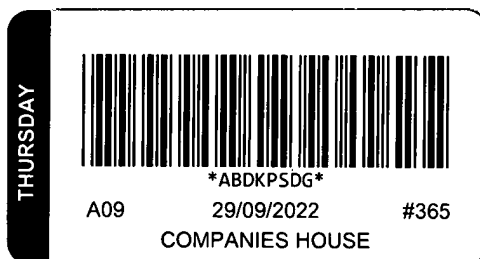


Ezbob Ltd

Registered number: 07852687

Annual Report

For the year ended 31 December 2021



EZBOB LTD

COMPANY INFORMATION

Directors	G Aharoni R Ben Menachem T Guriel S Mazzoli L V McMurray
Registered number	07852687
Registered office	120 New Cavendish Street London W1W 6XX
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 90 Victoria Street Bristol BS1 6DP
Bankers	Silicon Valley Bank UMTB Bank

EZBOB LTD

CONTENTS

	Page
Directors' report	1 - 3
Independent auditor's report	4 - 7
Consolidated statement of comprehensive income	8
Consolidated statement of financial position	9 - 10
Consolidated statement of changes in equity	13
Company statement of changes in equity	14
Notes to the financial statements	15 - 35

EZBOB LTD

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the group is to act as a fintech company specialising in end to end digital lending and smart onboarding for bank account solutions for financial institutions. The principal activity of the company is white labelling the group's solution.

Directors

The directors who served during the year and to the date of this report were:

G Aharoni
R Ben Menachem
T Guriel
S Mazzoli
L V McMurray

Directors' responsibilities statement

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

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law the directors have elected to prepare the consolidated 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 consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period.

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

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the consolidated 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 consolidated 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.

EZBOB LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Going concern

The financial statements have been prepared on the going concern basis. The group recorded a loss for the year of 2021 of £2,874,647 (group's profit for the year of 2020: £1,815,829), had net current liabilities of £757,476 (2020: net current assets of £3,334,789), and net liabilities of £1,519,953 (2020: net assets of £1,180,937).

In performing this assessment the directors have reviewed the group's operations, existing available financing facilities, and cash flow forecasts 12 months from the date of Signing these financial statements.

Results for 2022 are to date in line with the director's expectations, having signed a contract with a major new customer. In considering the cash flow forecasts, the directors have taken into account the cash position at the date of signing, debt facility agreements that were signed in 2021, the ongoing business and potential mitigating actions should they be required including the ability to reduced expenses.

Under both its base-case scenario and reasonably plausible downside scenarios, the directors consider that the group is well positioned to manage risk during this period of economic uncertainty and is able to realise its assets and discharge its liabilities and commitments in the normal course of business. Severe but plausible downside scenarios only considered contracted revenue and minimal variable revenue streams as a result of reduced lending through the group's platform. Whilst this is not the director's expectation, and current trading supports this, the directors consider there are sufficient cost reduction measures which are available and in their control to preserve cash flow and to continue to operate within its available financing even in this downside scenario.

As stated in note 13 (Loans note) the company was in technical breach of a loan covenant at 31 December 2021. Liabilities totalling £650,000 which are due in more than one year per the repayment schedule, are classified as current liabilities in these financial statements.

On this basis the directors have a reasonable expectation that the group has adequate resources to continue trading for at least the next 12 months and the foreseeable future. The directors therefore believe that it remains appropriate to prepare the financial statements on a going concern basis.

Qualifying third party indemnity provisions

The directors benefit from a third party qualifying indemnity provision in the form permitted by Section 234 of the Companies Act 2006 in respect of certain third party actions against Directors. No claim or notice of claim in respect of these indemnities has been received in the period. The qualifying indemnity provision was in force throughout the financial period and up to the date of approval of the Directors' Report.

Provision of information to auditor

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

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

Auditor

During the period, Mazars LLP was appointed as auditor.

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

EZBOB LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

T Guriel
Director

DocuSigned by:
Tomer Guriel
38389C8788DF43A...

Date: 9/28/2022

EZBOB LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EZBOB LTD

Opinion

We have audited the financial statements of Ezbob Ltd (the 'company') for the year ended 31 December 2021 which comprise the Consolidated Statement of comprehensive income, the Consolidated and company Statement of financial positions, the Consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and company's affairs as at 31 December 2021 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and 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.

