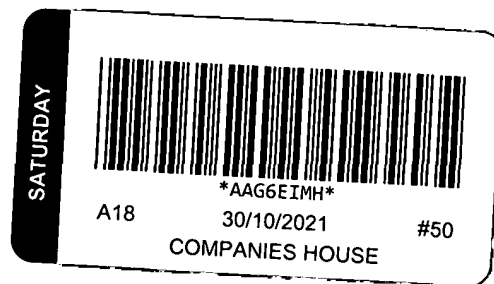


**Box.com (UK) Ltd**

**Report and financial statements**

**Registered number 08097316**

**31 January 2021**



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## **Company Information**

### **Directors**

D C Smith  
M S Sagoo  
D B Leeb  
E Berkovitch (appointed 09 April 2021)  
J R Mannie (resigned 09 April 2021)  
C A B Carolan (resigned 20 March 2020)

### **Company Secretary**

Citco Management (UK) Limited

### **Registered Office**

14<sup>th</sup>-15<sup>th</sup> Floors  
White Collar Factory  
1 Old Street Yard  
London  
EC1Y 8AF

### **Independent Auditor**

Ernst & Young LLP  
Apex Plaza, Forbury Road  
Reading  
RG1 1YE

### **Bankers**

Bank of America Merrill Lynch  
2 King Edward Street  
London  
EC1A 1HQ

## Strategic report

The directors present their strategic report for the year ended 31 January 2021.

### Principal activity

For the year ended 31 January 2021 the Company's principal activity was the provision of Software-as-a-Service (SaaS) providing a secure and scalable content collaboration platform to both Business and Consumers in all global regions outside the United States.

### Review of the business

2021 was the eighth full year of trading for Box.com (UK) Ltd ("the Company" or "Box").

Box provides an enterprise content management platform that enables organisations of all sizes to securely manage enterprise content while allowing easy, secure access and sharing of this content from anywhere, on any device. With our SaaS cloud-based platform, users can collaborate on content both internally and with external parties, automate content-driven business processes, develop custom applications, and implement data protection, security and compliance features to comply with internal policies and industry regulations. Our platform enables people to securely view, share and collaborate on content, across multiple file formats and media types, without having to open a desktop application or download the content to their mobile device. The software integrates with leading enterprise business applications, and is compatible with multiple application environments, operating systems and devices, ensuring that workers have access to their critical business content whenever and wherever they need it.

We are building a rich technology partner ecosystem around Box. Our platform integrates with the applications of leading enterprise technology providers, including Microsoft, IBM, Salesforce.com, Apple, Google, and others.

### Future developments

During the year our commitment to customer service, in addition to the security and collaboration features of our software and the scalability solutions our customers expect, has resulted in a solid base for the business to build on and we expect future demand for our services to be strong.

### Results and Key Performance Indicators (KPIs)

Key financial and other performance indicators during the year were as follows:

	2021	2020	Change
	\$	\$	%
Revenue	215,489,933	173,502,220	24%
Operating Profit/(loss)	3,585,072	(5,401,533)	166%
Current assets as % of current liabilities ('quick ratio')	119%	97%	10%
Number of employees	121	133	9%

## Strategic report (*continued*)

Revenue increased by 24% during the year as Box continued to successfully penetrate the content collaboration market throughout FY21 and increase its revenue in subscription services. The increase in subscription services was due to the addition of new customers while at the same time expanding revenue from its existing customer base helping Box to cement its position in the market.

The Company's "quick ratio" (current assets as a percentage of current liabilities) has increased primarily due to an increase in Cash and Trade receivables offset by an increase in Accruals and deferred income. Cash and Trade receivables increased due to increase in revenue.

The total average number of employees decreased by 9% during the year. This was attributed to a drive to consolidate the revenue growth across the business.

### Principal risks and uncertainties

The management of the business and execution of the Company's strategy are subject to a number of risks.

The key business and financial risks and uncertainties affecting the Company are continually monitored by the directors and appropriate steps are taken to eliminate or reduce their impact. The following risks are significant to the Company's operations:

- **Service Level Agreement (SLA) Breach.** The Company could suffer integrity and financial loss, should a significant SLA breach or period of downtime occur. The directors believe that the procedures and measures in place that are enforced mitigate the risks of an outage occurring wherever possible.
- **Competitive Risks.** The Company faces competitive risks from large multi-nationals entering the market providing "loss leader" services. The directors believe that the brand is very strong, and continued investment in sales and marketing activity will continue to strengthen existing and new customer relationships.
- **Legislative Risks.** The Company faces a legislative risk in certain countries around the security and physical location of electronic data. These legislative standards are subject to continuous revision and any new directive could have a material impact on the ability of the group to supply services at a profit. The directors are confident that current security measures are robust but also continue to appraise additional global datacentre resources.
- **Cyber Security Risks.** Cyberattacks and other malicious internet-based activity continue to occur, and cloud-based content collaboration services have been targeted in the past. The directors are confident that the risk management processes designed and implemented by management are appropriate and functioning as designed.
- **Credit risk.** The Company conducts significant due diligence on potential customers before sales are made and rigorous procedures are enforced to ensure payments are received from customers on time.

## Strategic report (*continued*)

- **COVID-19.** The continuing impacts of the COVID-19 pandemic may have an adverse effect on our business, operations, and future financial performance. In March 2020, the World Health Organization declared COVID-19 a pandemic. Governments and municipalities around the world have instituted measures to control the spread of COVID-19, including quarantines, shelter-in-place orders, school closures, travel restrictions, and closure of non-essential businesses. These measures have led to significant adverse economic impacts which have had, and could continue to have, an adverse impact on our business operations in a number of ways, including, without limitation, (1) disruptions to our sales operations and marketing efforts as a result of the inability of our sales team to travel and meet up with customers in person, (2) negative impacts on our customers and prospects that could result in (i) extended customer sales cycles, delayed spending on our services, impairment of our ability to collect accounts receivable, and (ii) reduced payment frequencies, demand for our services, renewal rates, and spending on our services, and (3) negative impacts to the financial condition or operations of our vendors and business partners, as well as disruptions to the supply chain of hardware needed to offer our services. Moreover, as a result of the COVID-19 pandemic, we are temporarily requiring nearly all of our employees to work remotely, which may lead to disruptions and decreased productivity and other adverse operational business impacts. The extent to which the COVID-19 pandemic and resultant economic impact affects our business, result of operations and financial condition will depend on future developments, which cannot be predicted with certainty.

