

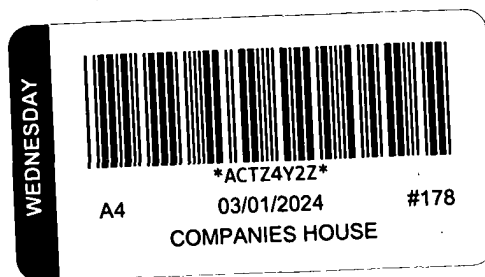
**Entrepreneur First Operations  
Limited**

Annual Report and Financial Statements

Year Ended

31 December 2022

Company Number 09064488



# Entrepreneur First Operations Limited

## Company Information

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|                             |   |
|-----------------------------|---|
| <b>Directors</b>            | A Bentinck<br>M Clifford                            |
| <b>Registered number</b>    | 09064488  |
| <b>Registered office</b>    | Senna Building<br>Gorsuch Place<br>London<br>E2 8JF |
| <b>Independent auditors</b> | BDO LLP<br>55 Baker Street<br>London<br>W1U 7EU     |

# Entrepreneur First Operations Limited

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# Entrepreneur First Operations Limited

## Group Strategic Report For the Year Ended 31 December 2022

### Introduction

The directors present their Group Strategic Report together with the audited financial statements for the year ended 31 December 2022.

Entrepreneur First Operations Limited ("the Company") and its subsidiaries (together "the Group"), which during 2022 included Entrepreneur First SG Ops Pte. Limited, Entrepreneur First (USA) Operations LLC, Entrepreneur First (Hong Kong) Operations Limited, EFOL India Private Limited and Entrepreneur First Canada Operations Limited. Entrepreneur First Singapore Investment Pte. Limited and Entrepreneur First Singapore Investment II Pte. Limited are 100% owed subsidiaries of Entrepreneur First Operations Limited but have been excluded from the consolidated accounts as discussed in note 11.

### Principal activity

The Group and Company's principal activities are the provision of programmes to develop and link entrepreneurs and potential investors and the investment in Entrepreneur First ("EF") related funds.

### Business review

The key financial and other performance indicators during the year of account were as follows:

|  | 2022        | As restated<br>2021 |
|--|-------------|---------------------|
| Turnover   | £15,708,359 | £5,179,891          |
| Operating profit/(loss)                                      | £1,450,264  | (£3,799,686)        |
| Earnings before interest, tax, depreciation and amortisation | £2,992,643  | £961,674            |
| Profit after tax   | £1,409,626  | £379,442            |
| Shareholders' funds  | £78,402,961 | £44,526,495         |
| Current assets as % of current liabilities                   | 1,298%      | 882%                |

This profit was in line with the expectations of the Group which is driven by increased revenue that is offsetting the increased costs that are being utilised to expand the global reach of the Group. The Directors have reviewed this and have no immediate concern.

The majority of the Group's increased revenues in 2022 are derived from a new service agreement with an EF related party which commenced on 4 April 2022. This service fee is designed to facilitate the running of the EF programme and of founding pre-seed businesses at our operating sites.

During 2021, the Group completed a Series C funding round totalling \$158m which will be received in equal instalments over 4 years, the first of which was received in December 2021, with the second in December 2022. This has resulted in a significant increase in Shareholders' funds during the year. This will fund the Group for the foreseeable future and enable the Group to continue to deliver programmes and grow its global presence.

During the year, the Company made an indirect contribution into Entrepreneur First Singapore Investment Pte Ltd via a disposal of £4,742,308 (2021 - £5,030,740) to Entrepreneur First Investment LP of which Entrepreneur First Singapore Investment Pte Ltd is a beneficial partner.

During the year, the Company made a contribution into Entrepreneur First Singapore Investment (II) Pte Ltd of £7,358,254 (2021 - £Nil). This is shown as an addition within "Investments in subsidiary companies" (see note 11).

# Entrepreneur First Operations Limited

Group Strategic Report (continued)  
For the Year Ended 31 December 2022

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## Business review (continued)

During the year, Entrepreneur First Singapore Investment (II) Pte Ltd made a contribution into Entrepreneur First Investment (II) LP of £7,008,072 (2021 - £Nil), an entity in which it is a beneficial partner. This is included in the fair value of the subsidiary companies.

## Principal risks and uncertainties

### Foreign currency risk

The Group has transactions in currencies other than Sterling. As a result the value of the Group's non-sterling denominated purchases and cash flows can be significantly affected by movements in exchange rates in general.

The Group holds monetary assets and liabilities in which the underlying currency is a currency other than the Group's functional currency which is Sterling. Revaluation of the such assets and liabilities is performed on a monthly basis with movements reflected in profit and loss as they arise.

### Liquidity risks

The Group aims to mitigate liquidity risks by managing cash generation by its operations and applying cash collection targets. Investment is carefully controlled via an annual budget process and ad hoc expenditure and major business decisions are monitored and approved by the key management personnel.

### Credit risks

Any risks associated with third parties failing to honour their transactional obligations is minimised through contractual agreement and through the business's in house credit control function. The key payee is an Entrepreneur First related party where the performance is reviewed on a regular basis to ensure that exposure to bad debts is minimised. The Company has credit exposure with intercompany balances due from subsidiaries, these have been thoroughly reviewed for which relevant provisions have been made at the balance sheet date. The Group has exposure with its investments held, these have been thoroughly reviewed for which an impairment provision has been made for the relevant investments at the balance sheet date.

This report was approved by the board on 30 December 2023 and signed on its behalf.

**M Clifford**  
Director



# Entrepreneur First Operations Limited

## Directors' Report For the Year Ended 31 December 2022

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The directors present their report and the financial statements for the year ended 31 December 2022.

### Results and dividends

The profit for the year, after taxation, amounted to £1,409,626 (2021 - profit as restated of £379,442).

The directors do not propose a final dividend in respect of the year ended 31 December 2022 (2021 - £Nil). No interim dividend was paid during the year (2021 - £Nil).

### Directors

The directors who served during the year were:

A Bentinck  
M Clifford

### Going concern

The financial statements have been prepared on a going concern basis which assumes the Group will continue in operational existence for the foreseeable future. In assessing the going concern position of the Group, the directors have considered the Group's cash flows, liquidity and business activities. At 31 December 2022 the Group had a cash balance of £45,579,159 (2021 - £33,103,374) and net assets of £78,402,961 (2021 - as restated £44,526,495).

Given the Group's financial performance since the Statement of Financial Position date, its strong Statement of Financial Position and access to funding, including the final 2 instalments of the Series C funding round, totalling \$79m which are due to be received within the next 2 years. The directors believe that the business is able to continue to operate effectively for at least 12 months from the date of the audit report and remains a going concern.

The directors have considered a number of changes to the macro environment, including stress tests assuming significant decreases in revenue throughout the 12 month assessment period. In all scenarios the Group has sufficient liquidity to operate in the foreseeable future.

The Company has considered the significant moves in foreign exchange markets in recent months, in particular since Russia's invasion of Ukraine in February 2022. The Company has also considered the measures being discussed publicly by governments, including the UK government, in response. The Company does not believe that these will have a material adverse impact on its programme operations, supply chain or employees.

On this basis the directors have prepared the financial statements on a going concern basis which assumes the Company will continue in operational existence for the foreseeable future.

### Future developments

The Company will continue to provide programmes to develop and link entrepreneurs and potential investors.

### Branches outside the United Kingdom

The Company currently operates branches in France and Germany.

### Financial risk management

The Group's principal financial instruments comprise cash, fixed asset investments and short term trading balances. The Group's treasury function takes out forward currency contracts to manage this risk. The main purpose of the forward currency contracts is to reduce the impact of currency exchange movements on trading results.

# Entrepreneur First Operations Limited

## Directors' Report (continued) For the Year Ended 31 December 2022

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### Matters covered in the Strategic Report

Principal risks and uncertainties have been considered in the Strategic Report.

### Events after the end of the reporting period

After the end of the reporting period, on 14 February 2023, the company experienced a significant adjusting event. An agreement with a counterparty for a total revenue of £2 million, as recorded in the financial statements for the year ended 31 December 2022 was cancelled. This reduced revenue by £0.5m and deferred revenue by £1.5m in the year ended 31 December 2022.

Management has assessed other subsequent events up to the date of authorisation of these financial statements and determined that there are no additional significant events requiring adjustment or disclosure.

### Disclosure of information to auditor

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

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

### Auditor

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

This report was approved by the board on 30 December 2023 and signed on its behalf.

**M Clifford**  
Director



# Entrepreneur First Operations Limited

## Directors' Responsibilities Statement For the Year Ended 31 December 2022

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

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

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

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

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

# Entrepreneur First Operations Limited

## Independent Auditor's Report to the Members of Entrepreneur First Operations Limited

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### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2022 and of the Group's 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.

We have audited the financial statements of Entrepreneur First Operations Limited ("the Company") and its subsidiaries ("the Group") for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, the Company Statement of Financial Position, Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, (United Kingdom Generally Accepted Accounting Practice).

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We are independent of the Group and 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.

### Conclusions relating to going concern

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

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

# Entrepreneur First Operations Limited

## Independent Auditor's Report to the Members of Entrepreneur First Operations Limited (continued)

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### Other information

The directors are responsible for the other information. The other information comprises the information included in the Group Strategic Report and Directors' Report, other than the financial statements and our auditor's report thereon. 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.

### Other Companies Act 2006 reporting

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.

