

Company registration number 09315523 (England and Wales)

TRACTABLE LTD.
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

TRACTABLE LTD.

COMPANY INFORMATION

Director	R Ranca
Secretary	M Kuin
Company number	09315523
Registered office	71-75 Shelton Street London United Kingdom WC2H 9JQ
Auditor	KPMG LLP Chartered Accountants 2 Forbury Place 33 Forbury Road Reading United Kingdom RG1 3AD

TRACTABLE LTD.

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TRACTABLE LTD.

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The director presents their Strategic Report for Tractable Ltd. ("Tractable") and its subsidiaries ("the Group") for the year ended 31 December 2023.

Business review

Tractable is a Business to Business ("B2B") Software as a Service ("SAAS") platform that sells and develops Artificial Intelligence ("AI") enabled technology to help accelerate the insurance claims and damage appraisal process. It has established customers and use cases in the automotive and property industry. The Group's proprietary AI software augments and automates the damage recovery process that has historically relied on an in-person visual damage appraisal.

The Group has subsidiaries based in Japan, Germany, France, Romania and a representation office in Thailand. The operational headquarters are based in London. During the year the Group incorporated a new entity in Romania and the Brazilian subsidiary was closed down.

The Group's turnover in 2023 has decreased by 7% (increase 2022: 32%). In addition the Group has continued its investment in Research & Development, Sales & Marketing and other functions to enable and support continued growth going forward.

Principal risks and uncertainties

The Group's activities expose it to the following financial risks:

Foreign exchange risk

The Group actively monitors foreign exchange risk and routinely assesses bank balances per currency to limit the amount of exposure to foreign exchange risk the business has. The Group limits its transactions in foreign currencies where they can in order to reduce this risk.

Credit risk

The Group actively monitors their accounts receivable balances. To date it has not had significant exposure to bad debt and has a strong accounts receivable ageing profile.

Interest rate risk

The Group currently has no external borrowings but does have access to a revolving credit facility agreement.

Inflation

The global economy is experiencing inflationary pressures in almost all sectors and as a result the Group is constantly monitoring the market situation in terms of increasing costs, interest rates, inflation, and general recessionary matters. The business has not experienced a significant impact to date and the director believes the Group to be reasonably protected.

Climate change

The director recognises the objective of reducing the environmental impact of group activities and continue to review opportunities for improved energy efficiency within all operations and activities.

Following a review carried out by the Management, the Company energy usage has not altered significantly and is still classified as a Low Energy User, being less than 40,000 kWh per annum, therefore the Company has taken advantage of the exemption from reporting its energy consumption in line with the Streamlined Energy and Carbon Reporting legislation. Energy reduction actions taken in 2023 include:

- Increased use of technology to facilitate client, supplier and service provider meeting remotely rather than driving;
- Maintaining all office lighting and electrical equipment switched off when not in use.

TRACTABLE LTD.

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Financial key performance indicators

The director uses Key Performance Indicators ("KPIs") to monitor and assess Group performance. Management consider the following as their KPIs:

	2023	2022
Turnover	£16,201,317	£17,405,829
Gross Margin	71%	69%

Other information and explanations

A section 172 statement has not been included in the strategic report as the company qualifies for an exemption under the medium-sized companies' regime.

This report was approved by the board and signed on its behalf

R Ranca
Director

14 August 2024

TRACTABLE LTD.

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The director presents his annual report and financial statements for the year ended 31 December 2023.

Principal activities

The Group is a Business to Business ("B2B") Software as a Service ("SAAS") platform that develops Artificial Intelligence ("AI") enabled technology to help simplify and accelerate the insurance claims and damage appraisal process with established use cases in the automotive and property industry.

Results and dividends

The loss for the year, after taxation, amounted to £19,925,811 (2022: £35,616,380).

No dividends were paid or proposed in the current or prior year.

Going concern

The director has prepared the financial statements on the going concern basis. Further details are provided in the notes to the financial statements.

Director

The directors who served during the year and subsequent to the year end up to signing of these financial statements were:

A Dalyac
R Ranca

(Resigned 9 August 2024)

Qualifying third party indemnity provisions

The Group has purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of all Group companies, their Directors and senior officers.

Political donations

Neither Tractable nor any of its subsidiaries made any political donations or incurred any political expenditure during the current or prior years.

Post reporting date events

There are no post balance sheet event to report to the date of this report.

