021           |
|-------------------|----------------|----------------|
|                   | £              | £              |
| Government grants | <u>163,391</u> | <u>283,501</u> |

The government grants included within other operating income comprise funding received from government backed coronavirus support schemes in the UK, US and Australia.

## Epos Now Ltd

### Notes to the Financial Statements

#### Year ended 31 May 20212 (continued)

##### 7 Operating profit/(loss)

Operating profit or loss is stated after charging:

|                               | 2022      | 2021      |
|-------------------------------|-----------|-----------|
|                               | £         | £         |
| Depreciation expense          | 365,410   | 186,250   |
| Amortisation expense          | 810,407   | 446,239   |
| Impairment of intangibles     | -         | 29,421    |
| Impairment of trade debtors   | 4,018,453 | 2,737,917 |
| Research and development cost | 666,092   | 659,841   |
| Foreign exchange losses       | 716,468   | 8,882     |

##### 8 Auditors' remuneration

|   | 2022   | 2021   |
|---|--------|--------|
|   | £      | £      |
| Fees payable to the group's auditor for audit of the company's financial statements     | 22,207 | 40,000 |
| Fees payable to the group's auditor for audit of the subsidiaries' financial statements | 78,733 | 55,000 |

##### 9 Staff costs

The average number of persons employed by the group during the year, including the Director, amounted to:

|                      | 2022 | 2021 |
|----------------------|------|------|
|                      | No.  | No.  |
| Administrative staff | 357  | 380  |

The aggregate payroll costs incurred during the year, relating to the above, were:

|                       | 2022       | 2021       |
|-----------------------|------------|------------|
|                       | £          | £          |
| Wages and salaries    | 12,411,954 | 12,324,358 |
| Social security costs | 1,407,824  | 1,124,566  |
| Other pension costs   | 315,324    | 313,558    |

## Epos Now Ltd

### Notes to the Financial Statements

#### Year ended 31 May 2022 (continued)

##### 10 Director's remuneration

The Director's aggregate remuneration in respect of qualifying services was:

|              | 2022   | 2021  |
|--------------|--------|-------|
|              | £      | £     |
| Remuneration | 98,160 | 8,160 |

It is considered there are no key management personnel other than the Director.

##### 11 Other interest receivable and similar income

|  | 2022 | 2021 |
|--|------|------|
|  | £    | £    |
| Other interest receivable and similar income | 985  | 742  |

##### 12 Interest payable and similar expenses

|                                       | 2022    | 2021    |
|---------------------------------------|---------|---------|
|                                       | £       | £       |
| Interest on bank loans and overdrafts | 880,538 | 393,032 |

##### 13 Taxation

|  | 2022      | 2021        |
|--|-----------|-------------|
|  | £         | £           |
| <b>Current tax</b>                             |           |             |
| UK current tax income                          | -         | -           |
| Adjustments in respect of prior periods        | (680,769) | (346,013)   |
| Total UK current tax                           | (680,769) | (346,013)   |
| Foreign current tax                            | 4,770     | 73,398      |
| Total current tax                              | (675,999) | (272,615)   |
| <b>Deferred tax</b>                            |           |             |
| Origination and reversal of timing differences | (14,472)  | (1,021,055) |
| Adjustments in respect of prior periods        | -         | (4,981)     |
| Effect of tax rate change on opening balance   | -         | (7,501)     |
| Total deferred tax                             | (14,472)  | (1,033,537) |
| <b>Tax on profit</b>                           | (690,471) | (1,306,152) |

