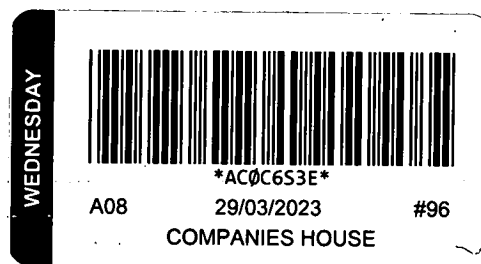


Company registration number 05104223 (England and Wales)

ZEST TECHNOLOGY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022



ZEST TECHNOLOGY LIMITED

COMPANY INFORMATION

Directors	R A Sieber E C Reynolds O C E Bond C R Mayes	(Appointed 21 July 2021) (Appointed 4 January 2022) (Appointed 4 January 2022)
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Company number	05104223
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Registered office	Leatherhead House Station Road Leatherhead Surrey United Kingdom KT22 7FG
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Auditor	Azets Audit Services Limited Ashcombe Court Woolsack Way Godalming Surrey United Kingdom GU7 1LQ
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ZEST TECHNOLOGY LIMITED

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ZEST TECHNOLOGY LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 30 JUNE 2022

The directors present the strategic report for the period ended 30 June 2022.

PRINCIPAL ACTIVITY

The principal activity of the Company in the period under review was the provision of award-winning employee benefits and engagement technology to companies and intermediaries in the UK and overseas.

During the financial period to 30 June 2022, the company ceased being a subsidiary of Fintel plc, a provider of data-led, digital insight and support services to the retail financial services market, through investment from FPE Capital, a technology focussed Private Equity specialist.

The investment and subsequent divestment from Fintel plc was completed in July 2021 and the decision was taken by the Directors to return the business to its traditional year end of 30 June, creating an 18 month accounting period to 30 June 2022.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

In the financial statements to 31 December 2020, we stated that we would continue to invest in our technology and our services to ensure our position as a leader in the field and provide exceptional value, as well as expanding our software's appeal to an increasing range of clients and partners, offering them a unique and powerful solution to engage effectively with employees.

In line with this objective, 35.5% of revenue was reinvested into software development and the creation of further ground-breaking functionality. In 2022-23 we intend to continue to invest in our modules to address the growing need for organisations to connect with, engage and recognise remote workforces and to measure the effectiveness of their programs.

Our financial strategy is to build up our long-term, predictable recurring revenue stream as a best of breed SaaS cloud-based software provider, in order to deliver sustainable, profitable revenue growth.

Our multi-channel distribution strategy is fundamental to building up this revenue stream. With the Zest brand becoming widely recognised as standing for ground-breaking, modern, technology excellence, our direct sales to companies looking for a best of breed platform have shown excellent year on year growth in the 18 months to June 2022 with major companies such as Barratt Homes & Wickes selecting Zest. In total over 380 companies joined Zest in the 18 months to June 2022 across all our channels and we confidently expect this growth to continue.

We are also delighted to report that all these advances led to a further industry recognition in 2022, with Zest winning the award for Best Technology at the industry leading awards event, The Rewards, for the third year in a row.

We will continue to invest in our technology in the year ahead and in developing our distribution network, making our technology widely accessible to a wide range of companies. By continuing our strategy of focussing on maintaining our reputation as the leading, state of the art software platform provider, we can deliver the ideal proposition for each channel to the workplace market and provide a highly effective employee engagement solution for the modern workplace to a wide range of companies ranging from FTSE 100 organisations through to SMEs.

For our value-added resellers across leading corporate advisers, employee benefit consultants, product providers and other financial services groups, we will continue to provide them with a ground-breaking software platform that enables them to support their individual propositions, by offering a total solution to the employee benefits workplace market based on the best technology.

For our direct clients, we have continued to achieve major direct sales where organisations are seeking best of breed technology. Zest's increasing reputation for being able to quickly and easily deal with any benefits program, however complex and to work on any device, anywhere, allows our clients to deliver their desired employee benefits and engagement experience easily and without compromise and to engage with the increasing requirement of remote working and a distributed workforce.