Future developments

The director expects the business to continue to grow in the forthcoming year, based on its product development and increased adoption by new and existing customers.

Matters covered in the Strategic Report

See the Strategic Report for the business review and details of the principal risks and uncertainties.

Statement of disclosure to auditor

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

- so far as the director aware, there is no relevant audit information of which the Group and the Group's auditor is 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 Group and the Group's auditor is aware of that information.

Auditor

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

TRACTABLE LTD.

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

On behalf of the board

R Ranca
Director

14 August 2024

TRACTABLE LTD.

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

The director is responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and Parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the director 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 Parent Company and of the Group's profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

TRACTABLE LTD.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRACTABLE LTD.

Opinion

We have audited the financial statements of Tractable Ltd. ("the Company") for the year ended 31 December 2023 which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The director has prepared the financial statements on the going concern basis as he does not intend to liquidate the Group or the Company or to cease their operations, and as he has concluded that the Group and the Company's financial position means that this is realistic. He has also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the director's conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the director's assessment that there is not, a material uncertainty related 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 the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

TRACTABLE LTD.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TRACTABLE LTD.

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the director as to the Group's and Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Group has only a few customers with individual contracts and there is no judgement or complexity with respect to revenue recognition on the contracts.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account combinations and other unusual journal characteristics.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the director and other management (as required by auditing standards), and discussed with the director and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, anti-money laundering, Consumer Rights Act 2015 and Sale of Goods Act, foreign corrupt practices, GDPR compliance, environmental protection, climate change and certain aspects of company legislation recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

TRACTABLE LTD.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TRACTABLE LTD.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and director's report

The director is responsible for the strategic report and the director's report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the director's report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the director's report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements, and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Responsibilities of director

As explained more fully in their statement set out on page 5, the director is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

TRACTABLE LTD.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TRACTABLE LTD.

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Stephanie Holland (Senior Statutory Auditor)

For and on behalf of KPMG LLP

Chartered Accountants
2 Forbury Place
33 Forbury Road
Reading
United Kingdom
RG1 3AD

14 August 2024

TRACTABLE LTD.

**GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2023**

		2023	2022
	Notes	£	as restated £
Turnover	3	16,201,317	17,405,829
Cost of sales		(4,706,766)	(5,424,979)
		<hr/>	<hr/>
Gross profit		11,494,551	11,980,850
Administrative expenses		(34,680,071)	(53,350,344)
Other operating (expenses)/income		(336,960)	686,796
		<hr/>	<hr/>
Operating loss	4	(23,522,480)	(40,682,698)
Tax on loss	9	3,596,669	5,066,318
		<hr/>	<hr/>
Loss for the financial year	18	(19,925,811)	(35,616,380)
		<hr/> <hr/>	<hr/> <hr/>

All amounts are related to continuing operations.

The notes on pages 17 to 32 form part of these financial statements.

TRACTABLE LTD.

**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023 £	2022 £
Loss for the year	(19,925,811)	(35,616,380)
Other comprehensive income		
Currency translation difference on foreign currency net investments	(238,472)	(39,552)
Total comprehensive income for the year	<u>(20,164,283)</u>	<u>(35,655,932)</u>

Total comprehensive income for the year is all attributable to the owners of the Parent company.

The notes on pages 17 to 32 form part of these financial statements.

TRACTABLE LTD.**GROUP BALANCE SHEET****AS AT 31 DECEMBER 2023**

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	10		459,190		657,407
Tangible assets	11		742,250		1,123,099
			<u>1,201,440</u>		<u>1,780,506</u>
Current assets					
Debtors	14	7,850,948		13,975,671	
Cash at bank and in hand		3,957,289		6,029,587	
		<u>11,808,237</u>		<u>20,005,258</u>	
Creditors: amounts falling due within one year	15	<u>(11,844,735)</u>		<u>(14,614,579)</u>	
Net current (liabilities)/assets			<u>(36,498)</u>		<u>5,390,679</u>
Total assets less current liabilities			<u>1,164,942</u>		<u>7,171,185</u>
Provisions for liabilities					
Deferred tax liability	16	76,062		57,022	
		<u>76,062</u>	<u>(76,062)</u>	<u>57,022</u>	<u>(57,022)</u>
Net assets			<u>1,088,880</u>		<u>7,114,163</u>
Capital and reserves					
Called up share capital	17		78,590		50,090
Share premium account	18		90,986,107		76,875,607
Other reserves	18		(349,087)		(110,615)
Profit and loss reserves	18		(89,626,730)		(69,700,919)
Total equity			<u>1,088,880</u>		<u>7,114,163</u>