## Epos Now Ltd

### Notes to the Financial Statements

#### Year ended 31 May 2022 (continued)

##### 13 Taxation (continued)

###### Reconciliation of tax income

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

The differences are reconciled below:

|   | 2022<br>£ | 2021<br>(restated)*<br>£ |
|---|-----------|--------------------------|
| Profit/(loss) before tax  | 2,141,404 | (6,958,281)              |
| Corporation tax at standard rate                                    | 406,867   | (1,322,073)              |
| Adjustment to tax charge in respect of prior periods - current tax  | (680,769) | (346,013)                |
| Adjustment to tax charge in respect of prior periods - deferred tax | -         | (4,981)                  |
| Effect of expense not deductible for tax purposes                   | 18,737    | 723                      |
| Effect of capital allowances and depreciation                       | (28,284)  | 1,030                    |
| Effect of restatement   | -         | 201,662                  |
| Additional deduction for R&D expenditure                            | (432,250) | -                        |
| Remeasurement of deferred tax for changes in tax rate               | (3,473)   | (252,554)                |
| Other timing differences  | (134,275) | 34                       |
| Other differences   | (25,838)  | 1,390                    |
| Deferred tax not recognised   | 188,814   | 414,630                  |
| Tax on profit/(loss)  | (690,471) | (1,306,152)              |

\*The 2021 results have been restated as set out in note 33 to the financial statements.

###### Factors that may affect future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Companies earning annual taxable profits of £50,000 or less will continue to pay corporation tax at 19% with a marginal rate adjustment for companies earning annual taxable profits between the two levels. These changes were substantively enacted at the Balance Sheet date and therefore an adjustment has been made to deferred taxation balances to account for this change.

**Epos Now Ltd**  
**Notes to the Financial Statements**

**Year ended 31 May 2022 (continued)**

**14 Intangible assets**

**Group**

|                        | <b>Development costs</b> |
|------------------------|--------------------------|
| <b>Cost</b>            | <b>£</b>                 |
| At 1 June 2021         | 2,965,762                |
| Additions              | 2,084,310                |
| Disposals              | <u>(29,240)</u>          |
| At 31 May 2022         | <u>5,020,832</u>         |
| <b>Amortisation</b>    |                          |
| At 1 June 2021         | 614,677                  |
| Charge for the year    | 810,407                  |
| Disposals              | <u>(29,240)</u>          |
| At 31 May 2022         | <u>1,395,844</u>         |
| <b>Carrying amount</b> |                          |
| At 31 May 2022         | <u>3,624,988</u>         |
| At 31 May 2021         | <u>2,351,085</u>         |

Amortisation on intangible assets is charged to administrative expenses.

**Company**

The company has no intangible assets.

**15 Tangible assets**

**Group**

|                        | <b>Leasehold property improvements</b> | <b>Office equipment</b> | <b>Motor vehicles</b> | <b>Computer equipment</b> | <b>Terminal equipment</b> | <b>Total</b>     |
|------------------------|--|-------------------------|-----------------------|---------------------------|---------------------------|------------------|
|                        | <b>£</b>                               | <b>£</b>                | <b>£</b>              | <b>£</b>                  | <b>£</b>                  | <b>£</b>         |
| <b>Cost</b>            |  |                         |                       |                           |                           |                  |
| At 1 June 2021         | 381,028                                | 146,278                 | 30,332                | 603,856                   | -                         | 1,161,494        |
| Additions              | -                                      | 2,933                   | -                     | 38,864                    | 1,908,340                 | 1,950,137        |
| FX differences         | (3,098)                                | 13,587                  | -                     | 21,591                    | -                         | 32,080           |
| Disposals              | (500)                                  | (465)                   | -                     | (674)                     | -                         | (1,639)          |
| At 31 May 2022         | <u>337,430</u>                         | <u>162,333</u>          | <u>30,332</u>         | <u>663,637</u>            | <u>1,908,340</u>          | <u>3,142,072</u> |
| <b>Depreciation</b>    |  |                         |                       |                           |                           |                  |
| At 1 June 2021         | 357,436                                | 128,218                 | 29,915                | 312,116                   | -                         | 827,685          |
| Charge for the year    | 5,717                                  | 13,429                  | -                     | 109,688                   | 236,576                   | 365,410          |
| FX differences         | 727                                    | 1,097                   | -                     | 4,494                     | 724                       | 7,042            |
| At 31 May 2022         | <u>363,880</u>                         | <u>142,744</u>          | <u>29,915</u>         | <u>426,298</u>            | <u>237,300</u>            | <u>1,200,137</u> |
| <b>Carrying amount</b> |  |                         |                       |                           |                           |                  |
| At 31 May 2022         | <u>13,550</u>                          | <u>19,589</u>           | <u>417</u>            | <u>237,339</u>            | <u>1,671,040</u>          | <u>1,941,935</u> |
| At 31 May 2021         | <u>23,592</u>                          | <u>18,060</u>           | <u>417</u>            | <u>291,740</u>            | <u>-</u>                  | <u>333,809</u>   |