ZEST TECHNOLOGY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2022

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS (continued)

We anticipate moving into a period of lower economic growth where we strongly believe that employers will need, more than ever, to communicate the value of their employee benefits program, using advanced technology to keep their workforce engaged. Employee benefits is a powerful supplement to salary and bonuses, enabling employers to minimise overall employment cost whilst maximising benefit to the employee. Employee benefits software saves employers time and cost and so is an attractive investment irrespective of market conditions. As an award-winning technology provider, we remain confident that we can continue to attract new clients, in particular through replacing less effective, older technology, and so continue to grow irrespective of market conditions.

To further support our growth and take advantage of the market opportunities, during 2022 we secured a debt facility with NatWest's growth fund that will support the business in its next phase. This will allow us to continue to invest in our technology, our people and processes and in developing greater specialist expertise, ensuring that we have industry leading skills and methodologies across product development, systems implementation and client support.

We again thank all our staff who continue to show tremendous dedication and enthusiasm to deliver our technology to the market and ensure we can continue to grow and prosper as a company and address new and emerging market needs in innovative ways.

With the market opportunities ahead of us and with the investment we have secured, we are confident that the company is well positioned for significant long term profitable growth and to continue to increase its lead in the employee engagement market.

On behalf of the board



R A Sieber
Director

Date: 26 January 2023

ZEST TECHNOLOGY LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 30 JUNE 2022

The directors present their annual report and financial statements for the period ended 30 June 2022. The comparatives present information on the year ended 31 December 2020.

Principal activities

The principal activity of the company continued to be that of the provision of employee benefits and engagement technology to customers and partners, primarily in the UK.

Results and dividends

The results for the period are set out on page 8.

No interim dividends were paid. The directors do not recommend payment of a final dividend.

Directors

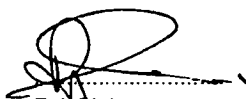
The directors who held office during the period and up to the date of signature of the financial statements were as follows:

R A Sieber	
E C Reynolds	(Appointed 21 July 2021)
O C E Bond	(Appointed 4 January 2022)
C R Mayes	(Appointed 4 January 2022)
N H Dean	(Appointed 21 July 2021 and resigned 31 August 2022)
N M Stevens	(Resigned 21 July 2021)
M L Timmins	(Resigned 21 July 2021)

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



R A Sieber
Director

Date: 26 January 2023

ZEST TECHNOLOGY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2022

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

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

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

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

ZEST TECHNOLOGY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF ZEST TECHNOLOGY LIMITED

Opinion

We have audited the financial statements of Zest Technology Limited (the 'company') for the period ended 30 June 2022 which comprise the profit and loss account, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 company's affairs as at 30 June 2022 and of its loss for the period 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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

ZEST TECHNOLOGY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF ZEST TECHNOLOGY LIMITED

Matters on which we are required to report by exception

In the 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 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, 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 either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

ZEST TECHNOLOGY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF ZEST TECHNOLOGY LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements 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 of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.



Alex Temlett CA ACA CTA (Senior Statutory Auditor)
For and on behalf of Azets Audit Services Limited

26 January 2023
Date:

Chartered Accountants
Statutory Auditor

Ashcombe Court
Woolsack Way
Godalming
Surrey
United Kingdom
GU7 1LQ

ZEST TECHNOLOGY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 30 JUNE 2022

		Period ended 30 June 2022 £	Year ended 31 December 2020 £
	Notes		
Turnover	3	5,363,245	3,948,278
Cost of sales		(471,759)	(202,078)
Gross profit		4,891,486	3,746,200
Administrative expenses		(7,249,159)	(4,444,982)
Other operating income		-	75,011
Operating loss	4	(2,357,673)	(623,771)
Interest payable and similar expenses	8	(2,449)	(22)
Loss before taxation		(2,360,122)	(623,793)
Tax on loss	9	(24,130)	253,527
Loss for the financial period		(2,384,252)	(370,266)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ZEST TECHNOLOGY LIMITED

