

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
FOR
HOOTSUITE MEDIA UK LIMITED**

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for the Year Ended 31 December 2022**

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COMPANY INFORMATION
for the Year Ended 31 December 2022

DIRECTORS:

C Segal
D Leong

REGISTERED OFFICE:

10 John Street
London
WC1N 2EB

REGISTERED NUMBER:

08056847 (England and Wales)

AUDITORS:

Oury Clark Chartered Accountants
Statutory Auditors
Herschel House
58 Herschel Street
Slough
Berkshire
SL1 1PG

**STRATEGIC REPORT
for the Year Ended 31 December 2022**

The directors present their strategic report for the year ended 31 December 2022.

Hootsuite Media UK Limited ("Hootsuite Media UK" or "Company") is a subsidiary of its parent company, Hootsuite Inc. Hootsuite Media UK Limited exists to provide marketing support services and as required services from time to time for the benefit of the parent.

Hootsuite Inc. is a social media management company engaged in the design, development, marketing, distribution and provision of social media platforms and related services. Hootsuite Media UK Limited is exposed to liquidity risk as it is reliant on Hootsuite Inc. for funding of its continued operations. The Company monitors its liquidity requirements regularly to ensure that Hootsuite Inc. provides sufficient cash to meet any obligations.

During the year 2022, the Company announced and began implementation of a strategic restructuring to resize the global resources and to sharpen its customer and market focus, in order to increase profitability and growth potential.

In the year to 31 December 2022 Hootsuite Media UK Limited reported an increase in revenue of 20.8% to £16,900,924 (2021: £13,986,485), and an increase in gross profit of 9.3% to £3,019,978 (2021: £2,762,451). Overall, net profit before taxes showed an overall decrease of 5.1% to £484,811 (2021: £510,935).

ON BEHALF OF THE UK DIRECTORS:

D Leong - Director

24 August 2023

**REPORT OF THE DIRECTORS
for the Year Ended 31 December 2022**

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2022.

DIRECTORS

The directors during the year under review were:

C Segal

D Leong

The directors holding office at 31 December 2022 did not hold any beneficial interest in the issued share capital of the company at 1 January 2022 or 31 December 2022.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Oury Clark Chartered Accountants, are deemed to be re-appointed under Section 487 (2) of the Companies Act 2006.

ON BEHALF OF THE UK DIRECTORS:

D Leong - Director

24 August 2023

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HOOTSUITE MEDIA UK LIMITED

Opinion

We have audited the financial statements of HootSuite Media UK Limited (the 'company') for the year ended 31 December 2022 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 2 in the financial statements. The note describes that the financial statements have been prepared on the going concern basis as the parent company Hootsuite Inc, has confirmed its willingness to support the company for a period in excess of 12 months and 1 day from the date on which the audit report is signed.

However, the parent company had net liabilities arising from the liability to redeem preference shares totalling \$24.8 million on or after April 30, 2024. If these shares are redeemed, it is unlikely that the entity would be a going concern. Without direct confirmation from the shareholders as detailed in note 2, a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Emphasis of matter

We draw attention to note 2 to the financial statements which describes the position of an intercompany balance of £5,663,210 included within debtors. The recoverability of this debt is dependent on the parent company shareholders not redeeming the preference shares as noted above. Our opinion is not modified in this respect.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HOOTSUITE MEDIA UK LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HOOTSUITE MEDIA UK LIMITED

Auditors' 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 a Report of the Auditors 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.

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

Identifying and assessing potential irregularities, including fraud

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- Considering the nature of the industry, sector, control environment and current business activities, including possible performance targets and subsequent remuneration.
- Enquiring of management concerning policies and procedures relating to:
 1. Complying with laws and regulations and whether there were any instances of non-compliance.
 2. Mitigating, detecting and responding to fraud risk and whether there has been any actual or possible instances of fraud.
- Discussing within the engagement team and internal specialists where necessary, regarding how and where fraud may occur in the financial statements along with the possible indicators of fraud. We identified management override as the area most likely to be susceptible to fraud.
- Discussing within the engagement team and internal specialists where necessary, the legal and regulatory framework in which the company operates and in particular those which would have an impact on the financial statements. The key laws and regulations considered were the Companies Act 2006, UK tax legislation and UK employment law.

Audit response to the risks identified

As noted above, we identified management override as the matter that would most likely be susceptible to fraud. Our procedures to respond to these risks included the following:

- Reviewing a sample of employee expense claims to ensure expenses reimbursed are in line with the activities of the business and that expense claims have supporting receipts that have been authorised by management.
- Review of journals posted in the year to ensure there was no evidence of management override.