**Brexit.** In June 2016, the United Kingdom voted to leave the European Union, commonly referred to as “Brexit,” which resulted in the United Kingdom exiting the European Union on 31 January, 2020. Brexit could also lead to further legislative and regulatory changes. We are monitoring developments related to Brexit, which could have significant implications for our business. Brexit could lead to economic and legal uncertainty, including significant volatility in global stock markets and currency exchange rates, and differing laws and regulations as the United Kingdom determines which European Union laws to replace or replicate. Any of these effects of Brexit, among others, could adversely affect our operations, especially in the United Kingdom, and our financial results.

By order of the board

14-15th Floors  
White Collar Factory  
1 Old Street Yard  
London, EC1Y 8AF  
UK

*Eliahu Berkovitch*

*Director*

**E Berkovitch**

Date: 28 October 2021

## **Directors' report**

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 January 2021.

In accordance with s414(c) of the Companies Act 2006, the directors have opted to include the following areas of importance in their strategic report:

- Review of the business
- Future Developments
- Principal Risks and Uncertainties

### **Directors**

The directors who held office during the year and up to the date of this report are as follows:

D C Smith  
M S Sagoo  
D B Leeb  
E Berkovitch (appointed 09 April 2021)  
J R Mannie (resigned 09 April 2021)  
C A B Carolan (resigned 20 March 2020)

### **Proposed dividend**

The directors do not recommend the payment of a dividend (2020: \$nil).

### ***Going Concern***

In assessing whether the going concern basis is appropriate, the directors take into account all available information about the future including financial forecasts up to and including 31 October 2022, which is at least 12 months from the date of approval of these financial statements. The directors have performed this review at a company level and have also performed a review for the entire group including considering the impact of COVID-19 and have concluded that it does not impact the going concern of the business and the directors are satisfied that Box Inc, as the Ultimate parent company, has sufficient ability to fulfil its obligations under the parental support arrangement based on the available resources and continued strong performance during the pandemic.

In making this conclusion, the directors have considered the letter of support the company received from Box Inc confirming that it will provide financial support as needed for a period of at least 12 months from the date of approval of these financial statements. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future due to the ongoing financial results of the parent company which are publicly available.

Thus, they continue to adopt the going concern basis in preparing these financial statements.

### **Political and charitable contributions**

The Company made no political or UK charitable contributions during the year (2020: nil).

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

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the necessary steps required to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## **Directors' report (*continued*)**

### **Auditors**

In accordance with Section 487 of the Companies Act 2006 the auditors will be deemed not to be reappointed and EY LLP will not therefore continue in office.

By order of the board

14-15th Floors  
White Collar Factory  
1 Old Street Yard  
London, EC1Y 8AF  
UK

Director

**E Berkovitch**

*Eliahu Berkovitch*

Date: 28 October 2021



## Directors' responsibilities statement

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 they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standards 101 'Reduced Disclosure Framework'.

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 operating results 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 estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 'Reduced Disclosure Framework' have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Box.com (UK) Ltd**

### **Opinion**

We have audited the financial statements of Box.com (UK) Ltd for the year ended 31 January 2021 which comprise the Income Statement, Statement of Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 18, 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 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 January 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. 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 the period until 31 October 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Box.com (UK) Ltd (continued)**

### **Other information**

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 7, 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Box.com (UK) Ltd (continued)**

### **Auditor's responsibilities for the audit of the financial statements**

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

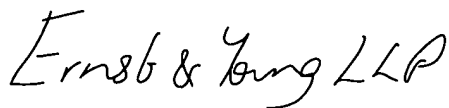
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101, the Companies Act 2006 and Corporation Tax Act 2010) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including General Data Protection Regulation (GDPR).
- We understood how Box.com (UK) Ltd complying with those frameworks by making enquiries of management and those responsible for tax, legal and compliance procedures to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries through our review of Board minutes, as well as consideration of the results of our other audit procedures.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, and used data analytics to address the risk of management override of controls, through testing of journal entries and we obtained corroborating evidence for such entries.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations, as mentioned above. Our procedures involved enquiry with management, those charged with governance and legal counsel. We used data analytics to identify any unusual journal entries that could indicate potential irregularities. We also read the financial statement disclosures, corroborating to supporting documentation to assess compliance with applicable laws and regulations and evaluated the business rationale of significant transactions outside the normal course of business

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Box.com (UK) Ltd (continued)**

**Use of our report**

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

Handwritten signature of Sandra Thompson in black ink, reading "Ernst & Young LLP".

Sandra Thompson (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Reading  
Date: 29/10/21

**Income Statement**  
*for the year ended 31 January 2021*

	<i>Note</i>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>	<b>2</b>	<b>215,489,933</b>	<b>173,502,220</b>
Cost of sales		(2,907,401)	(3,130,757)
<b>Gross profit</b>		<b>212,582,532</b>	<b>170,371,463</b>
Administrative expenses		(208,997,460)	(175,772,996)
<b>Operating profit/(loss)</b>	<b>3</b>	<b>3,585,072</b>	<b>(5,401,533)</b>
Finance income	<b>6</b>	2,639,815	813,509
Finance expense	<b>6</b>	(670,674)	(1,541,700)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>5,554,213</b>	<b>(6,129,724)</b>
Tax on profit/(loss) on ordinary activities	<b>7</b>	23,040,523	-
<b>Profit/(loss) for the financial year</b>		<b>28,594,736</b>	<b>(6,129,724)</b>

The results derive in the current and preceding years from continuing operations.