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

Other information

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

EZBOB LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EZBOB LTD

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 light of the knowledge and understanding of the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 2, 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 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 intend either to liquidate the company or to cease operations, or have no realistic alternative but to do so.

EZBOB LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EZBOB LTD

Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

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

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

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006. In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition which we pinpointed to the cut-off assertion and significant one-off or unusual transactions.

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

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

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

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

EZBOB LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EZBOB LTD

Use of the audit report

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



Jonathan Marchant (Sep 28, 2022 14:37 GMT+1)

Jonathan Marchant (Senior statutory auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
90 Victoria Street
Bristol
BS1 6DP

Date: 28 September 2022

EZBOB LTD

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover		6,468,477	12,018,759
Cost of sales		(3,313,253)	(3,982,391)
Gross profit		<u>3,155,224</u>	<u>8,036,368</u>
Administrative expenses		(6,821,292)	(6,615,832)
Other operating income	4	1,766,312	1,236,324
Operating (loss)/profit		<u>(1,899,756)</u>	<u>2,656,860</u>
Interest payable and similar expenses		(783,794)	(665,370)
(Loss)/profit before taxation		<u>(2,683,550)</u>	<u>1,991,490</u>
Tax on (loss)/profit		(191,097)	(175,661)
(Loss)/profit for the financial year		<u><u>(2,874,647)</u></u>	<u><u>1,815,829</u></u>
Other comprehensive income			
Foreign exchange differences on translation of foreign operations		(81,883)	28,683
Total comprehensive (loss)/profit for the year		<u><u>(2,956,530)</u></u>	<u><u>1,844,512</u></u>

The consolidated Statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 15 to 35 form part of these financial statements.

EZBOB LTD
REGISTERED NUMBER: 07852687

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	7	-	-
Tangible fixed assets	8	158,768	205,140
		<u>158,768</u>	<u>205,140</u>
Current assets			
Debtors: amounts falling due within one year	10	1,445,491	1,415,255
Deposits	13	1,361,967	2,029,632
Cash and cash equivalents		4,501,401	8,774,598
		<u>7,308,859</u>	<u>12,219,485</u>
Creditors: amounts falling due within one year	11	(8,066,335)	(8,884,696)
Net current (liabilities)/assets		<u>(757,476)</u>	<u>3,334,789</u>
Total assets less current liabilities		<u>(598,708)</u>	<u>3,539,929</u>
Creditors: amounts falling due after more than one year	12	(921,245)	(2,358,992)
Net (liabilities)/assets		<u>(1,519,953)</u>	<u>1,180,937</u>
Capital and reserves			
Called up share capital	15	2,606	2,602
Share premium account	16	30,487,217	30,487,217
Share options reserve	16	729,407	473,771
Retranslation reserve	16	(121,098)	(39,215)
Profit and loss account	16	(32,618,085)	(29,743,438)
Total equity		<u>(1,519,953)</u>	<u>1,180,937</u>

The consolidated financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

EZBOB LTD
REGISTERED NUMBER: 07852687

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

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

T Guriel
Director

DocuSigned by:
Tomer Guriel
36389C8788DF43A...

Date: 9/28/2022

The notes on pages 15 to 35 form part of these financial statements.

EZBOB LTD
REGISTERED NUMBER: 07852687

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	7	-	-
Tangible assets	8	22,957	31,493
Investments	9	420,255	207,608
		<u>443,212</u>	<u>239,101</u>
Current assets			
Debtors: amounts falling due within one year	10	1,300,968	1,250,070
Deposits		1,261,333	1,933,333
Cash at bank and in hand		3,302,058	7,701,845
		<u>5,864,359</u>	<u>10,885,248</u>
Creditors: amounts falling due within one year	11	(14,420,569)	(14,510,849)
Net current liabilities		<u>(8,556,210)</u>	<u>(3,625,601)</u>
Total assets less current liabilities		<u>(8,112,998)</u>	<u>(3,386,500)</u>
Creditors: amounts falling due after more than one year	12	(921,245)	(2,358,992)
Net liabilities		<u>(9,034,243)</u>	<u>(5,745,492)</u>
Capital and reserves			
Called up share capital	15	2,606	2,602
Share premium account	16	30,487,217	30,487,217
Share options reserve	16	42,988	-
Profit and loss account	16	(39,567,054)	(36,235,311)
Total equity		<u>(9,034,243)</u>	<u>(5,745,492)</u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The company has elected to take exemption under Section 408 of the Companies Act not to present a profit and loss account. The loss for the year was £3,331,743 (2020: profit of £1,309,757).

