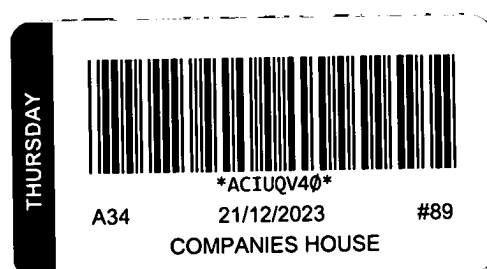


**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
FOR
PERKBOX LIMITED**



PERKBOX LIMITED

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Independent Auditors' Report	6
Income Statement	9
Other Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Cash Flow Statement	13
Notes to the Financial Statements	14

PERKBOX LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022

DIRECTORS:	C P Cao S Chopra U Goyal J H M Stern
SECRETARY:	R J Gorle
REGISTERED OFFICE:	6 Devonshire Square London EC2M 4YE
REGISTERED NUMBER:	07355963 (England and Wales)
INDEPENDENT AUDITORS:	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

PERKBOX LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their strategic report for the year ended 31 December 2022.

REVIEW OF BUSINESS

The company develops and operates a leading employee rewards and benefits technology platform which provides a range of core services and staff benefits for customers focused on employee wellbeing, reward and recognition including its Perks discount platform offering.

Headquartered in the UK, the platform now supports 600,000 employees based in over 80 different countries.

The Perkbox platform helps our customers increase employee engagement using a single harmonized platform across all their teams and locations. The platform includes features in three areas:

- **Care** - supporting the physical, emotional, and financial wellbeing of their employees. We provide access to a wide range of original content, free and discounted benefits including the Perks discount platform. Our Wellness Hub includes a range of mental health and mindfulness tools. We also offer Employee Assistance Plans and a Medical app (Online doctor appointments).
- **Connect** – sharing and communicating the cultural values of our customers and bringing together all staff benefits in one place to make them more visible and easier to manage.
- **Celebrate** - recognising achievements and key milestones, and distributing rewards to staff. Our global points system simplifies and reduces the effort to reward staff in different locations and helps our customers easily track costs and manage budgets.

Growth in Subscription Customer Portfolio

The directors consider the growth and quality of the portfolio of customer subscription contracts to be strong indicators of performance, and consider the following metrics to be key measures:

- **Annual Recurring Revenue (“ARR”): £27.2M, up 18% year on year**

Our customers enter into a contractual platform licence subscription of at least 12 months duration, with a minimum commitment of user licences. ARR is calculated as the total annual subscription value including recurring incremental usage.

The portfolio of recurring revenue increased each month during the year to end at £27.2M, a year-on-year increase of £4.1M (18%). Annualised growth during Q4 2022 was 30%. Significantly, much of this growth was achieved through growth in our backbook of continuing customers as well as the addition of new customers.

This continuing growth continues to validate the increasing relevance of our business model as companies embrace working from home and distributed teams and builds on a wider awareness of the importance of employee wellbeing and mental health.

- **FY22 Net Dollar Retention (“NDR”): 0.96**

This is calculated as the growth in ARR during a period relating to the specific portfolio of customers in place at the start of the period, excluding any new customer additions in the period. When the NDR is above 1.0, the existing portfolio grows organically even without the addition of new customers.

Overall NDR improved during the year to 0.96 (0.81 in prior year impacted by Covid). We migrated our customers to a new version of our platform which drove higher engagement and contributed to a lower cancellation rate than prior year. Excluding cancellations, we drove net upsell of £3.7M in continuing portfolio, through organic expansion of user licences, upsell of products, and increases in pricing.

Profit and investment

After a period of profit in 2020 and 2021, the company made some specific planned investments in 2022 including an expansion of commercial teams which has a longer term payback. The company had therefore anticipated a loss since the start of the year in its annual operating plan. As a result of these plans, the full year loss for 2022 was £1.3M (2021 restated £1.7M profit), with expectation of profit in future years.

PERKBOX LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Management review EBITDA as an important measure of operating profitability. This is calculated as operating income / (loss) excluding interest, tax, depreciation and amortisation. The company made an EBITDA loss of £0.6M (2021 restated £1.4M profit) (see note 5). With growing revenues and a stable cost base, the company expects to breakeven during Q1 '2023 and remain profitable. Returns in each area of the business including sales efficiency, and returns on product investment, are regularly reviewed and changes made to ensure efficient capital allocation.

