

FLIPBOARD UK LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

FLIPBOARD UK LIMITED

COMPANY INFORMATION

| | |
|-----------------------------|---|
| Director | M S McCue |
| Registered number | 08273855 |
| Registered office | 2 New Bailey 6 Stanley Street Salford Greater Manchester M3 5GS |
| Independent auditors | ZEDRA Corporate Reporting Services (UK) Limited |

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BALANCE SHEET
AS AT 31 DECEMBER 2022

| | Note | 2022 £ | 2021 £ |
|--|------|----------------|----------------|
| Current assets | | | |
| Debtors: amounts falling due within one year | 4 | 481,163 | 470,018 |
| Bank and cash balances | | 10,655 | 7,959 |
| | | <u>491,818</u> | <u>477,977</u> |
| Creditors: amounts falling due within one year | 5 | (26,569) | (33,596) |
| | | <u>465,249</u> | <u>444,381</u> |
| Net current assets | | 465,249 | 444,381 |
| Total assets less current liabilities | | 465,249 | 444,381 |
| Net assets | | 465,249 | 444,381 |
| Capital and reserves | | | |
| Called up share capital | | 1 | 1 |
| Capital contribution reserve | 6 | 24,811 | 20,649 |
| Profit and loss account | | 440,437 | 423,731 |
| | | <u>465,249</u> | <u>444,381</u> |

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

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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

M S McCue
Director

Date: 22 December 2023

The notes on pages 3 to 6 form part of these financial statements.

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

| | Called up share capital £ | Capital contribution reserve £ | Profit and loss account £ | Total equity £ |
|--|---------------------------------|---|---------------------------------|-------------------|
| At 1 January 2021 | 1 | 15,566 | 414,543 | 430,110 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 9,188 | 9,188 |
| Share based payment expense | - | 5,083 | - | 5,083 |
| At 1 January 2022 | 1 | 20,649 | 423,731 | 444,381 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 16,706 | 16,706 |
| Share based payment expense | - | 4,162 | - | 4,162 |
| At 31 December 2022 | 1 | 24,811 | 440,437 | 465,249 |

The notes on pages 3 to 6 form part of these financial statements.

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

1. Accounting policies

1.1 Basis of preparation of financial statements

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

The following principal accounting policies have been applied:

1.2 Going concern

The Company is in a net asset position of £465,249 primarily supported by amounts owed by group undertakings. Despite this position, due to the Company's business model being solely a transfer pricing arrangement with the parent company, Flipboard, Inc., it is reliant upon the continued support of that company in order to remain a going concern.

The Company has received written confirmation from Flipboard, Inc. that it will continue to provide financial support to the Company for a period of at least 12 months from the date of signing these financial statements. Furthermore, the director has assessed the ability of Flipboard, Inc. to provide this support based upon their cash flow forecasts and has concluded that the parent will have sufficient working capital to provide the necessary support. For this reason, the director continues to adopt the going concern basis in preparing the financial statements.

1.3 Turnover

Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Rendering of services

Turnover is recognised on a cost plus 10% basis, in line with the intercompany service agreement with the parent company. Intercompany turnover is recognised when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the intercompany service agreement;
- the costs incurred under the intercompany service agreement can be measured reliably.

1.4 Debtors

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

1.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

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

1. Accounting policies (continued)

1.6 Creditors

Short term creditors are measured at the transaction price.

1.7 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

1.8 Share based payments

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

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

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

1.9 Pensions

Defined contribution pension plan

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

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

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

1. Accounting policies (continued)

1.10 Interest income

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

1.11 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2. Auditors' Information

The auditors' report on the financial statements for the year ended 31 December 2022 was unqualified.

The audit report was signed on 22 December 2023 by Nick Whitehead FCCA (Senior Statutory Auditor) on behalf of ZEDRA Corporate Reporting Services (UK) Limited.

3. Employees

The average monthly number of employees during the year was 2 (2021 - 2).

4. Debtors

| | 2022 £ | 2021 £ |
|------------------------------------|----------------|----------------|
| Amounts owed by group undertakings | 471,370 | 464,158 |
| VAT recoverable | 9,183 | 5,429 |
| Other debtors | 610 | 431 |
| | <u>481,163</u> | <u>470,018</u> |

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

5. Creditors: Amounts falling due within one year

| | 2022 | 2021 |
|------------------------------------|---------------|---------------|
| | £ | £ |
| Corporation tax | 4,228 | 7,730 |
| Other taxation and social security | 6,018 | 5,720 |
| Accruals and deferred income | 16,323 | 20,146 |
| | <u>26,569</u> | <u>33,596</u> |

6. Capital contribution reserve

Certain employees of the Company along with other group employees have been granted options over the shares in the Company's parent. The options are granted at an independently determined fair value and a portion of the options are exercisable one year after the grant date, vesting continues monthly thereafter, with the remaining portion of shares granted vesting on a straight-line basis over 48 months.

An expense equivalent to the fair value of the share options granted is recognised evenly over the vesting period with a corresponding amount being recognised in the capital contribution reserve.

7. Controlling party

Flipboard, Inc. is the parent company of the smallest group for which consolidated financial statements are drawn up of which the Company is a member. The registered office of the parent company is 555 Bryant Street, #352, Palo Alto, California 94301, USA.

8. Post balance sheet events

There were no adjusting or non-adjusting events occurring between the end of the reporting period and the date these financial statements were approved.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.