EZBOB LTD
REGISTERED NUMBER: 07852687

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

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

T Guriel
Director

DocuSigned by:
Tomer Guriel
38369C8788DF43A...

Date: 9/28/2022

The notes on pages 15 to 35 form part of these financial statements.

EZBOB LTD

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

	Called up share capital £	Share premium account £	Retranslation reserve £	Share options reserve £	Profit and loss account £	Total equity £
At 1 January 2020	2,602	30,487,217	(67,898)	257,419	(31,559,267)	(879,927)
Comprehensive income for the year						
Profit for the year	-	-	-	-	1,815,829	1,815,829
Share based compensation	-	-	-	216,352	-	216,352
Other comprehensive income	-	-	28,683	-	-	28,683
Total comprehensive income for the year	-	-	28,683	216,352	1,815,829	2,060,864
At 1 January 2021	2,602	30,487,217	(39,215)	473,771	(29,743,438)	1,180,937
Comprehensive loss for the year						
Loss for the year	-	-	-	-	(2,874,647)	(2,874,647)
Share based payment charge	-	-	-	226,971	-	226,971
Other comprehensive income	-	-	(81,883)	-	-	(81,883)
Total comprehensive income for the year	-	-	(81,883)	226,971	(2,874,647)	(2,729,559)
Shares issued during the year	4	-	-	-	-	4
Share based payments - exercised	-	-	-	28,665	-	28,665
Total transactions with owners	4	-	-	28,665	-	28,669
At 31 December 2021	2,606	30,487,217	(121,098)	729,407	(32,618,085)	(1,519,953)

The notes on pages 15 to 35 form part of these financial statements.

EZBOB LTD

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

	Called up share capital £	Share premium account £	Share options reserve £	Profit and loss account £	Total equity £
At 1 January 2020	2,602	30,487,217	-	(37,545,068)	(7,055,249)
Comprehensive income for the year					
Profit for the year	-	-	-	1,102,149	1,102,149
Share based payment charge	-	-	-	207,608	207,608
Total comprehensive income for the year	-	-	-	1,309,757	1,309,757
At 1 January 2021	2,602	30,487,217	-	(36,235,311)	(5,745,492)
Comprehensive income for the year					
Loss for the year	-	-	-	(3,331,743)	(3,331,743)
Share based payment charge	-	-	14,323	-	14,323
Total comprehensive income for the year	-	-	14,323	(3,331,743)	(3,317,420)
Contributions by and distributions to owners					
Shares issued during the year	4	-	-	-	4
Share based payments - exercised	-	-	28,665	-	28,665
Total transactions with owners	4	-	28,665	-	28,669
At 31 December 2021	2,606	30,487,217	42,988	(39,567,054)	(9,034,243)

The notes on pages 15 to 35 form part of these financial statements.

EZBOB LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. General information

Ezbob Limited (the "company") is a private company limited by shares, incorporated, domiciled and registered in England and Wales. The company's registered number is 07852687. The address of the company's registered office and principle place of business is 120 New Cavendish Street, London, W1W 6XX.

The principal activity of the group is to act as a fintech company specialising in end to end digital lending and smart onboarding for bank account solutions for financial institutions. The principal activity of the company is white labelling the group's solution.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The 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.

To conform with current year presentation, a deferred tax asset of £61,042 has been reclassified from other creditors to current assets. The reclassification does not impact net current liabilities, net assets or the loss reported for the year.

The financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the group operates and is rounded to the nearest pound.

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.

EZBOB LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on the going concern basis. The group recorded a loss for the year of 2021 of £2,874,647 (group's profit for the year of 2020: £1,815,829), had net current liabilities of £757,476 (2020: net current assets of £3,334,789), and net liabilities of £1,519,953 (2020: net assets of £1,180,937).

In performing this assessment the directors have reviewed the group's operations, existing available financing facilities, and cash flow forecasts 12 months from the date of Signing these financial statements.