## Epos Now Ltd

### Notes to the Financial Statements

#### Year ended 31 May 2021 (continued)

##### 15 Tangible assets (continued)

###### Company

The company has no tangible assets.

##### 16 Investments

###### Group

The group has no investments.

###### Company

|                                | Shares in<br>group<br>undertakings<br>£ |
|--------------------------------|---|
| <b>Cost</b>                    |   |
| At 1 June 2021 and 31 May 2022 | <u>200</u>                              |
| <b>Impairment</b>              |   |
| At 1 June 2021 and 31 May 2022 | <u>-</u>                                |
| <b>Carrying amount</b>         |   |
| At 1 June 2021 and 31 May 2022 | <u>200</u>                              |

##### Details of undertakings

Details of the investments in which the company directly or indirectly holds 20% or more of the nominal value of any class of share capital are as follows:

| Undertaking                    | Holding  | Proportion of voting rights<br>and shares held |      |
|--------------------------------|----------|--|------|
|                                |          | 2022   | 2021 |
| <b>Subsidiary undertakings</b> |          |  |      |
| Epos Now (UK) Ltd              | Ordinary | 100%   | 100% |
| Epos Now LLC                   | Ordinary | 100%   | 100% |
| Epos Systems Pty Ltd           | Ordinary | 100%   | 100% |
| Epos Now SL                    | Ordinary | 100%   | n/a  |

The registered office of Epos Now (UK) Ltd is 2 Whiting Road, Norwich Business Park, Norwich, NR4 6DJ.

The registered office of Epos Now LLC is The Chase Plaza, South Tower, Suite 2021, 189 S. Orange Avenue, Orlando, FL-32801, United States.

The registered office of Epos Systems Pty Ltd is 47 Gordon Street, Hendra, Queensland, 4011, Australia.

The registered office of Epos Now SL is Calle Vallehermoso 82, Bajo Ext Izda, 28015 Madrid, Spain.

## Epos Now Ltd

### Notes to the Financial Statements

#### Year ended 31 May 2022 (continued)

##### 17 Stocks

|                                     | Group     |         | Company |      |
|-------------------------------------|-----------|---------|---------|------|
|                                     | 2022      | 2021    | 2022    | 2021 |
|                                     | £         | £       | £       | £    |
| Finished goods and goods for resale | 1,650,572 | 924,254 | -       | -    |

##### 18 Debtors

|                                  | Note | Group            |                  | Company      |              |
|----------------------------------|------|------------------|------------------|--------------|--------------|
|                                  |      | 2022             | 2021             | 2022         | 2021         |
|                                  |      | £                | £                | £            | £            |
| Trade debtors                    |      | 4,926,328        | 1,284,319        | -            | -            |
| Deferred tax asset               | 22   | 1,066,781        | 1,052,309        | -            | -            |
| Called up share capital not paid |      | 2,000            | 2,000            | 2,000        | 2,000        |
| Prepayments and accrued income   |      | 868,615          | 2,992,484        | -            | -            |
| Director's loan account          | 30   | -                | 58,936           | -            | -            |
| Other debtors                    |      | 876,577          | 2,028,412        | -            | -            |
| Corporation tax recoverable      |      | 682,590          | 359,600          | -            | -            |
|                                  |      | <u>8,422,891</u> | <u>7,778,060</u> | <u>2,000</u> | <u>2,000</u> |