BALANCE SHEET

AS AT 30 JUNE 2022

	Notes	2022 £	£	2020 £	£
Fixed assets					
Intangible assets	10	2,654,473		3,446,683	
Tangible assets	11	66,903		26,434	
		<u>2,721,376</u>		<u>3,473,117</u>	
Current assets					
Debtors	12	805,664		1,315,132	
Cash at bank and in hand		310,143		776,855	
		<u>1,115,807</u>		<u>2,091,987</u>	
Creditors: amounts falling due within one year	13	<u>(2,720,382)</u>		<u>(2,198,385)</u>	
Net current liabilities			<u>(1,604,575)</u>		<u>(106,398)</u>
Total assets less current liabilities			<u>1,116,801</u>		<u>3,366,719</u>
Provisions for liabilities					
Provisions	14	87,000		-	
Deferred tax liability	15	348,828		301,494	
		<u>(435,828)</u>		<u>(301,494)</u>	
Net assets			<u><u>680,973</u></u>		<u><u>3,065,225</u></u>
Capital and reserves					
Called up share capital	17	255		255	
Share premium account		1,588,177		1,588,177	
Profit and loss reserves		<u>(907,459)</u>		<u>1,476,793</u>	
Total equity			<u><u>680,973</u></u>		<u><u>3,065,225</u></u>

The financial statements were approved by the board of directors and authorised for issue on 16 January 2023 and are signed on its behalf by:



R A Sieber
Director

Company Registration No. 05104223

ZEST TECHNOLOGY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2022

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
As restated for the period ended 31 December 2020:				
Balance at 1 January 2020	255	1,588,177	1,841,643	3,430,075
Effect of transition to FRS 102	-	-	5,416	5,416
As restated	255	1,588,177	1,847,059	3,435,491
Year ended 31 December 2020:				
Loss and total comprehensive income for the year	-	-	(370,266)	(370,266)
Balance at 31 December 2020	255	1,588,177	1,476,793	3,065,225
Period ended 30 June 2022:				
Loss and total comprehensive income for the period	-	-	(2,384,252)	(2,384,252)
Balance at 30 June 2022	255	1,588,177	(907,459)	680,973

ZEST TECHNOLOGY LIMITED

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2022

	Notes	2022 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	21	448,610		1,642,237	
Interest paid		(2,449)		(22)	
Income taxes refunded/(paid)		53,488		(77,618)	
Net cash inflow from operating activities		499,649		1,564,597	
Investing activities					
Purchase of intangible assets		(861,425)		(1,032,261)	
Purchase of tangible fixed assets		(105,633)		(4,860)	
Proceeds on disposal of tangible fixed assets		697		-	
Net cash used in investing activities		(966,361)		(1,037,121)	
Net (decrease)/increase in cash and cash equivalents		(466,712)		527,476	
Cash and cash equivalents at beginning of period		776,855		249,379	
Cash and cash equivalents at end of period		310,143		776,855	

ZEST TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2022

1 Accounting policies

Company information

Zest Technology Limited is a private company limited by shares incorporated in England and Wales. The registered office is Leatherhead House, Station Road, Leatherhead, Surrey, United Kingdom, KT22 7FG.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the period ended 30 June 2022 are the first financial statements of Zest Technology Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements for the year ended 31 December 2020 were prepared in accordance with FRS 101, the date of transition to FRS 102 was 1 January 2020. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 23.

1.2 Going concern

The company is supported by the parent undertaking and will make use of a banking facility which was obtained post year-end to help fund working capital. Therefore the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The directors have considered the potential impacts of COVID-19 and the current global economic uncertainty on the company and believe these will be minimal.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

The following specific recognition criteria must also be met before revenue is recognised:

Software licence income and employee benefit software licence and project fees

Revenue from software licence income and fees is recognised over time, in line with the right to access to the software (output method). No significant judgements are made to determine the right of access.

Revenue from software project fees and consulting is recognised based on the percentage completion of project deliverable. The value of revenue recognised is based on the overall value of the contracts and its performance obligations.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

ZEST TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

1.5 Intangible fixed assets other than goodwill

Expenditure on development activities is 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 a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development costs	5 years straight line
-------------------	-----------------------

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the term of the lease
Office equipment	3 years straight line
Fixtures and fittings	5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

ZEST TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

ZEST TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

ZEST TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. 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. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

ZEST TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

1.17 Disclosure exemptions claimed

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 33 'Related Party Disclosures': Transactions between members of the group.

The financial statements of the company are consolidated in the financial statements of Zest Technology Group Limited. These consolidated financial statements are available from its registered office, Leatherhead House, Station Road, Leatherhead, Surrey, KT22 7FG.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Intangible assets – Capitalised Development Costs

The company business includes a significant element of research and development activity. Under FRS 102 there is a requirement to capitalise and amortise development spend to match costs to expected benefits from projects deemed to be commercially viable. The application of this policy involves the ongoing consideration by management of the forecasted economic benefit from such projects compared to the level of capitalised costs, together with the selection of amortisation periods appropriate to the life of the associated revenues from the product.

