

Box.com (UK) Ltd

Report and financial statements

Registered number 08097316

31 January 2022



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Company Information

Directors

D C Smith
M S Sagoo
D B Leeb
E Berkovitch (appointed 09 April 2021)
S M C Marotte (appointed 16 November 2021)
J R Mannie (resigned 09 April 2021)

Company Secretary

Citco Management (UK) Limited

Registered Office

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

Independent Auditor

Mazars LLP
2nd Floor 6 Sutton Plaza
Sutton Court Road
Sutton
SM1 4FS

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 2022.

Principal activity

For the year ended 31 January 2022 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

2022 was the ninth 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:	2022	2021	Change
	\$	\$	%
Revenue	272,760,515	215,489,933	27%
Operating Profit/(loss)	27,107,192	3,585,072	656%
Current assets as % of current liabilities ('quick ratio')	112%	99%	13%
Number of employees	120	121	(1%)

Strategic report (*continued*)

Revenue increased by 27% during the year as Box continued to successfully penetrate the content collaboration market throughout FY22 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. Cash increased due to increase in revenue.

The total average number of employees decreased by 1% 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.
- **Currency Fluctuations.** We sell our services and incur operating expenses in various currencies. Therefore, fluctuations in the relative value of the U.S. dollar and foreign currencies may impact our operating results. We currently manage our exchange rate risk by matching foreign currency assets with payables and by maintaining minimal non-U.S. dollar cash reserves, but we do not have any other hedging programs in place to limit the risk of exchange rate fluctuation. In the future, however, to the extent our foreign currency exposures become more material, we may elect to deploy normal and customary hedging practices designed to more proactively mitigate such exposure. We cannot be certain such practices will ultimately be available and/or effective at mitigating all foreign currency risk to which we are exposed. If we are unsuccessful in detecting material exposures in a timely manner, any hedging strategies we deploy are not effective, or there are no hedging strategies available for certain exposures that are prudent given the associated risks and the potential mitigation of the underlying exposure achieved, our operating results or financial position could be adversely affected in the future.

Strategic report (*continued*)

- **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.

Statement of Compliance with S.172 Companies Act 2006

The directors of the company must act in the way they consider, in good faith that would be most likely promote the success of the company for the benefit of its members as a whole, and in doing so have regard (among other matters) to: (a) the likely consequences of any decision in the long term (b) the interests of the company's employees (c) the need to foster the company's business relationships with suppliers, customers and others (d) the impact of the company's operations on the community and the environment (e) the desirability of the company maintaining a reputation for high standards of business conduct and (f) the need to act fairly as between members of the company.

(a) The likely consequence of any decision in the long term

The ultimate parent Company of Box.com (UK) Ltd is Box Inc a US company listed on the NYSE. The principal activity of Box.com (UK) Ltd within the Box group is 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.

Our strategy is focused on selling our platform as a solution for the entire enterprise with the full set of Box capabilities, leveraging our product suite offerings, and driving high-value significant business outcomes for our customers. This strategy combines top-down, high-touch sales efforts with end-user-driven bottoms-up adoption. We focus our efforts on larger enterprises, capitalizing on international growth, and utilizing our partner ecosystem, where most advantageous. Our sales representatives engage directly with IT decision makers including CEOs, CIOs, CISOs, IT directors and line of business department heads. We also field inbound inquiries and online sales opportunities. We further expand our market reach by leveraging our network of channel partners that comprises value-added resellers and systems integrators as well as our own consulting services. We offer individuals a free basic version of Box that allows them to experience first-hand our easy-to-use and secure solution. Use of Box often spreads virally within and across organizations, as users adopt Box and invite new users to collaborate. In addition, an organization will frequently purchase Box for one use case and then later expand its deployment to other use cases with larger groups of employees, leading to deeper engagement with our service. We focus our sales strategy on ensuring that new and existing customers understand and experience the transformative impact of Box.

The board contains key management staff including the President of EMEA Sales and Marketing, Chief Financial Officer of Box Inc (the ultimate parent company) and the Chief Legal Officer of Box Inc. Any decision made by the board is considered against the strategy above to ensure alignment.

Strategic report (*continued*)

(b) The interests of the company's employees

Our company is built on people: We call them Boxers. They come from a range of backgrounds and experiences, and each of them has a unique story to tell. Our goal is to fully leverage and engage the individual talents and capabilities of our diverse teams, ultimately creating an inclusive environment where Boxers feel they belong.