The notes on pages 17 to 32 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 14 August 2024 and are signed on its behalf by:

R Ranca
Director

Company registration number 09315523 (England and Wales)

TRACTABLE LTD.**COMPANY BALANCE SHEET****AS AT 31 DECEMBER 2023**

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	10		459,190		657,407
Tangible assets	11		735,558		1,119,453
Investments	12		24,223		190,549
			<u>1,218,971</u>		<u>1,967,409</u>
Current assets					
Debtors	14	7,324,519		12,541,908	
Cash at bank and in hand		1,887,047		3,497,530	
		<u>9,211,566</u>		<u>16,039,438</u>	
Creditors: amounts falling due within one year	15	<u>(9,123,235)</u>		<u>(10,553,153)</u>	
Net current assets			<u>88,331</u>		<u>5,486,285</u>
Net assets			<u>1,307,302</u>		<u>7,453,694</u>
Capital and reserves					
Called up share capital	17		78,590		50,090
Share premium account	18		90,986,107		76,875,607
Profit and loss reserves	18		(89,757,395)		(69,472,003)
Total equity			<u>1,307,302</u>		<u>7,453,694</u>

The notes on pages 17 to 32 form part of these financial statements.

The Company's profit and total comprehensive loss for the year was £20,285,392 (2022 - £35,527,891).

The financial statements were approved by the board of directors and authorised for issue on 14 August 2024 and are signed on its behalf by:

R Ranca
Director

Company registration number 09315523 (England and Wales)

TRACTABLE LTD.

**GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

		Share capital	Share premium account	Other reserves	Profit and loss reserves	Total
	Notes	£	£	£	£	£
Balance at 1 January 2022		90	-	(71,063)	(34,084,539)	(34,155,512)
Year ended 31 December 2022:						
Loss for the year		-	-	-	(35,616,380)	(35,616,380)
Other comprehensive income:						
Currency translation difference on foreign currency net investments		-	-	(39,552)	-	(39,552)
Total comprehensive income		-	-	(39,552)	(35,616,380)	(35,655,932)
Issue of share capital	17	50,000	76,875,607	-	-	76,925,607
Balance at 31 December 2022		50,090	76,875,607	(110,615)	(69,700,919)	7,114,163
Year ended 31 December 2023:						
Loss for the year		-	-	-	(19,925,811)	(19,925,811)
Other comprehensive income:						
Currency translation difference on foreign currency net investments		-	-	(238,472)	-	(238,472)
Total comprehensive income		-	-	(238,472)	(19,925,811)	(20,164,283)
Issue of share capital	17	28,500	14,110,500	-	-	14,139,000
Balance at 31 December 2023		78,590	90,986,107	(349,087)	(89,626,730)	1,088,880

The notes on pages 17 to 32 form part of these financial statements.

TRACTABLE LTD.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Share capital	Share premium account	Profit and loss reserves	Total
Notes	£	£	£	£
Balance at 1 January 2022	90	-	(33,944,112)	(33,944,022)
Year ended 31 December 2022:				
Loss and total comprehensive income for the year	-	-	(35,527,891)	(35,527,891)
Issue of share capital	17 50,000	76,875,607	-	76,925,607
Balance at 31 December 2022	50,090	76,875,607	(69,472,003)	7,453,694
Year ended 31 December 2023:				
Loss and total comprehensive income	-	-	(20,285,392)	(20,285,392)
Issue of share capital	17 28,500	14,110,500	-	14,139,000
Balance at 31 December 2023	78,590	90,986,107	(89,757,395)	1,307,302

The notes on pages 17 to 32 form part of these financial statements.

TRACTABLE LTD.**GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

		2023		2022 as restated	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash utilised by operations	24		(20,167,109)		(46,707,221)
Interest received			(28,216)		(4,092)
Income taxes refunded			3,447,539		5,214,919
			<u> </u>		<u> </u>
Net cash outflow from operating activities			(16,747,786)		(41,496,394)
Investing activities					
Purchase of intangible assets			-		(672,976)
Purchase of tangible fixed assets		(11,227)			(823,338)
		<u> </u>		<u> </u>	
Net cash used in investing activities			(11,227)		(1,496,314)
Financing activities					
Proceeds from borrowings		14,625,407		43,348,899	
Interest receivable		28,216		4,092	
		<u> </u>		<u> </u>	
Net cash generated from financing activities			14,653,623		43,352,991
			<u> </u>		<u> </u>
Net (decrease)/increase in cash and cash equivalents			(2,105,390)		360,283
Cash and cash equivalents at beginning of year			6,029,587		5,708,858
Effect of foreign exchange rates			33,092		(39,554)
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			3,957,289		6,029,587
			<u> </u>		<u> </u>

The notes on pages 17 to 32 form part of these financial statements.