In the light of the knowledge and understanding of the Group and the Company and its environment obtained during 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 by the Company, 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 Statement of Directors' Responsibilities, 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 Group's and 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 Group or the Company or to cease operations, or have no realistic alternative but to do so.

# Entrepreneur First Operations Limited

## Independent Auditor's Report to the Members of Entrepreneur First Operations Limited (continued)

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

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

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

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

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with relevant laws and regulations and applicable accounting standards.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and the finance staff;
- assessing areas subject to significant estimation and judgement for indicators of management bias;
- testing of journal postings made during the year to identify potential management override of controls; and
- review of meeting minutes throughout the period.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and discussed how and where these might occur and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and discussed how and where these might occur and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

# Entrepreneur First Operations Limited

## Independent Auditor's Report to the Members of Entrepreneur First Operations Limited (continued)

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### Use of our report

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

DocuSigned by:

*Vanessa Bradley*

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**Vanessa-Jayne Bradley** (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London

United Kingdom

Date: 30 December 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Entrepreneur First Operations Limited

## Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2022

|   | Note | 2022<br>£          | As restated<br>2021<br>£ |
|---|------|--------------------|--------------------------|
| Turnover  | 4    | 15,708,359         | 5,179,891                |
| Cost of sales   |      | <b>(8,667,504)</b> | (4,485,853)              |
| <b>Gross profit</b>   |      | <b>7,040,855</b>   | 694,038                  |
| Administrative expenses   |      | <b>(7,311,975)</b> | (7,183,959)              |
| Other operating income  | 5    | <b>1,721,384</b>   | 2,690,235                |
| <b>Operating profit/(loss)</b>  | 6    | <b>1,450,264</b>   | (3,799,686)              |
| Impairment of fixed asset investments   | 11   | <b>(62,397)</b>    | (96,074)                 |
| Unrealised (loss)/gain on investments measured at fair value  | 11   | <b>(324,279)</b>   | 2,505,677                |
| Realised gains on investments   | 11   | <b>1,893,435</b>   | 2,290,785                |
| <b>Profit before taxation</b>   |      | <b>2,957,023</b>   | 900,702                  |
| Tax on profit   | 8    | <b>(1,547,397)</b> | (521,260)                |
| <b>Profit for the financial year</b>  |      | <b>1,409,626</b>   | 379,442                  |
| Currency translation (loss)/gain  |      | <b>(569,682)</b>   | 125,199                  |
| <b>Profit and total comprehensive income for the year attributable to owners of the Parent Company for the year</b> |      | <b>839,944</b>     | 504,641                  |

The notes on pages 20 to 51 form part of these financial statements.

# Entrepreneur First Operations Limited

Registered number:09064488

## Consolidated Statement of Financial Position As at 31 December 2022

|  |    | 2022<br>£   | 2022<br>£   | As restated<br>2021<br>£ | As restated<br>2021<br>£ |
|--|----|-------------|-------------|--------------------------|--------------------------|
| <b>Fixed assets</b>  |    |             |             |                          |                          |
| Intangible assets  | 9  |             | 12,083      |                          | 13,333                   |
| Tangible assets  | 10 |             | 49,127      |                          | 61,937                   |
| Investments  | 11 |             | 18,777,447  |                          | 9,855,279                |
|  |    |             | 18,838,657  |                          | 9,930,549                |
| <b>Current assets</b>                                      |    |             |             |                          |                          |
| Debtors: amounts falling due within one year               | 12 | 21,186,645  |             | 6,506,739                |                          |
| Cash at bank and in hand                                   |    | 45,579,159  |             | 33,103,374               |                          |
|  |    | 66,765,804  |             | 39,610,113               |                          |
| <b>Current liabilities</b>                                 |    |             |             |                          |                          |
| Creditors: amounts falling due within one year             | 13 | (5,142,607) |             | (4,492,907)              |                          |
| <b>Net current assets</b>                                  |    |             | 61,623,197  |                          | 35,117,206               |
| Deferred taxation  | 16 |             | (2,058,893) |                          | (521,260)                |
| <b>Net assets</b>  |    |             | 78,402,961  |                          | 44,526,495               |
| <b>Capital and reserves</b>                                |    |             |             |                          |                          |
| Called up share capital                                    | 15 |             | 238         |                          | 206                      |
| Share premium account                                      | 17 |             | 82,207,450  |                          | 49,730,505               |
| Foreign exchange reserve                                   | 17 |             | (439,924)   |                          | 129,758                  |
| Share option reserve                                       | 17 |             | 911,334     |                          | 486,889                  |
| Profit and loss account                                    | 17 |             | (4,276,137) |                          | (5,820,863)              |
| <b>Equity attributable to owners of the parent Company</b> |    |             | 78,402,961  |                          | 44,526,495               |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 December 2023.



**M Clifford**  
Director

The notes on pages 20 to 51 form part of these financial statements.

**Entrepreneur First Operations Limited**  
Registered number:09064488

**Company Statement of Financial Position**  
As at 31 December 2022

|  | Note | 2022<br>£   | 2022<br>£   | As restated<br>2021<br>£ | As restated<br>2021<br>£ |
|--|------|-------------|-------------|--------------------------|--------------------------|
| <b>Fixed assets</b>                            |      |             |             |                          |                          |
| Intangible assets                              | 9    |             | 12,083      |                          | 13,333                   |
| Tangible assets                                | 10   |             | 38,692      |                          | 47,899                   |
| Investments                                    | 11   |             | 18,848,642  |                          | 9,937,174                |
|  |      |             | 18,899,417  |                          | 9,998,406                |
| <b>Current assets</b>                          |      |             |             |                          |                          |
| Debtors: amounts falling due within one year   | 12   | 20,707,959  |             | 8,273,713                |                          |
| Cash at bank and in hand                       |      | 44,988,533  |             | 32,727,730               |                          |
|  |      | 65,696,492  |             | 41,001,443               |                          |
| <b>Current liabilities</b>                     |      |             |             |                          |                          |
| Creditors: amounts falling due within one year | 13   | (4,497,361) |             | (4,198,157)              |                          |
| <b>Net current assets</b>                      |      |             | 61,199,131  |                          | 36,803,286               |
| Deferred taxation                              | 16   |             | (2,058,893) |                          | (521,260)                |
| <b>Net assets</b>                              |      |             | 78,039,655  |                          | 46,280,432               |

**Entrepreneur First Operations Limited**  
Registered number:09064488

**Company Statement of Financial Position (continued)**  
As at 31 December 2022

|   | Note | 2022<br>£   | 2022<br>£         | As restated<br>2021<br>£ | As restated<br>2021<br>£ |
|---|------|-------------|-------------------|--------------------------|--------------------------|
| <b>Capital and reserves</b>             |      |             |                   |                          |                          |
| Called up share capital                 | 15   |             | 238               |                          | 206                      |
| Share premium account                   | 17   |             | 82,207,450        |                          | 49,730,505               |
| Foreign exchange reserve                | 17   |             | (58,667)          |                          | 115,964                  |
| Share option reserve                    | 17   |             | 911,530           |                          | 486,889                  |
| Profit and loss account brought forward |      | (4,053,132) |                   | (4,197,234)              |                          |
| Loss for the year                       |      | (1,103,766) |                   | (87,992)                 |                          |
| Movement in share options               |      | 136,002     |                   | 232,094                  |                          |
| Profit and loss account carried forward | 17   |             | (5,020,896)       |                          | (4,053,132)              |
|   |      |             | <u>78,039,655</u> |                          | <u>46,280,432</u>        |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 December 2023.



**M Clifford**  
Director

The notes on pages 20 to 51 form part of these financial statements.

## Entrepreneur First Operations Limited

### Consolidated Statement of Changes in Equity For the Year Ended 31 December 2022

|   | Called up<br>share<br>capital | Share<br>premium<br>account | Foreign<br>exchange<br>reserve | Share<br>option<br>reserve | Profit and<br>loss<br>account | Total equity      |
|---|-------------------------------|-----------------------------|--------------------------------|----------------------------|-------------------------------|-------------------|
|   | £                             | £                           | £                              | £                          | £                             | £                 |
| At 1 January 2022 (as restated)                     | 206                           | 49,730,505                  | 129,758                        | 486,889                    | (5,820,863)                   | 44,526,495        |
| <b>Comprehensive income for the year</b>            |                               |                             |                                |                            |                               |                   |
| Profit for the year                                 | -                             | -                           | -                              | -                          | 1,409,626                     | 1,409,626         |
| Currency translation loss                           | -                             | -                           | (569,682)                      | -                          | -                             | (569,682)         |
| <b>Other comprehensive income for the year</b>      | -                             | -                           | (569,682)                      | -                          | -                             | (569,682)         |
| <b>Total comprehensive income for the year</b>      | -                             | -                           | (569,682)                      | -                          | 1,409,626                     | 839,944           |
| <b>Contributions by and distributions to owners</b> |                               |                             |                                |                            |                               |                   |
| Shares issued during the year                       | 32                            | 32,476,945                  | -                              | -                          | -                             | 32,476,977        |
| Share options exercised during the year             | -                             | -                           | -                              | (125,534)                  | 125,534                       | -                 |
| Share options granted during the year               | -                             | -                           | -                              | 618,818                    | -                             | 618,818           |
| Other movement on share options                     | -                             | -                           | -                              | (68,839)                   | 9,566                         | (59,273)          |
| <b>Total transactions with owners</b>               | 32                            | 32,476,945                  | -                              | 424,445                    | 135,100                       | 33,036,522        |
| <b>At 31 December 2022</b>                          | <b>238</b>                    | <b>82,207,450</b>           | <b>(439,924)</b>               | <b>911,334</b>             | <b>(4,276,137)</b>            | <b>78,402,961</b> |

The notes on pages 20 to 51 form part of these financial statements.