Specific examples of action taken to achieve this goal are; Annual Boxer Experience Survey, a an annual survey is part of our commitment to collect actionable feedback that ensures Box is an awesome place to work. From this survey a company-level action plan is produced to keep Box accountable to improving Boxer experience in the highest impact areas. Box Employee Resource Communities (ERCs), employee-led affinity groups that support a culture of belonging and elevate the needs and experiences of underrepresented communities. Learning and Development, Box offers all Boxers access to an on demand learning platform so they can develop anywhere, anytime, in any skills. There are more than 2,000 courses available at the disposal of any Boxer eager to learn, including over 600 courses aimed at personal development, management, and leadership plus hundreds of tech-based functional skill trainings.

(c) The need to foster the company's business relationships with suppliers, customers and others

"Customers are at the center of everything we do. We're here to know our customers inside and out and to deliver an experience they could have never imagined." Box Value 01.

We define paying organizations as separate and distinct buying entities, such as a company, an educational or government institution, or a distinct business unit of a large corporation, that have entered into a subscription agreement with us to utilize our services. We have developed several programs designed to provide customers with service options to quickly get them up and running and enhance their usage of Box. These services include 24x7 support provided by our Customer Success Management group and certain resellers; a professional services ecosystem that consists of our Box Consulting team and system integrators that help customers implement cloud content management oriented use cases; a Customer Success Management group to assist customers in production; and an online community with self-service training materials, best practice guides and product documentation. Internally we not only measure revenue growth but also net retention and churn rates. Every year Box holds an annual customer event called Box Works in which Box shares new innovations in collaboration, workflow, security, compliance and integrations.

Entering into relationships with new suppliers or entering into new engagements with existing suppliers creates varying degrees of risk to Box's systems, data, and to our digital and physical spaces depending upon the types of services being provided and specific nature of how those services will be provided. With our promise of trust to our customers embedded into our brand, we have to be diligent and thoughtful about how we assess this supplier and make business decisions with the appropriate trade-offs.

3PE is Box's comprehensive third-party supplier evaluation process. The 3PE process ensures all Box suppliers and all related supplier agreements have been evaluated for any inherent or potential risks they may pose to Box. This ensures that suppliers meet Box's contractual, regulatory, security, and budgetary requirements and the supplier is data security certified, meeting our customer's requirements to fully assess our suppliers security.

To make our expectations clear and to help ensure Box spends its money with vendors in line with Box values, the Box Supplier Code of Conduct sets forth standards of integrity, accountability, and responsibility that Box expects its suppliers to uphold. All third parties, including their directors, officers, employees, agents, affiliates, and subsidiaries, that provide goods or services to Box or any of its subsidiaries (collectively, "Suppliers") are expected to read, understand, and comply with the standards and obligations set forth in the Supplier Code of Conduct.

Strategic report (*continued*)

(d) the impact of the company's operations on the community and the environment

“We aim to create a better future for generations to come, while building long-term value for our key stakeholders: shareholders, customers, Boxers, and partners. Together, our actions can bring a positive impact to our communities and planet, where greater belonging and sustainability provide an environment for all to thrive.” Aaron Levie CEO and Co-founder

Specific examples of action taken to achieve this goal are; Box.org, from a social impact perspective, the Box group supports digital transformation through Box.org product discounting and donation programs to over 10,000 non-profits with over \$40M of in-kind and charitable gifts over the last 3 years. We're also proud that 75% of our Boxers engage in volunteering, donating, or participating in pro-bono projects. Box Impact Fund, in 2021, the Box group launched the Box Impact Fund and provided \$100,000 in digital transformation grants to charities focused on child welfare and crisis response. Global Impact Day; At our annual company-wide Global Impact Day in December 2021, over 50% of Boxers volunteered their time to serve our communities in meaningful ways. London office; The London office is BREEAM certified and offers EV charging station to promote the use of clean energy vehicles.

(e) the desirability of the company maintaining a reputation for high standards of business conduct

Among our core values, “make mom proud”, means we act with integrity, make ethical decisions, and use good judgment. Two areas of governance we'll continue to amplify are corporate governance and data governance.