TRACTABLE LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

Company information

Tractable Ltd. (the Company) is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is 71-75 Shelton Street, London, WC2H 9JQ, United Kingdom.

1.1 Accounting convention

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 2).

The Company's functional and presentational currency is pound sterling.

The Parent Company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12.

The following exemptions available under FRS 102 in respect of certain disclosures for the Parent Company financial statements have been applied:

- No separate Parent company Profit and Loss Account. Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included;
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("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 Balance Sheet, 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 Profit and Loss Account from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2019.

TRACTABLE LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.3 Going concern

Notwithstanding net current liabilities of £36,498 (2022: net current assets £5,390,679) as at 31 December 2023, a loss for the year then ended of £19,925,811 (2022: £35,616,380) and operating cash outflows for the year of £16,747,786 (2022: £41,496,394), the financial statements have been prepared on a going concern basis which the director considers to be appropriate for the following reasons.

The director has performed a going concern assessment for Tractable Ltd (audited consolidated group) which indicates that, taking account of reasonably possible downsides the company is reliant on the ultimate parent company Tractable Inc to not call outstanding liabilities of £4,068,598 at 31 December 2023 as well as for them to continue providing additional financial support, to meet its liabilities as they fall due during the going concern assessment period.

Tractable Inc has indicated its intention to continue to make available such funds as are needed by the company during the going concern assessment period. The director of Tractable Inc has prepared cashflow forecasts of Tractable Inc consolidated group for a period of at least 12 months from the date of approval of these accounts on a conservative basis. The director has considered a reasonable downside scenario compared to the base case forecast. The key assumptions in this downside scenario include a reduction in revenue and a corresponding decrease in expenses. In this reasonable possible downside scenario the Group remains cash generative and there will be enough cash balance as at year end. The Group also has access to a \$40m Revolving Credit Facility agreement which is undrawn at the date of signing these financial statements. The downside case does not require utilisation of this facility. The Group was in compliance with all related financial covenants as of 31 December 2023 and forecasts to remain in compliance for at least 12 months from signing these financial statements.

As with any company placing reliance on other group entities for financial support the director acknowledges that there can be no certainty that this support will continue, although at the date of approval of these financial statements, they have no reason to believe that it will not do so. Consequently, the director is confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements and therefore have prepared the financial statements on going concern basis.

1.4 Turnover

Revenue is recognised over time 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:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- 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.

1.5 Intangible fixed assets other than goodwill

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.

TRACTABLE LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

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

Other intangible fixed assets 4 years

1.6 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 charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Long-term leasehold property	4 years
Office equipment	4 years
Computer equipment	4 years

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 profit or loss.

1.7 Fixed asset investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

TRACTABLE LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.9 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties, investments in ordinary shares and cash and cash equivalents.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Consolidated Profit and Loss Account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Fair value measurement of financial instruments

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The Company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

1.10 Equity instruments

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

1.11 Taxation

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

TRACTABLE LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

Current tax

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

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

Deferred tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet 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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.12 Provisions

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 balance sheet 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 Balance Sheet.

1.13 Retirement benefits

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

Termination benefits

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

TRACTABLE LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies (Continued)

1.14 Foreign exchange

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

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

1.15 Debtors

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

1.16 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.17 Other operating income

Intercompany payments to compensate Tractable Ltd for (i) R&D related services provided and (ii) for the utilisation of its Intellectual Property, are recognised as Other Operating Income in the Consolidated Profit and Loss Account.

2 Judgements and key sources of estimation uncertainty

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

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

The director does not consider there to be any key sources of estimation uncertainty or any critical accounting judgements.

