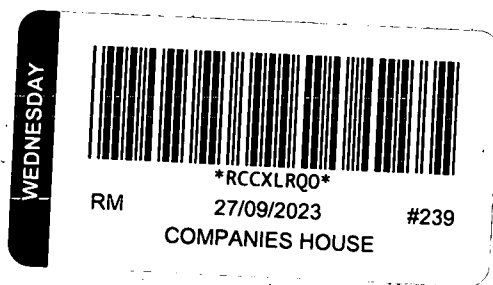


CODILITY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



CODILITY LIMITED

COMPANY INFORMATION

Directors

Grzegorz Jagusztyn-jakacki
Natalia Panowicz
Richard Philip Anton
Keith Wallington
Hillel Louis Zidel
Fidel Kostas Karl Manolopoulos

Company secretary

OHS Secretaries Limited

Registered number

07048726

Registered office

9th Floor
107 Cheapside
London
EC2V 6DN

Independent auditor

Cooper Parry Group Limited
Statutory Auditor
1 Finsbury Avenue
Broadgate
London
EC2M 2PF

CODILITY LIMITED

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CODILITY LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

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

Business review

Codility continued to execute on its plan to grow revenues and invest in the development of its products in 2022, with all entities showing revenue growth against 2021. Codility also continued to increase its investment in key areas including product, sales and marketing, with a significant increase in headcount in 2021. Year-end total headcount landed at 173, up from 126 a year earlier.

Total ARR (Annual Recurring Revenue), a key metric to measure the business performance of Codility, increased from \$11.2m in 2021 to \$24.01m in 2022.

Promoting the success of the company

The directors recognise that in promoting the success of Codility, maintaining a high standard of business conduct when dealing with stakeholders is vital. Codility's approach to interacting with these stakeholders is set out below, in order to incorporate their interests when making strategic long term decisions and ensure thoughtful ongoing monitoring and assessment.

Fair view of the business

Codility's principal activity continued to be the licensing of its cloud based product composed of CodeCheck, CodeLive and CodeEvent, generating across the group a Total Revenue of \$22.2m (2021: \$15.6m) and Loss before tax of \$23.1m in 2022 (2021: \$17.2m).

Principal risks and uncertainties

The principal risks identified are liquidity risk, market risk and currency risk.

Liquidity risk arises from the difficulties the company may face in meeting obligations under financial liabilities as they fall due. The company mitigates liquidity risk by maintaining a sufficient cash balance to meet foreseeable obligations.

Market risk relates to the potential loss of key existing clients which is mitigated through the relatively low concentration of customers and maintaining a diverse client base. Each high revenue generating customer does have an assigned Customer Success Manager to ensure best use of the product and maximize value.

Currency risk relates to the fact that the group operates in multiple countries and transactions in GBP, USD, Euro and Polish Zlotys this is mitigated partially through natural hedging as a result of purchases and wages being paid for in local currencies.

CODILITY LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Key performance indicators

Annual budgets are agreed in advance with the board, and provide considerations to projected revenue, cash flow and working capital.

Monthly management accounts including Business performance indicators (see below) are prepared and shared with the board.

Business performance indicators

Other key performance indicators include the client Gross and Net Retention Rate, Annual Recurring Revenue, Average Contract Value, quantity of new clients and Headcounts.

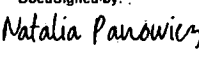
Future developments

The directors believe that the company has a strong competitive advantage as CodeCheck provides the best signal of the market on candidate skills thanks to its technical innovation. CodeLive represents the future of interviewing and assessing candidates in live sessions especially for highly qualified positions.

CodeEvent will continue to play its role at the top of the funnel.

From a technology point of view Codility has made major step changes in 2021 already, 2022 will continue to see the Company moving further into new technologies to increase speed of deliveries and value for customers.

This report was approved by the board on 25 września 2023 and signed on its behalf.

DocuSigned by:

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Natalia Panowicz
Director

CODILITY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to \$21,599,999 (2021: loss \$16,891,276).

The directors have not declared or paid a dividend during the year (Year ended 31 December 2021: £Nil).