The directors expect to continue investing in the growth of the company to grow its customer base and make improvements to its core products to meet our customers' requirements.

Product Development

The company follows a product led approach as an effective way to deliver solutions and provide value for our customers. The product roadmap is guided by customer feedback to focus our efforts on solving our customers' problems, while making the platform easier to use and automating processes within our platform to ensure we are scalable as we grow.

Throughout the year we managed the migration of our existing customer base to the new version of our platform which supports employees located in any country and offers a set of unique global features including rewards and recognition, using our Reward Points system, and our Flexi Points discounts and perks. These features reduce the admin burden for local and global HR teams to harmonise benefits and rewards across different teams.

Our product and engineering teams have continued to develop and launch market-leading features and innovative enhancements within the Perkbox platform during the year, which included the following:

- Global Rewards to help our customers recognise their people anywhere in the world.
- Notification Centre to help both employees and admins capture news of the latest feature, operational updates, the latest perks and timely reminders.
- Microsoft Teams Bot, to enable employees to recognise colleagues straight from Microsoft Teams.
- Enhanced Rewards including a physical gift catalogue in 40+ countries.
- Enhanced Benefits and Rewards with an additional 2000+ Gift cards in 60+ countries.
- Ability for customers to earn points while shopping.

International Operations

The company is headquartered in the UK with international sales operations in Australia operating as a branch of Perkbox Limited. Our international operations grew the value of their customer portfolio by over 30% during the year. The directors anticipate future growth in UK and international markets as the company continues to invest in its scalable global product and makes its platform available in new countries.

New customers since October 2021 have been launched on the new version of our platform which includes, as standard, full support for any international employees based in over 80 countries. At the end of the year we had 445 (2021: 165) customers with active users in more than one country.

Cash Reserves

At the end of the year the company had cash reserves of £6.0M (FY21 £9.0M), net current assets of £3.9M (FY21 £6.8M) and total shareholders' funds of £4.5M (FY21 £5.7M). During the year it repaid £1.0M of the Barclays 4-year term loan facility.

PRINCIPAL RISKS AND UNCERTAINTIES

The employee engagement market is fast moving. The company is therefore subject to change in the competitive environment, the regulatory and tax environments, and as a result of updates to technical platforms and standards. We monitor developments in each of these areas and make regular updates to our product and our positioning to reflect the latest changes. Our business is also reliant on third party partners to continue to provide attractive benefits for our users which we review and update on an ongoing basis.

On behalf of the board:



.....
S Chopra - Director

Date: 19 December 2023

PERKBOX LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report with the audited financial statements of the company for the year ended 31 December 2022. The directors have included narrative on future development and overseas branches in the strategic report.

PRINCIPAL ACTIVITY

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

DIVIDENDS

No dividends were distributed for the year ended 31 December 2022.

DIRECTORS

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

C P Cao
S Chopra
U Goyal
J H M Stern

The beneficial interests of the directors holding office on 31 December 2022 in the issued share capital of the company were as follows:

Ordinary 0.1p shares	31 December 2022	1 January 2022
C P Cao	424,686	424,686
S Chopra	481,516	481,516
U Goyal	11,381	11,381
J H M Stern	2,057	2,057

GOING CONCERN

The company made a loss in the year under review. The directors have prepared detailed cash flow forecasts including a downside scenario, which are based on their current expectations of trading prospects. The directors are confident having reviewed the forecasts that the company will be able to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements. Accordingly, the directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

FINANCIAL RISK MANAGEMENT

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

Credit risk

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

Liquidity risk

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

THIRD PARTY INDEMNITY

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

PERKBOX LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Statement of Directors' Responsibilities and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "Reduced Disclosure Framework", and applicable law).

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

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

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

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

DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the directors' report is approved:

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

On behalf of the board:



.....
S Chopra - Director

Date: 19 December 2023

Independent auditors' report to the members of Perkbox Limited

Report on the audit of the financial statements

Opinion

In our opinion, Perkbox Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Report of the Directors and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2022; the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK Companies legislation and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries to manipulate financial results. Audit procedures performed by the engagement team included:

- Discussions of compliance with the management team including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Identifying and testing journal entries, including journal entries posted with unusual account combinations; and
- Understanding and evaluating management's controls in place to prevent and detect irregularities.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Edward Gregory (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 December 2023