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

|                                 | Note | Group             |                     | Company      |              |
|---------------------------------|------|-------------------|---------------------|--------------|--------------|
|                                 |      | 2022              | 2021<br>(restated)* | 2022         | 2021         |
|                                 |      | £                 | £                   | £            | £            |
| Loans and borrowings            | 21   | 9,299,608         | 7,314,928           | -            | -            |
| Trade creditors                 |      | 2,822,416         | 4,863,243           | -            | -            |
| Accruals and deferred income    |      | 6,773,515         | 2,766,916           | 3,144        | 3,144        |
| Upfront supplier payments       |      | 1,378,008         | 866,666             | -            | -            |
| Social security and other taxes |      | 804,948           | 1,730,365           | -            | -            |
| Other payables                  |      | 68,186            | 200,127             | -            | -            |
|                                 |      | <u>21,146,681</u> | <u>17,742,245</u>   | <u>3,144</u> | <u>3,144</u> |

\*The 2021 results have been restated as set out in note 33 to the financial statements.

The bank loans in place at the year end were secured by a debenture with a fixed and floating charge over the assets of the company and were subject to variable interest rates of between 3.0% and 5.8% over the Bank of England Base Rate. The arrangements were also secured by a cross-guarantee from the company's subsidiary, Epos Now LLC.

The bank loans were subject to covenants measuring debt service, interest cover, and leverage, which were suspended from June 2020 until November 2021 to allow trading to normalise following the impact of Covid-19, after which an additional covenant measuring adjusted cash against budget was added. Subsequent to the period end, these loans were repaid in full.

## Epos Now Ltd

### Notes to the Financial Statements

#### Year ended 31 May 2022 (continued)

##### 19 Creditors: Amounts falling due within one year (continued)

The bank loans were supported by limited guarantees from third parties, being the European Investment Fund and Secretary of State for the Department of Business.

The debt facility taken out by the US based subsidiary is secured against specific customer contracts. This facility is repayable over 12 months, and is subject to an interest rate of 6.1%.

##### 20 Creditors: Amounts falling due after more than one year

|                              |      | Group            |                  | Company  |          |
|------------------------------|------|------------------|------------------|----------|----------|
|                              |      | 2022             | 2021             | 2022     | 2021     |
|                              | Note | £                | (restated)*      | £        | £        |
| Loans and borrowings         | 21   | 1,171,668        | 3,107,474        | -        | -        |
| Accruals and deferred income |      | -                | 385,923          | -        | -        |
| Upfront supplier payments    |      | 1,164,950        | 633,334          | -        | -        |
| Other creditors              |      | 25,533           | 25,533           | -        | -        |
|                              |      | <u>2,362,151</u> | <u>4,152,264</u> | <u>-</u> | <u>-</u> |

\*The 2021 results have been restated as set out in note 33 to the financial statements.

The bank loans in place at the year end were secured by a debenture with a fixed and floating charge over the assets of the company and were subject to variable interest rates of between 3.0% and 5.8% over the Bank of England Base Rate. The arrangements were also secured by a cross-guarantee from the company's subsidiary, Epos Now LLC.

The bank loans were subject to covenants measuring debt service, interest cover, and leverage, which were suspended from June 2020 until November 2021 to allow trading to normalise following the impact of Covid-19, after which an additional covenant measuring adjusted cash against budget was added. Subsequent to the period end, these loans were repaid in full.

The bank loans were supported by limited guarantees from third parties, being the European Investment Fund and Secretary of State for the Department of Business.