Corporate governance; Our culture of integrity starts with our Code of Business Conduct & Ethics and our compliance program. This program includes risk assessment; development of policies and procedures; training; auditing and monitoring; and investigations and remediation of potential compliance matters. Policies apply to everyone, and all employees complete training along with annual compliance certification. We also adhere to the U.K. Modern Slavery Act of 2015 and publish an annual statement on our efforts to combat modern slavery and human trafficking.

Data governance; Securing our customers' content is at the heart of our cloud content management platform and product offerings. We're focused on leading digital transformation across the globe and honoured that more than 100,000 organizations use the Content Cloud to protect their most valuable and highly sensitive data. We're dedicated to earning and keeping our customers' trust through every step of their digital transformation journey. That's why we've established a multi-pronged approach to building and maintaining cloud-based security and privacy solutions for our customers. The privacy rights of our customers and end users are fundamental to the services we provide. In doing so, Box adheres to the highest levels of data privacy and security certifications and related standards. We are proud to be one of the first cloud content management platforms to be certified by European Union (EU) data protection authorities in Processor and Controller Binding Corporate Rules (BCRs), the gold standard in EU data protection. And while the European Union (EU) – United Kingdom (U.K.) Trade and Cooperation Agreement marked the end of the U.K. transition period to leave the European Union (Brexit), we've continued to maintain a data protection framework in the United Kingdom, obtaining U.K. Processor and Controller BCRs certification from the U.K. Information Commissioner's Office (ICO). Beyond Europe, we are proud to maintain our Asia-Pacific Economic Cooperation (APEC) Cross Border Privacy Rules (CBPR) and Privacy Recognition for Processors (PRP) certifications, the gold standard in data protection in the Asia-Pacific region. Each of Box's privacy certifications are assessed by independent, third-party assessors.

Strategic report (*continued*)

(f) *The need to act fairly as between members of the company*

The Company is a private, wholly owned subsidiary of Box Intl Technology Ltd who is represented at the board by a mixture of executive and non-executive directors.

The Directors promote the success of the Company for the benefit of its sole shareholder and that of the shareholders of Box Inc (its ultimate parent undertaking), whilst balancing the interests of the Company's other main stakeholder groups.

The Directors consider that in meeting the requirement to act fairly between members of the Company, our direct and indirect shareholders, that such members would measure fair treatment by: The outcome of the Company's results and KPIs (see page 4), where each KPI improved year-on-year. Transparency and integrity of information and reporting, achieved through regular board meetings and quarterly earnings calls.

Greenhouse gas emissions, energy consumption and energy efficient action

We have included a report on these matters within these financial statements and are committed to complying with all relevant legislation and reviewing ways in which we can minimise our impact on the external environment in the future.

The group's greenhouse gas emissions and energy consumption are as follows:

Energy consumption used to calculate emissions (kWh)

Gas consumption	-
Purchased electricity	139,170
Transport fuel	-

Scope 1 emissions (metric tonnes CO₂e)

Gas consumption	-
Transport fuel	-

Scope 2 emissions (metric tonnes CO₂e)

Purchased electricity	27
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Total gross emissions (metric tonnes CO₂e) 27

Intensity ratio (metric tonnes CO₂e 0.1

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2022 UK Government's Conversion Factors for Company Reporting.

Intensity Measurement

The chosen intensity measurement ratio is total gross emissions of CO₂e in metric tonnes per \$m turnover.

Strategic report (continued)

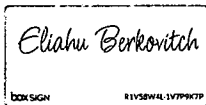
Measure taken to Improve energy efficiency

The London office is BREEAM certified and offers EV charging station to promote the use of clean energy vehicles. We focus on continuing to reduce our carbon footprint and using data centres that have achieved, or have committed to achieve, 100% renewable energy targets. Over the past year we made progress on our infrastructure transition to cloud service providers with environmental commitments and formally stated our cloud sustainability program. We work with our cloud service providers to understand the greenhouse gas emissions related to our usage of their cloud service.

Comparative figures

As this is our first energy and carbon report, no comparatives figures have been provided.

By order of the board



Elisha Berkovitch
BOX SIGN R1Y2BNAL1V7P9K7P

Director

E Berkovitch

Date: 11 April 2023

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

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 2022.

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)
S M C Marotte (appointed 16 November 2021)
J R Mannie (resigned 09 April 2021)

Proposed dividend

The directors do not recommend the payment of a dividend (2021: \$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 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 the Russian invasion of Ukraine and have concluded that it does not impact the going concern of the business.