## Entrepreneur First Operations Limited

### Consolidated Statement of Changes in Equity For the Year Ended 31 December 2021

|  | Called up<br>share<br>capital | Share<br>premium | Foreign<br>exchange<br>reserve | Share<br>option<br>reserve | Profit and<br>loss<br>account | Total equity |
|--|-------------------------------|------------------|--------------------------------|----------------------------|-------------------------------|--------------|
|  | £                             | £                | £                              | £                          | £                             | £            |
| At 1 January 2021  | 172                           | 20,096,252       | 4,559                          | 196,624                    | (6,543,935)                   | 13,753,672   |
| Prior year adjustment  | -                             | -                | -                              | -                          | 21,707                        | 21,707       |
| At 1 January 2021 (as restated)                              | 172                           | 20,096,252       | 4,559                          | 196,624                    | (6,522,228)                   | 13,775,379   |
| <b>Comprehensive income for the year (as restated)</b>       |                               |                  |                                |                            |                               |              |
| Profit for the year (as restated)                            | -                             | -                | -                              | -                          | 379,442                       | 379,442      |
| Currency translation gain                                    | -                             | -                | 125,199                        | -                          | -                             | 125,199      |
| <b>Other comprehensive income for the year</b>               | -                             | -                | 125,199                        | -                          | -                             | 125,199      |
| <b>Total comprehensive income for the year (as restated)</b> | -                             | -                | 125,199                        | -                          | 379,442                       | 504,641      |
| <b>Contributions by and distributions to owners</b>          |                               |                  |                                |                            |                               |              |
| Shares issued during the year                                | 34                            | 29,779,389       | -                              | -                          | -                             | 29,779,423   |
| Share options exercised during the year                      | -                             | -                | -                              | (177,050)                  | -                             | (177,050)    |
| Share options granted during the year                        | -                             | -                | -                              | 630,544                    | -                             | 630,544      |
| Other movement on share options                              | -                             | (145,136)        | -                              | (163,229)                  | 321,923                       | 13,558       |
| <b>Total transactions with owners</b>                        | 34                            | 29,634,253       | -                              | 290,265                    | 321,923                       | 30,246,475   |
| <b>At 31 December 2021 (as restated)</b>                     | 206                           | 49,730,505       | 129,758                        | 486,889                    | (5,820,863)                   | 44,526,495   |

The notes on pages 20 to 51 form part of these financial statements.

## Entrepreneur First Operations Limited

### Company Statement of Changes in Equity For the Year Ended 31 December 2022

|   | Called up<br>share<br>capital | Share<br>premium | Foreign<br>exchange<br>reserve | Share<br>option<br>reserve | Profit and<br>loss<br>account | Total equity |
|---|-------------------------------|------------------|--------------------------------|----------------------------|-------------------------------|--------------|
|   | £                             | £                | £                              | £                          | £                             | £            |
| At 1 January 2022 (as restated)                     | 206                           | 49,730,505       | 115,964                        | 486,889                    | (4,053,132)                   | 46,280,432   |
| <b>Comprehensive income for the year</b>            |                               |                  |                                |                            |                               |              |
| Loss for the year                                   | -                             | -                | -                              | -                          | (1,103,766)                   | (1,103,766)  |
| Currency translation loss                           | -                             | -                | (174,631)                      | -                          | -                             | (174,631)    |
| <b>Other comprehensive income for the year</b>      | -                             | -                | (174,631)                      | -                          | -                             | (174,631)    |
| <b>Total comprehensive income for the year</b>      | -                             | -                | (174,631)                      | -                          | (1,103,766)                   | (1,278,397)  |
| <b>Contributions by and distributions to owners</b> |                               |                  |                                |                            |                               |              |
| Shares issued during the year                       | 32                            | 32,476,945       | -                              | -                          | -                             | 32,476,977   |
| Share options exercised during the year             | -                             | -                | -                              | (125,534)                  | 125,534                       | -            |
| Share options granted during the year               | -                             | -                | -                              | 618,818                    | -                             | 618,818      |
| Other movement on share options                     | -                             | -                | -                              | (68,643)                   | 10,468                        | (58,175)     |
| <b>Total transactions with owners</b>               | 32                            | 32,476,945       | -                              | 424,641                    | 136,002                       | 33,037,620   |
| <b>At 31 December 2022</b>                          | 238                           | 82,207,450       | (58,667)                       | 911,530                    | (5,020,896)                   | 78,039,655   |

The notes on pages 20 to 51 form part of these financial statements.

## Entrepreneur First Operations Limited

### Company Statement of Changes in Equity For the Year Ended 31 December 2021

|  | Called up<br>share<br>capital | Share<br>premium  | Foreign<br>exchange<br>reserve | Share<br>option<br>reserve | Profit and<br>loss<br>account | Total equity      |
|--|-------------------------------|-------------------|--------------------------------|----------------------------|-------------------------------|-------------------|
|  | £                             | £                 | £                              | £                          | £                             | £                 |
| At 1 January 2021  | 172                           | 20,096,102        | (33,116)                       | 196,624                    | (4,197,234)                   | 16,062,548        |
| <b>Comprehensive income for the year (as restated)</b>       |                               |                   |                                |                            |                               |                   |
| Profit for the year (as restated)                            | -                             | -                 | -                              | -                          | (87,992)                      | (87,992)          |
| Currency translation gain                                    | -                             | -                 | 149,080                        | -                          | -                             | 149,080           |
| <b>Other comprehensive income for the year</b>               | -                             | -                 | 149,080                        | -                          | -                             | 149,080           |
| <b>Total comprehensive income for the year (as restated)</b> | -                             | -                 | 149,080                        | -                          | (87,992)                      | 61,088            |
| <b>Contributions by and distributions to owners</b>          |                               |                   |                                |                            |                               |                   |
| Shares issued during the year                                | 34                            | 29,779,539        | -                              | -                          | -                             | 29,779,573        |
| Share options exercised during the year                      | -                             | -                 | -                              | (177,050)                  | -                             | (177,050)         |
| Share options granted during the year                        | -                             | -                 | -                              | 630,544                    | -                             | 630,544           |
| Other movement on share options                              | -                             | (145,136)         | -                              | (163,229)                  | 232,094                       | (76,271)          |
| <b>Total transactions with owners</b>                        | 34                            | 29,634,403        | -                              | 290,265                    | 232,094                       | 30,156,796        |
| <b>At 31 December 2021 (as restated)</b>                     | <b>206</b>                    | <b>49,730,505</b> | <b>115,964</b>                 | <b>486,889</b>             | <b>(4,053,132)</b>            | <b>46,280,432</b> |

The notes on pages 20 to 51 form part of these financial statements.

## Entrepreneur First Operations Limited

### Consolidated Statement of Cash Flows For the Year Ended 31 December 2022

|  | 2022                | As restated<br>2021 |
|--|---------------------|---------------------|
|  | £                   | £                   |
| <b>Cash flows used in operating activities</b>               |                     |                     |
| Profit for the financial year                                | 1,409,626           | 379,442             |
| <b>Adjustments for:</b>                                      |                     |                     |
| Amortisation of intangible assets                            | 1,250               | 3,750               |
| Depreciation of tangible assets                              | 34,370              | 57,222              |
| Impairments of fixed asset investments                       | 62,397              | 96,074              |
| Unrealised loss/(gain) on investments measured at fair value | 324,279             | (2,505,677)         |
| Realised gain on investments                                 | (1,893,435)         | (2,290,785)         |
| Loss on disposal of tangible fixed assets                    | 22,666              | -                   |
| Taxation charge  | 1,547,397           | 521,260             |
| Increase in debtors  | (14,679,906)        | (3,388,324)         |
| Increase in creditors  | 619,637             | 3,176,313           |
| Share based payment charges                                  | 579,591             | 470,773             |
| Corporation tax received                                     | 253                 | 162,214             |
| Foreign exchange   | (1,010,904)         | 125,617             |
| <b>Net cash used in operating activities</b>                 | <b>(12,982,779)</b> | <b>(3,192,121)</b>  |
| <b>Cash flows used in investing activities</b>               |                     |                     |
| Purchase of tangible fixed assets                            | (41,546)            | (33,090)            |
| Purchase of unlisted investments                             | (7,415,409)         | (184,817)           |
| <b>Net cash used in investing activities</b>                 | <b>(7,456,955)</b>  | <b>(217,907)</b>    |

## Entrepreneur First Operations Limited

### Consolidated Statement of Cash Flows (continued) For the Year Ended 31 December 2022

|   | 2022<br>£                | As restated<br>2021<br>£ |
|---|--------------------------|--------------------------|
| <b>Cash flows generated from financing activities</b>         |                          |                          |
| Issue of ordinary shares                                      | 32,476,977               | 29,779,423               |
| <b>Net cash generated from financing activities</b>           | <u>32,476,977</u>        | <u>29,779,423</u>        |
| <b>Net increase in cash and cash equivalents</b>              | <u>12,037,243</u>        | <u>26,369,395</u>        |
| Cash and cash equivalents at beginning of year                | 33,103,374               | 6,733,979                |
| Foreign exchange gains and losses                             | 438,542                  | -                        |
| <b>Cash and cash equivalents at the end of year</b>           | <u><u>45,579,159</u></u> | <u><u>33,103,374</u></u> |
| <b>Cash and cash equivalents at the end of year comprise:</b> |                          |                          |
| Cash at bank and in hand                                      | <u><u>45,579,159</u></u> | <u><u>33,103,374</u></u> |

The notes on pages 20 to 51 form part of these financial statements.