3 Turnover and other revenue

An analysis of the Group's turnover is as follows:

	2023	2022
	£	£
Turnover analysed by class of business		
Service subscriptions	16,201,317	17,405,829
	<u> </u>	<u> </u>
	2023	2022
	£	£
Turnover analysed by geographical market		
APAC and EMEA	16,201,317	17,405,829
	<u> </u>	<u> </u>

TRACTABLE LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

3 Turnover and other revenue (Continued)

	2023	2022
	£	£
Other revenue		
Other operating income	-	686,796
	<u> </u>	<u> </u>

Turnover for the Americas is included in our ultimate parent accounts and not part of the Tractable Ltd Group consolidated accounts.

4 Operating loss

	2023	2022
	£	£

Operating loss for the year is stated after charging:

Rent	1,491,996	2,265,290
Software & IT	2,010,216	2,227,111
Cloud infrastructure	2,894,132	5,837,237
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2023	2022
	£	£

Fees payable to the company's auditor and associates:

For audit services		
Audit of the financial statements of the group and company	45,000	55,094
	<u> </u>	<u> </u>

There were no non audit fees paid during the year (2022: £nil).

6 Employees

The average monthly number of persons (including directors) employed by the Group and Company during the year was:

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
Research and development	117	158	105	142
Sales and marketing	24	46	13	26
Customer success	46	35	20	15
General & administration	26	40	25	38
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	213	279	163	221
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

TRACTABLE LTD.**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023****6 Employees (Continued)**

Their aggregate remuneration comprised:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Wages and salaries	23,910,501	27,783,473	20,236,350	22,813,173
Social security costs	2,750,164	3,589,433	2,336,335	2,954,469
Pension costs	857,374	887,447	729,529	729,922
	<u>27,518,039</u>	<u>32,260,353</u>	<u>23,302,214</u>	<u>26,497,564</u>

7 Director's remuneration

	2023 £	2022 £
Remuneration for qualifying services	<u>49,728</u>	<u>172,497</u>

There are no retirement benefits accruing to the directors under money purchase schemes or defined benefit schemes, or that exercised any share options as there are none.

8 Parent Company's result for the year

No profit and loss account is presented for Tractable Ltd, the Company, as permitted by section 408(3) of the Companies Act 2006. The result after taxation of the Company for the year ended 31 December 2023 was a loss of £20,285,392 (2022: £35,527,891).

TRACTABLE LTD.**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****9 Taxation**

	2023	2022
	£	as restated
		£
Current tax		
UK corporation tax on loss for the current period	(3,719,239)	(5,332,173)
Foreign current tax on profit for the current period	103,530	283,102
Total current tax	<u>(3,615,709)</u>	<u>(5,049,071)</u>
Deferred tax		
Origination and reversal of timing differences	19,040	(17,247)
Total tax credit	<u>(3,596,669)</u>	<u>(5,066,318)</u>

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2023	2022
	£	as restated
		£
Loss before taxation	<u>(23,522,480)</u>	<u>(40,682,698)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.52% (2022 - 19%)	(5,532,487)	(7,729,713)
Expenses not deductible	1,618	2,937
Income not taxable	(23)	(69,182)
Effect of SME R&D scheme	46,556	(2,456,533)
Effect of overseas tax rates	(50,637)	149,111
Deferred tax not recognised	1,938,304	5,037,062
Taxation credit	<u>(3,596,669)</u>	<u>(5,066,318)</u>

Factors that may affect future tax charges

Following the substantive enactment of the Finance Act 2021, effective 1 April 2023 the applicable corporation tax rate is now 25% (for companies with profits over £250,000) and continues to be 19% (for companies with profits of £50,000 or less). Companies with profits between £50,000 and £250,000 pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective Corporation Tax rate. As a result, deferred tax has been calculated at 25% (2022:19%).

TRACTABLE LTD.**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023****10 Intangible fixed assets**

Group	Other intangible fixed assets
	£
Cost	
At 1 January 2023 and 31 December 2023	793,180
Amortisation and impairment	
At 1 January 2023	135,773
Amortisation charged for the year	198,217
At 31 December 2023	333,990
Carrying amount	
At 31 December 2023	459,190
At 31 December 2022	657,407
Company	Other intangible fixed assets
	£
Cost	
At 1 January 2023 and 31 December 2023	793,180
Amortisation and impairment	
At 1 January 2023	135,773
Amortisation charged for the year	198,217
At 31 December 2023	333,990
Carrying amount	
At 31 December 2023	459,190
At 31 December 2022	657,407