PERKBOX LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2021 as restated
	Notes	£	£
TURNOVER	3	38,918,982	32,482,346
Cost of sales		<u>(18,885,252)</u>	<u>(13,972,868)</u>
GROSS PROFIT		20,033,730	18,509,478
Administrative expenses		<u>(21,139,544)</u>	<u>(17,434,383)</u>
OPERATING (LOSS)/PROFIT	5	(1,105,814)	1,075,095
Interest receivable and similar income		14,897	769
Interest payable and similar expenses	6	<u>(176,075)</u>	<u>(178,529)</u>
(LOSS)/PROFIT BEFORE TAXATION		(1,266,992)	897,335
Tax on (loss)/profit	7	<u>(146)</u>	<u>773,778</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u><u>(1,267,138)</u></u>	<u><u>1,671,113</u></u>

The 2021 comparatives have been restated due to an accounting policy change and prior year adjustment as detailed in note 2 and 21 respectively.

The notes on pages 14 to 27 form part of the financial statements

PERKBOX LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021 as restated
	£	£
(LOSS)/PROFIT FOR THE YEAR	(1,267,138)	1,671,113
OTHER COMPREHENSIVE INCOME		
Translation adjustment	<u>75,111</u>	<u>77,459</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	<u>75,111</u>	<u>77,459</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>(1,192,027)</u>	<u>1,748,572</u>

The 2021 comparatives have been restated due to the accounting policy change as detailed in Note 2.

The notes on pages 14 to 27 form part of the financial statements

PERKBOX LIMITED (REGISTERED NUMBER: 07355963)

**BALANCE SHEET
31 DECEMBER 2022**

		2022		2021 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	8		1,386,326		736,818
Tangible assets	9		<u>177,742</u>		<u>183,837</u>
			1,564,068		920,655
CURRENT ASSETS					
Stocks	10	1,149,997		1,070,463	
Debtors	11	4,797,809		4,451,666	
Cash at bank		<u>6,014,659</u>		<u>8,956,905</u>	
			11,962,465		14,479,034
CREDITORS					
Amounts falling due within one year	13	<u>8,033,984</u>		<u>7,721,759</u>	
NET CURRENT ASSETS			<u>3,928,481</u>		<u>6,757,275</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,492,549		7,677,930
CREDITORS					
Amounts falling due after more than one year	14		<u>1,000,000</u>		<u>2,000,000</u>
NET ASSETS			<u><u>4,492,549</u></u>		<u><u>5,677,930</u></u>
CAPITAL AND RESERVES					
Called up share capital	18		1,576		1,575
Share premium account	19		18,837,315		18,830,670
Other reserves	19		66,420		(8,691)
Accumulated losses	19		<u>(14,412,762)</u>		<u>(13,145,624)</u>
SHAREHOLDERS' FUNDS			<u><u>4,492,549</u></u>		<u><u>5,677,930</u></u>

The financial statements on pages 9 to 27 were approved by the Board of Directors and authorised for issue on 19th December 2023 and were signed on its behalf by:



.....
S Chopra - Director

The 2021 comparatives have been restated due to the accounting policy change as detailed in Note 2.

The notes on pages 14 to 27 form part of the financial statements

PERKBOX LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	(Accumulated losses)/retained earnings £	Share premium account £	Other reserves £	Total equity £
Balance at 1 January 2021	1,569	(14,816,737)	18,802,812	(86,150)	3,901,494
Changes in equity					
Issue of share capital	6	-	27,858	-	27,864
Total comprehensive income	-	1,092,759	-	77,459	1,170,218
Balance at 31 December 2021	<u>1,575</u>	<u>(13,723,978)</u>	<u>18,830,670</u>	<u>(8,691)</u>	<u>5,099,576</u>
Prior year adjustment (Note 2)	-	578,354	-	-	578,354
As restated	<u>1,575</u>	<u>(13,145,624)</u>	<u>18,830,670</u>	<u>(8,691)</u>	<u>5,677,930</u>
Changes in equity					
Issue of share capital	1	-	6,645	-	6,646
Total comprehensive loss	-	(1,267,138)	-	75,111	(1,192,027)
Balance at 31 December 2022	<u>1,576</u>	<u>(14,412,762)</u>	<u>18,837,315</u>	<u>66,420</u>	<u>4,492,549</u>