Results for 2022 are to date in line with the director's expectations, having signed a contract with a major new customer. In considering the cash flow forecasts, the directors have taken into account the cash position at the date of signing, debt facility agreements that were signed in 2021, the ongoing business and potential mitigating actions should they be required including the ability to reduced expenses.

Under both its base-case scenario and reasonably plausible downside scenarios, the directors consider that the group is well positioned to manage risk during this period of economic uncertainty and is able to realise its assets and discharge its liabilities and commitments in the normal course of business. Severe but plausible downside scenarios only considered contracted revenue and minimal variable revenue streams as a result of reduced lending through the group's platform. Whilst this is not the director's expectation, and current trading supports this, the directors consider there are sufficient cost reduction measures which are available and in their control to preserve cash flow and to continue to operate within its available financing even in this downside scenario.

As stated in note 13 (Loans note) the company was in technical breach of a loan covenant at 31 December 2021. Liabilities totalling £650,000 which are due in more than one year per the repayment schedule, are classified as current liabilities in these financial statements.

On this basis the directors have a reasonable expectation that the group has adequate resources to continue trading for at least the next 12 months and the foreseeable future. The directors therefore believe that it remains appropriate to prepare the financial statements on a going concern basis.

EZBOB LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.4 Turnover

Income from software services is recognised in the income statement on the following basis:

- Contract implementation revenue is recognised after the implementation of the software
- License, maintenance and service fees for use of software are recognised straight line - over period of license
- Variable revenue is recognised when the service has been provided.
- All revenue is recognised when the amount of the revenue can be reliably measured and its probable economic benefits associated with the service will flow into the entity.

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.

2.5 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.

2.6 Research and development

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred with the exemption of capitalised development costs during the period.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes direct labour costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

EZBOB LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.7 Government grants

Government grants are included within accruals and deferred income in the Statement of financial position and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred. Amounts recognised in the profit and loss account are included within "Other operating income".

2.8 Interest payable and similar expenses

Interest payable and similar expenses 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 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 other creditors as a liability in the Statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

EZBOB LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.10 Share based payments

Share-based payment arrangements in which the entity receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the entity.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured based on an using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where the company grants options over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity.

During the twelve months, the company issued a total of 648,439 (2020: 1,751,780) equity settled share-based payment options to 20 employees (2020: 28), whereby services are rendered in exchange for rights over 648,439 (2020: 1,751,780) shares of the Company for an exercise price £0.95 (2020: £1.50). The options vest on the expiry of a 1-4 year period, on condition that the grantees continue to provide services to the company.

In addition, during the year, 396,097 (2020: 127,895) employee options expired.

As of 31 December 2021, the number of outstanding employee and director options was 3,366,606 (2020: 3,128,759), with an average exercise price of £1.07 (2020: £1.85).

EZBOB LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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 reporting date in the countries where the company and the group operate and generate income.

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

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

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

2.12 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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:

Development costs	-	3 years
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Amortisation is included in 'administrative expenses' in the Consolidated Statement of Comprehensive Income.

EZBOB LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.13 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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:

Buildings	- 3 to 10 years
Plant and machinery	- 3 to 15 years
Fixtures and fittings	- 3 to 7 years

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.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 Debtors: amounts falling due within one year

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.17 Creditors

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

EZBOB LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the group becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.19 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.

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

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

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 reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

EZBOB LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

In applying the group's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

3.1 Critical judgements in applying the group's accounting policies

The critical judgements that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

(i) Share options

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the company uses a valuation model based on applying a revenue multiple to the ARR run rate revenue.

(ii) Legal Claim

The group has applied judgment, relating to a legal claim, based on all the facts available to management, as stated in note 18.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Recoverability of debtors

The group establishes a provision for debts that are estimated not to be recoverable. When assessing recoverability the directors have considered factors such as the aging of the debts, past experience of recoverability, and the credit profile of individual or groups of customers.

EZBOB LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. Other operating income

	2021	2020
	£	£
Government grants receivable	<u>1,766,312</u>	<u>1,236,324</u>

Other operating income relates to research and development grants received from the government.

5. Employees

The average monthly number of employees, including the directors, during the year was 49 (2020: 53).

6. Directors' remuneration

Amounts paid to third parties in respect of directors' services. The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £75,105 (2020: £285,003).