Directors

The directors who served during the year were:

Grzegorz Jagusztyn-jakacki
Natalia Panowicz
Richard Philip Anton
Keith Wallington
Hillel Louis Zidel
Fidel Kostas Karl Manolopoulos

CODILITY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Disclosure of information to auditor

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

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

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditor

The auditor, Cooper Parry Group Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 25 września 2023 and signed on its behalf.

DocuSigned by:
Natalia Panowicz
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Natalia Panowicz
Director

CODILITY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CODILITY LIMITED

Opinion

We have audited the financial statements of Codility Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022, which comprise the consolidated Statement of comprehensive income, the consolidated and company Balance sheets, the consolidated Statement of cash flows, the consolidated and company Statement of changes in equity and the related notes, 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 Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

CODILITY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CODILITY LIMITED (CONTINUED)

Other information

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

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

CODILITY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CODILITY LIMITED (CONTINUED)

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 Group financial statements.

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

We obtained an understanding of the key laws and regulations that are applicable to the company. We determined that the most significant laws and regulations in the context of the financial statements included but were not limited to the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We also assessed which areas of the financial statements are more susceptible to misstatement. We considered the opportunities and incentives that may exist within the organisation for fraud, and identified the greatest potential for fraud in revenue recognition, particularly in respect of any manual adjustments made to revenue outside of the day to day recording of transaction and also the potential for off balance sheet items to be considered on balance sheet. We are also mandated to perform specific procedures under ISAs (UK) to respond to the risk of management override.

The primary responsibility for the prevention and detection of fraud and irregularities rests with those charged with governance of the company and management. We are not responsible for preventing irregularities. Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

We identified the laws and regulations applicable to the company through discussion with directors and other management, and from our commercial knowledge and experience;

Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

Making enquiries of management regarding any instances of known or suspected fraud or non-compliance with laws and regulations, as well as any actual or potential litigation and claims;

Gaining an understanding of the design and implementation of the processes and controls in place within the company which are designed to prevent, detect or correct fraud or error within the financial statements.

To address the risk of fraud through management bias and override of controls, we:

Reviewed correspondence with legal and regulatory bodies where applicable;

Performed analytical procedures to identify any unusual or unexpected relationships;

Reviewed the detail of certain nominal accounts for indications of management override;

Challenged the accounting treatment applied in respect of revenue recognised during the year, in particular in relation to manual adjustments made to revenue;

Identified and tested journal entries which we considered to be unusual and may be indicative of bias on the part of management or those charged with governance, investigating the rationale behind significant or unusual transactions;

Reviewed the minutes of meetings of management and those charged with governance;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

We agreed the financial statements disclosures to underlying supporting documentation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including

CODILITY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CODILITY LIMITED (CONTINUED)

those leading to a material misstatement or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

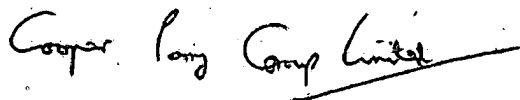
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Other matters

The comparative figures provided, for the consolidated financial statements, for the year to 31st December 2021 have not been audited

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 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.



Steve Leith (Senior statutory auditor)

for and on behalf of
Cooper Parry Group Limited

Statutory Auditor

1 Finsbury Avenue
Broadgate
London
EC2M 2PF
Date: 25/09/23

CODILITY LIMITED

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

	Note	2022 \$	Unaudited 2021 \$
Turnover	4	22,191,212	15,642,157
Cost of sales		(1,778,526)	(935,195)
Gross profit		<u>20,412,686</u>	<u>14,706,962</u>
Administrative expenses		(42,757,478)	(30,478,142)
Fair value movements		-	(1,057,847)
Operating loss	5	<u>(22,344,792)</u>	<u>(16,829,027)</u>
Interest receivable and similar income	9	436	-
Interest payable and similar expenses		(716,184)	(426,383)
Loss before taxation		<u>(23,060,540)</u>	<u>(17,255,410)</u>
Tax on loss	11	1,460,541	364,134
Loss for the financial year		<u>(21,599,999)</u>	<u>(16,891,276)</u>
Currency translation differences		1,919,711	80,982
Other comprehensive income for the year		<u>1,919,711</u>	<u>80,982</u>
Total comprehensive income for the year		<u>(19,680,288)</u>	<u>(16,810,294)</u>

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

The notes on pages 18 to 37 form part of these financial statements.