The notes on pages 14 to 27 form part of the financial statements

PERKBOX LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2021 as restated
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	20	(642,911)	799,744
Tax paid		<u>(146)</u>	<u>773,778</u>
Net cash from operating activities		<u>(643,057)</u>	<u>1,573,522</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(1,016,803)	(853,335)
Purchase of tangible fixed assets		(127,854)	(48,693)
Sale of tangible fixed assets		<u>-</u>	<u>1,363</u>
Net cash from investing activities		<u>(1,144,657)</u>	<u>(900,665)</u>
Cash flows from financing activities			
Loan repayments in year		(1,000,000)	(1,000,000)
Interest paid		(176,075)	(178,529)
Interest received		14,897	769
Share issue		<u>6,646</u>	<u>27,864</u>
Net cash from financing activities		<u>(1,154,532)</u>	<u>(1,149,896)</u>
Decrease in cash and cash equivalents		<u>(2,942,246)</u>	<u>(477,039)</u>
Cash and cash equivalents at beginning of year	20	8,956,905	9,433,944
Cash and cash equivalents at end of year	20	<u><u>6,014,659</u></u>	<u><u>8,956,905</u></u>

PERKBOX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. STATUTORY INFORMATION

Perkbox Limited is a private company, limited by shares, registered in United Kingdom. The company's registered number and registered office address can be found on the Company Information page.

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

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with. The company has taken advantage of the following exemption:

- from the requirement to present certain financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the financial statement disclosures of the company.

The accounting policies have been applied consistently; no new policies have been adopted. These financial statements have been prepared on a standalone company basis which is consistent with the prior year.

Going concern

The company made a loss in the year under review. The directors have prepared detailed cash flow forecasts including a downside scenario, which are based on their current expectations of trading prospects. The directors are confident having reviewed the forecasts that the company will be able to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements. Accordingly, the directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

Significant accounting judgements and estimation uncertainty

Estimates

The company makes accounting estimates and assumptions concerning the future that are believed to be reasonable under the circumstances, but which by definition seldom equal the related actual results.

- We include estimates for the expected future redemption rates of points on the platform which impacts revenue recognition of points revenue. These are regularly evaluated and are based on historical data.
- We make assumptions on the carrying value of our digital gift card stock, based on current cost and resale values.
- We make assumptions on the recoverability of receivables due from our customers, and include estimated provisions for bad debt based on the level of adjustments required in the past.

Judgements

We apply judgements in determining whether the carrying value of intangibles including capitalised development, has been subject to any impairment. We make assessments of individual development projects to review whether they continue to deliver sufficient future economic benefit.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and value added taxes.

Turnover is recognised when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of turnover can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the company's sales channels have been met, as described below.

The company's arrangements include multiple deliverables which comprise the delivery of the overall solution for rewards, recognition and benefits provided to its customers. Each of the sales channels below represent a separate deliverable.

PERKBOX LIMITED

NOTES TO THE FINANCIAL STATEMENTS- continued FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES – continued

- (i) Software licence subscriptions for provision of ‘Software as a service’ (“Saas”)
The company primarily generates revenue from contractual arrangements for the delivery of an online employee rewards and benefits platform to our customers and their employees. Turnover from software licence subscriptions for access to the platform is recognised equally over the period the services are delivered to the client.
- (ii) Sale of digital vouchers - internet based transactions
Turnover from the resale of discounted digital vouchers on the company’s e-commerce redemption website is recognised in the period when the vouchers were dispatched to the customer as follows:
- Where the company purchases vouchers in advance of a customer order, turnover is recognised at the purchase price paid by the customer and the cost is recognised in cost of sales for the purchase of the voucher.
- Where the company fulfils a customer order by purchasing the voucher from a third party at the time of the order, and instantaneously transferring it to the customer, the profit margin generated on these transactions is recognised within turnover.
- (iii) Sale of Points available to redeem on the platform
Our customers may purchase Points for distribution to their employees, either through regular monthly subscription or for ad-hoc rewards. These may be redeemed against specific items on our redemption platform, including digital vouchers or an order for physical merchandise through our third party partners. Turnover from the sale of Points is recognised when they are redeemed on the platform and the company’s obligations in respect of the Points are fulfilled.
- Turnover received from customers relating to Points which have not yet been redeemed, but are still entitled to be redeemed in the future, is shown as deferred revenue.
- Based on the company’s historical data, not all Points issued are redeemed by its customers’ employees, and ultimately control is never transferred. The company generally does not have a contractual obligation to return revenue received for unredeemed Points. As such the Company is able to recognise the anticipated revenue associated with the amount of customer rights that will go unexercised (“Breakage”), in proportion to the pattern of exercise of the customers’ rights and transfer of control, based upon an analysis of historical actual redemption data. Breakage amounts are subject to consideration of the relevant escheatment regulations as applicable across different jurisdictions.
- (iv) Merchant platform revenue
The company receives turnover from merchants providing content to the platform, including on-site advertising, or referral commissions where a purchase is made on a third party site following a referral from the platform. This revenue is recognised in the period the transaction took place or the service was provided.