## Statement of Other Comprehensive Income

*for the year ended 31 January 2021*

	2021 \$	2020 \$
<b>Profit/(loss) for the year</b>	<b>28,594,736</b>	<b>(6,129,724)</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(expense) for the year</b>	<b>28,594,736</b>	<b>(6,129,724)</b>

**Statement of Financial Position**  
*at 31 January 2021*

	<i>Note</i>	<b>2021</b> \$	<b>2020</b> \$
<b>Non-current assets</b>			
Property, plant, and equipment	<i>8</i>	4,070,322	4,938,610
Right-of-use assets	<i>9</i>	12,335,190	14,652,019
Investments	<i>11</i>	43,927	43,927
<b>Current assets</b>			
Receivables: amounts falling due within one-year	<i>12</i>	100,168,987	79,233,848
Receivables: amounts falling due within more than one year	<i>12</i>	37,944,952	13,412,279
Cash and cash equivalents		83,077,726	51,533,662
		<b>221,191,665</b>	<b>144,179,789</b>
<b>Payables: amounts falling due within one year</b>	<i>13</i>	(185,851,014)	(149,004,338)
<b>Net current assets/(liabilities)</b>		<b>35,340,651</b>	<b>(4,824,549)</b>
<b>Total assets less current liabilities</b>		<b>51,790,090</b>	<b>14,810,007</b>
<b>Payables: amounts falling due after more than one year</b>	<i>14</i>	(23,384,554)	(19,460,510)
<b>Net assets/(liabilities)</b>		<b>28,405,536</b>	<b>(4,650,503)</b>
<b>Capital and reserves</b>			
Called up share capital	<i>15</i>	10,020,489	10,020,489
Share Premium account	<i>16</i>	20,576,766	20,576,766
Other reserves	<i>16</i>	113,202,502	108,741,199
Profit and loss reserve	<i>16</i>	(115,394,221)	(143,988,957)
<b>Shareholder's surplus/(deficit)</b>		<b>28,405,536</b>	<b>(4,650,503)</b>

These financial statements were approved by the directors on 28 October 2021 and were signed accordingly:  
By order of the board

*Eliahu Berkovitch*

*Director*

**E Berkovitch**



**Statement of Changes in Equity**  
*for the year ended 31 January 2021*

	<b>Called-up share capital</b>	<b>Share premium account</b>	<b>Other reserves</b>	<b>Profit and loss reserve</b>	<b>Total Shareholder's (deficit)/funds</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 1 February 2020</b>	<b>10,020,489</b>	<b>20,576,766</b>	<b>108,741,199</b>	<b>(143,988,957)</b>	<b>(4,650,503)</b>
Profit and total comprehensive loss for the year	-	-	-	28,594,736	28,594,736
Charge in relation to Share Based Payments	-	-	4,461,303	-	4,461,303
<b>At 31 January 2021</b>	<b>10,020,489</b>	<b>20,576,766</b>	<b>113,202,502</b>	<b>(115,394,221)</b>	<b>28,405,536</b>

**Statement of Changes in Equity**  
*for the year ended 31 January 2020*

	<b>Called-up share capital</b>	<b>Share premium account</b>	<b>Other reserves</b>	<b>Profit and loss reserve</b>	<b>Total Shareholder's deficit</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 1 February 2019</b>	<b>10,020,489</b>	<b>20,576,766</b>	<b>102,228,826</b>	<b>(137,859,233)</b>	<b>(5,033,152)</b>
Loss and total comprehensive loss for the year	-	-	-	(6,129,724)	(6,129,724)
Charge in relation to Share Based Payments	-	-	6,512,373	-	6,512,373
<b>At 31 January 2020</b>	<b>10,020,489</b>	<b>20,576,766</b>	<b>108,741,199</b>	<b>(143,988,957)</b>	<b>(4,650,503)</b>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied in dealing with items that are considered material in relation to the Company's financial statements.

#### ***Basis of preparation***

The financial statements are prepared in accordance with the Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with applicable accounting standards.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts, as it is a wholly owned subsidiary of Box Inc.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- (a) IFRS 7, 'Financial instruments: Disclosures'.
- (b) Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- (c) Paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers'.
- (d) Paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of 'IFRS 16 Leases'.
- (e) Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
  - Paragraph 79(a)(iv) of IAS 1;
  - Paragraph 73(e) of IAS 16, 'Property, plant and equipment';
  - Paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period); and
  - Paragraphs 76 and 79(d) of IAS 40, 'Investment property'.
- (f) The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 10(f) (statement of financial position as at the beginning of proceeding period when an entity applies an accounting policy retrospectively)
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B–D (additional comparative information);
  - 40A–D (requirement for third statement of financial position as a result of a change in accounting policy, retrospective restatement or reclassification)
  - 111 (statement of cash flows information); and
  - 134–136 (capital management disclosures).
- (g) IAS 7, 'Statement of cash flows'.

## **Notes (continued)**

- (h) Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- (i) Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- (j) The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.
- (k) Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of assets'.

### ***Going Concern***

In assessing whether the going concern basis is appropriate, the directors take into account all available information about the future including financial forecasts up to and including 31 October 2022, which is at least 12 months from the date of approval of these financial statements. The directors have performed this review at a company level and have also performed a review for the entire group including considering the impact of COVID-19 and have concluded that it does not impact the going concern of the business and the directors are satisfied that Box Inc, as the Ultimate parent company, has sufficient ability to fulfil its obligations under the parental support arrangement based on the available resources and continued strong performance during the pandemic.

In making this conclusion, the directors have considered the letter of support the company received from Box Inc confirming that it will provide financial support as needed for a period of at least 12 months from the date of approval of these financial statements. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future due to the ongoing financial results of the parent company which are publicly available.

Thus, they continue to adopt the going concern basis in preparing these financial statements.