CODILITY LIMITED
REGISTERED NUMBER: 07048726

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 \$	Unaudited 2021 \$
Fixed assets			
Intangible assets	12	-	5,460
Tangible assets	13	286,405	187,203
		<u>286,405</u>	<u>192,663</u>
Current assets			
Debtors: amounts falling due within one year	15	7,080,039	5,144,710
Cash at bank and in hand	16	14,102,700	6,102,593
		<u>21,182,739</u>	<u>11,247,303</u>
Creditors: amounts falling due within one year	17	(13,251,459)	(14,402,738)
Net current assets/(liabilities)		<u>7,931,280</u>	<u>(3,155,435)</u>
Total assets less current liabilities		<u>8,217,685</u>	<u>(2,962,772)</u>
Creditors: amounts falling due after more than one year	18	(9,999,995)	(16,792,942)
Net liabilities		<u>(1,782,310)</u>	<u>(19,755,714)</u>
Capital and reserves			
Called up share capital	20	111	81
Share premium account		51,561,824	14,989,104
Foreign exchange reserve		2,000,693	80,982
Profit and loss account		(55,344,938)	(34,825,881)
		<u>(1,782,310)</u>	<u>(19,755,714)</u>

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

25 września 2023

DocuSigned by:

Natalia Panowicz

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Natalia Panowicz
 Director

The notes on pages 18 to 37 form part of these financial statements.

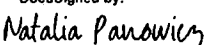
CODILITY LIMITED
REGISTERED NUMBER: 07048726

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	14	61,506	61,506
		<u>61,506</u>	<u>61,506</u>
Current assets			
Debtors: amounts falling due within one year	15	5,314,284	3,699,946
Cash at bank and in hand	16	11,313,939	4,120,093
		<u>16,628,223</u>	<u>7,820,039</u>
Creditors: amounts falling due within one year	17	(10,241,929)	(10,345,897)
Net current assets/(liabilities)		<u>6,386,294</u>	<u>(2,525,858)</u>
Total assets less current liabilities		<u>6,447,800</u>	<u>(2,464,352)</u>
Creditors: amounts falling due after more than one year	18	(8,262,410)	(12,453,245)
Net liabilities		<u>(1,814,610)</u>	<u>(14,917,597)</u>
Capital and reserves			
Called up share capital	20	86	62
Share premium account		41,120,487	11,204,023
Foreign exchange reserve		(103,037)	-
Profit and loss account brought forward		(26,121,682)	(14,436,297)
Loss for the year		(17,603,687)	(12,392,466)
Other changes in the profit and loss account		893,223	707,081
Profit and loss account carried forward		<u>(42,832,146)</u>	<u>(26,121,682)</u>
		<u>(1,814,610)</u>	<u>(14,917,597)</u>

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

25 września 2023

DocuSigned by:

 EDDBEF01A4C8415...
Natalia Panowicz
 Director

The notes on pages 18 to 37 form part of these financial statements.

CODILITY LIMITED

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

	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Total equity
	\$	\$	\$	\$	\$
At 1 January 2022	81	14,989,104	80,982	(34,825,881)	(19,755,714)
Comprehensive income for the year					
Loss for the year	-	-	-	(21,599,999)	(21,599,999)
Currency translation differences	-	-	1,919,711	-	1,919,711
Other comprehensive income for the year	-	-	1,919,711	-	1,919,711
Total comprehensive income for the year	-	-	1,919,711	(21,599,999)	(19,680,288)
Contributions by and distributions to owners					
Shares issued during the year	30	36,572,720	-	-	36,572,750
Share based payment	-	-	-	1,080,942	1,080,942
Total transactions with owners	30	36,572,720	-	1,080,942	37,653,692
At 31 December 2022	111	51,561,824	2,000,693	(55,344,938)	(1,782,310)

The notes on pages 18 to 37 form part of these financial statements.