Principal/Agent considerations

On the platform, end users have the option to purchase from a catalogue of discounted gift vouchers. The company has a range of relationships with retailers and third party service providers depending on the voucher offering.

The majority of customer orders are fulfilled in real-time at the point of sale through a third party. However in some specific cases, the company fulfils customer orders out of existing stocks of vouchers purchased in advance directly from a retailer or intermediary.

The directors of the company have considered each of the different types of offering and determined that the company acts as Principal to the resale of vouchers where the company is required to purchase stock in advance. For these sales the company has a greater element of control over the transaction, as indicated by exposure to inventory risk and the ability to determine the price the voucher is resold. Where the voucher is procured in real-time through a third party service provider, it was determined that the company acts as Agent since the same level of risk and control over the delivery of digital vouchers does not exist.

PERKBOX LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES - continued

Change in accounting policy - capitalisation of staff costs relating to software development

The directors have reviewed the accounting policy relating to capitalisation of staff costs relating to the development of the company's products. In prior periods the policy has been to expense all costs in the period incurred. They have considered that it would be appropriate to capitalise eligible staff costs on product development on the basis it provides a more representative view of the costs and benefits relating to each period.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Research and development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Comparative figures have been restated to reflect the change in accounting policy. The effect of this is to create development costs as an intangible asset in the comparative year as at 31 December 2021 £642,049, less amortisation of £63,695 with a corresponding credit of £578,354 to the income statement.

Capitalisation relating to development activities in the preceding years was not deemed to have a material impact on net book value or amortisation in the current or prior year financials and has not been included.

The impact of this change on these financial statements is shown in the table below:

Development Costs	2022 £	As restated 2021 £	Adjustment £	2021 £
Intangible Assets - capitalisation of development cost	1,658,852	642,049	642,049	-
Additions in period	1,016,803	642,049	642,049	-
Amortisation in period	327,679	63,695	63,695	-
Intangible assets – net book value	1,267,478	578,354	578,354	-

Intangible assets

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

Development costs are being amortised evenly over their estimated useful life of three years.

Computer software is being amortised evenly over its estimated useful life of four years.

PERKBOX LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible assets are stated at cost less accumulated depreciation. Repair and maintenance costs are expensed as incurred. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

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

Stocks

Stocks are valued at the purchase price excluding taxes. Stocks are recognised as an expense in the period in which the related revenue is recognised.

Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held in cash with banks, other short-term liquid investments and with third parties as deposits to fund anticipated cost of sales.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

Foreign currencies

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

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

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

PERKBOX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. TURNOVER

An analysis of turnover by class of business is given below:

	2022 £	2021 £
SaaS License Revenue	24,524,046	21,174,949
Voucher Transactional Revenue	<u>14,394,936</u>	<u>11,307,397</u>
	<u><u>38,918,982</u></u>	<u><u>32,482,346</u></u>

An analysis of turnover by geographical market is given below:

	2022 £	2021 £
United Kingdom	35,387,911	29,959,934
Rest of World	<u>3,531,071</u>	<u>2,522,412</u>
	<u><u>38,918,982</u></u>	<u><u>32,482,346</u></u>

Gross transactional value

Gross transactional value is an indication of all activity which has been billed by the Company to its clients and digital vouchers resold through the Company. Turnover recognised from the sale of goods and digital vouchers is recognised at the net value when significant risks and rewards of ownership have been passed to the buyer, usually on the dispatch goods and digital vouchers. The Company is considered to be agent for billing of £42,311,975 (2021: £44,005,124) of the total value of £81,230,957 (2021: £76,487,470).

Note 2 further explains the basis for these transactions being recognised on a net basis.

Note 21 further explains the Principal/Agent consideration relating to sale of discounted vouchers.

	2022 £	2021 £
Revenue	38,918,982	32,482,346
Voucher resale for revenue recognised as agency	<u>42,311,975</u>	<u>44,005,124</u>
Gross Transactional value	<u><u>81,230,957</u></u>	<u><u>76,487,470</u></u>

PERKBOX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

4. EMPLOYEES AND DIRECTORS

	2022	2021 as restated
	£	£
Wages and salaries	12,128,286	9,154,200
Social security costs	1,276,471	1,034,467
Other pension costs	<u>445,149</u>	<u>267,178</u>
	<u><u>13,849,906</u></u>	<u><u>10,455,845</u></u>

An amount of £1,658,852 (2021: £642,049) excluded from the wages and salaries has been capitalised as intangible assets (Note 8).