### ***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the statement of financial position date and the gains or losses on translation are included in the income statement.

### ***Presentation and functional currency***

The presentational and functional currency of Box.Com (UK) Ltd is USD in the current and prior year.

## Notes (continued)

### **Property, plant and equipment and depreciation**

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset and comprises purchase cost, together with the incidental costs of installation and commissioning. These costs include external consultancy fees and internal employment costs which are directly and exclusively related to the underlying asset. The cost of self-constructed assets includes the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within the income statement.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Depreciation is provided to write off the cost less the estimated residual value of property, plant and equipment by equal instalments over their estimated useful economic lives as follows:

Depreciation is calculated from the date an asset becomes available for use and is written off on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated on the same basis as owned assets over the shorter of the lease term and their useful lives. The principal periods used for this purpose are:

Short leasehold land and buildings	Shorter of lease term or useful life
Fixtures, fittings and equipment	2 – 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Assets are impaired when the value in use of those assets is less than their carrying amount.

Any impairment losses are reversed when there is a change in the economic conditions or in the expected use of the asset which impacts their value in use. The amount of any reversal is limited to increasing the carrying value of the relevant assets to the carrying value that would have been recognised had the original impairment not occurred.

### **Intangible assets**

Assets are classified as intangible if they are capable of being separated or divided from the entity, sold, transferred, rented or exchanged; or if the cost arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or other rights or obligations.

Intangible Assets are stated at cost less accumulated amortisation and accumulated impairment loss. Amortisation commencing upon completion of contractual or other legal rights. Amortisation is calculated from the date an asset becomes available for use and is written off on a straight-line basis over the estimated useful lives of each asset. The principal periods used for this purpose are:

Platform Contribution Transaction Licence	5 years
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## Notes (continued)

### **Current Taxation**

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

### **Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of property, plant and equipment, and gains on disposal of property, plant and equipment that have been rolled over into replacement assets, only to the extent that, at the statement of financial position date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the statement of financial position date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

### **Investments**

Non – listed investments are measured at cost, less provisions for impairment. The investments are all subsidiary undertakings. The directors conduct an annual impairment review based solely on the subsidiaries owned by Box.Com (UK) Ltd.

### **Revenue recognition**

The Company derives revenue primarily from three sources: (1) subscription revenue, which is comprised of subscription fees from customers who have access to the Company's cloud content management platform and other subscription-based services, which also include routine customer support; (2) revenue from customers purchasing premier services package; and (3) revenue from professional services such as implementing best practice use cases, project management and implementation consulting services.

Revenue is recognised when control of these services is transferred to a customer. The amount of revenue recognised reflects the consideration we expect to be entitled to in exchange for those services.

The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract

Recognition of revenue when, or as we, satisfy a performance obligation

## **Notes (continued)**

### ***Subscription and Premier Services Revenues***

The Company recognises revenue when, or as, a performance obligation is satisfied. Accordingly, due to the Company's subscription model, revenue for subscription and premier services are recognised rateably over the contract term.

The Company typically invoices customers at the beginning of the term, in multiyear, annual, quarterly or monthly instalments. Subscription and premier services contracts generally range from one to three years in length, are typically non-cancellable and do not contain refund-type provisions. Revenue is presented net of sales and other taxes collected on behalf of governmental authorities.

### ***Professional Services***

Professional services are generally billed on a fixed price basis, for which revenue is recognised over time based on the proportion performed.

### ***Contracts with Multiple Performance Obligations***

The Company's contracts can include multiple performance obligations which may consist of some or all of subscription services, premier services, and professional services. For these contracts, the Company accounts for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. The Company determines the standalone selling prices based on the Company's overall pricing objectives, taking into consideration discounting practices, the size and volume of our transactions, the customer demographic, the geographic area where services are sold, price lists, the Company's go-to-market strategy, historical standalone sales and contract prices.

### ***Cash and Cash Equivalents***

Cash and equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of 3 month or less.

### ***Deferred Revenue***

Deferred revenue consists of billings in advance of revenue recognition generated by our subscription services, premier services, and professional services described above.

### ***Deferred Commissions***

Sales commissions earned by the Company's sales force are considered incremental and recoverable costs of obtaining a contract with a customer. Sales commissions for new contracts are deferred and then amortised on a straight-line basis over a period of benefit that the Company estimated to be five years. The Company determined the period of benefit by taking into consideration the Company's customer contracts, technology and other factors. Sales commissions for renewal contracts are deferred and then amortised on a straight-line basis over the related contractual renewal period. Amortisation expense is included in administration expenses on the income statement.

### ***Pensions***

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the income statement account represents the contributions payable to the scheme in respect of the accounting period.

## Notes (continued)

### Share-based payments

The share option programme allows employees of the Company to acquire share certificates of the Group. As the Company itself has no obligation, it measures the services of these employees as an equity-settled share-based payment transaction.

The fair value at the date of grant to employees of share options is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options ('vesting period'). The cumulative expense recognised for equity-settled share-based payment transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of options that will ultimately vest.

The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. See note 17 for further detail.

### Leases

As noted above, Company adopted IFRS 16, effective 1 February 2019, using the modified retrospective method. The reported results for fiscal year 2021 reflect the application of IFRS 16, while the reported results for fiscal years presented prior to adoption are not adjusted and continue to be reported under FRS 101.

The Company determines whether an arrangement contains a lease at inception. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To determine whether a contract is or contains a lease, The Company considers all relevant facts and circumstances to assess whether the customer has both of the following:

- The right to obtain substantially all of the economic benefits from use of the identified asset
- The right to direct the use of the identified asset

The Company recognise lease liabilities and right-of-use assets at lease commencement. The Company measures lease liabilities based on the present value of lease payments over the lease term discounted using the rate implicit in the lease when that rate is readily determinable or our incremental borrowing rate. The Company estimates the incremental borrowing rate based on an analysis of publicly traded debt securities of companies with credit and financial profiles similar to our own and adjust our incremental borrowing rate to reflect the corresponding lease term.