##### 21 Loans

Analysis of the maturity of loans is given below:

|  | Group     |           | Company |      |
|--|-----------|-----------|---------|------|
|  | 2022      | 2021      | 2022    | 2021 |
|  | £         | £         | £       | £    |
| <b>Amounts falling due within one year</b> |           |           |         |      |
| Loans and borrowings                       | 9,299,608 | 7,314,928 | -       | -    |

## Epos Now Ltd

### Notes to the Financial Statements

#### Year ended 31 May 2022 (continued)

##### 21 Loans (continued)

|   | Group            |                  | Company   |           |
|---|------------------|------------------|-----------|-----------|
|   | 2022<br>£        | 2021<br>£        | 2022<br>£ | 2021<br>£ |
| <b>Amounts falling due after one year</b> |                  |                  |           |           |
| Bank loans due between one and two years  | 380,000          | 1,935,807        | -         | -         |
| Bank loans due between two and five years | 791,668          | 1,140,000        | -         | -         |
| Bank loans due after five years           | -                | 31,667           | -         | -         |
|   | <u>1,171,668</u> | <u>3,107,474</u> | <u>-</u>  | <u>-</u>  |

##### 22 Deferred tax

The deferred tax included in the Statement of Financial Position is as follows:

|                               | 2022<br>£ | 2021<br>£ |
|-------------------------------|-----------|-----------|
| Included in debtors (note 18) | 1,066,781 | 1,052,309 |

The deferred tax account consists of the tax effect of timing differences in respect of:

|                                | 2022<br>£        | 2021<br>£        |
|--------------------------------|------------------|------------------|
| Fixed asset timing differences | (95,392)         | (39,102)         |
| Short term timing differences  | 14,581           | 27,639           |
| Losses and other deductions    | 1,147,592        | 1,063,772        |
| Included in debtors (note 18)  | <u>1,066,781</u> | <u>1,052,309</u> |

##### 23 Contingent liabilities

The group is party to a cross guarantee and debenture in favour of Blue House Investments Limited, a related party. At 31 May 2022 the debt subject to this arrangement and owed by Blue House Investments to the counterparty totalled £2.1m (2021: £1.6m). The risk of the group having to fund this liability is deemed to be very low due to the ongoing ability of Blue House Investments Limited to service the debt repayments using its own operating cashflows.

##### 24 Employee benefits

###### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £315,324 (2021: £313,558).

## Epos Now Ltd

### Notes to the Financial Statements

#### Year ended 31 May 2022 (continued)

##### 25 Financial instruments

|  | Group             |                     | Company      |              |
|--|-------------------|---------------------|--------------|--------------|
|  | 2022              | 2021<br>(restated)* | 2022         | 2021         |
|  | £                 | £                   | £            | £            |
| <b>Financial assets</b>                          |                   |                     |              |              |
| Financial assets measured at fair value          | 6,802,929         | 6,578,150           | -            | -            |
| Financial assets measured at amortised cost      | 6,671,520         | 6,305,215           | 2,000        | 2,000        |
|  | <u>13,474,449</u> | <u>12,883,365</u>   | <u>2,000</u> | <u>2,000</u> |
| <b>Financial liabilities</b>                     |                   |                     |              |              |
| Financial liabilities measured at fair value     | -                 | -                   | -            | -            |
| Financial liabilities measured at amortised cost | 22,703,883        | 19,778,221          | 3,144        | 3,144        |
|  | <u>22,703,883</u> | <u>19,778,221</u>   | <u>3,144</u> | <u>3,144</u> |

\*The 2021 results have been restated as set out in note 33 to the financial statements.

Financial assets measured at fair value through profit and loss comprise cash and cash equivalents.

Financial assets measured at amortised cost comprise investments, trade debtors, amounts owed by group undertakings, and other debtors.

Financial liabilities measured at fair value through profit and loss are nil in both periods.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, amounts owed to group undertakings, accruals, upfront supplier payments and other creditors.