CODILITY LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Total equity
	\$	\$	\$	\$	\$
At 1 January 2021	81	15,002,615	-	(18,891,698)	(3,889,002)
Comprehensive income for the year					
Loss for the year	-	-	-	(16,891,276)	(16,891,276)
Currency translation differences	-	-	80,982	-	80,982
Total comprehensive income for the year	-	-	80,982	(16,891,276)	(16,810,294)
Contributions by and distributions to owners					
Shares redeemed during the year	-	(13,511)	-	-	(13,511)
Share based payment	-	-	-	957,093	957,093
At 31 December 2021	81	14,989,104	80,982	(34,825,881)	(19,755,714)

The notes on pages 18 to 37 form part of these financial statements.

CODILITY LIMITED

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

	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Total equity
	£	£	\$	£	£
At 1 January 2022	62	11,204,023	-	(26,121,682)	(14,917,597)
Comprehensive income for the year					
Loss for the year	-	-	-	(17,603,687)	(17,603,687)
Currency translation differences	-	-	(103,037)	-	(103,037)
Total comprehensive income for the year	-	-	(103,037)	(17,603,687)	(17,706,724)
Contributions by and distributions to owners					
Shares issued during the year	24	29,916,464	-	-	29,916,488
Share based payment	-	-	-	893,223	893,223
At 31 December 2022	86	41,120,487	(103,037)	(42,832,146)	(1,814,610)

The notes on pages 18 to 37 form part of these financial statements.

CODILITY LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Profit and loss-account	Total equity
	£	£	£	£
At 1 January 2021	62	11,217,534	(14,436,297)	(3,218,701)
Comprehensive income for the year				
Loss for the year	-	-	(12,392,466)	(12,392,466)
Total comprehensive income for the year			(12,392,466)	(12,392,466)
Contributions by and distributions to owners				
Shares redeemed during the year	--	(13,511)	--	(13,511)
Share-based payment	-	-	707,081	707,081
At 31 December 2021	62	11,204,023	(26,121,682)	(14,917,597)

The notes on pages 18 to 37 form part of these financial statements.

CODILITY LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 \$	2021 \$
Cash flows from operating activities		
Loss for the financial year	(22,344,792)	(15,771,180)
Adjustments for:		
Amortisation of intangible assets	-	3,416
Depreciation of tangible assets	110,564	46,827
Loss on disposal of tangible assets	5,460	-
(Increase) in debtors	(457,460)	(1,752,677)
(Decrease)/increase in creditors	(1,157,289)	7,046,652
Net fair value losses/(gains) recognised in P&L	1,919,711	(95,064)
Corporation tax received	-	364,134
Disposal of intangibles	1,735	-
Share based payment	1,080,942	957,093
Net cash generated from operating activities	<u>(20,841,129)</u>	<u>(9,200,799)</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(8,876)
Purchase of tangible fixed assets	(211,502)	(152,132)
Interest received	436	-
Net cash from investing activities	<u>(211,066)</u>	<u>(161,008)</u>
Cash flows from financing activities		
Issue of ordinary shares	36,572,750	-
New secured loans	3,945,975	12,621,664
Repayment of other loans	(10,738,922)	-
Interest paid	(716,184)	(426,383)
Fair value adjustments	-	(1,057,847)
Net cash used in financing activities	<u>29,063,619</u>	<u>11,137,434</u>

CODILITY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 \$	2021 \$
Net increase in cash and cash equivalents	8,011,424	1,775,627
Cash and cash equivalents at beginning of year	6,090,772	4,315,145
Cash and cash equivalents at the end of year	<u>14,102,196</u>	<u>6,090,772</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	14,102,700	6,102,593
Bank overdrafts	(504)	(11,821)
	<u>14,102,196</u>	<u>6,090,772</u>

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2022

	At 1 January 2022 \$	Cash flows \$	At 31 December 2022 \$
Cash at bank and in hand	6,102,593	8,600,107	14,702,700
Bank overdrafts	(11,821)	11,317	(504)
Debt due after 1 year	(16,792,942)	6,792,947	(9,999,995)
	<u>(10,702,170)</u>	<u>15,404,371</u>	<u>4,702,201</u>

The notes on pages 18 to 37 form part of these financial statements.

CODILITY LIMITED

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

1. General information

Codility Limited (the company) is a private company limited by shares incorporated in England and Wales. The address of its registered office is disclosed on the company information page.