TRACTABLE LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

11 Tangible fixed assets

Group	Long-term leasehold property	Office equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2023	61,567	114,395	1,590,334	1,766,296
Additions	-	1,204	10,023	11,227
At 31 December 2023	61,567	115,599	1,600,357	1,777,523
Depreciation and impairment				
At 1 January 2023	13,992	70,107	559,098	643,197
Depreciation charged in the year	17,822	14,779	359,475	392,076
At 31 December 2023	31,814	84,886	918,573	1,035,273
Carrying amount				
At 31 December 2023	29,753	30,713	681,784	742,250
At 31 December 2022	47,575	44,288	1,031,236	1,123,099
Company				
	Long-term leasehold property	Office equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2023	61,567	113,280	1,582,274	1,757,121
Additions	-	1,333	5,672	7,005
At 31 December 2023	61,567	114,613	1,587,946	1,764,126
Depreciation and impairment				
At 1 January 2023	13,992	68,992	554,684	637,668
Depreciation charged in the year	17,822	14,911	358,167	390,900
At 31 December 2023	31,814	83,903	912,851	1,028,568
Carrying amount				
At 31 December 2023	29,753	30,710	675,095	735,558
At 31 December 2022	47,575	44,288	1,027,590	1,119,453

The Group has fixed and floating charges on its assets relating to its Revolving Credit Facility.

TRACTABLE LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

12 Fixed asset investments

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Investments in subsidiaries	13	-	-	24,223	190,549

Movements in fixed asset investments

Company	Shares in subsidiaries £
Cost	
At 1 January 2023	190,549
Additions	148,930
At 31 December 2023	339,479
Impairment	
At 1 January 2023	-
Impairment losses	315,256
At 31 December 2023	315,256
Carrying amount	
At 31 December 2023	24,223
At 31 December 2022	190,549

13 Subsidiaries

Details of the Company's subsidiaries at 31 December 2023 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Tractable KK	C/O WeWork, Marunouchi Kitaguchi Building 9F, 1-6-5 Marunouchi, Chiyoda-Ku, Japan	Market expansion for B2B SaaS	Ordinary	100.00
Tractable GmbH	Am Zirkus 2, Berlin, Germany, 10117	Market expansion for B2B SaaS	Ordinary	100.00
Tractable SAS	1 Place Boieldieu, Paris, 75002	Market expansion for B2B SaaS	Ordinary	100.00
Tractable SRL	Str. Vasile Lupu, Nr. 78, BL. N4, Spatiu Comercial 1, Parter, Iasi, 700350	Market expansion for B2B SaaS	Ordinary	100.00

Tractable Ltd. hold a representative office in Thailand and its registered office is 88 The Parq Building, 78th Floor, Ratchadaphisek Road, Klongtoey Sub-district, Klongtoey District, Bangkok, 10110.

TRACTABLE LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

14 Debtors

	Group 2023	2022	Company 2023	2022
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	359,597	1,172,205	294,802	378,860
Other debtors	4,192,125	9,072,218	4,064,762	8,931,781
Prepayments and accrued income	3,299,226	3,731,248	2,964,955	3,231,267
	<u>7,850,948</u>	<u>13,975,671</u>	<u>7,324,519</u>	<u>12,541,908</u>

15 Creditors: amounts falling due within one year

	Group 2023	2022	Company 2023	2022
	£	£	£	£
Trade creditors	179,604	1,525,060	151,867	1,401,492
Amounts owed to group undertakings	4,068,598	3,582,189	5,574,328	5,867,608
Other taxation and social security	455,487	1,206,726	438,266	10,692
Other creditors	618,023	640,893	88,492	-
Accruals and deferred income	6,523,023	7,659,711	2,870,282	3,273,361
	<u>11,844,735</u>	<u>14,614,579</u>	<u>9,123,235</u>	<u>10,553,153</u>

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Group and Company, and movements thereon:

Group	Liabilities 2023	Liabilities 2022
	£	£
Accelerated capital allowances	76,062	57,022
	<u>76,062</u>	<u>57,022</u>

The company has no deferred tax assets or liabilities.

	Group 2023	Company 2023
	£	£
Movements in the year:		
Liability at 1 January 2023	57,022	-
Charge to profit or loss	19,040	-
	<u>76,062</u>	<u>-</u>

TRACTABLE LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

17 Share capital

Group and Company	2023	2022	2023	2022
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of 1p each	7,858,200	5,008,200	78,582	50,082
Ordinary shares A of 1p each	800	800	8	8
	<u>7,859,000</u>	<u>5,009,000</u>	<u>78,590</u>	<u>50,090</u>

During the year 2,850,000 ordinary shares of £0.01 nominal value were issued for the amount of £14,139,000, giving rise to £14,110,500 of share premium.