# Entrepreneur First Operations Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 1. General information

Entrepreneur First Operations Limited is a private company limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and its principal activities are set out in the Group Strategic Report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

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

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

#### *Parent company disclosure exemptions*

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available to qualifying entities:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the Parent Company would be identical;
- No cash flow statement or net debt reconciliation has been presented for the Parent Company;
- Company's income, expense and net gains on financial instruments measured at amortised cost have not been presented as equivalent disclosures have been provided in respect of the Group as a whole;
- Disclosures in respect of the details of the Parent Company's share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been applied:

# Entrepreneur First Operations Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries (other than those excluded from the consolidation as described in note 11) ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

#### 2.3 Going concern

The financial statements have been prepared on a going concern basis which assumes the Group will continue in operational existence for the foreseeable future. In assessing the going concern position of the Group, the directors have considered the Group's cash flows, liquidity and business activities. At 31 December 2022 the Group had a cash balance of £45,579,159 (2021 - £33,103,374) and net assets of £78,402,961 (2021 - as restated £44,526,495).

Given the Group's financial performance since the Statement of Financial Position date, its strong Statement of Financial Position and access to funding, including the final 2 instalments of the Series C funding round, totalling \$79m which are due to be received within the next 2 years. The directors believe that the business is able to continue to operate effectively for at least 12 months from the date of the audit report and remains a going concern.

The directors have considered a number of changes to the macro environment, including stress tests assuming significant decreases in revenue throughout the 12 month assessment period. In all scenarios the Group has sufficient liquidity to operate in the foreseeable future.

The Company has considered the significant moves in foreign exchange markets in recent months, in particular since Russia's invasion of Ukraine in February 2022. The Company has also considered the measures being discussed publicly by governments, including the UK government, in response. The Company does not believe that these will have a material adverse impact on its programme operations, supply chain or employees.

On this basis the directors have prepared the financial statements on a going concern basis which assumes the Company will continue in operational existence for the foreseeable future.

# Entrepreneur First Operations Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.4 Foreign currency translation

##### Functional and presentation currency

The Company's functional currency is GBP while the functional currencies of the Company's branches are EUR. The functional currencies of the Company's subsidiaries are USD, CAD, HKD, INR and SGD.

The presentational currency of the Group 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

# Entrepreneur First Operations Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

A description of the Group's revenue streams are as follows:

##### *Programme and Service Fees*

The Group earns both programme and service fees revenue from running programmes for entrepreneurs. These programmes are designed for entrepreneurs to find a co-founder, form an idea, and launch a company. During the year a new contract was entered into with an EF related party which will provide revenue annually moving forwards on a fixed fee basis from the commencement date.

Revenue from programme fees are recognised in the accounting period in which the services are rendered. For programmes breaching the year end, revenue is recognised based on the proportion of the programme which has completed to the end of the reporting period. The directors have assessed that using this basis to ascertain the stage of completion satisfies the performance obligations under FRS102.

Revenue from service fees are recognised annually on a fixed fee contract basis. Where the contract has not been active for a full year by the balance sheet date, the fixed fee is reduced pro-rata in line with the number of days in the financial year from the commencement date. The directors have assessed that using this basis to ascertain the stage of completion satisfies the performance obligations under FRS102.

##### *Commercial Income*

The Group has various commercial arrangements with third parties through which it derives income. These arrangements include sponsorship and collaboration agreements.

#### 2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### 2.7 Government grants

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

# Entrepreneur First Operations Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.8 Pensions

##### Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

#### 2.9 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 reporting 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 Group 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.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

# Entrepreneur First Operations Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

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

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

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

#### 2.11 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

|                       |   |                   |
|-----------------------|---|-------------------|
| Intellectual property | - | 5 % straight-line |
|-----------------------|---|-------------------|

Amortisation is recognised in administrative expenses in the Consolidated Statement of Comprehensive Income.

# Entrepreneur First Operations Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided on the following basis:

|                        |   |                   |
|------------------------|---|-------------------|
| Fixtures and fittings  | - | 33% straight-line |
| Office equipment       | - | 33% straight-line |
| Computer equipment     | - | 33% straight-line |
| Leasehold improvements | - | 25% straight-line |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

#### 2.13 Valuation of investments

Investments in consolidated subsidiaries are measured at cost less accumulated impairment.

Investments in subsidiaries exempt from consolidation (as detailed in note 11) are measured at fair value and changes in fair value are included in the Statement of Comprehensive Income.

Investments in unlisted company shares are kept at cost which is deemed to be the fair value until there is a funding round upon which the investments are remeasured based on the latest share price at each year end. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

#### 2.14 Provisions for liabilities

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

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

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

# Entrepreneur First Operations Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.15 Financial instruments

Financial assets including cash at bank and trade and other debtors are measured initially at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities including trade and other creditors as well as bank overdrafts are measured initially at transaction price (including transaction costs) and subsequently held at amortised cost.

The Group has entered into forward currency contracts. These derivatives are measured at fair value at each reporting date with any movements in value recognised in the Consolidated Statement of Comprehensive Income.

# Entrepreneur First Operations Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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

Preparation of financial statements requires management to exercise judgement in applying the Group's accounting policies. Estimates and assumptions used in the preparation of the financial statements are continually reviewed as necessary.

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the Group's intangible assets and investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

#### *Other key sources of estimation uncertainty*

- Tangible fixed assets (see note 10)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Investments (see note 11)

The most critical estimates and assumptions for unlisted investments and certain subsidiaries relate to the determination of carrying value of unlisted investments at fair value through profit and loss. In determining this amount, the Group applies the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstance of the investment drives the valuation methodology. The directors have deemed that the latest funding round for each entity is a reliable indication of the fair value. Unlisted investments are held at cost which is deemed to be the fair value until there is a funding round upon which the investments are remeasured based on the latest share price at each year end.

- Taxation (see note 8)

In calculating the Company's corporation tax liability, a discount is applied to the taxable value of certain investment disposals at a rate based on industry practices to reflect the lack of marketability, unproven track record and minority interest of the shareholdings. This is an estimate that could be subject to challenge or change, and any amendment could increase or decrease the amount of corporation tax payable, or the deferred tax position, in respect of the years ended 31 December 2021 and 2022 when the relevant disposals took place. As such, this could have a material impact on the Company's and Group's corporation tax liability resulting in a different amount of corporation tax becoming payable in a later accounting period. The carrying amount of the corporation tax liability at the reporting date for the Company and the Group is shown in note 13.

# Entrepreneur First Operations Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 4. Turnover

An analysis of turnover by class of business is as follows:

|                | 2022<br>£         | 2021<br>£        |
|----------------|-------------------|------------------|
| Form fees      | -                 | 3,247,468        |
| Launch fees    | 391,667           | 1,932,423        |
| Programme fees | 3,042,142         | -                |
| Service fees   | 12,274,550        | -                |
|                | <b>15,708,359</b> | <b>5,179,891</b> |

An analysis of turnover by country of destination:

|                | 2022<br>£         | 2021<br>£        |
|----------------|-------------------|------------------|
| United Kingdom | 14,730,831        | 5,179,891        |
| Europe         | 977,528           | -                |
|                | <b>15,708,359</b> | <b>5,179,891</b> |

### 5. Other operating income

|                              | 2022<br>£        | 2021<br>£        |
|------------------------------|------------------|------------------|
| Commercial income            | 162,950          | 287,801          |
| Government grants receivable | -                | 38,301           |
| Recharged expenses           | 446,679          | 306,974          |
| Other income                 | 1,111,755        | 2,057,159        |
|                              | <b>1,721,384</b> | <b>2,690,235</b> |

In the prior year, government grants receivable represented amounts received from the Singapore government in relation to the job support scheme during the COVID 19 pandemic. No amounts were received during the current year in respect of this scheme.

There were no conditions attached to the above grants.

Other income represents the Group's share of profit from Entrepreneur First Investment Manager LLP, a Company of which the Group is a member.

# Entrepreneur First Operations Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 6. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

|  | 2022<br>£ | 2021<br>£ |
|--|-----------|-----------|
| Depreciation of tangible fixed assets  | 34,370    | 57,222    |
| Amortisation of intangible assets  | 1,250     | 3,750     |
| Loss on disposal of tangible fixed assets  | 22,666    | -         |
| Impairment of fixed asset investments  | 62,397    | 96,074    |
| Fees payable to the Group's auditor for the audit of the Group's annual accounts | 120,000   | 97,500    |
| Realised/unrealised (gains)/losses on foreign exchange                           | (438,542) | 320,833   |
| Defined contribution pension cost  | 265,651   | 225,613   |
| Other operating lease rentals  | 698,053   | 550,052   |
| Share based payment  | 579,591   | 470,773   |
|  | 9,057,103 | 6,441,374 |

### 7. Employees

Staff costs were as follows:

|                                     | Group<br>2022<br>£ | Group<br>2021<br>£ | Company<br>2022<br>£ | Company<br>2021<br>£ |
|-------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Wages and salaries                  | 7,548,580          | 5,127,398          | 4,124,072            | 3,398,015            |
| Social security costs               | 663,281            | 623,664            | 653,268              | 615,409              |
| Cost of defined contribution scheme | 265,651            | 225,613            | 150,912              | 139,454              |
| Share based payment expense         | 579,591            | 464,699            | 570,946              | 411,278              |
|                                     | 9,057,103          | 6,441,374          | 5,499,198            | 4,564,156            |

The average monthly number of employees, including the directors, during the year was as follows:

|            | Group<br>2022<br>No. | Group<br>2021<br>No. | Company<br>2022<br>No. | Company<br>2021<br>No. |
|------------|----------------------|----------------------|------------------------|------------------------|
| Programme  | 56                   | 60                   | 32                     | 34                     |
| Operations | 35                   | 32                   | 27                     | 23                     |
|            | 91                   | 92                   | 59                     | 57                     |

During the year the directors did not receive any remuneration (2021 - £Nil).