EZBOB LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. Intangible assets**Group and Company**

	Development costs £
Cost	
At 1 January 2021	622,521
Disposals	(296,996)
At 31 December 2021	<u>325,525</u>
Amortisation	
At 1 January 2021	622,521
On disposals	(296,996)
At 31 December 2021	<u>325,525</u>
Net book value	
At 31 December 2021	<u><u>-</u></u>
At 31 December 2020	<u><u>-</u></u>

EZBOB LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Tangible fixed assets**Group**

	Buildings £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 January 2021	192,219	664,739	58,937	915,895
Additions	-	14,562	-	14,562
At 31 December 2021	<u>192,219</u>	<u>679,301</u>	<u>58,937</u>	<u>930,457</u>
Depreciation				
At 1 January 2021	90,203	585,970	34,582	710,755
Charge for the year	16,425	41,451	3,058	60,934
At 31 December 2021	<u>106,628</u>	<u>627,421</u>	<u>37,640</u>	<u>771,689</u>
Net book value				
At 31 December 2021	<u>85,591</u>	<u>51,880</u>	<u>21,297</u>	<u>158,768</u>
At 31 December 2020	<u>102,016</u>	<u>78,769</u>	<u>24,355</u>	<u>205,140</u>

EZBOB LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Tangible fixed assets (continued)**Company**

	Buildings £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 January 2021	4,952	349,906	20,399	375,257
Additions	-	4,729	-	4,729
At 31 December 2021	<u>4,952</u>	<u>354,635</u>	<u>20,399</u>	<u>379,986</u>
Depreciation				
At 1 January 2021	4,750	318,776	20,238	343,764
Charge for the year	202	12,902	161	13,265
At 31 December 2021	<u>4,952</u>	<u>331,678</u>	<u>20,399</u>	<u>357,029</u>
Net book value				
At 31 December 2021	<u>-</u>	<u>22,957</u>	<u>-</u>	<u>22,957</u>
At 31 December 2020	<u>202</u>	<u>31,130</u>	<u>161</u>	<u>31,493</u>

EZBOB LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. Fixed asset investments**Company**

	Investments in subsidiary companies £
Cost	
At 1 January 2021	207,608
Additions	212,647
At 31 December 2021	<u>420,255</u>
Net book value	
At 31 December 2021	<u>420,255</u>
At 31 December 2020	<u>207,608</u>

The additions in the year relate to share options issued in Ezbob IT Limited.

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Principal activity	Class of shares	Holding
Ezbob UK Limited	120 New Cavendish Street, London, England, W1W 6XX	Administrative duties	Ordinary	100%
Ezbob IT Limited	Medinat ha-Yehudim St, 85 Hertsliya, Israel	Administrative duties	Ordinary	100%
Everline Holdco Limited	120 New Cavendish Street, London, England, W1W 6XX	Dormant	Ordinary	100%
EZBOB BG Ltd	Sheinovo Street, 3rd floor, ap. 9, Sofia 1504 Bulgaria	Dormant	Ordinary	100%

EZBOB LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

10. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	689,784	731,880	689,784	731,783
Other debtors	26,870	42,827	26,845	41,994
Prepayments and accrued income	666,973	579,506	584,339	476,293
Deferred taxation	61,864	61,042	-	-
	<u>1,445,491</u>	<u>1,415,255</u>	<u>1,300,968</u>	<u>1,250,070</u>

Trade debtors are stated net of provisions of £nil (2020: £nil).

11. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade creditors	503,462	906,091	327,323	604,819
Amounts owed to group undertakings	-	-	7,461,884	6,766,512
Other creditors	1,591,456	1,608,759	1,527,993	1,617,450
Corporation tax	48,116	-	-	-
Other taxation and social security	778,578	-	14,484	-
Government grants	-	2,152,789	-	2,152,789
Accruals	122,089	1,231,714	66,251	383,936
Customer advances	1,698,295	870,953	1,698,295	870,953
Bank loans (note 13)	3,324,339	2,050,000	3,324,339	2,050,000
Provisions	-	64,390	-	64,390
	<u>8,066,335</u>	<u>8,884,696</u>	<u>14,420,569</u>	<u>14,510,849</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