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

	2022	2021
Directors	1	1
Administrative staff	<u>200</u>	<u>159</u>
	<u><u>201</u></u>	<u><u>160</u></u>

	2022	2021
	£	£
Directors' remuneration	48,000	65,000
Directors' pension contributions to money purchase schemes	<u>1,816</u>	<u>1,263</u>

Only One of the directors were remunerated in the year under review.

PERKBOX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

5. OPERATING (LOSS)/PROFIT

The operating loss (2021 - operating profit) is stated after charging/(crediting):

	2022	2021 as restated
	£	£
Other operating leases	599,294	1,029,117
Auditors' remuneration - audit fees	49,500	48,000
Foreign exchange differences	87,875	(57,991)
Depreciation - owned assets	133,515	86,314
Loss on disposal of fixed assets	-	73,976
Development costs amortisation	327,679	63,695
Computer software amortisation	39,616	52,822
	<u> </u>	<u> </u>

ADJUSTED OPERATING (LOSS)/PROFIT

	2022	2021 as restated
	£	£
Adjusted Operating (loss)/profit	(590,107)	1,352,671
Interest receivable and similar income	<u>(14,897)</u>	<u>(769)</u>
EBITDA	(605,004)	1,351,902
Depreciation - owned assets	(133,515)	(86,314)
Loss on disposal of fixed assets	-	(73,976)
Development costs amortisation	(327,679)	(63,695)
Computer software amortisation	<u>(39,616)</u>	<u>(52,822)</u>
Operating profit	<u><u>(1,105,814)</u></u>	<u><u>1,075,095</u></u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Bank loan interest	<u><u>176,075</u></u>	<u><u>178,529</u></u>

PERKBOX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the loss for the year was as follows:

	2022	2021 as restated
	£	£
Current tax:		
UK corporation tax	<u>146</u>	<u>(773,778)</u>
Tax on (loss)/profit	<u>146</u>	<u>(773,778)</u>

UK corporation tax was charged at 19% in 2021.

Reconciliation of total tax charge/(credit) included in profit and loss

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

	2022	2021 as restated
	£	£
(Loss)/profit before tax	<u>(1,266,992)</u>	<u>897,335</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	(240,728)	170,494
Effects of:		
Expenses not deductible for tax purposes	13,378	11,422
Capital allowances in excess of depreciation	(122,331)	(131,466)
Utilisation of tax losses	349,681	(50,304)
Enhanced R&D tax relief	-	(773,778)
Other adjustments	<u>146</u>	<u>(146)</u>
Total tax charge/(credit)	<u>146</u>	<u>(773,778)</u>

Tax effects relating to effects of other comprehensive income

	2022		2021
	Gross £	Tax £	Net £
Translation adjustment	<u>75,111</u>	<u>-</u>	<u>75,111</u>
	Gross £	Tax £	Net £
Translation adjustment	<u>77,459</u>	<u>-</u>	<u>77,459</u>

PERKBOX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. TAXATION - continued

The unrecognised deferred tax asset is due to a lack of historical profits. The approximate unrecognised deferred tax asset is £2,439,691 (2021: £2,201,300).

8. INTANGIBLE FIXED ASSETS

	Development costs £	Computer software £	Totals £
COST			
At 1 January 2022 (as restated)	642,049	211,286	853,335
Additions	<u>1,016,803</u>	<u>-</u>	<u>1,016,803</u>
At 31 December 2022	<u>1,658,852</u>	<u>211,286</u>	<u>1,870,138</u>
AMORTISATION			
At 1 January 2022 (as restated)	63,695	52,822	116,517
Amortisation for year	<u>327,679</u>	<u>39,616</u>	<u>367,295</u>
At 31 December 2022	<u>391,374</u>	<u>92,438</u>	<u>483,812</u>
NET BOOK VALUE			
At 31 December 2022	<u>1,267,478</u>	<u>118,848</u>	<u>1,386,326</u>
At 31 December 2021 (as restated)	<u>578,354</u>	<u>158,464</u>	<u>736,818</u>

Development costs represent expenditure on individual projects which is carried forward when its future recoverability can be foreseen with reasonable assurance and is amortised in line with expected useful economic life of the product feature.