# Entrepreneur First Operations Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 8. Taxation

|  | 2022<br>£        | As restated<br>2021<br>£ |
|--|------------------|--------------------------|
| <b>Corporation tax</b>                           |                  |                          |
| Adjustments in respect of previous periods       | 3,852            | -                        |
| <b>Foreign tax</b>                               |                  |                          |
| Foreign tax on income for the year               | 5,912            | -                        |
| <b>Taxation on profit on ordinary activities</b> | <u>9,764</u>     | <u>-</u>                 |
| <b>Deferred tax</b>                              |                  |                          |
| Origination and reversal of timing differences   | 1,537,633        | 521,260                  |
| <b>Total deferred tax</b>                        | <u>1,537,633</u> | <u>521,260</u>           |
| <b>Taxation on profit on ordinary activities</b> | <u>1,547,397</u> | <u>521,260</u>           |

# Entrepreneur First Operations Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 8. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

|  | 2022<br>£               | As restated<br>2021<br>£ |
|--|-------------------------|--------------------------|
| Profit on ordinary activities before tax   | <u>2,957,023</u>        | <u>900,702</u>           |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%) | 561,834                 | 171,133                  |
| <b>Effects of:</b>   |                         |                          |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment                  | 864,859                 | 245,295                  |
| Income not chargeable for tax purposes   | (573,054)               | (44,626)                 |
| Fixed asset differences  | (1,412)                 | (254)                    |
| Adjustments to brought forward values  | -                       | 31,096                   |
| Adjustments in respect of prior periods  | 3,852                   | -                        |
| Capital gains  | 224,620                 | 264,776                  |
| Deferred tax - other   | -                       | (105,465)                |
| Remeasurement of deferred tax for changes in tax rates   | 369,032                 | 125,102                  |
| Movement in deferred tax not recognised  | 97,666                  | (193,741)                |
| Foreign tax - other  | -                       | 27,944                   |
| <b>Total tax charge for the year</b>   | <u><u>1,547,397</u></u> | <u><u>521,260</u></u>    |

#### Factors that may affect future tax charges

The Finance Act 2021 was substantively enacted in May 2021 and increased the corporation tax rate from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

# Entrepreneur First Operations Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 9. Intangible assets

#### Group and Company

|                       | Intellectual<br>property<br>£ |
|-----------------------|-------------------------------|
| <b>Cost</b>           |                               |
| At 1 January 2022     | 25,000                        |
| At 31 December 2022   | <u>25,000</u>                 |
| <b>Amortisation</b>   |                               |
| At 1 January 2022     | 11,667                        |
| Charge for the year   | 1,250                         |
| At 31 December 2022   | <u>12,917</u>                 |
| <b>Net book value</b> |                               |
| At 31 December 2022   | <u>12,083</u>                 |
| At 31 December 2021   | <u>13,333</u>                 |

Intellectual property is being written off in equal annual instalments over its estimated economic life of 20 years.

## Entrepreneur First Operations Limited

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 10. Tangible fixed assets

##### Group

|                       | Fixtures and<br>fittings<br>£ | Office<br>equipment<br>£ | Computer<br>equipment<br>£ | Leasehold<br>improvements<br>£ | Total<br>£     |
|-----------------------|-------------------------------|--------------------------|----------------------------|--------------------------------|----------------|
| <b>Cost</b>           |                               |                          |                            |                                |                |
| At 1 January 2022     | 1,326                         | 3,860                    | 141,644                    | 66,702                         | 213,532        |
| Additions             | 2,290                         | -                        | 39,256                     | -                              | 41,546         |
| Disposals             | -                             | -                        | (8,024)                    | (63,767)                       | (71,791)       |
| Exchange adjustments  | 120                           | 406                      | 4,750                      | 170                            | 5,446          |
| At 31 December 2022   | <u>3,736</u>                  | <u>4,266</u>             | <u>177,626</u>             | <u>3,105</u>                   | <u>188,733</u> |
| <b>Depreciation</b>   |                               |                          |                            |                                |                |
| At 1 January 2022     | 184                           | 3,813                    | 96,211                     | 51,387                         | 151,595        |
| Charge for the year   | 775                           | 50                       | 32,864                     | 681                            | 34,370         |
| Disposals             | -                             | -                        | -                          | (49,125)                       | (49,125)       |
| Exchange adjustments  | 6                             | 403                      | 2,195                      | 162                            | 2,766          |
| At 31 December 2022   | <u>965</u>                    | <u>4,266</u>             | <u>131,270</u>             | <u>3,105</u>                   | <u>139,606</u> |
| <b>Net book value</b> |                               |                          |                            |                                |                |
| At 31 December 2022   | <u>2,771</u>                  | <u>-</u>                 | <u>46,356</u>              | <u>-</u>                       | <u>49,127</u>  |
| At 31 December 2021   | <u>1,142</u>                  | <u>47</u>                | <u>45,433</u>              | <u>15,315</u>                  | <u>61,937</u>  |

## Entrepreneur First Operations Limited

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 10. Tangible fixed assets (continued)

##### Company

|                       | Computer<br>equipment<br>£ | Leasehold<br>improvements<br>£ | Total<br>£     |
|-----------------------|----------------------------|--------------------------------|----------------|
| <b>Cost</b>           |                            |                                |                |
| At 1 January 2022     | 99,984                     | 66,702                         | 166,686        |
| Additions             | 36,087                     | -                              | 36,087         |
| Disposals             | (6,937)                    | (63,767)                       | (70,704)       |
| Exchange adjustments  | 537                        | 170                            | 707            |
| At 31 December 2022   | <u>129,671</u>             | <u>3,105</u>                   | <u>132,776</u> |
| <b>Depreciation</b>   |                            |                                |                |
| At 1 January 2022     | 67,400                     | 51,387                         | 118,787        |
| Charge for the year   | 23,960                     | 681                            | 24,641         |
| Disposals             | -                          | (49,125)                       | (49,125)       |
| Exchange adjustments  | (381)                      | 162                            | (219)          |
| At 31 December 2022   | <u>90,979</u>              | <u>3,105</u>                   | <u>94,084</u>  |
| <b>Net book value</b> |                            |                                |                |
| At 31 December 2022   | <u>38,692</u>              | <u>-</u>                       | <u>38,692</u>  |
| At 31 December 2021   | <u>32,584</u>              | <u>15,315</u>                  | <u>47,899</u>  |

# Entrepreneur First Operations Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 11. Fixed asset investments

#### Group

|  | Investments<br>in subsidiary<br>companies<br>£ | Unlisted<br>investments<br>£ | Total<br>£        |
|--|--|------------------------------|-------------------|
| <b>Cost or valuation</b>                     |  |                              |                   |
| At 1 January 2022 (as previously stated)     | -  | 4,231,590                    | 4,231,590         |
| Prior year adjustment (see note 23)          | 5,719,763                                      | -                            | 5,719,763         |
|  | <u>5,719,763</u>                               | <u>4,231,590</u>             | <u>9,951,353</u>  |
| At 1 January 2022 (as restated)              | 5,719,763                                      | 4,231,590                    | 9,951,353         |
| Additions                                    | 7,358,455                                      | 56,954                       | 7,415,409         |
| Realised gains on transfer                   | -  | 1,893,435                    | 1,893,435         |
| Unrealised loss on investments at fair value | (670,146)                                      | 345,867                      | (324,279)         |
| Transfer between classes                     | 4,742,308                                      | (4,742,308)                  | -                 |
|  | <u>17,150,380</u>                              | <u>1,785,538</u>             | <u>18,935,918</u> |
| At 31 December 2022                          | 17,150,380                                     | 1,785,538                    | 18,935,918        |
| <b>Impairment</b>                            |  |                              |                   |
| At 1 January 2022                            | -  | 96,074                       | 96,074            |
| Charge for the period                        | -  | 62,397                       | 62,397            |
|  | <u>-</u>                                       | <u>158,471</u>               | <u>158,471</u>    |
| At 31 December 2022                          | -  | 158,471                      | 158,471           |
| <b>Net book value</b>                        |  |                              |                   |
| At 31 December 2022                          | <u>17,150,380</u>                              | <u>1,627,067</u>             | <u>18,777,447</u> |
| At 31 December 2021 (as restated)            | <u>5,719,763</u>                               | <u>4,135,516</u>             | <u>9,855,279</u>  |

## Entrepreneur First Operations Limited

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 11. Fixed asset investments (continued)