3 Turnover and other revenue

	2022	2020
	£	£
Grants received	-	75,011
Turnover	5,308,420	3,948,278

ZEST TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2022

4 Operating loss

	2022	2020
	£	£
Operating loss for the period is stated after charging/(crediting):		
Exchange losses	90	-
Research and development costs	30,202	42,460
Government grants	-	(75,011)
Depreciation of owned tangible fixed assets	65,164	13,590
Profit on disposal of tangible fixed assets	(697)	-
Amortisation of intangible assets	1,653,635	902,355
Operating lease charges	222,222	144,841
	<u>222,222</u>	<u>144,841</u>

5 Auditor's remuneration

	2022	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	10,560	10,236
	<u>10,560</u>	<u>10,236</u>

6 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2022 Number	2020 Number
Sales and administration	52	52
	<u>52</u>	<u>52</u>

Their aggregate remuneration comprised:

	2022 £	2020 £
Wages and salaries	2,965,419	1,973,322
Social security costs	453,874	287,735
Pension costs	175,010	128,905
	<u>3,594,303</u>	<u>2,389,962</u>

7 Directors' remuneration

	2022 £	2020 £
Remuneration for qualifying services	322,350	135,500
Company pension contributions to defined contribution schemes	11,662	6,253
	<u>334,012</u>	<u>141,753</u>

ZEST TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2022

7 Directors' remuneration

(Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £	2020 £
Remuneration for qualifying services	174,550	-
Company pension contributions to defined contribution schemes	4,250	-
	<u>178,800</u>	<u>-</u>

8 Interest payable and similar expenses

	2022 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	2,449	-
Other finance costs:		
Interest on finance leases and hire purchase contracts	-	22
	<u>2,449</u>	<u>22</u>

9 Taxation

	2022 £	2020 £
Current tax		
UK corporation tax on profits for the current period	(47,334)	-
Adjustments in respect of prior periods	24,130	-
Total current tax	<u>(23,204)</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(36,384)	69,017
Changes in tax rates	83,718	-
Adjustments in respect of prior periods	-	(322,544)
Total deferred tax	<u>47,334</u>	<u>(253,527)</u>
Total tax charge/(credit)	<u>24,130</u>	<u>(253,527)</u>

ZEST TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2022

9 Taxation

(Continued)

The actual charge/(credit) for the period can be reconciled to the expected credit for the period based on the profit or loss and the standard rate of tax as follows:

	2022 £	2020 £
Loss before taxation	(2,360,122)	(623,793)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(448,423)	(118,521)
Expenses not deductible for tax purposes	367	81,340
Unutilised tax losses carried forward	402,423	-
Adjustments in respect of prior years	24,130	(322,544)
Group relief	-	145,349
Difference between capital allowances and depreciation	(4,225)	(494)
Allowable development expenditure	-	(91,438)
Deferred tax timing differences	10,798	69,017
R&D benefit	39,060	(18,140)
Transition adjustment	-	1,904
Taxation charge/(credit) for the period	24,130	(253,527)

Changes affecting the future tax charge

The March 2021 budget announced an increase in the rate of corporation tax from 19% to 25% from 1 April 2023. The 19% rate will continue to apply to companies with profits of not more than £50,000, with marginal relief for profits of up to £250,000. The increase in the tax rate became substantively enacted on 24 May 2021 and has been applied to the deferred tax balances included within these financial statements.

The company has not recognised a deferred tax asset in relation to carried forward tax losses of circa £2.1 million on the grounds that future profitability is not currently foreseeable.