The Company does not include in the lease term options to extend or terminate the lease unless it is reasonably certain that we will exercise any such options. The Company accounts for the lease and non-lease components as a single lease component for all our leases.

The Company measures right-of-use assets based on the corresponding lease liabilities adjusted for (i) prepayments made to the lessor at or before the commencement date, (ii) initial direct costs incurred, and (iii) tenant incentives under the lease.

The Company evaluates the recoverability of our right-of-use assets for possible impairment in accordance with the Company's long-lived assets policy. The Company does not recognise right-of-use assets or lease liabilities for short-term leases, which have a lease term of twelve months or less and recognise the associated lease payments in the Income Statement on a straight-line basis over the lease term.

Lease payments are allocated between principal and finance cost. The finance cost is charged to income statement over the lease period. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

## Notes (continued)

### *Trade and other receivables*

Accounts receivable are recorded at the invoiced amounts and do not bear interest. The Company maintains an allowance for estimated losses inherent in our accounts receivable portfolio. The Company records a contract asset when revenue is recognised in advance of invoicing. Contract assets are presented within accounts receivable on the Statement of Financial Position. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

### *Trade payables*

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

### *Financial Instruments*

#### *i) Financial assets*

##### *Initial recognition and measurement*

Financial assets within the scope of IFRS 9 and IAS 39 are classified as financial assets at FVTPL (fair value through profit and loss) or loans and receivables.

The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through the Statement of Other Comprehensive Income, directly attributable transaction costs. The Company's financial assets include cash and cash equivalents, trade and other receivables and investments.

##### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

- Financial assets at fair value through income statement: Financial assets at fair value through income statement include financial assets held for trading and financial assets designated upon initial recognition at fair value through the Statement of Other Comprehensive Income. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Financial assets at fair value through the Statement of other Comprehensive Income are carried in the Statement of Financial Position at fair value with changes in fair value recognised in finance income or finance cost in the income statement.
- Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method (EIR), less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.



## Notes (continued)

### ii) Financial liabilities

#### *Initial recognition and measurement*

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at FVTPL, loans and borrowings. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

#### *Subsequent measurement*

The measurement of financial liabilities depends on their classification as follows:

- Financial liabilities at fair value through income statement: Financial liabilities at FVTPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.
- Interest bearing loans and borrowings: Obligations for loans and borrowings are recognised when the company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance cost.

#### *Derecognition of financial liabilities*

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in the income statement.

### iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle liabilities simultaneously.

### iv) Fair values

For financial instruments not traded in an active market, the fair value is determined at arm's length.

## 2 Revenue

We derive our revenue primarily from three sources: (1) subscription revenue, which is comprised of subscription fees from customers who have access to our cloud content management platform and other subscription-based services, which also include routine customer support; (2) revenue from customers purchasing our premier services package; and (3) revenue from professional services such as implementing best practice use cases, project management and implementation consulting services.

Our Chief accounting officer and controller reviews financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance. As such, we have a single reporting segment and operating unit structure. Since we operate in one operating segment, all required segment information can be found in the financial statements.

## Notes (continued)

### 3 Operating profit/(loss)

	2021 \$	2020 \$
<i>The operating profit/(loss) is stated after charging:</i>		
Depreciation and other amounts written off property, plant and equipment assets:		
Depreciation	1,196,471	1,081,404
Depreciation of Right-of-Use Assets (note 9)	1,997,796	1,996,280
	<u>          </u>	<u>          </u>

### 4 Remuneration of directors

	2021 \$	2020 \$
Directors' remuneration	31,764	499,098
Amounts receivable under long term incentive schemes	34,321	79,271
Company contributions to pension schemes	-	22,601
	<u>          </u>	<u>          </u>
	66,085	600,970
	<u>          </u>	<u>          </u>

Directors' remuneration in respect of the services provided by three (2020: four) of the directors for the year ended 31 January 2021 have been borne by other group companies. These directors are also directors of other companies within the Box group. During FY21 no time was allocated for their services to the Company and as such the directors do not consider that they received any remuneration for their incidental services to the Company for the year ended 31 January 2021 (2020: nil).

There are no separate directors' pension schemes in existence. All employees are offered the choice to join the Group Personal Pension Scheme.

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was \$66,085 (2020: \$299,341), and Company pension contributions of nil (2020: \$12,761) were made to a pension scheme on his behalf.

## Notes (continued)

### 5 Staff numbers and costs

The number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2021	Number of employees 2020
Sales and Marketing	100	111
Administration	21	22
	<u>121</u>	<u>133</u>

The aggregate payroll costs were as follows:

	2021	2020
	\$	\$
Wages and salaries	21,876,154	22,897,140
Social security costs	1,754,413	2,168,852
Amounts receivable under long term incentive schemes	4,461,303	6,512,374
Pension costs	495,227	629,046
	<u>28,587,097</u>	<u>32,207,412</u>

Box.com (UK) Ltd had a Group Personal Pension Scheme (a defined contribution scheme) in place throughout FY21 and makes a contribution up to 6% of the employee's basic annual salary to the scheme. For employees to obtain the 6% contribution from the employer they must join the scheme and contribute a minimum of 6% of basic annual salary.