##### Company

|  | Investments<br>in subsidiary<br>companies<br>£ | Unlisted<br>investments<br>£ | Total<br>£ |
|--|--|------------------------------|------------|
| <b>Cost or valuation</b>                     |  |                              |            |
| At 1 January 2022 (as previously stated)     | 81,895   | 4,231,590                    | 4,313,485  |
| Prior year adjustment (see note 23)          | 5,719,763                                      | -                            | 5,719,763  |
| At 1 January 2022 (as restated)              | 5,801,658                                      | 4,231,590                    | 10,033,248 |
| Additions                                    | 7,358,254                                      | 56,954                       | 7,415,208  |
| Realised gains on transfer                   | -  | 1,893,435                    | 1,893,435  |
| Issue of share options                       | 9,853  | -                            | 9,853      |
| Unrealised loss on investments at fair value | (670,146)                                      | 345,867                      | (324,279)  |
| Transfer between classes                     | 4,742,308                                      | (4,742,308)                  | -          |
| Exercise and lapse of share options          | (20,352)                                       | -                            | (20,352)   |
| At 31 December 2022                          | 17,221,575                                     | 1,785,538                    | 19,007,113 |
| <b>Impairment</b>                            |  |                              |            |
| At 1 January 2022                            | -  | 96,074                       | 96,074     |
| Charge for the period                        | -  | 62,397                       | 62,397     |
| At 31 December 2022                          | -  | 158,471                      | 158,471    |
| <b>Net book value</b>                        |  |                              |            |
| At 31 December 2022                          | 17,221,575                                     | 1,627,067                    | 18,848,642 |
| At 31 December 2021 (as restated)            | 5,801,658                                      | 4,135,516                    | 9,937,174  |

During the year, the Company made an indirect contribution into Entrepreneur First Singapore Investment Pte Ltd via a disposal of £4,742,308 (2021 - £5,030,740) to Entrepreneur First Investment LP of which Entrepreneur First Singapore Investment Pte Ltd is a beneficial partner.

During the year, the Company made a contribution into Entrepreneur First Singapore Investment (II) Pte Ltd of £7,358,254 (2021 - £Nil). This is shown as an addition within "Investments in subsidiary companies".

During the year, Entrepreneur First Singapore Investment (II) Pte Ltd made a contribution into Entrepreneur First Investment (II) LP of £7,008,072 (2021 - £Nil), an entity in which it is a beneficial partner.

## Entrepreneur First Operations Limited

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 11. Fixed asset investments (continued)

##### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name  | Registered office   | Class of shares | Holding |
|---|---|-----------------|---------|
| Entrepreneur First (USA) Operations LLC                 | 2711 Centerville Road, Suite 400, City of Wilmington, County of New Castle, Delaware 19808              | Ordinary        | 100%    |
| Entrepreneur First Canada Operations Limited            | 1500 Royal Centre, 1055 West Georgia Street, Vancouver BC V6E 4N7 CANADA                                | Ordinary        | 100%    |
| Entrepreneur First Singapore Investment Pte. Limited    | 6 Raffles Quay, #11-07, Singapore 048580  | Ordinary        | 100%    |
| Entrepreneur First SG Ops Pte. Limited                  | 6 Raffles Quay, #11-07, Singapore 048580  | Ordinary        | 100%    |
| Entrepreneur First (Hong Kong) Operations Limited       | The Hong Kong Corporate Services Group, 6th Floor, Wyndham Place, 44 Wyndham Street, Central, Hong Kong | Ordinary        | 100%    |
| EFOL India Private Limited                              | No. 29/1 , Sweet Homes Layout Sinivaspura, Mylasandra Bangalore KA 560060 IN                            | Ordinary        | 100%    |
| Entrepreneur First Singapore Investment II Pte. Limited | 6 Raffles Quay, #11-07, Singapore 048580  | Ordinary        | 100%    |

Entrepreneur First Singapore Investment II Pte. Limited was incorporated on 4 April 2022.

The results of all of the above named subsidiaries with the exception of Entrepreneur First Singapore Investment Pte. Limited and Entrepreneur First Singapore Investment II Pte. Limited have been included in this consolidation. These two companies have been excluded from the consolidation in accordance with paragraph 9.9(b) of FRS 102, as these companies are held exclusively with a view to subsequent resale. As a result the investment in these subsidiary companies, intra-group transactions and intra-group balances with these companies have not been eliminated. The investments in these companies have been measured at fair value through profit or loss.

#### 12. Debtors

|                                    | Group<br>2022<br>£ | As restated<br>Group<br>2021<br>£ | Company<br>2022<br>£ | Company<br>2021<br>£ |
|------------------------------------|--------------------|-----------------------------------|----------------------|----------------------|
| Amounts owed by group undertakings | 793,373            | 385,486                           | 816,849              | 2,248,128            |
| Amounts owed by related parties    | 19,462,798         | 5,425,331                         | 19,425,667           | 5,710,917            |
| Other debtors                      | 683,733            | 516,435                           | 298,221              | 217,448              |
| Prepayments and accrued income     | 246,741            | 179,487                           | 167,222              | 97,220               |
|                                    | <b>21,186,645</b>  | <b>6,506,739</b>                  | <b>20,707,959</b>    | <b>8,273,713</b>     |

Amounts owed by group undertakings are unsecured, interest free and repayable on demand. Amounts owed by group undertakings shown on the group balance sheet represent balances with subsidiaries not included in the consolidation.

# Entrepreneur First Operations Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 13. Creditors: Amounts falling due within one year

|                                    | Group<br>2022<br>£ | As restated<br>Group<br>2021<br>£ | Company<br>2022<br>£ | Company<br>2021<br>£ |
|------------------------------------|--------------------|-----------------------------------|----------------------|----------------------|
| Trade creditors                    | 517,379            | 699,274                           | 455,708              | 684,668              |
| Amounts owed to group undertakings | -                  | -                                 | 217,304              | 142,529              |
| Amounts owed to related parties    | 696,851            | 123,722                           | 194,422              | -                    |
| Corporation tax                    | 10,498             | 481                               | 737                  | 481                  |
| Other taxation and social security | 428,730            | 398,385                           | 334,446              | 238,541              |
| Other creditors                    | 2,035,704          | 1,309,654                         | 2,021,190            | 1,231,814            |
| Accruals and deferred income       | 1,453,445          | 1,961,391                         | 1,273,554            | 1,900,124            |
|                                    | <u>5,142,607</u>   | <u>4,492,907</u>                  | <u>4,497,361</u>     | <u>4,198,157</u>     |

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

### 14. Financial instruments

Information regarding the Group's exposure to and management of credit risk, liquidity risk and foreign exchange risk is included in the Strategic report.

The carrying value of the Group and Company's financial assets and liabilities measured at fair value through profit or loss are summarised by category below:

|  | Group<br>2022<br>£ | As restated<br>Group<br>2021<br>£ | Company<br>2022<br>£ | As restated<br>Company<br>2021<br>£ |
|--|--------------------|-----------------------------------|----------------------|-------------------------------------|
| <b>Financial assets</b>  |                    |                                   |                      |                                     |
| Fixed asset unlisted investments and investments in subsidiaries (note 11) | <u>18,777,447</u>  | <u>9,855,279</u>                  | <u>18,848,642</u>    | <u>9,937,174</u>                    |

Financial assets measured at fair value through profit or loss comprise unlisted investments.

# Entrepreneur First Operations Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 14. Financial Instruments (continued)

The Group's and Company's gains and losses in respect of financial instruments are summarised below:

|   | 2022             | As restated<br>2021 |
|---|------------------|---------------------|
|   | £                | £                   |
| <b>Fair value gains/(losses)</b>  |                  |                     |
| On financial assets measured at fair value through profit or loss (note 11) | <b>(324,279)</b> | <b>2,505,677</b>    |

### 15. Share capital

|  | 2022          | 2021          |
|--|---------------|---------------|
|  | £             | £             |
| <b>Allotted, called up and fully paid</b>                          |               |               |
| 8,180,000 (2021 - 8,180,000) A1 Ordinary shares of £0.00001 each   | <b>81.80</b>  | 81.80         |
| 224,000 (2021 - 224,000) A2 Ordinary shares of £0.00001 each       | <b>2.24</b>   | 2.24          |
| 927,000 (2021 - 927,000) B Ordinary shares of £0.00001 each        | <b>9.27</b>   | 9.27          |
| 260,000 (2021 - 260,000) C Ordinary shares of £0.00001 each        | <b>2.60</b>   | 2.60          |
| 463,000 (2021 - 588,000) F Ordinary shares of £0.00001 each        | <b>4.63</b>   | 5.88          |
| 4,923,000 (2021 - 4,923,000) Preference shares of £0.00001 each    | <b>49.23</b>  | 49.23         |
| 1,525,000 (2021 - 1,525,000) Preference B shares of £0.00001 each  | <b>15.25</b>  | 15.25         |
| 4,120,260 (2021 - 2,085,708) Preference C1 shares of £0.00001 each | <b>41.20</b>  | 20.86         |
| 1,657,588 (2021 - 820,292) Preference C2 shares of £0.00001 each   | <b>16.58</b>  | 8.20          |
| 1,335,000 (2021 - 912,000) Preference C3 shares of £0.00001 each   | <b>13.35</b>  | 9.12          |
| 154,000 (2021 - 154,000) Deferred shares of £0.00001 each          | <b>1.54</b>   | 1.54          |
|  | <b>237.69</b> | <b>205.99</b> |

# Entrepreneur First Operations Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 15. Share capital (continued)

On 3 March 2022, the Company issued 2,000 B Ordinary shares with a nominal value of £0.00001 at par. On the same date these shares were redesignated as F Ordinary shares.