The presentation currency of the consolidated financial statements is United States dollars (\$). On consolidation, the results of the individual companies in the group are translated at the average rate of exchange during the year and the balance sheet is translated at the rate of exchange at the balance sheet. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

The functional and presentation currency of the company is Sterling (£). The financial statements are prepared for the year ended 31 December 2022 (2021: year ended 31 December 2021).

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgment in applying the group's accounting policies the areas involving a higher degree of judgment, complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

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 following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

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

CODILITY LIMITED

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

2. Accounting policies (continued)

2.3 Foreign currency translation

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

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

2.4 Going concern

The financial statements have been prepared on the going concern basis.

The company has significant cash reserves at the year end which should be sufficient to cover the predicted expenditure for 12 months from the date of signing. As such the directors believe the company has adequate resources to continue in operational existence for the period of at least 12 months from the date of the approval of these financial statements.

The directors have prepared projected cash flow information in excess of 12 months from the date of their approval of these financial statement. The detailed projections demonstrate the company is forecast to remain cash positive and accordingly the directors believe the company has adequate resources to continue in operational existence for the period of at least 12 months from the date of the approval of these financial statements.

CODILITY LIMITED

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

2. Accounting policies (continued)

2.5 Turnover

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

Rendering of services

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

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

Turnover is recognised over the length of the contract, starting on the first day in which the service is provided as per the contract.

2.6 Operating leases: the Group as lessee

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

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

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

Finance costs are charged to profit or loss 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.

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

CODILITY LIMITED

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

2. Accounting policies (continued)

2.10 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.11 Share based payments

Where equity instruments are awarded to employees, the fair value of the instrument at the date of grant, less any consideration paid on the issue of the instrument, is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of instruments that eventually vest. Market vesting conditions are factored into the fair value of the instruments granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

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

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

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.12 Taxation

Tax is recognised in profit or loss 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 balance sheet date in the countries where the company and the Group operate and generate income.

2.13 Intangible assets

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

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

The estimated useful lives range as follows:

Computer software	-	3	years
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CODILITY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****2. Accounting policies (continued)****2.14 Tangible fixed assets**

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

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

Depreciation is provided on the following basis:

Office equipment	- 3 year straight line
Computer equipment	- 3 year 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 profit or loss.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Consolidated statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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

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

CODILITY LIMITED

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

2. Accounting policies (continued)

2.16 Financial instruments (continued)

rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

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

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.17 Convertible debt

The proceeds received on issue of the Group's convertible debt are allocated into their liability and equity components and presented separately in the Balance sheet.

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and is not subsequently remeasured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

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

The directors make estimates and assumptions concerning the future. The directors are also required to exercise judgement in the process of applying the group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of fixed assets

The directors assess the impairment of fixed assets subject to depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Factors considered important that could trigger an impairment review include the following:

- Significant under performance relative to historical or projected future operating results;
- Significant changes in the use of the acquired assets or the business strategy; and

CODILITY LIMITED

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

3. Judgments in applying accounting policies (continued)

- Significant negative industry or economic trends.

Depreciation and residual values

The directors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives, and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Impairment of investments

The directors review the carrying value of investments for indications of impairment at each period end. If indicators of impairment exist, the carrying value of the investment is subject to further testing to determine whether its carrying value exceeds the recoverable amount. This process will usually involve the estimation of future cash flows which are likely to be generated by the asset.

Recoverability of trade debtors,

Trade and other debtors are recognised to the extent that they are judged recoverable. The directors' reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain. The directors make allowance for doubtful debts based on an assessment of the recoverability of debtors.

Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The directors specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the profit and loss account.

Leases

The directors determine whether leases entered into by the group either as a lessor or lessee are an operating leases or a finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the group on a lease by lease basis based on an evaluation of the terms and conditions of the arrangements, and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Fair value calculations

Management believe the estimates used to establish a fair value for share based payments, using the Black Scholes pricing model. The inputs to the fair value model reflect managements best estimate.

CODILITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**4. Turnover**

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

	2022 \$	2021 \$
Turnover	22,191,212	15,642,157
	<u>22,191,212</u>	<u>15,642,157</u>

Analysis of turnover by country of destination:

	2022 \$	2021 \$
United Kingdom	22,191,212	15,642,157
	<u>22,191,212</u>	<u>15,642,157</u>

5. Operating loss

The operating loss is stated after charging:

	2022 \$	2021 \$
Exchange differences	22,891	(92,294)
Depreciation	112,529	46,827
Amortisation	2,828	3,416
Share-based payment	1,080,943	957,093
	<u>1,080,943</u>	<u>957,093</u>

6. Auditor's remuneration

During the year, the Group obtained the following services from the company's auditor:

	2022 \$	2021 \$
Fees payable to the company's auditor for the audit of the consolidated and parent company's financial statements	113,560	-
Fees payable to the company's auditors for non audit services	6,040	-
	<u>113,560</u>	<u>-</u>

CODILITY LIMITED

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

7. Employees

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

	Group 2022	Group 2021	Company 2022	Company 2021
	\$	\$	£	£
Wages and salaries	24,533,795	19,715,051	7,380,450	5,769,388
Social security costs	1,052,061	352,705	759,246	183,882
Cost of defined contribution scheme	264,716	58,697	264,716	58,697
	<u>25,850,572</u>	<u>20,126,453</u>	<u>8,404,412</u>	<u>6,011,967</u>

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

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
Employees	<u>160</u>	<u>176</u>	<u>25</u>	<u>25</u>

8. Directors' remuneration

	2022 \$	2021 \$
Directors' emoluments	581,073	322,095

The highest paid director received remuneration of \$563,481 (2021: \$305,564).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to \$Nil (2021: \$Nil).

The total accrued pension provision of the highest paid director at 31 December 2022 amounted to \$Nil (2021: \$Nil).

9. Interest receivable

	2022 \$	2021 \$
Other interest receivable	436	-
	<u>436</u>	<u>-</u>

CODILITY LIMITED

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

10. Interest payable and similar expenses

	2022 \$	2021 \$
Bank interest payable	716,184	426,383
	<u>716,184</u>	<u>426,383</u>

11. Taxation

	2022 \$	2021 \$
Corporation tax		
Current tax on profits for the year	(1,460,541)	(364,134)
	<u>(1,460,541)</u>	<u>(364,134)</u>
Total current tax	<u>(1,460,541)</u>	<u>(364,134)</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Tax on loss	<u>(1,460,541)</u>	<u>(364,134)</u>

CODILITY LIMITED

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

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2021: the same as) the standard rate of corporation tax in the UK of 19% (2021: 19%) as set out below:

	2022 \$	2021 \$
Loss on ordinary activities before tax	(23,060,540)	(17,255,410)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(4,381,503)	(3,278,528)
Effects of:		
Fixed asset differences	(2,809)	-
Expenses not deductible for tax purposes	1,352,357	74,105
Other permanent differences	4,856	-
Additional deduction for R&D expenditure	-	(417,008)
Remeasurement of deferred tax for changes in tax rates	(1,287,195)	-
Movement in deferred tax not recognised	4,530,930	2,885,959
Difference in tax rates	(2,615)	-
Other movements	(781,622)	50,562
Prior year adjustment	(892,940)	-
Losses surrendered for R&D tax credit	-	320,776
Total tax charge for the year	(1,460,541)	(364,134)

Factors that may affect future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023. This was substantively enacted on 24 May 2021. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised, based on tax law and corporation tax rates that have been enacted, or substantively enacted, at the balance sheet date. As such, the deferred tax rate applicable at 31 May 2022 is 25% and the deferred tax has been re-measured at this rate. The recent budget on 23 September 2022, the Chancellor of the Exchequer announced that the corporation tax rate would not increase to a maximum of 25% however this has not been enacted as at year-end.