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

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank loans (note 13)	921,245	2,358,992	921,245	2,358,992
	<u>921,245</u>	<u>2,358,992</u>	<u>921,245</u>	<u>2,358,992</u>

EZBOB LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13. Loans

Analysis of the maturity of loans is given below:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Amounts falling due within one year				
Bank loans	3,324,339	2,050,000	3,324,339	2,050,000
Amounts falling due 1-2 years				
Bank loans	921,245	2,358,992	921,245	2,358,992
	<u>4,245,584</u>	<u>4,408,992</u>	<u>4,245,584</u>	<u>4,408,992</u>

In October 2018 the company signed on a loan agreement with Mizrahi Tefahot Bank Limited, London branch, ("the bank"). Under the agreement the bank granted the company a secured sterling loan facility of up to £3,000,000 which was repaid in 30 monthly instalments with a nominal interest rate of LIBOR + 7.25%.

The loan is secured by fixed and floating charges over the group's assets, including a deposit held in the bank in an amount of £750,000. In December 2020 the company and the bank agreed that the security deposit will be in the amount of at least 50% of the outstanding drawings under the facility.

In March 2020 the company entered into an additional facility agreement with the bank, whereby the bank granted the company an additional secured sterling loan facility, under which the company drew the amount of £2,000,000 and an amount of £1,500,000 which will be repaid in 30 monthly instalments with a nominal interest rate of LIBOR + 8% and LIBOR + 8.25%. The loan is secured by fixed and floating charges over the group's assets, including a deposit held in the bank in an amount of £1,183,333.

In September 2018, the company issued a warrant to Mizrahi Tefahot Bank, exercisable for a period of up to 6 years, to purchase Preferred Shares in the Company for an aggregate exercise price of £600,000, and a per share exercise price equal to the lower of £2.502 and the price per share in the next equity raising by the company of at least £3,000,000 by third parties. The warrant is also exercisable on a net issuance basis. In the event of an exit transaction, the bank has the rights to waive its warrant rights in exchange for a payment of £500,000.

EZBOB LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. Loans (continued)

In March 2020, the company issued a warrant to Mizrahi Tefahot Bank, exercisable for a period of up to 8 years, to purchase Preferred Shares in the company for an aggregate exercise price of £400,000, and a per share exercise price equal to the lower of £2.502 and the price per share in the next equity raising by the company of at least £3,000,000 by third parties. The warrant is also exercisable on a net issuance basis. In the event of an exit transaction, the bank has the rights to waive its warrant rights in exchange for a payment of £171,429.

After the date of the balance sheet, the company has not met a covenant under the facility agreements and as a result an event of default is outstanding under the company's facility agreements with the bank.

In June and December 2019, the company signed a Master Proceeds Purchase Agreement loans agreement with Liquidity Capital. Under the agreement, Liquidity purchased future proceeds from grants the company with a USD loan facility in an amount of \$1,406,500 which will be repaid in 24 monthly instalments with a monthly interest rate of 1.72%.

In November 2020, the company signed an Amendment to the Master Proceeds Purchase Agreement and other loan agreements with Liquidity Capital. Under the agreement, Liquidity agreed to purchase from the company future proceeds for an aggregate purchase price of up to \$14,000,000. After the balance sheet date, Liquidity purchased future proceeds from grants the company with a USD Joan facility in an amount of \$3,000,000 which will be repaid in 24 monthly instalments with a monthly interest rate of 1.38%.

In addition, in November 2020, the company issued a warrant to Liquidity; exercisable for a period of up to 10 years, to purchase Preferred Shares in the company for an aggregate exercise price of £860,000, and a per share exercise price equal to the lower of £2.502 and the price per share in the next equity raising by the company. The warrant is also exercisable on a net issuance basis.

The company's obligations to Liquidity Capital have been secured against the assets of the group by second-ranking fixed and floating charges over the group's assets.