On 18 March 2022 the Company entered into the following transactions:

- 278,000 B Ordinary shares with a nominal value of £0.00001 were issued at par.
- 278,000 B Ordinary shares were redesignated as F Ordinary shares of £0.00001 each.
- 14,400 Preference C2 shares with a nominal value of £0.00001 each were issued. The consideration received in respect of these shares was £189,773.
- 423,000 F Ordinary shares were redesignated as Preference C3 shares of £0.00001 each.

On 25 April 2022, the Company issued 17,280 Preference C2 shares with a nominal value of £0.00001 each. The consideration received in respect of these shares was £234,261.

On 26 May 2022, the Company issued 21,278 Preference C2 shares with a nominal value of £0.00001 each. The consideration received in respect of these shares was £294,019.

On 2 September 2022, the Company issued 18,000 B Ordinary shares with a nominal value of £0.00001 each at par. On the same date these shares were redesignated as F Ordinary shares.

On 17 December 2022, the Company issued 2,034,552 Preference C1 shares with a nominal value of £0.00001 each and 784,338 Preference C2 shares with a nominal value of £0.00001 each for a total consideration of £31,758,975.

A1 Ordinary shares have voting rights that give them control at all times, rights to participate in distributions and no rights of redemption. A2 Ordinary shares have partial voting rights, rights to participate in distributions and no rights of redemption.

B Ordinary shares have rights to participate in distributions but no voting rights or rights of redemption.

C Ordinary, Preference and Preference B shares have partial voting rights, rights to participate in distributions and no rights of redemption.

F Ordinary shares do not confer any voting or redemption rights. They do confer the right to participate in distributions.

Deferred shares do not confer any voting, dividend, distribution or redemption rights.

Preference C1, Preference C2 and Preference C3 shares have full voting rights, rights to participate in distributions and no rights of redemption.

# Entrepreneur First Operations Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 16. Deferred taxation

#### Group

|                           | 2022<br>£          | As restated<br>2021<br>£ |
|---------------------------|--------------------|--------------------------|
| At beginning of year      | (521,260)          | -                        |
| Charged to profit or loss | (1,537,633)        | (521,260)                |
| <b>At end of year</b>     | <b>(2,058,893)</b> | <b>(521,260)</b>         |

#### Company

|                           | 2022<br>£          | As restated<br>2021<br>£ |
|---------------------------|--------------------|--------------------------|
| At beginning of year      | (521,260)          | -                        |
| Charged to profit or loss | (1,537,633)        | (521,260)                |
| <b>At end of year</b>     | <b>(2,058,893)</b> | <b>(521,260)</b>         |

The provision for deferred taxation is made up as follows:

|                                | Group<br>2022<br>£ | As restated<br>Group<br>2021<br>£ | Company<br>2022<br>£ | As restated<br>Company<br>2021<br>£ |
|--------------------------------|--------------------|-----------------------------------|----------------------|-------------------------------------|
| Fixed asset timing differences | (9,410)            | (10,295)                          | (9,410)              | (10,295)                            |
| Short term timing differences  | 10,281             | 5,670                             | 10,281               | 5,670                               |
| Capital gains                  | (2,734,419)        | (2,360,231)                       | (2,734,419)          | (2,360,231)                         |
| Losses and other deductions    | 674,655            | 1,843,596                         | 674,655              | 1,843,596                           |
|                                | <b>(2,058,893)</b> | <b>(521,260)</b>                  | <b>(2,058,893)</b>   | <b>(521,260)</b>                    |

# Entrepreneur First Operations Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 17. Reserves

#### **Share capital**

Called up share capital reserve represents the nominal value of the shares issued.

#### **Share premium account**

The share premium account includes the premium on issue of equity shares, net of any issue costs.

#### **Foreign exchange reserve**

The foreign exchange reserve represents gains/losses arising on retranslating the net assets of overseas operations into GBP.

#### **Share option reserve**

The Company has a share option scheme available to certain employees of the Group. The share option reserve represents the movements between the value of the share options granted, lapsed and those exercised.

#### **Profit and loss account**

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

# Entrepreneur First Operations Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 18. Share-based payments

Entrepreneur First Operations Limited operates an equity-settled share based remuneration scheme for employees of the Group. The long term incentive scheme is available to certain employees based on role and tenure. Options vest between 3 and 7 years with different agreements having different vesting periods, these must be exercised within a short window of termination of employment. When options are exercised, the balance in the share options reserve for these items is released to the profit and loss reserve.

|   | Weighted<br>average<br>exercise<br>price<br>(pence)<br>2022 | Number<br>2022 | Weighted<br>average<br>exercise<br>price<br>(pence)<br>2021 | Number<br>2021 |
|---|---|----------------|---|----------------|
| Outstanding at the beginning of the year  | 1   | 2,469          | 1   | 1,437          |
| Granted during the year                   | 1   | -              | 1   | 2,011          |
| Forfeited during the year                 | 1   | (8)            | 1   | (497)          |
| Exercised during the year                 | 1   | (306)          | 1   | (482)          |
| <b>Outstanding at the end of the year</b> | <b>1</b>  | <b>2,155</b>   | <b>1</b>  | <b>2,469</b>   |

Of the total number of options outstanding at the end of the year, 526 (2021 - 407) had vested and were exercisable at the end of the year with a weighted average exercise price of 1p (2021 - 1p). These options are exercisable within the next 4 years (2021 - 5 years).

Net Asset Value per share has been used to determine the fair value of the share options. The following information was used in this valuation.

|                              | 2022                       | 2021                       |
|------------------------------|----------------------------|----------------------------|
|                              | <b>Net Asset<br/>Value</b> | <b>Net Asset<br/>Value</b> |
| Option pricing model used    |                            |                            |
| Weighted average share price | 2,241.83                   | 799.07                     |
| Exercise price               | £0.01                      | £0.01                      |

The share-based remuneration expense comprises:

|                        | 2022<br>£ | 2021<br>£ |
|------------------------|-----------|-----------|
| Equity-settled schemes | 579,591   | 470,773   |

The Group did not enter into any share-based payment transactions with parties other than employees during the current or previous periods.

# Entrepreneur First Operations Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 19. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £265,651 (2021 - £225,613), including contributions payable by the Company to the fund amounting to £150,912 (2021 - £139,454). Group and Company contributions totalling £18,441 (2021 - £22,681) were payable to the fund at the reporting date and are included in creditors.

### 20. Commitments under operating leases

At 31 December 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

|  | Group<br>2022<br>£ | Group<br>2021<br>£ | Company<br>2022<br>£ | Company<br>2021<br>£ |
|--|--------------------|--------------------|----------------------|----------------------|
| Not later than 1 year                        | 729,942            | 455,616            | 517,057              | 326,747              |
| Later than 1 year and not later than 5 years | 46,251             | 192,286            | -                    | 166,240              |
|  | 776,193            | 647,902            | 517,057              | 492,987              |

### 21. Analysis of net debt

|                          | At 1<br>January<br>2022<br>£ | Cash flows<br>£ | At 31<br>December<br>2022<br>£ |
|--------------------------|------------------------------|-----------------|--------------------------------|
| Cash at bank and in hand | 33,103,374                   | 12,475,785      | 45,579,159                     |
|                          | 33,103,374                   | 12,475,785      | 45,579,159                     |

There are no restrictions over the use of the cash and cash equivalents balances which comprises cash at bank and in hand.

# Entrepreneur First Operations Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 22. Related party transactions

There is no ultimate controlling party of Entrepreneur First Operations Limited.

The following transactions took place between the Group and its related parties during the year:

|                            | 2022       | As restated<br>2021 |
|----------------------------|------------|---------------------|
|                            | £          | £                   |
| Investment income received | 1,111,755  | 2,056,979           |
| Net sales of services      | 15,708,359 | 5,179,891           |
| Recharged expenses         | 446,679    | 306,974             |

The following receivable balances relating to related parties under common control were included in the consolidated balance sheet. These balances are unsecured, interest free and repayable on demand.

|                                  | 2022       | 2021      |
|----------------------------------|------------|-----------|
|                                  | £          | £         |
| Amounts due from related parties | 19,462,798 | 5,425,331 |

The following payable balances relating to related parties under common control were included in the consolidated balance sheet. These balances are unsecured, interest free and repayable on demand.

|                                | 2022    | 2021    |
|--------------------------------|---------|---------|
|                                | £       | £       |
| Amounts due to related parties | 696,851 | 123,722 |

Key management personnel consists of the directors of the Parent Company who together have authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation paid to key management personnel employed by the Group for services provided to the Group was £Nil (2021 - £Nil).

### 23. Events after the end of the reporting period

After the end of the reporting period, on 14 February 2023, the company experienced a significant adjusting event. An agreement with a counterparty for a total revenue of £2 million, as recorded in the financial statements for the year ended 31 December 2022 was cancelled. This reduced revenue by £0.5m and deferred revenue by £1.5m in the year ended 31 December 2022.

Management has assessed other subsequent events up to the date of authorisation of these financial statements and determined that there are no additional significant events requiring adjustment or disclosure.

# Entrepreneur First Operations Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 24. Prior year adjustments

During the preparation of these financial statements the Group and Company discovered a number of material errors in the prior year financial statements.