CODILITY LIMITED

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

12. Intangible assets

Group

	Computer software \$	Total \$
Cost		
At 1 January 2022	25,758	25,758
Disposals	(10,360)	(10,360)
At 31 December 2022	<u>15,398</u>	<u>15,398</u>
Amortisation		
At 1 January 2022	20,298	20,298
On disposals	(4,900)	(4,900)
At 31 December 2022	<u>15,398</u>	<u>15,398</u>
Net book value		
At 31 December 2022	<u><u>-</u></u>	<u><u>-</u></u>
At 31 December 2021	<u><u>5,460</u></u>	<u><u>5,460</u></u>

CODILITY LIMITED

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

12. Intangible assets (continued)

Company

	Computer software £	Total £
Cost		
At 1 January 2022	12,722	12,722
At 31 December 2022	<u>12,722</u>	<u>12,722</u>
Amortisation		
At 1 January 2022	12,722	12,722
At 31 December 2022	<u>12,722</u>	<u>12,722</u>
Net book value		
At 31 December 2022	<u>-</u>	<u>-</u>
At 31 December 2021	<u>-</u>	<u>-</u>

CODILITY LIMITED

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

13. Tangible fixed assets

Group

	Office equipment \$	Computer equipment \$	Total \$
Cost or valuation			
At 1 January 2022	24,305	248,145	272,450
Additions	-	211,501	211,501
Disposals	(1,735)	-	(1,735)
At 31 December 2022	<u>22,570</u>	<u>459,646</u>	<u>482,216</u>
Depreciation			
At 1 January 2022	5,266	79,981	85,247
Charge for the year on owned assets	1,881	108,683	110,564
At 31 December 2022	<u>7,147</u>	<u>188,664</u>	<u>195,811</u>
Net book value			
At 31 December 2022	<u>15,423</u>	<u>270,982</u>	<u>286,405</u>
At 31 December 2021	<u>19,039</u>	<u>168,164</u>	<u>187,203</u>

CODILITY LIMITED

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

13. Tangible fixed assets (continued)

Company

	Computer equipment £	Total £
Cost or valuation		
At 1 January 2022	3,461	3,461
At 31 December 2022	<u>3,461</u>	<u>3,461</u>
Depreciation		
At 1 January 2022	3,461	3,461
At 31 December 2022	<u>3,461</u>	<u>3,461</u>
Net book value		
At 31 December 2022	<u>-</u>	<u>-</u>
At 31 December 2021	<u>-</u>	<u>-</u>

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2022	61,506
At 31 December 2022	<u>61,506</u>

CODILITY LIMITED

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

14. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
Codility Polska SP. z o.o.	Krakowskie Przedmieście 13 00-071 Warszawa, Polska	Ordinary	100%
Codility US Inc.	548 Market St PMB 47005 San Francisco California 94104-5401 US	Ordinary	100%
Codility GmbH	Neue Schönauser Straße 3-5, 10178 Berlin	Ordinary	100%

Name	Aggregate of share capital and reserves	Profit/(Loss)
	\$	\$
Codility US Inc.	316,465	26,390
Codility Polska SP. z o.o.	696,193	5,552
Codility GmbH	113,919	78,593

15. Debtors

	Group 2022 \$	Group 2021 \$	Company 2022 £	Company 2021 £
Trade debtors	3,945,740	3,718,838	3,256,647	2,763,354
Amounts owed by group undertakings	-	-	409,731	403,891
Other debtors	1,699,953	462,858	967,072	129,524
Prepayments and accrued income	1,434,346	963,014	680,834	403,177
	<u>7,080,039</u>	<u>5,144,710</u>	<u>5,314,284</u>	<u>3,699,946</u>

CODILITY LIMITED

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

16. Cash and cash equivalents

	Group 2022 \$	Group 2021 \$ £	Company 2022 £	Company 2021 £
Cash at bank and in hand	14,102,700	6,102,593	11,313,939	4,120,093
Less: bank overdrafts	(504)	(11,821)	-	-
	<u>14,102,196</u>	<u>6,090,772</u>	<u>11,313,939</u>	<u>4,120,093</u>

17. Creditors: Amounts falling due within one year

	Group 2022 \$	Group 2021 \$	Company 2022 £	Company 2021 £
Bank overdrafts	504	11,821	-	-
Trade creditors	495,194	480,643	281,186	272,096
Amounts owed to group undertakings	-	-	147,236	76,176
Other taxation and social security	115,986	353,179	144	223,805
Other creditors	372,017	368,760	249,614	248,392
Accruals and deferred income	12,267,758	13,188,335	9,563,749	9,525,428
	<u>13,251,459</u>	<u>14,402,738</u>	<u>10,241,929</u>	<u>10,345,897</u>

18. Creditors: Amounts falling due after more than one year

	Group 2022 \$	Group 2021 \$	Company 2022 £	Company 2021 £
Bank loans	9,999,995	6,054,020	8,262,410	4,498,555
Convertible loan notes	-	10,738,922	-	7,954,690
	<u>9,999,995</u>	<u>16,792,942</u>	<u>8,262,410</u>	<u>12,453,245</u>

Convertible loan notes

The loan notes matured on 28th July 2022 as per note 21.