The ordinary shares have attached to them full voting and dividend rights. They do not confer any rights of redemption. On a return of capital, if the pro rata amount payable to each holder of A ordinary shares would equal less than the issue price of the A ordinary shares, the A ordinary shares shall rank ahead of the ordinary shares with respect to a distribution of capital (including on winding up).

The A ordinary shares have attached to them full voting and dividend rights. They do not confer any rights of redemption. On a return of capital (including winding up) the amount payable in respect of each A ordinary share shall be an amount per A ordinary share held equal to the higher of (A) the aggregate issue price for each A ordinary share held (provided that if there are insufficient surplus assets to pay the amounts per A ordinary share equal to the issue price, the remaining surplus assets shall be distributed to each holder of A ordinary shares pro rata to their respective holding of A ordinary shares) and (B) the pro rata share of such assets or proceeds to which each holder of A ordinary shares is entitled to according to the number of A ordinary shares held by him.

18 Reserves

Share premium

Share premium represents the amount of money that a Company receives for its shares over and above their nominal value.

Other reserves

Other reserves represent the currency translation difference on foreign currency net investments.

Profit and loss account

Profit and loss account represents cumulative profit's and losses net of dividends paid and other adjustments.

19 Pension commitments

The Group operates a defined contributions pension scheme. The pension cost charge represents contributions payable by the Group and amounted to £857,373 (2022: £889,502). As at 31 December 2023 the total amount accrued was £126,964 (2022: £49,646).

TRACTABLE LTD.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

20 Operating lease commitments

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

	Group 2023 £	2022 £	Company 2023 £	2022 £
Within one year	173,208	1,088,599	13,400	834,586
Between two and five years	136,689	217,702	-	36,292
	<u>309,897</u>	<u>1,306,301</u>	<u>13,400</u>	<u>870,878</u>

21 Related party transactions

In accordance with FRS 102 Section 33, the Company has not disclosed any related party transactions between wholly owned entities within the Group.

There are no outstanding loans to the director.

The Group held an intercompany creditor with Tractable Inc (the immediate Parent Company) of £4,068,598 at 31 December, 2023 (2022: £3,582,189). During the year, the Company issued ordinary shares for the amount of £14,139,000 to its parent entity Tractable Inc.

Other operating expenses of £336,960 (income 2022: £686,796) was also recognised by the Group in relation to intercompany transactions with Tractable Inc (the immediate Parent Company).

22 Post balance sheet events

There are no post balance sheet event to report to the date of this report.

23 Controlling party

There is no ultimate controlling party.

Tractable Ltd. is a subsidiary undertaking of Tractable Inc.

The largest group in which the results of the Company and its group are consolidated is that headed by Tractable Inc, a company incorporated in the United States and registered at 1209 Orange Street, Wilmington, New Castle, Delaware 19801. The smallest group in which they are consolidated is that headed by the Company. The consolidated financial statements of these groups are not available to the public.

TRACTABLE LTD.

**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

24 Cash utilised by group operations

	2023	2022
	£	as restated £
Loss for the year after tax	(19,925,811)	(35,616,380)
Adjustments for:		
Taxation credited	(3,596,669)	(5,066,318)
Amortisation and impairment of intangible assets	198,217	121,921
Depreciation and impairment of tangible fixed assets	392,076	304,329
Movements in working capital:		
Decrease/(increase) in debtors	6,124,723	(4,504,078)
Decrease in creditors	(3,359,645)	(1,946,695)
Cash utilised by operations	<u>(20,167,109)</u>	<u>(46,707,221)</u>

25 Prior period adjustment

In the prior year, the R&D tax credit was incorrectly netted within administrative expenses. This has been adjusted by restating each of the affected financial statement line items for prior periods.

The following table summarises the impact on the Company financial statements.

Changes to the profit and loss account - group

	As previously reported	Adjustment	As restated at 31 December 2022
Period ended 31 December 2022	£	£	£
Administrative expenses	(48,018,171)	(5,332,173)	(53,350,344)
Taxation	(265,855)	5,332,173	5,066,318
Loss after taxation	<u>(35,616,380)</u>	<u>-</u>	<u>(35,616,380)</u>

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