As a consequence, some of the Group's and Company's financial statement line items have been stated incorrectly. The errors have been corrected by restating each of the affected financial statement line items for the prior year. The following table summarises the impact on the Group's and Company's financial statements:

#### Group

|  | Note | As<br>previously<br>stated<br>31<br>December<br>2021<br>£ | Adjustment<br>s<br>£ | As restated<br>31<br>December<br>2021<br>£ |
|--|------|---|----------------------|--|
| <b>Fixed assets</b>                            |      |   |                      |  |
| Intangible assets                              |      | 13,333  | -                    | 13,333                                     |
| Tangible assets                                |      | 61,937  | -                    | 61,937                                     |
| Investments                                    | A    | 4,135,516   | 5,719,763            | 9,855,279                                  |
|  |      | <u>4,210,786</u>  | <u>5,719,763</u>     | <u>9,930,549</u>                           |
| <b>Current assets/(liabilities)</b>            |      |   |                      |  |
| Debtors: amounts falling due within one year   | A    | 6,131,102   | 375,637              | 6,506,739                                  |
| Cash at bank and in hand                       |      | 33,103,374  | -                    | 33,103,374                                 |
| Creditors: amounts falling due within one year | A    | (4,502,797)   | 9,890                | (4,492,907)                                |
|  |      | <u>34,731,679</u>   | <u>385,527</u>       | <u>35,117,206</u>                          |
| <b>Net current assets</b>                      |      |   |                      |  |
| Deferred taxation                              | A    | -   | (521,260)            | (521,260)                                  |
|  |      | <u>38,942,465</u>   | <u>5,584,030</u>     | <u>44,526,495</u>                          |
| <b>Net assets</b>                              |      |   |                      |  |
| Capital and reserves                           | A    | 38,942,465  | 5,584,030            | 44,526,495                                 |

## Entrepreneur First Operations Limited

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 24. Prior year adjustments (continued)

|   | Note | As<br>previously<br>stated<br>31<br>December<br>2021<br>£ | Adjustment<br>s<br>£ | As restated<br>31<br>December<br>2021<br>£ |
|---|------|---|----------------------|--|
| Turnover  |      | 5,179,891   | -                    | 5,179,891                                  |
| Cost of sales   |      | (4,485,853)   | -                    | (4,485,853)                                |
| <b>Gross profit</b>                                   |      | <b>694,038</b>  | <b>-</b>             | <b>694,038</b>                             |
| Administrative expenses                               | A    | (7,547,779)   | 363,820              | (7,183,959)                                |
| Other operating income                                |      | 2,690,235   | -                    | 2,690,235                                  |
| <b>Operating loss</b>                                 |      | <b>(4,163,506)</b>  | <b>363,820</b>       | <b>(3,799,686)</b>                         |
| Loss on disposal of fixed asset investments           | A    | (5,030,740)   | 5,030,740            | -  |
| Unrealised gain on investments measured at fair value | A    | 4,107,439   | (1,601,762)          | 2,505,677                                  |
| Impairment of fixed asset investments                 |      | (96,074)  | -                    | (96,074)                                   |
| Realised gains on investments                         | A    | -   | 2,290,785            | 2,290,785                                  |
| <b>(Loss)/profit before taxation</b>                  |      | <b>(5,182,881)</b>  | <b>6,083,583</b>     | <b>900,702</b>                             |
| Tax on profit   | A    | -   | (521,260)            | (521,260)                                  |
| <b>(Loss)/profit for the financial year</b>           |      | <b>(5,182,881)</b>  | <b>5,562,323</b>     | <b>379,442</b>                             |

## Entrepreneur First Operations Limited

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 24. Prior year adjustments (continued)

|   | As<br>previously<br>stated<br>31<br>December<br>2021<br>£ | Adjustment<br>s<br>£ | As restated<br>31<br>December<br>2021<br>£ |
|---|---|----------------------|--|
| <b>Cash flows used in operating activities</b>        |   |                      |  |
| (Loss)/profit for the financial year                  | (5,182,881)   | 5,562,323            | 379,442                                    |
| <b>Adjustments for:</b>                               |   |                      |  |
| Amortisation of intangible assets                     | 3,750   | -                    | 3,750                                      |
| Depreciation of tangible assets                       | 57,222  | -                    | 57,222                                     |
| Impairment of fixed assets                            | 96,074  | -                    | 96,074                                     |
| Loss on disposal of fixed asset investments           | 5,030,740   | (5,030,740)          | -  |
| Unrealised gain on investments measured at fair value | (4,107,439)   | 1,601,762            | (2,505,677)                                |
| Realised gain on investments                          | -   | (2,290,785)          | (2,290,785)                                |
| Taxation charge                                       | -   | 521,260              | 521,260                                    |
| Increase in debtors                                   | (3,012,687)   | (375,637)            | (3,388,324)                                |
| Increase in creditors                                 | 3,164,977   | 11,336               | 3,176,313                                  |
| Share based payment charges                           | 470,773   | -                    | 470,773                                    |
| Corporation tax received                              | 161,733   | 481                  | 162,214                                    |
| Foreign exchange                                      | 125,617   | -                    | 125,617                                    |
| <b>Net cash used in operating activities</b>          | <b>(3,192,121)</b>  | <b>-</b>             | <b>(3,192,121)</b>                         |
| <b>Cash flows used in investing activities</b>        |   |                      |  |
| Purchase of tangible fixed assets                     | (33,090)  | -                    | (33,090)                                   |
| Purchase of unlisted investments                      | (184,817)   | -                    | (184,817)                                  |
| <b>Net cash used in investing activities</b>          | <b>(217,907)</b>  | <b>-</b>             | <b>(217,907)</b>                           |
| <b>Cash flows generated from financing activities</b> |   |                      |  |
| Issue of ordinary shares                              | 29,779,423  | -                    | 29,779,423                                 |
| <b>Net cash generated from financing activities</b>   | <b>29,779,423</b>   | <b>-</b>             | <b>29,779,423</b>                          |
| <b>Net increase in cash and cash equivalents</b>      | <b>26,369,395</b>   | <b>-</b>             | <b>26,369,395</b>                          |
| Cash and cash equivalents at beginning of year        | 6,733,979   | -                    | 6,733,979                                  |
| <b>Cash and cash equivalents at the end of year</b>   | <b>33,103,374</b>   | <b>-</b>             | <b>33,103,374</b>                          |

## Entrepreneur First Operations Limited

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 24. Prior year adjustments (continued)

##### Company

|  |   | As<br>previously<br>stated<br>31<br>December<br>2021<br>£ | Adjustments<br>£ | As restated<br>31<br>December<br>2021<br>£ |
|--|---|---|------------------|--|
| <b>Fixed assets</b>                            |   |   |                  |  |
| Intangible assets                              |   | 13,333  | -                | 13,333                                     |
| Tangible assets                                |   | 47,899  | -                | 47,899                                     |
| Investments                                    | A | 4,217,411   | 5,719,763        | 9,937,174                                  |
|  |   | 4,278,643   | 5,719,763        | 9,998,406                                  |
| <b>Current assets/(liabilities)</b>            |   |   |                  |  |
| Debtors: amounts falling due within one year   |   | 8,273,713   | -                | 8,273,713                                  |
| Cash at bank and in hand                       |   | 32,727,730  | -                | 32,727,730                                 |
| Creditors: amounts falling due within one year |   | (4,198,157)   | -                | (4,198,157)                                |
|  |   | 36,803,286  | -                | 36,803,286                                 |
| <b>Net current assets</b>                      |   |   |                  |  |
| Deferred taxation                              | A | -   | (521,260)        | (521,260)                                  |
|  |   | 41,081,929  | 5,198,503        | 46,280,432                                 |
| <b>Net assets</b>                              |   |   |                  |  |
| <b>Capital and reserves</b>                    |   |   |                  |  |
| Called up share capital                        |   | 206   | -                | 206  |
| Share premium account                          |   | 49,730,505  | -                | 49,730,505                                 |
| Foreign exchange reserve                       |   | 115,964   | -                | 115,964                                    |
| Share option reserve                           |   | 486,889   | -                | 486,889                                    |
| Profit and loss account                        | A | (9,251,635)   | 5,198,503        | (4,053,132)                                |
|  |   | 41,081,929  | 5,198,503        | 46,280,432                                 |

# Entrepreneur First Operations Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 24. Prior year adjustments (continued)

Explanation of the prior year restatements:

- A. At 31 December 2021, the Group had incorrectly consolidated a subsidiary company which under paragraph 9.9(b) of FRS 102 should have been excluded from a consolidation, as the interest in the subsidiary was held exclusively with a view to subsequent resale. The prior year Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes have been restated to exclude the related subsidiary from the consolidated financial statements.

The interest in this subsidiary was held as part of an investment portfolio and therefore as permitted by Section 9 of FRS 102, the Company re-measured its investment in the subsidiary company at fair value through profit and loss. This has resulted in an increase in the value of investments in subsidiaries brought forward and an increase in the prior year net profit of the Company and Group.

In addition, during the prior year the Company transferred its interest in an unlisted investment into Entrepreneur First Investment LP where Entrepreneur First Singapore Investment Pte Ltd (the Subsidiary) is a limited partner. This transfer was recorded as a disposal of unlisted investments, with a corresponding loss on disposal recognised in the Statement of Comprehensive Income. As the Subsidiary will directly benefit from the investment being held by the fund, and therefore the Group will continue to benefit from the investment, it was deemed that there was no disposal made by the Group. The loss on disposal has therefore been removed from the prior year Statement of Comprehensive Income, and the transfer of the investment has now been treated as a capital contribution to the subsidiary.