Bank Loans

An amount of \$4,000,000 was received on the 04th August 2020. The interest rate used is the higher of the Wall Street Premium rate + 4.25% and 7.5%. In this instance the rate used was 7.5%. There was an interest only period for the first 12 months following the receipt of the loan. In the 36 months following the interest only period, the loan is due to be repaid in equal monthly instalments.

An additional amount of \$2,000,000 was drawn down on the loan agreement on 30th April 2021. The terms of the loan are unchanged from the above.

A further amount of \$4,000,000 was drawn down on the loan agreement on 21st February 2022. The terms of the loan are unchanged from the above.

CODILITY LIMITED

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

19. Loans

	Group 2022 \$	Group 2021 \$	Company 2022 £	Company 2021 £
Amounts falling due 1-2 years				
Bank loans	9,999,995	6,054,020	8,262,410	4,498,555
Convertible loan notes	-	10,738,922	-	7,954,690
	<u>9,999,995</u>	<u>16,792,942</u>	<u>8,262,410</u>	<u>12,453,245</u>

20. Share capital

	2022 \$	2021 \$
Allotted, called up and fully paid		
2,754,365 (2021: 2,754,365) Ordinary shares shares of £0.00001 each	35	35
1,708,946 (2021: 1,708,946) Series A1 shares of £0.00001 each	23	23
1,576,043 (2021: 1,576,043) Series A2 shares of £0.00001 each	22	22
2,482,674 (2021: 2,482,674) Series B shares of £0.00001 each	30	-
112,171 (2021: 112,171) Growth Shares shares of £0.00001 each	1	1
	<u>111</u>	<u>81</u>

CODILITY LIMITED

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21. Share-based payments

The company has a number of share options for certain employees of the group. The options are granted with a fixed exercise price and are exercisable upon exit events. Employees are required to remain in employment with the company at exercise. The share-based payment charge in the year was \$1,080,945 (2021: \$957,093). Of this \$58,772 (2021: \$44,974) was attributable to employees of the parent company.

The following information is relevant in the determination of the fair value of options granted during the current year under the equity-settled share based remuneration scheme operated by the Group. The company has adopted a share option scheme which is compliant with HMRC's Enterprise Management Incentive schemes rules. Equity-settled share-based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. The fair value is measured to recent equity transactions and has been adjusted, based on management's best estimate, for the effect of exercise restrictions, lack of rights and behavioural considerations.

	Weighted average exercise price (pence) 2022	Number 2022	Weighted average exercise price (pence) 2021	Number 2021
Outstanding at the beginning of the year	1.847	1,969,197	2.216	1,627,760
Granted during the year	3.426	133,492	3.884	538,228
Forfeited during the year	2.472	(307,307)	3.352	(196,791)
Exercised during the year	2.784	5,391		
Outstanding at the end of the year		1,800,773		1,969,197

22. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to \$264,716 (2021: \$58,697). Contributions totalling \$32,288 (2021: \$nil) were payable to the fund at the balance sheet date and are included in creditors.

CODILITY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****23. Commitments under operating leases**

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

	Group 2022 \$	Group 2021 \$	Company 2022 £	Company 2021 £
Not later than 1 year	137,628	-	113,728	-
Later than 1 year and not later than 5 years	2,649	-	2,189	-
	<u>140,277</u>	<u>-</u>	<u>115,917</u>	<u>-</u>

24. Related party transactions

The company has taken advantage of the exemptions available to group undertakings under FRS102 by not disclosing transactions with wholly owned entities of the Codility Limited group.

There were no related party transactions in 2021 or 2020.

25. Controlling party

The directors believe there is no ultimate controlling party.