### 6 Finance income and expenses

	2021	2020
	\$	\$
<b>Finance income</b>		
Interest income	48,373	779,076
Intercompany interest income	40,218	34,433
Net foreign exchange gain	2,551,224	-
	<u>2,639,815</u>	<u>813,509</u>
<b>Finance expense</b>		
Interest Expense	-	2,499
Finance lease	670,674	728,192
Net foreign exchange loss	-	811,010
	<u>670,674</u>	<u>1,541,701</u>

## Notes (continued)

### 7 Taxation

#### (a) Tax credited in the income statement

	2021	2020
The tax credit is made up as follows:		
	\$	\$
<i>UK corporation tax</i>		
UK Corporation tax on profit/(loss) for the year	-	-
Total current tax result	-	-
<i>Deferred tax</i>		
Origination/reversal of timing differences	1,541,313	-
Adjustments in respect of prior years	(24,581,836)	-
Total deferred tax credit	(23,040,523)	-
Tax on profit/(loss) on ordinary activities	(23,040,523)	-

#### (b) Reconciliation of the total tax credit

The tax assessed for the year is different from the UK corporation tax rate of 19% (2020: 19%). The differences are explained below:

	2021	2020
	\$	\$
Profit/(loss) on ordinary activities before tax	5,554,213	(6,129,724)
Standard rate of corporation tax in the UK 19% (2019: 19%)	1,055,300	(1,164,648)
<i>Effects of:</i>		
Permanent timing differences	64,485	1,969,429
Movement on temporary difference not recognised for deferred tax	847,648	(804,781)
Group relief	(426,120)	-
Adjustments in respect of prior years	(24,581,836)	-
Total tax credit (see above)	(23,040,523)	-

#### Factors affecting future tax charges

At 31 January 2021, the Company has recognised deferred tax assets of \$23,040,523 (2020: nil). Previously the deferred tax assets were unrecognised. During the year ended 31 January 2021 an opening deferred tax balance of \$24,581,836 was recognised and \$1,541,313 of this balance was utilised against the year's tax expense resulting in a closing balance of \$23,040,523.

At Budget 2020, the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%.

At Budget 2021, the government announced legislation setting the Corporation Tax main rate at 25% from 1 April 2023.

## Notes (continued)

### 8 Property, plant and equipment

	Computers and equipment	Leasehold Improvements land and buildings	Fixtures and fittings	Total
	\$	\$	\$	\$
<b>Cost</b>				
At beginning of year	2,049,850	5,810,387	1,360,552	9,220,789
Additions	328,183	-	-	328,183
Disposals	(260,795)	-	-	(260,795)
At end of year	<u>2,117,238</u>	<u>5,810,387</u>	<u>1,360,552</u>	<u>9,288,177</u>
<b>Depreciation</b>				
At beginning of year	1,430,064	2,088,893	763,222	4,282,179
Charge for year	504,890	504,840	186,741	1,196,471
Disposals	(260,795)	-	-	(260,795)
At end of year	<u>1,674,159</u>	<u>2,593,733</u>	<u>949,963</u>	<u>5,217,855</u>
<b>Net book value</b>				
At 31 January 2021	<u>443,079</u>	<u>3,216,654</u>	<u>410,589</u>	<u>4,070,322</u>
At 31 January 2020	<u>619,786</u>	<u>3,721,494</u>	<u>597,330</u>	<u>4,938,610</u>

## Notes (continued)

### 9 Leases

#### (i) Amounts recognised in the statement of financial position:

Set out below are the carrying amounts of the right-of-use assets and movements during the year:

	<b>Building</b>
As at 1 February 2020	14,652,019
Impairment	(319,033)
Depreciation	(1,997,796)
As at 31 January 2021	<u>12,335,190</u>

Set out below are the carrying amounts of lease liabilities (included in payables) and the movements during the year:

	<b>31 January 2021</b>
As at 1 February 2020	17,696,169
Accretion of interest	670,674
Payments	(2,769,892)
Revaluation	645,631
As at 31 January 2021	<u>16,242,582</u>

#### Lease liabilities

Current	2,324,057
Non-current	13,918,525
	<u>16,242,582</u>

#### (ii) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Depreciation charge of right-of-use assets</b>		
Buildings	(1,997,796)	(1,996,280)
	<u>(1,997,796)</u>	<u>(1,996,280)</u>
Impairment	(319,033)	-
Interest expense (included in finance cost)	(670,674)	(728,192)
Income earned from subleasing of right-of-use assets	469,310	517,547

The total cash outflow for leases is \$2,769,892 (2020: \$1,707,338) for the year ended 31 January 2021.

## Notes (continued)

### (iii) The Company as a lessor

The Company has entered into an operating sub-lease of its building which is held under a lease agreement. The sub-lease has a term of 2 years and 7 months expiring 25 March 2021.

Future minimum rentals receivable under non-cancellable operating lease as at 31 January are as follows:

	2021	2020
	Land and buildings \$	Land and buildings \$
Within one year	88,846	672,177
In the second to fifth years inclusive	-	99,445
	<b>88,846</b>	<b>771,662</b>

## 10 Intangible Assets

	Licences \$	Total \$
<b>Cost</b>		
At beginning of year	9,898,615	9,898,615
At end of year	9,898,615	9,898,615
<b>Amortisation</b>		
At beginning of year	9,898,615	9,898,615
At end of year	9,898,615	9,898,615
<b>Net book value at 31 January 2021</b>	-	-
<b>Net book value at 31 January 2020</b>	-	-

The Company has a longstanding agreement with Box Intl Technology Ltd under a Platform Contribution Transaction Licence ("PCT Agreement"), to use the Box Technology and Existing Marketing Intangibles.