9. TANGIBLE FIXED ASSETS

	Office equipment £	Computer equipment £	Totals £
COST			
At 1 January 2022	205,605	142,175	347,780
Additions	<u>26,699</u>	<u>101,155</u>	<u>127,854</u>
At 31 December 2022	<u>232,304</u>	<u>243,330</u>	<u>475,634</u>
DEPRECIATION			
At 1 January 2022	91,899	72,044	163,943
Charge for year	90,068	43,447	133,515
Exchange differences	<u>116</u>	<u>318</u>	<u>434</u>
At 31 December 2022	<u>182,083</u>	<u>115,809</u>	<u>297,892</u>
NET BOOK VALUE			
At 31 December 2022	<u>50,221</u>	<u>127,521</u>	<u>177,742</u>
At 31 December 2021	<u>113,706</u>	<u>70,131</u>	<u>183,837</u>

PERKBOX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. STOCKS

	2022	2021
	£	£
Stocks	<u>1,149,997</u>	<u>1,070,463</u>

Stocks represents all digital vouchers on hand at cost at the year end.

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021 as restated
	£	£
Trade debtors	2,122,039	1,985,491
Other debtors	64,035	66,307
Prepayments and accrued income	<u>2,611,735</u>	<u>2,399,868</u>
	<u>4,797,809</u>	<u>4,451,666</u>

12. CASH AND CASH EQUIVALENTS

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

Year ended 31 December 2022

	31.12.22	1.1.22
	£	£
Cash and cash equivalents	<u>6,014,659</u>	<u>8,956,905</u>

Year ended 31 December 2021

	31.12.21	1.1.21
	£	£
Cash and cash equivalents	<u>8,956,905</u>	<u>9,433,944</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021 as restated
	£	£
Bank loans and overdrafts (see note 15)	1,000,000	1,000,000
Trade creditors	902,620	1,465,983
Social security and other taxes	502,029	455,377
VAT	675,264	664,588
Other creditors	150,896	108,790
Deferred revenue	3,812,734	3,184,128
Accrued expenses	<u>990,441</u>	<u>842,893</u>
	<u>8,033,984</u>	<u>7,721,759</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£	£
Bank loans (see note 15)	<u>1,000,000</u>	<u>2,000,000</u>

PERKBOX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

15. LOANS

An analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year or on demand:		
Bank loans	<u>1,000,000</u>	<u>1,000,000</u>
Amounts falling due between one and two years:		
Bank loans	<u>1,000,000</u>	<u>2,000,000</u>

The loan is repayable with 16 quarterly payments of £250,000 starting from March 2021.

16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022 £	2021 £
Within one year	825,448	570,001
Between one and five years	<u>601,683</u>	<u>339,120</u>
	<u>1,427,131</u>	<u>909,121</u>

The committed amount related lease includes non-cancellable business rates payable.

17. SECURED DEBTS

The following secured debts are included within creditors:

	2022 £	2021
Bank loans	<u>2,000,000</u>	<u>3,000,000</u>

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

18. CALLED UP SHARE CAPITAL

Ordinary shares of £0.01 each

Allotted, issued, and fully paid	No.	£
At 1 January 2022	1,574,981	1,575
Issued During the year	910	1
At 31 December 2022	1,575,891	1,576

During the year 910 (2021: 6,363) ordinary 0.1p shares were issued at an average premium of £7.33 (2021: £5.32).

PERKBOX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

19. RESERVES

	(Accumulated losses)/retained earnings £	Share premium account £	Other reserves £	Totals £
At 1 January 2022	(13,723,978)	18,830,670	(8,691)	5,098,001
Prior year adjustment	<u>578,354</u>	-	-	<u>578,354</u>
At 1 January 2022 (as restated)	(13,145,624)	18,830,670	(8,691)	5,676,355
Deficit for the year	(1,267,138)	-	-	(1,267,138)
Cash share issue	-	6,645	-	6,645
Translation adjustment	<u>-</u>	<u>-</u>	<u>75,111</u>	<u>75,111</u>
At 31 December 2022	<u>(14,412,762)</u>	<u>18,837,315</u>	<u>66,420</u>	<u>4,490,973</u>

20. NOTES TO THE CASHFLOW STATEMENT

Reconciliation of (Loss)/Profit before taxation to cash generated from operations