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 (2021: 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 be reappointed and Mazars LLP will therefore continue in office.

By order of the board



Elisha Berkovitch

Director

E Berkovitch

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

Date: 11 April 2023

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 Limited

Opinion

We have audited the financial statements of Box.com Limited (the 'company') for the year ended 31 January 2022 which comprise the *Income Statement, Other Comprehensive income, Statement of Financial Position, Statement of Changes in Equity* and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (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 31 January 2022 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. 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 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 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 the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 9, 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

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

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

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

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the Cut off assertion), and significant one-off or unusual transactions.

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

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;

- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

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

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

Use of the audit report

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



Gerhard Bonthuys (Apr 12, 2023 19:28 GMT+1)

Gerhard Bonthuys (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
2nd Floor 6 Sutton Plaza
Sutton Court Road
Sutton
SM1 4FS
Date Apr 12, 2023

Income Statement
for the year ended 31 January 2022

	<i>Note</i>	2022	2021
		\$	\$
Revenue	<i>4</i>	272,760,515	215,489,933
Cost of sales		(3,621,285)	(2,907,401)
		<hr/>	<hr/>
Gross profit		269,139,230	212,582,532
Administrative expenses		(242,032,038)	(208,997,460)
		<hr/>	<hr/>
Operating profit	<i>5</i>	27,107,192	3,585,072
Finance income	<i>8</i>	47,272	2,639,815
Finance expense	<i>8</i>	(4,365,313)	(670,674)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		22,789,151	5,554,213
Tax on profit on ordinary activities	<i>9</i>	1,022,845	23,040,523
		<hr/>	<hr/>
Profit for the financial year		21,766,306	28,594,736
		<hr/> <hr/>	<hr/> <hr/>

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

Statement of Other Comprehensive Income

for the year ended 31 January 2022

	2022	2021
	\$	\$
Profit/(loss) for the year	21,766,306	28,594,736
Other comprehensive income	-	-
Total comprehensive income/(expense) for the year	21,766,306	28,594,736

Statement of Financial Position
at 31 January 2022

	Note	2022 \$	2021 \$
Non-current assets			
Property, plant, and equipment	10	3,469,017	4,070,322
Right-of-use assets	11	10,340,499	12,335,190
Investments	13	43,927	43,927
Current assets			
Receivables: amounts falling due within one-year	14	77,361,267	100,168,987
Receivables: amounts falling due within more than one year	14	37,471,586	37,944,952
Cash and cash equivalents		130,826,161	83,077,726
		<u>245,659,014</u>	<u>221,191,665</u>
Payables: amounts falling due within one year	15	(185,536,900)	(185,851,014)
Net current assets/(liabilities)		<u>60,122,114</u>	<u>35,340,651</u>
Total assets less current liabilities		<u>73,975,557</u>	<u>51,790,090</u>
Payables: amounts falling due after more than one year	16	(18,381,029)	(23,384,554)
Net assets/(liabilities)		<u>55,594,528</u>	<u>28,405,536</u>
Capital and reserves			
Called up share capital	17	10,020,489	10,020,489
Share Premium account	18	20,576,766	20,576,766
Other reserves	18	118,625,188	113,202,502
Profit and loss reserve	18	(93,627,915)	(115,394,221)
Shareholder's funds		<u>55,594,528</u>	<u>28,405,536</u>

These financial statements were approved by the directors on 11 April 2023 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 2022

	Called-up share capital	Share premium account	Other reserves	Profit and loss reserve	Total Shareholder's funds
	\$	\$	\$	\$	\$
At 1 February 2021	10,020,489	20,576,766	113,202,502	(115,394,221)	28,405,536
Profit and total comprehensive income for the year	-	-	-	21,766,306	21,766,306
Charge in relation to Share Based Payments	-	-	5,422,686	-	5,422,686
At 31 January 2022	10,020,489	20,576,766	118,625,188	(93,627,915)	55,594,528

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

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

Notes

(forming part of the financial statements)

1 General Information

Box.com (UK) Ltd is a private company limited by shares, incorporated and registered in England and Wales

The address of the registered office of the company is 14th-15th Floors, White Collar Factory, 1 Old Street Yard, London, EC1Y 8AF.

The principal activity of the company 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.

The company was incorporated on 7 June 2012. The financial statements are for the first financial period ended 31 January 2013.

2 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);

Notes (continued)

- 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'.
- (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'.