Licences are being amortised as follows:

- PCT licence as entered into on 25 June 2013 is being amortised over the directors' estimate of its useful economic life of 5 years

## Notes (continued)

### 11 Investments

	2021	2020
	\$	\$
Investment in subsidiary undertakings	43,927	43,927
Additions	6,834	-
Disposal	(6,834)	-
	<u>43,927</u>	<u>43,927</u>

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

Name of Company	Holding	Proportion of voting rights & shares held	Nature of Business	Registered office address
Box Deutschland GmbH	Ordinary Shares	100%	Marketing & Sales Development on behalf of Box.com (UK) Ltd	Prielmayerstr. 3 80335 Munich Germany
Box France SARL	Ordinary Shares	100%	Marketing & Sales Development on behalf of Box.com (UK) Ltd	8 Avenue Hoche 75008 Paris France
Box Canada Inc	Ordinary Shares	100%	Marketing & Sales Development on behalf of Box.com (UK) Ltd	1200-180 Dundas St W Toronto ON M5G 1Z8 Canada
Box.Com (Australia) Pty Ltd	Ordinary Shares	100%	Marketing & Sales Development on behalf of Box.com (UK) Ltd	Level 10 68 Pitt Street Sydney NSW 2000 Australia
Box Netherlands BV	Ordinary Shares	100%	Marketing & Sales Development on behalf of Box.com (UK) Ltd	Kabelweg 57 1014 BA Amsterdam Netherlands
Secure Cloud Collaboration Sweden AB	Ordinary Shares	100%	Marketing & Sales Development on behalf of Box.com (UK) Ltd	Citco (Sweden) AB Strandvagen 7 A 114 56 Stockholm Sweden

On the 29 June 2020 Box Intl Technology Ltd and Box.com (UK) Ltd formed Poland Spółka z ograniczoną odpowiedzialnością (Box Poland Sp. z o.o.). The purpose of Box Poland Sp. z o.o. being to hold the Box Poland operations. Immediately after incorporation Box.com (UK) Ltd transferred 500 shares worth \$6,834 to Box Intl Technology Ltd resulting in Box Intl Technology Ltd being sole parent of Box Poland Sp. z o.o.



## Notes (continued)

### 12 Receivables

	2021 \$	2020 \$
<b>Amounts falling due within one year:</b>		
Trade receivables	92,117,060	72,505,941
Deferred commissions	7,506,794	5,792,668
Other receivables and deposits	455,313	234,392
Prepayments and accrued income	89,820	700,847
	<b>100,168,987</b>	<b>79,233,848</b>

	2021 \$	2020 \$
<b>Amounts falling due after more than one year:</b>		
Deferred Tax Asset	23,040,523	-
Deferred commissions	14,570,347	13,24,318
Other receivables and deposits	334,082	169,961
	<b>37,944,952</b>	<b>13,412,279</b>

### 13 Payables: amounts falling due within one year

	2021 \$	2020 \$
Trade payables	-	649,143
Amounts owed to group undertakings	34,548,347	26,354,722
Other payables	1,967,912	1,719,093
Accruals and deferred income	149,334,755	120,281,380
	<b>185,851,014</b>	<b>149,004,338</b>

### 14 Payables: amounts falling after more than one year

	2021 \$	2020 \$
Payments received on account	14,814,145	16,430,541
Accruals and Deferred income	8,570,409	3,029,969
	<b>23,384,554</b>	<b>19,460,510</b>

## Notes (continued)

### 15 Authorised, issued and called up share capital

	2021 \$	2020 \$
<i>Allotted, called up and fully paid</i>		
Equity: 6,596,550 Ordinary shares	10,020,489	10,020,489
PAR value (\$1.51905)		
	<hr/>	<hr/>

The company has total authorised shares of 6,596,550, these are fully issued ordinary shares at \$1.51905. The shares have attached to them fully voting, dividend and capital distribution (including on winding up) rights and do not confer any rights of redemption.

### 16 Reserves

**Share Premium account:** This reserve account records the amount above the nominal value received for shares sold, less transaction costs.

**Other Reserves:** This reserve is made up of contributions of \$80,132,890 (2020: \$80,132,890) and share-based payments reserve of \$33,069,612 (2020: \$28,608,309). The share-based payments reserve comprises the fair value of options share rights recognised as an expense. Refer to Note 17 below.

**Profit and Loss reserve:** This reserve account records cumulative profits or losses net of transactions with the shareholder.

### 17 Share-based payments

#### Summary of outstanding awards

The Company participates in the 2006 Stock Incentive Plan, the 2011 Equity Incentive Plan and the 2015 Equity Incentive Plan (collectively, “the Plan”) of the Company’s ultimate parent, Box, Inc., under which share-based awards were outstanding at 31 January 2021. Stock awards granted under the Plan may be (i) incentive stock options (ISOs), (ii) nonqualified stock options (NSOs), (iii) Restricted Stock Units (RSUs), (iv) Restricted Stock Awards (RSAs) or (v) Stock Appreciation Rights (SARs), as determined at the time of grant.

The Company also participates in the 2015 Employee Stock Purchase Plan (“the ESPP”) of Box, Inc.

All share-based awards granted under the Plan are accounted for as equity-settled, share-based payment transactions. The Company recognised share-based compensation expense of \$6,512,373 and \$4,461,303 respectively for the years ended 31 January 2020 and 2021.

#### Stock Options

Stock options granted under the Plan generally vest 25% one year from the vesting commencement date and 1/48th per month thereafter conditional upon the employee’s continuing service to the Company. Stock options granted under the Plan are settled in shares of our parent’s common stock. Generally, the exercise price per share of all options must equal at least 100% of the fair market value per share of our common stock on the date the grants are approved by our parent’s Board, and an option’s term may not exceed 10 years. An incentive stock option held by a participant who owns more than 10% of the total combined voting power of all classes of our stock, or any parent or subsidiary corporations, may not have a term in excess of five years and must have an exercise price of at least 110% of the fair market value per share of our common stock on the date of grant.

We determine the fair value of stock options issued to employees on the date of grant using the Black-Scholes option pricing model, which is impacted by the fair value of our parent’s common stock, as well as changes in assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, the expected volatility of our parent’s common stock over the term of the option awards, the expected term of the awards, risk-free interest rates and the expected dividend yield.