ZEST TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2022

10 Intangible fixed assets

	Development costs £
Cost	
At 1 January 2021	5,102,438
Additions - internally developed	861,425
At 30 June 2022	5,963,863
Amortisation and impairment	
At 1 January 2021	1,655,755
Amortisation charged for the period	1,653,635
At 30 June 2022	3,309,390
Carrying amount	
At 30 June 2022	2,654,473
At 31 December 2020	3,446,683

11 Tangible fixed assets

	Office equipment £	Fixtures and fittings £	Leasehold improvements £	Total £
Cost				
At 1 January 2021	136,283	198,067	-	334,350
Additions	17,539	1,094	87,000	105,633
At 30 June 2022	153,822	199,161	87,000	439,983
Depreciation and impairment				
At 1 January 2021	131,630	176,286	-	307,916
Depreciation charged in the period	6,840	9,024	49,300	65,164
At 30 June 2022	138,470	185,310	49,300	373,080
Carrying amount				
At 30 June 2022	15,352	13,851	37,700	66,903
At 31 December 2020	4,653	21,781	-	26,434

ZEST TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2022

12 Debtors

	2022	2020
	£	£
Amounts falling due within one year:		
Trade debtors	293,644	661,507
Corporation tax recoverable	47,334	77,618
Other debtors	100	170
Prepayments and accrued income	464,586	575,837
	<u>805,664</u>	<u>1,315,132</u>

13 Creditors: amounts falling due within one year

	2022	2020
	£	£
Trade creditors	342,438	165,123
Amounts owed to group undertakings	883,855	685,815
Taxation and social security	139,706	399,075
Other creditors	69,712	77,829
Accruals and deferred income	1,284,671	870,543
	<u>2,720,382</u>	<u>2,198,385</u>

14 Provisions for liabilities

	2022	2020
	£	£
Dilapidations	<u>87,000</u>	<u>-</u>
Movements on provisions:		
		£
Additional provisions in the year		<u>87,000</u>

15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022	Liabilities 2020
	£	£
Balances:		
Other short term timing differences	<u>348,828</u>	<u>301,494</u>

ZEST TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2022

15 Deferred taxation (Continued)

	2022 £
Movements in the period:	
Liability at 1 January 2021	301,494
Effect of change in tax rate	83,718
Origination and reversal of timing differences	(36,384)
Liability at 30 June 2022	<u>348,828</u>

16 Retirement benefit schemes

	2022 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>175,010</u>	<u>128,905</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

17 Share capital

	2022 Number	2020 Number	2022 £	2020 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of 0.1p each	<u>255,030</u>	<u>255,030</u>	<u>255</u>	<u>255</u>

18 Financial commitments, guarantees and contingent liabilities

The company provided a guarantee against the bank loans of Fintel plc (formerly The SimplyBiz Group plc), the former ultimate parent company. The company was released from this guarantee on 21 July 2021 when the company was sold by its immediate parent undertaking, Simply Biz Limited, which is part of the group headed by Fintel plc, to FPE Capital LLP and the existing Zest Technology Limited management team.

19 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2020 £
Within one year	159,981	160,116
Between two and five years	<u>182,850</u>	<u>424,769</u>
	<u>342,831</u>	<u>584,885</u>

ZEST TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2022

20 Ultimate controlling party

The immediate parent undertaking is Zest Technology Holdings Limited, a company registered in England & Wales with the same registered office as the company. The ultimate controlling party is FPE II General Partner LLP, registered in England & Wales with a registered office of 2nd Floor, 7 Swallow Street, London, W1B 4DE.

Zest Technology Group Limited, an intermediate parent undertaking, which is registered in England & Wales with the same registered office as the company prepares publicly available financial statements. These financial statements are available upon request from Leatherhead House, Station Road, Leatherhead, Surrey, KT22 7FG.

21 Cash generated from operations

	2022 £	2020 £
Loss for the period after tax	(2,384,252)	(370,266)
Adjustments for:		
Taxation charged/(credited)	24,130	(253,527)
Finance costs	2,449	22
Gain on disposal of tangible fixed assets	(697)	-
Amortisation and impairment of intangible assets	1,653,635	902,355
Depreciation and impairment of tangible fixed assets	65,164	13,590
Increase in provisions	87,000	-
Movements in working capital:		
Decrease in debtors	479,184	852,772
Increase in creditors	521,997	497,291
Cash generated from operations	448,610	1,642,237

22 Analysis of changes in net funds

	1 January 2021 £	Cash flows £	30 June 2022 £
Cash at bank and in hand	776,855	(466,712)	310,143

23 Reconciliations on adoption of FRS 102

The financial statements for the year ended 31 December 2020 were prepared in accordance with International Financial Reporting Standards (IFRS). This is the first year that the company has presented its results under FRS 102, with the date of transition being 1 January 2020.

Set out below are the differences between IFRS and FRS 102 that have resulted in adjustments at transition and 31 December 2020.