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.

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.

Notes *(continued)*

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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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.

Notes (continued)

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-based award programmes allow employees of the Company to acquire shares 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.

All share-based awards are accounted for as an employee expense, with a corresponding increase in equity. For detail on the fair value measurement of Stock Options, Restricted Stock Units ESPP see note 19.

Leases

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.

3 Judgements in applying accounting policies and key sources of estimations uncertainty

The group's significant accounting policies are stated in note 2. Not all of these significant policies require the management to make difficult, subjective or complex judgements or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgement and estimation involved in their application and their impact of these financial statements.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which has the most significant effect of the amounts recognised in the consolidated financial statements:

Notes (continued)

Leases

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 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.

Estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Leases

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.

Deferred Commissions

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.

Share Based Payments

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.

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. The estimate includes a forfeiture rate based on historical data.

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.

For further detail on the fair value measurement of Stock Options, Restricted Stock Units ESPP see note 19.

Trade Receivables

The Company maintains an allowance for estimated losses inherent in our accounts receivable portfolio. 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.

Notes (continued)

4 Revenue

We derive our revenue primarily from three sources: (1) subscription revenue 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) subscription revenue comprised of 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.

	2022	2021
By activity	\$	\$
Subscriptions	266,250,785	209,570,082
Professional Services	6,509,730	5,919,851
	<u>272,760,515</u>	<u>215,489,933</u>
	<u><u>272,760,515</u></u>	<u><u>215,489,933</u></u>
By geographic market	\$	\$
United Kingdom	37,202,510	31,640,415
Europe	44,389,910	36,920,272
Rest of World	191,168,095	146,929,246
	<u>272,760,515</u>	<u>215,489,933</u>
	<u><u>272,760,515</u></u>	<u><u>215,489,933</u></u>

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.

5 Operating profit/(loss)

	2022	2021
	\$	\$
<i>The operating profit/(loss) is stated after charging:</i>		
Auditor's remuneration for the audit of the financial statements	134,391	112,500
Depreciation and other amounts written off property, plant and equipment assets:		
Depreciation	915,929	1,196,471
Depreciation of Right-of-Use Assets (note 11)	1,994,691	1,997,796
	<u>1,994,691</u>	<u>1,997,796</u>
	<u><u>1,994,691</u></u>	<u><u>1,997,796</u></u>

Notes *(continued)*

6 Remuneration of directors

	2022	2021
	\$	\$
Directors' remuneration	405,960	31,764
Amounts receivable under long term incentive schemes	-	34,321
Company contributions to pension schemes	10,531	-
	416,491	66,085
	416,491	66,085

Directors' remuneration in respect of the services provided by 5 (2021: three) of the directors for the year ended 31 January 2022 have been borne by other group companies. These directors are also directors of other companies within the Box group. During FY22 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 2022 (2021: 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 \$405,960 (2021: \$66,085), and Company pension contributions of \$10,531 (2021: nil) were made to a pension scheme on his behalf.

Notes (continued)

7 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 2022	Number of employees 2021
Management	1	-
Sales and Marketing	100	100
Administration	19	21
	<u>120</u>	<u>121</u>

The aggregate payroll costs were as follows:

	2022	2021
	\$	\$
Wages and salaries	25,288,079	21,876,154
Social security costs	1,788,124	1,754,413
Amounts receivable under long term incentive schemes	5,422,685	4,461,303
Pension costs	527,505	495,227
	<u>33,026,393</u>	<u>28,587,097</u>

Box.com (UK) Ltd had a Group Personal Pension Scheme (a defined contribution scheme) in place throughout FY22 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.

8 Finance income and expenses

	2022	2021
	\$	\$
Finance income		
Interest income	47,272	48,373
Intercompany interest income	-	40,218
Net foreign exchange gain	-	2,551,224
	<u>47,272</u>	<u>2,639,815</u>
Finance expense		
Interest Expense	-	-
Finance lease	588,774	670,674
Net foreign exchange loss	3,776,539	-
	<u>4,365,313</u>	<u>670,674</u>

Notes (continued)

9 Taxation

(a) Tax debited in the income statement	2022	2021
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	1,022,845	1,541,313
Adjustments in respect of prior years	-	(24,581,836)
Total deferred tax credit	1,022,845	(23,040,523)
Tax on profit/(loss) on ordinary activities	1,022,845	(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% (2021: 19%). The differences are explained below:

	2022	2021
	\$	\$
Profit/(loss) on ordinary activities before tax	22,789,151	5,554,213
Standard rate of corporation tax in the UK 19% (2021: 19%)	4,329,399	1,055,300
<i>Effects of:</i>		
Permanent timing differences	99,978	64,485
Movement on temporary difference not recognised for deferred tax	289,063	847,648
Group relief	(3,696,134)	(426,120)
Adjustments in respect of prior years	-	(24,581,836)
Total tax credit (see above)	1,022,845	(23,040,523)

Factors affecting future tax charges

At 31 January 2022, the Company has recognised deferred tax assets of \$22,333,831 (2021: \$23,040,523). During the year ended 31 January 2022 \$1,022,845 (2021: \$1,541,313) of this balance was utilised against the year's tax expense resulting in a closing balance of \$22,333,381.

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)

10 Property, plant and equipment

	Computers and equipment	Leasehold Improvements land and buildings	Fixtures and fittings	Total
	\$	\$	\$	\$
Cost				
At beginning of year	2,117,238	5,810,387	1,360,552	9,288,177
Additions	833,835	-	-	833,835
Disposals	(519,212)	-	-	(519,212)
At end of year	<u>2,431,861</u>	<u>5,810,387</u>	<u>1,360,552</u>	<u>9,602,800</u>
Depreciation				
At beginning of year	1,674,159	2,593,733	949,963	5,217,855
Charge for year	177,781	551,406	186,741	915,928
Disposals	-	-	-	-
At end of year	<u>1,851,940</u>	<u>3,145,139</u>	<u>1,136,704</u>	<u>6,133,783</u>
Net book value				
At 31 January 2022	<u>579,921</u>	<u>2,665,248</u>	<u>233,848</u>	<u>3,469,017</u>
At 31 January 2021	<u>443,079</u>	<u>3,216,654</u>	<u>410,589</u>	<u>4,070,322</u>

Notes (continued)

11 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:

	Building
As at 1 February 2021	12,335,190
Impairment	-
Depreciation	<u>(1,994,691)</u>
As at 31 January 2022	<u>10,340,499</u>

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

	31 January 2022
As at 1 February 2021	16,242,582
Acceleration of interest	437,660
Payments	(2,952,450)
Revaluation	<u>(78,812)</u>
As at 31 January 2022	<u>13,648,980</u>
Lease liabilities	
Current	2,383,729
Non-current	<u>11,265,251</u>
	<u>13,648,980</u>

(ii) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2022	2021
	\$	\$
Depreciation charge of right-of-use assets		
Buildings	<u>(1,994,691)</u>	<u>(1,997,796)</u>
	<u>(1,994,691)</u>	<u>(1,997,796)</u>
Impairment	-	(319,033)
Interest expense (included in finance cost)	(437,660)	(670,674)
Income earned from subleasing of right-of-use assets	<u>485,241</u>	<u>469,310</u>

The total cash outflow for leases is \$2,559,358 (2021: \$2,769,892) for the year ended 31 January 2022.

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 expiring 24 March 2023.

On the 21 of December 2022 the company entered into an operating sub-lease of its building which is held under a lease agreement. Starting on the 26 March 2023 the sublease has a term of 2 years expiring 25 March 2025.

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

	2022	2021
	Land and buildings \$	Land and buildings \$
Within one year	449,997	88,846
In the second to fifth years inclusive	74,999	-
	524,996	88,846

12 Intangible Assets

	Licences \$	Total \$
Cost		
At beginning of year	9,898,615	9,898,615
At end of year	9,898,615	9,898,615
Amortisation		
At beginning of year	9,898,615	9,898,615
At end of year	9,898,615	9,898,615
Net book value at 31 January 2022	-	-
Net book value at 31 January 2021	-	-

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)*

13 Investments

	2022	2021
	\$	\$
Investment in subsidiary undertakings	43,927	43,927
Additions	-	6,834
Disposal	-	(6,834)
	43,927	43,927
	43,927	43,927

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

	Holding	Proportion of voting rights & shares held	Nature of Business	Registered office address
Name of Company				
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

Notes (continued)

14 Receivables

	2022	2021
	\$	\$
Amounts falling due within one year:		
Trade receivables	68,026,757	92,117,060
Deferred commissions	8,855,533	7,506,794
Other receivables and deposits	281,572	455,313
Prepayments and accrued income	197,405	89,820
	77,361,267	100,168,987
	77,361,267	100,168,987