##### 26 Share capital

###### Issued and called up

|                                 | 2022           |                 | 2021           |                 |
|---------------------------------|----------------|-----------------|----------------|-----------------|
|                                 | No.            | £               | No.            | £               |
| A Ordinary shares of £0.01 each | 100,000        | 1,000.00        | 100,000        | 1,000.00        |
| B Ordinary shares of £0.01 each | 100,000        | 1,000.00        | 100,000        | 1,000.00        |
|                                 | <u>200,000</u> | <u>2,000.00</u> | <u>200,000</u> | <u>2,000.00</u> |

The A and B shares rank pari passu in all respects other than as follows:

- The company may not distribute profits to the holders of the B shares without prior approval of the holders of the A shares.
- The B shares shall not entitle the holders thereof to receive notice of or to attend or vote at any general meeting of the company or in any written resolution.
- On a return of assets on liquidation or capital reduction or otherwise the surplus of assets of the company shall be applied first in paying the holders the A shares and the B shares the nominal value of each such shares and secondly 100% shall be distributed amongst the holders of the A shares.

## Epos Now Ltd

### Notes to the Financial Statements

#### Year ended 31 May 2022 (continued)

##### 27 Analysis of changes in net debt

|                          | At 1 June 2021     | Cash flows     | At 31 May 2022     |
|--------------------------|--------------------|----------------|--------------------|
|                          | £                  | £              | £                  |
| Cash at bank and in hand | 6,578,150          | 224,779        | 6,802,929          |
| Debt due within one year | (7,314,928)        | (1,984,680)    | (9,299,608)        |
| Debt due after one year  | (3,107,474)        | 1,935,806      | (1,171,668)        |
|                          | <u>(3,844,252)</u> | <u>175,905</u> | <u>(3,668,347)</u> |

##### 28 Operating leases

The total of future minimum lease payments under non-cancellable operating leases are as follows:

|  | 2022     | 2021           |
|--|----------|----------------|
|  | £        | £              |
| Not later than 1 year                        | -        | 171,657        |
| Later than 1 year and not later than 5 years | -        | -              |
|  | <u>-</u> | <u>171,657</u> |

The value of operating leases recognised as an expense in the Consolidated Statement of Comprehensive Income for the year is £171,657 (2021: £271,942).

##### 29 Events after the end of the reporting period

In August 2022, the group agreed a new revolving credit facility secured to August 2024, which was used to immediately repay its outstanding longer term borrowings.

In October 2022 ownership of the A shares in the company transferred from J Heavens to Technology Growth Holdings Limited, a company wholly owned by J Heavens.

##### 30 Director's advances, credits and guarantees

During the year the Director entered into the following advances and credits with the company and its subsidiary undertakings:

|  | 2022     | 2021          |
|--|----------|---------------|
|  | £        | £             |
| Balance brought forward                  | 58,936   | 51,187        |
| Advances to/(payments from) the Director | (58,936) | 7,749         |
| Balance outstanding                      | <u>-</u> | <u>58,936</u> |

No interest was charged on the outstanding balance during the current or prior period.

## **Epos Now Ltd**

### **Notes to the Financial Statements**

#### **Year ended 31 May 2022 (continued)**

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

###### **Group**

The related party balance as at year end includes a receivable from Blue House Investments Limited, of which the ultimate owner is J Heavens. The balance of £501,614 (2021: £544,516) relates to expenses paid by the group on behalf of Blue House Investments Limited. It is included within other debtors in the Statement of Financial Position. Other related party transactions undertaken during the year relate to rental charges from Blue House Investments Limited to the company, for the use of premises it owns. These total £228,000 (2021: £228,000) and are paid monthly. There was no outstanding balance for rental charges at year end.

The related party balance at the year end includes a receivable from Technology Growth Ventures Limited, of which the ultimate owner is J Heavens. The balance of £1,972 (2021: £1,972) relates to expenses paid by the group on behalf of Technology Growth Ventures Limited. It is included in other debtors in the Statement of Financial Position. There were no related party transactions undertaken during the year.