ZEST TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2022

23 Reconciliations on adoption of FRS 102

(Continued)

Reconciliation of equity

	Notes	At 1 January 2020			At 31 December 2020		
		Previous UK GAAP £	Effect of transition £	FRS 102 £	Previous UK GAAP £	Effect of transition £	FRS 102 £
Fixed assets							
Other intangibles		3,316,777	-	3,316,777	3,446,683	-	3,446,683
Tangible assets	a)	1,246,543	(1,211,553)	34,990	1,145,133	(1,118,699)	26,434
		<u>4,563,320</u>	<u>(1,211,553)</u>	<u>3,351,767</u>	<u>4,591,816</u>	<u>(1,118,699)</u>	<u>3,473,117</u>
Current assets							
Debtors	b)	2,090,286	-	2,090,286	1,276,110	39,022	1,315,132
Bank and cash		249,379	-	249,379	776,855	-	776,855
		<u>2,339,665</u>	<u>-</u>	<u>2,339,665</u>	<u>2,052,965</u>	<u>39,022</u>	<u>2,091,987</u>
Creditors due within one year							
Finance leases	a)	(82,076)	82,076	-	(124,368)	124,368	-
Taxation		(229,328)	-	(229,328)	(399,075)	-	(399,075)
Other creditors	b)	(1,423,642)	(48,127)	(1,471,769)	(1,697,853)	(101,457)	(1,799,310)
		<u>(1,735,046)</u>	<u>33,949</u>	<u>(1,701,097)</u>	<u>(2,221,296)</u>	<u>22,911</u>	<u>(2,198,385)</u>
Net current assets/(liabilities)		<u>604,619</u>	<u>33,949</u>	<u>638,568</u>	<u>(168,331)</u>	<u>61,933</u>	<u>(106,398)</u>
Total assets less current liabilities		<u>5,167,939</u>	<u>(1,177,604)</u>	<u>3,990,335</u>	<u>4,423,485</u>	<u>(1,056,766)</u>	<u>3,366,719</u>
Creditors due after one year							
Finance leases	a)	(1,183,020)	1,183,020	-	(1,052,342)	1,052,342	-
Provisions for liabilities							
Deferred tax		(555,021)	-	(555,021)	(301,494)	-	(301,494)
Net assets		<u>3,429,898</u>	<u>5,416</u>	<u>3,435,314</u>	<u>3,069,649</u>	<u>(4,424)</u>	<u>3,065,225</u>
Capital and reserves							
Share capital		255	-	255	255	-	255
Share premium		1,588,177	-	1,588,177	1,588,177	-	1,588,177
Profit and loss		1,841,466	5,416	1,846,882	1,481,217	(4,424)	1,476,793
Total equity		<u>3,429,898</u>	<u>5,416</u>	<u>3,435,314</u>	<u>3,069,649</u>	<u>(4,424)</u>	<u>3,065,225</u>

ZEST TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2022

23 Reconciliations on adoption of FRS 102

(Continued)

Reconciliation of loss for the financial period

		Year ended 31 December 2020		
		Previous UK GAAP	Effect of transition	FRS 102
	Notes	£	£	£
Continuing operations				
Turnover		3,948,278	-	3,948,278
Cost of sales		(202,078)	-	(202,078)
Gross profit		3,746,200	-	3,746,200
Administrative expenses	a) b)	(4,399,955)	(45,027)	(4,444,982)
Other operating income		75,011	-	75,011
Operating loss		(578,744)	(45,027)	(623,771)
Interest payable and similar expenses	a)	(35,032)	35,010	(22)
Taxation		253,527	-	253,527
Loss for the financial period		(360,249)	(10,017)	(370,266)

Notes to reconciliations on adoption of FRS 102

a) Lease transition from IFRS 16

The previous reporting framework (IFRS 16) required a right of use asset and lease obligation to be recognised on the balance sheet at the commencement of an operating lease. Subsequently the liability is discounted with an interest expense and the asset is amortised over its useful life. The newly adopted framework (FRS 102 section 20) requires operating leases to be recognised on a straight-line basis by recognising a rent expense.

The adjustments reflect the removal of the right of use asset, lease liability, amortisation and interest expense.

b) Rent free accruals

As a result of the above, an adjustment is needed to ensure the rent is recognised on a straight-line basis. The adjustment is for a rent prepayment and inclusion of a rent free accrual.