	2022	2021
	\$	\$
Amounts falling due after more than one year:		
Deferred Tax Asset	22,017,677	23,040,523
Deferred commissions	15,184,150	14,570,347
Other receivables and deposits	269,758	334,082
	37,471,585	37,944,952
	37,471,585	37,944,952

15 Payables: amounts falling due within one year

	2022	2021
	\$	\$
Trade payables	82,299	-
Amounts owed to group undertakings	43,709,865	34,548,347
Lease Liabilities	2,383,729	2,324,057
Other payables	1,847,018	1,967,912
Accruals and deferred income	137,513,989	147,010,698
	185,539,900	185,851,014
	185,539,900	185,851,014

16 Payables: amounts falling after more than one year

	2022	2021
	\$	\$
Payments received on account	871,899	895,620
Lease Liabilities	11,265,251	13,918,525
Accruals and Deferred income	6,243,879	8,579,409
	18,381,029	23,393,554
	18,381,029	23,393,554

Notes *(continued)*

17 Authorised, issued and called up share capital

	2022	2021
	\$	\$
<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 style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>

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.

18 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 (2021: \$80,132,890) and share-based payments reserve of \$38,492,298 (2021: \$33,069,612). 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.

19 Share-based payments

Summary of outstanding awards

The Company participates in the 2015 Equity Incentive Plan (“2015 Plan”) of the Company’s ultimate parent, Box, Inc., under which share-based awards were outstanding at 31 January 2022. Stock awards granted under the 2015 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 2015 Plan are accounted for as equity-settled, share-based payment transactions. The Company recognised share-based compensation expense of US \$4,461,303 and US \$5,422,685 respectively for the periods ended 31 January 2021 and 2022.

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.

Notes (continued)

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.

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, 2021 or 2022.

The following table summarises stock option activity and related information for the years ended 31 January 2021 and 2022:

	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 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
Options granted	-	-	
Options exercised	(5,360)	13.79	
Options forfeited/cancelled	-	-	
Options transferred in (out), net	-	-	
Balance as of 31 January 2022.....	<u>4,140</u>	US\$ 11.78	1.76
Exercisable as of 31 January 2022	<u>4,140</u>	US\$ 11.78	1.76

The range of exercise prices for options outstanding as of 31 January 2020, 2021, and 2022 was US\$0.16 to US\$19.85, US\$4.63 to US\$17.85, and US\$4.63 to US\$17.85, respectively.

Notes *(continued)*

Restricted Stock Units

Generally, restricted stock units granted under the 2015 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 1/16th per quarter thereafter; or (b) for employee refresh restricted stock unit grants, 1/16th per quarter vest from the vest commencement date schedule. Restricted stock units granted under the 2015 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 2015 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.

The following table summarises restricted stock unit activity and related information for the years ended 31 January 2021 and 2022:

	Number of Restricted Stock Units Outstanding	Weighted- Average Grant Date Fair Value
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	(258,663)	18.14
Forfeited/cancelled, including shares withheld for employee payroll taxes	(214,593)	18.42
Transferred in (out) net	<u>(234,792)</u>	19.43
Unvested balance—January 31, 2021	<u>518,837</u>	US\$ 17.57
Granted	892,696	22.70
Vested, net of shares withheld for employee payroll taxes	(220,569)	19.12
Forfeited/cancelled, including shares withheld for employee payroll taxes	(146,772)	19.40
Transferred in (out) net	<u>(30,526)</u>	18.60
Unvested balance—January 31, 2022	<u>1,013,659</u>	US\$ 21.45

Notes (continued)

2015 ESPP

As of 31 January 2022, there was \$469,152 (2021: \$804,151) 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 2020, 2021 and 2022 were as follows:

	Year Ended 31 January 2020	Year Ended 31 January 2021	Year Ended 31 January 2022
Employee Stock Purchase Plan			
Stock Price	US\$17.90-19.87	US\$9.12-18.05	US\$21.77-23.04
Expected term (in years).....	0.5-2.0	0.5-2.0	0.5-2.0
Volatility	34%-55%	44%-54%	36%-52%
Risk-free interest rate.....	1.7%-2.5%	0.1%-0.4%	0.1%-0.2%
Dividend yield	0%	0%	0%

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

20 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.