The related party balance at the year end includes a receivable from Chase 20 LLC, of which the ultimate owner is J Heavens. The balance of £305,373 (2021: £220,758) relates to expenses such as accounting system costs and legal expenses paid by the group on behalf of Chase 20 LLC. It is included within other debtors within the Statement of Financial Position. These expenses total £84,615 (2021: £8,585) for the period. In addition, the group's US subsidiary pays rental charges to Chase 20 LLC for the use of premises it owns. These charges total £86,503 for the year (2021: £70,954). £75,602 was payable by the group at year end, included within trade creditors.

The related party balance at year end includes a receivable of £18,614 from Recruitment Junky Limited, of which J Heavens is a director and shareholder, relating to expenses paid by the group on behalf of Recruitment Junky Limited. Also included within Trade Creditors is a payable balance due to Recruitment Junky Limited. The related party transactions relate to the provision of recruitment services by Recruitment Junky Limited to the group during the year. The charges for the year total £511,526 (2021: £429,050) and are paid monthly. As at the period end a balance of £26,778 (2021: £26,778) was outstanding.

During the year there were transactions between J Heavens and Epos Now (UK) Ltd through the Director's loan account. The loan account balance was settled during the year resulting in a year end debtor of £nil (2021: £58,936).

###### **Company**

There were no related party balances as at year end, and no related party transactions during the year.

##### **32 Controlling party**

At the balance sheet date, 100% of the A shares in the company were owned by J Heavens and 100% of the B shares in the company were owned by Technology Growth Holdings Limited, a company wholly owned by J Heavens. As described in note 29, subsequent to the year end, ownership of the A shares in the company was transferred from J Heavens to Technology Growth Holdings Limited. J Heavens therefore continues to be regarded as the ultimate controlling party of the group.

## Epos Now Ltd

### Notes to the Financial Statements

#### Year ended 31 May 2022 (continued)

#### 33 Changes in accounting policies, estimates and errors

##### Upfront payments from suppliers

In 2022, management entered into a contract with a supplier. The review of the accounting treatment for this contract triggered a review of all similar contracts, and as part of this review, all upfront payments received for professional services delivered to suppliers were reviewed for appropriate accounting treatment. Such payments had previously been treated as revenue. Following the review, this treatment was deemed incorrect due to the link to ongoing supply of services from the supplier. The group has corrected this error and changed its accounting treatment. These amounts have been removed from revenue and are now recognised in line with the accounting policy disclosed in note 3 ("Supplier Subsidies"). As such, a retrospective adjustment has been applied to the financial statements for the year ended 31 May 2021. There is no cash impact from this adjustment.

##### Consolidated Statement of Comprehensive Income

|                                      | 2021        | Upfront supplier payments | 2021 (restated) |
|--------------------------------------|-------------|---------------------------|-----------------|
|                                      | £           | £                         | £               |
| Turnover                             | 34,477,064  | (1,500,000)               | 32,977,064      |
| Gross profit                         | 17,485,942  | (1,500,000)               | 15,985,942      |
| Operating loss                       | (5,065,991) | (1,500,000)               | (6,565,991)     |
| Profit/(loss) before tax             | (5,458,281) | (1,500,000)               | (6,958,281)     |
| Profit/(loss) for the financial year | (4,152,129) | (1,500,000)               | (5,652,129)     |

##### Consolidated Statement of Financial Position

|  | 2021         | Upfront supplier payments | 2021 (restated) |
|--|--------------|---------------------------|-----------------|
|  | £            | £                         | £               |
| <b>Creditors:</b> Amounts falling due within one year          | (16,875,579) | (866,664)                 | (17,742,245)    |
| <b>Creditors:</b> Amounts falling due after more than one year | (3,518,930)  | (633,334)                 | (4,152,264)     |
| Profit and loss account  | (2,431,151)  | (1,500,000)               | (3,931,151)     |

##### Consolidated Statement of Changes in Equity

|                         | 2021        | Upfront supplier payments | 2021 (restated) |
|-------------------------|-------------|---------------------------|-----------------|
|                         | £           | £                         | £               |
| Profit and loss account | (2,431,151) | (1,500,000)               | (3,931,151)     |