## Notes (continued)

The assumptions used in the Black-Scholes option pricing model were determined as follows:

- *Fair Value of Common Stock.* We use the market closing price for our Class A common stock as reported on the New York Stock Exchange to determine the fair value of our common stock at each grant date.
- *Expected Term.* The expected term represents the period that our share-based awards are expected to be outstanding. The expected term assumptions were determined based on the vesting terms, exercise terms and contractual lives of the options and 2015 ESPP purchase rights.
- *Expected Volatility.* Beginning in fiscal year 2019, we estimate the expected volatility of the stock option grants and 2015 ESPP purchase rights based on the historical volatility of our parent's Class A common stock over a period equivalent to the expected term of the stock option grants and 2015 ESPP purchase rights, respectively. In previous years, the expected volatility was derived from the historical stock volatilities of several unrelated public companies within the same industry that we considered to be comparable to our business over a period equivalent to the expected term of the stock option grants and 2015 ESPP purchase rights as we did not have sufficient trading history of our parent's Class A common stock.
- *Risk-free Interest Rate.* The risk-free rate that we use is based on the implied yield available on U.S. Treasury zero-coupon issues with remaining terms similar to the expected term on the options and 2015 ESPP purchase rights.
- *Dividend Yield.* We have never declared or paid any cash dividends and do not plan to pay cash dividends in the foreseeable future, and, therefore, use an expected dividend yield of zero.

No other features of options granted were incorporated into the measurement of fair value.

There were no stock options granted in 2019, 2020 or 2021.

## Notes (continued)

The following table summarises stock option activity and related information for the years ended 31 January 2020 and 2021:

	Shares Subject to Options Outstanding		Weighted-Average Remaining Contractual Life (Years)
	Shares Subject to Outstanding Options	Weighted-Average Exercise Price	
Balance as of 31 January 2019 .....	<u>55,224</u>	US\$ 11.54	5.62
Options granted .....	-	-	-
Options exercised .....	(40,624)	11.57	-
Options forfeited/cancelled .....	-	-	-
Options transferred in (out), net .....	<u>(3,100)</u>	2.75	-
Balance as of 31 January 2020 .....	<u>11,500</u>	US\$ 13.77	3.95
Options granted .....	-	-	-
Options exercised .....	-	-	-
Options forfeited/cancelled .....	(2,000)	17.85	-
Options transferred in (out), net .....	-	-	-
Balance as of 31 January 2021 .....	<u>9,500</u>	US\$ 12.92	2.90
Exercisable as of 31 January 2021 .....	<u>9,500</u>	US\$ 12.92	2.90

No options were granted during the years 31 January 2019, 2020, and 2021. The range of exercise prices for options outstanding as of 31 January 2019, 2020, and 2021 was US\$0.16 to US\$19.85, US\$0.16 to US\$19.85, and US\$4.63 to US\$17.85, respectively.

### Restricted Stock Units

Generally, restricted stock units granted under the Plan generally vest over four years and, (a) for employee new hire restricted stock unit grants, 25% vest one year from the vesting commencement date and continue to vest 1/16<sup>th</sup> per quarter thereafter; or (b) for employee refresh restricted stock unit grants, 1/16<sup>th</sup> per quarter vest from the vest commencement date schedule. Restricted stock units granted under the Plan are settled in shares of our parent's common stock upon vesting. The fair value of restricted stock units is determined by the estimated fair value of our parent's common stock at the time of grant.

Because restricted stock units granted under the Plan do not incorporate any other optionality features and because we have never declared or paid any cash dividends and do not plan to pay cash dividends in the foreseeable future, no other features were incorporated into the measurement of fair value.

## Notes (continued)

The following table summarises restricted stock unit activity and related information for the years ended 31 January 2020 and 2021:

	Number of Restricted Stock Units Outstanding	Weighted- Average Grant Date Fair Value
Unvested balance—January 31, 2019 .....	<u>882,506</u>	US\$ 20.55
Granted.....	424,506	19.18
Vested, net of shares withheld for employee payroll taxes.....	(154,534)	20.48
Forfeited/cancelled, including shares withheld for employee payroll taxes.....	(369,234)	21.23
Transferred in (out) net.....	<u>2,945</u>	28.25
Unvested balance—January 31, 2020 .....	<u>786,189</u>	US\$ 19.53
Granted.....	440,696	15.80
Vested, net of shares withheld for employee payroll taxes.....	(140,832)	18.21
Forfeited/cancelled, including shares withheld for employee payroll taxes.....	(332,424)	18.29
Transferred in (out) net.....	<u>(234,792)</u>	19.43
Unvested balance—January 31, 2021 .....	<u>518,837</u>	US\$ 17.57

### 2015 ESPP

As of 31 January 2021, there was \$804,151 (2020: \$820,128) of unrecognised stock-based compensation expense related to our 2015 ESPP that is expected to be recognised over the remaining term of the respective offering periods.

#### Determination of Fair Value

We determine the fair value of ESPP purchase rights issued to employees on the date of grant using the Black-Scholes option pricing model, which is impacted by the fair value of our parent's common stock, as well as changes in assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, the expected volatility of our parent's common stock over the term of the option awards, the expected term of the awards, risk-free interest rates and the expected dividend yield.

The fair value of ESPP purchase rights granted to employees during the years ended 31 January 2019, 2020 and 2021 were as follows:

	Year Ended 31 January 2019	Year Ended 31 January 2020	Year Ended 31 January 2021
<b>Employee Stock Purchase Plan</b>			
Stock Price.....	US\$21.31-24.74	US\$17.90-19.87	US\$9.12-18.05
Expected term (in years).....	0.5-2.0	0.5-2.0	0.5-2.0
Volatility.....	37%-50%	34%-55%	44%-54%
Risk-free interest rate .....	2.0%-2.8%	1.7%-2.5%	0.1%-0.4%
Dividend yield .....	0%	0%	0%

No other features of ESPP purchase rights granted were incorporated into the measurement of fair value.

**Notes** *(continued)*

**18 Ultimate parent Company and parent undertaking of larger group of which the Company is a member**

The ultimate parent Company is Box Inc. The immediate parent Company is Box Intl Technology Ltd, a Company registered in the United Kingdom.

The smallest and largest group in which the results of the Company are consolidated is that headed by Box Inc – 900 Jefferson Avenue, Redwood City, California, incorporated in the United States.