	2022 £	2021 as restated £
(Loss)/profit before taxation	(1,266,992)	897,335
Depreciation and amortisation charges	501,244	202,593
Loss on disposal of fixed assets	-	73,976
Other losses	75,111	77,459
Finance costs	176,075	178,529
Finance income	<u>(14,897)</u>	<u>(769)</u>
	(529,459)	1,429,123
(Increase)/decrease in stocks	(79,534)	109,380
Increase in trade and other debtors	(346,143)	(546,106)
Increase/(decrease) in trade and other creditors	<u>312,225</u>	<u>(192,653)</u>
Cash generated from operations	<u>(642,911)</u>	<u>799,744</u>

Analysis of changes in net funds

	At 1.1.22 £	Cash flow £	At 31.12.22 £
Net cash			
Cash at bank	<u>8,956,905</u>	<u>(2,942,246)</u>	<u>6,014,659</u>
	<u>8,956,905</u>	<u>(2,942,246)</u>	<u>6,014,659</u>
Debt			
Debts falling due within 1 year	(1,000,000)	-	(1,000,000)
Debts falling due after 1 year	<u>(2,000,000)</u>	<u>1,000,000</u>	<u>(1,000,000)</u>
	<u>(3,000,000)</u>	<u>1,000,000</u>	<u>(2,000,000)</u>
Total	<u>5,956,905</u>	<u>(1,942,246)</u>	<u>4,014,659</u>

PERKBOX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

21. PRIOR YEAR RESTATEMENT – PRINCIPAL/AGENT CONSIDERATION RELATING TO SALE OF DISCOUNTED VOUCHER

The sale of discounted vouchers to end users of the company's platform represents the majority of the gross transactional value of the company, distinct from its core business of subscription revenue generated from customer contracts.

The company historically purchased voucher stock directly from a retailer or intermediary, and held stock in advance. For these sales the company has a high level of control over the transaction, as indicated by exposure to inventory risk and the ability to determine the price at which the voucher is resold, and it was determined that the company acts as Principal. Accordingly, the gross revenue received from end users for these transactions was included within turnover, and the gross cost of the vouchers was shown within cost of sales.

Over the past three years, the company has implemented a number of system integrations with third party service providers to fulfil customer orders in real-time at the point of sale. The value of transactions fulfilled this way has increased each year, and represented the majority of value in 2021 and 2022. For these transactions the company is no longer required to purchase voucher stock directly from a retailer or intermediary and hold stock in advance.

The directors of the company have reviewed the impact on disclosures resulting from this change in business process. They have determined that the company does not have the same level of risk or control over the transaction when the voucher is procured in real-time by a third party, and therefore acts as Agent. For these transactions, the company will include the aggregate net margin on transactions in the period within revenue, or the aggregate net cost within cost of sales.

The following adjustments have been made in these financial statements in respect of the API transactions, revenue, and cost has been recognised as if company was principal and therefore, prior year figures have been restated to reflect the agent accounting:

	2022	2021	Adjustments	2021
	£	As restated £	£	£
Turnover	38,918,982	32,482,346	(44,005,124)	76,487,470
Cost of sales	(18,885,252)	(13,972,868)	44,005,124	(57,977,992)

22. RELATED PARTY DISCLOSURES

The company is taking advantage of the exemptions of FRS 102 not to disclose transactions with wholly owned Group entities. No further transactions require disclosure as per FRS 102.

PERKBOX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

23. ULTIMATE CONTROLLING PARTY

As at 31 December 2022 there was no parent entity nor ultimate controlling party.

24. SHARE-BASED PAYMENTS

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

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

A reconciliation of share option movements over the year to 31 December 2022 is shown below:

	2022		2021	
	No.	Weighted average exercise price	No.	Weighted average exercise price
Outstanding at 1 January	87,991	£8.9779	60,638	£7.2485
Granted	10,900	£11.0600	41,047	£11.0600
Forfeited	(4,266)	£10.8767	(8,072)	£9.3833
Exercised	(855)	£7.8000	(5,622)	£4.9445
Expired	-	-	-	-
Outstanding at 31 December	93,770	£9.1443	87,991	£8.9779
Exercisable at 31 December	44,027	£6.6701	37,956	£6.2532

The company is unable to directly measure the fair value of employee services received. Instead the fair value of the share options granted during the year is determined by estimating the market value of the options on the date of grant. The exercise price for all grants made up to 31 December 2022 was deemed to be approximately nominal value due to the restrictions on minority interest holdings and risk of forfeiture, hence the market value was not sufficiently material and no charge was deemed necessary.