	2021 £	2020 £
Financial liability: amount falling due after one year		
Loan liability	921,245	1,843,435
Warrant liability	-	515,557
	<u>921,245</u>	<u>2,358,992</u>

EZBOB LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

14. Deferred taxation

Group

	2021 £
At beginning of year	61,042
Charged to profit or loss	822
At end of year	61,864
	Group 2021 £
Origination of timing differences	61,864
	Group 2020 £
	61,042

15. Called up share capital

	2021 £	2020 £
Allotted, called up and fully paid		
15,332,284 (2020: 15,325,368) Ordinary shares of £0.0001 each	1,533	1,529
10,726,368 (2020: 10,726,368) Non redeemable preference shares of £0.0001 each	1,073	1,073
	2,606	2,602

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

The holders of the preferred shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. As set out in the company's Articles of Association a distribution event would result in the funds, assets or proceeds distributed or which become available for distribution to the shareholders as a result of such Distribution Event, or to which shareholders are entitled to receive pursuant to such Distribution Event, being distributed to the preference shareholders first up to a maximum amount of £2.50 per share but £2.18 on average. A distribution event would arise on a change of control, an IPO, a distribution of dividends or liquidation of the company.

EZBOB LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. Called up share capital (continued)

On 7 June 2021, the company issued 6,916 ordinary shares of £0.0001 for a consideration of £2.50 per share, giving rise to £2.4999 premium per share issued, and £17,289.31 in the aggregate.

On 28 November 2021, the company issued 7,579 ordinary shares of £0.0001 for a consideration of £1.50 per share, giving rise to £1.4999 premium per share issued, and £11,367.74 in the aggregate.

16. Reserves

Share premium account

The share premium account represents the part of any consideration received for shares which was in excess of the nominal value of the shares after transaction costs.

Foreign exchange reserve

This reserve comprises the movement in the conversion of the account balances in the ledger to Pound Sterling on consolidation.

Share options reserves

This reserve comprises the fair value of options recognised as an expense. Upon exercise of options, any proceeds received are credited to share capital. The share based payment reserve remains as a separate component of equity.

Profit and loss account

The profit and loss account includes all prior and current period retained profits and losses.

EZBOB LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

17. Share based payments

In 2014 the parent company approved a plan to issue options to the employees of the parent company and the company. According to the plan, some of the employees are eligible for stock options of the parent company. Some employees were given options exercisable immediately while others in four equal annual portions. The options are exercisable each to one share of the parent company.

	Weighted average exercise price (pence) 2021	Number 2021	Weighted average exercise price (pence) 2020	Number 2020
Outstanding at the beginning of the year	185	3,128,759	224	1,500,728
Granted during the year	98	648,439	150	1,751,780
Exercised during the year	198	(14,495)		-
Expired and forfeited during the year	145	(396,097)	158	(123,749)
Outstanding at the end of the year	107	3,366,606	185	3,128,759

	2021 Black Scholes	2020 Black Scholes
Option pricing model used		
Weighted average share price (pence)	107	185
Expected terms (in years)	4	4
Expected volatility	50%	50%
Expected dividend growth rate	0%	0%
Risk-free interest rate	1%	1%

EZBOB LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Contingent liabilities

In September 2017, a former employee of the company initiated a lawsuit against the company in the amount of approximately £80,000, claiming damages resulting from the company's alleged failure to properly make deposits to her pension fund, resulting in her pension fund denying her coverage for disability benefits. A new and updated claim was submitted for additional residual pension payments in the monthly amount of £5k for an indefinite period.

The plaintiff's motion to amend the complaint to demand a one-time payment of approximately £1.3M was denied by the court in August 2021. The plaintiffs were entitled to appeal this decision.

As such, the National Court proposed a settlement outline, pursuant to which in the event the claim against the company is accepted, the Plaintiff can amend his claim and quantify it. The claim amount will be set at approximately 6.2 million NIS (approx. £1.59 million) in this instance.

Based on the latest hearings to date, and consultation with legal counsel, Management of the Company believe that it is more likely than not that the company will not be required to indemnify the plaintiff and that there is a greater chance, if any, that the liability will fall upon the pension fund.

19. Pension commitments

The assets of the schemes are held separately from those of the company in independently administered funds. The total amount recognised in Statement of comprehensive income during the year was £477,850 (2020: £310,641). At the year end an amount of £67,238 (2020: £78,240) was outstanding.

20. Related party transactions

The group and company has taken advantage of the exemption conferred by Section 33 of FRS 102 not to disclose transactions with fellow members where 100% of the voting rights are controlled within the group.

21. Post balance sheet events

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

22. Controlling party

The directors consider there to be no ultimate controlling party of the group.