Further, we also identified compliance with the Companies Act 2006, UK tax legislation and employment law as being key areas where there may be possible non-compliance. Our procedures to respond to these risks included the following:

- Review the financial statement disclosures with completion of a disclosure checklist and testing to supporting documentation to assess compliance with the Companies Act 2006;
- Review the corporation tax return to ensure it complies with UK tax legislation and completion of our detailed corporation tax checklist;
- A safeguard review of the financial statements by someone independent of the audit team;
- A safeguard review of the corporation tax by a Chartered Tax Adviser independent of the audit team;
- Review legal fees for indications of material issues arising out of non-compliance with employment law, and check a sample of compliance with right to work checks.

The above matters and identified laws and regulations and potential fraud risks were communicated to all engagement team members and internal specialists where necessary, in order to enable the team to have the ability to identify such risks. The whole team 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 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.

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HOOTSUITE MEDIA UK LIMITED**

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 a Report of the Auditors 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.

Amy Enslin (Senior Statutory Auditor)
for and on behalf of Oury Clark Chartered Accountants
Statutory Auditors
Herschel House
58 Herschel Street
Slough
Berkshire
SL1 1PG

25 August 2023

INCOME STATEMENT
for the Year Ended 31 December 2022

	Notes	31.12.22 £	31.12.21 £
TURNOVER		16,900,924	13,986,485
Cost of sales		<u>13,880,946</u>	<u>11,224,034</u>
GROSS PROFIT		3,019,978	2,762,451
Administrative expenses		<u>2,535,167</u>	<u>2,251,560</u>
OPERATING PROFIT	4	484,811	510,891
Interest receivable and similar income		<u>-</u>	<u>44</u>
PROFIT BEFORE TAXATION		484,811	510,935
Tax on profit	5	<u>120,530</u>	<u>92,240</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>364,281</u></u>	<u><u>418,695</u></u>

The notes form part of these financial statements

OTHER COMPREHENSIVE INCOME
for the Year Ended 31 December 2022

	Notes	31.12.22 £	31.12.21 £
PROFIT FOR THE YEAR		364,281	418,695
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME			
FOR THE YEAR		<u>364,281</u>	<u>418,695</u>

BALANCE SHEET
31 December 2022

	Notes	31.12.22 £	£	31.12.21 £	£
FIXED ASSETS					
Tangible assets	6		165,634		138,287
CURRENT ASSETS					
Debtors	7	6,255,306		5,499,838	
Cash at bank		<u>370,336</u>		<u>369,927</u>	
		6,625,642		5,869,765	
CREDITORS					
Amounts falling due within one year	8	<u>1,930,773</u>		<u>1,511,157</u>	
NET CURRENT ASSETS			<u>4,694,869</u>		<u>4,358,608</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,860,503</u>		<u>4,496,895</u>
CAPITAL AND RESERVES					
Called up share capital	10		1		1
Share option reserve	11		296,655		347,455
Retained earnings	11		<u>4,563,847</u>		<u>4,149,439</u>
SHAREHOLDERS' FUNDS			<u>4,860,503</u>		<u>4,496,895</u>

The financial statements were approved by the Board of Directors and authorised for issue on 24 August 2023 and were signed on its behalf by:

D Leong - Director

STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2022

	Called up share capital £	Retained earnings £	Share option reserve £	Total equity £
Balance at 1 January 2021	1	3,730,744	341,993	4,072,738
Changes in equity				
Total comprehensive income	-	418,695	-	418,695
Share option charge	-	-	(1,126)	(1,126)
Share options vested	-	-	6,588	6,588
Balance at 31 December 2021	<u>1</u>	<u>4,149,439</u>	<u>347,455</u>	<u>4,496,895</u>
Changes in equity				
Total comprehensive income	-	364,281	-	364,281
Share option charge	-	-	(673)	(673)
Transfer to retained earnings	-	50,127	(50,127)	-
Balance at 31 December 2022	<u>1</u>	<u>4,563,847</u>	<u>296,655</u>	<u>4,860,503</u>

The notes form part of these financial statements

CASH FLOW STATEMENT
for the Year Ended 31 December 2022

	Notes	31.12.22 £	31.12.21 £
Cash flows from operating activities			
Cash generated from operations	1	934,414	385,424
Tax paid		<u>(52,035)</u>	<u>(117,800)</u>
Net cash from operating activities		<u>882,379</u>	<u>267,624</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(117,795)	(112,381)
Interest received		<u>-</u>	<u>44</u>
Net cash from investing activities		<u>(117,795)</u>	<u>(112,337)</u>
Cash flows from financing activities			
Intercompany balance movement		<u>(764,175)</u>	<u>(277,787)</u>
Net cash from financing activities		<u>(764,175)</u>	<u>(277,787)</u>
Increase/(decrease) in cash and cash equivalents		<u>409</u>	<u>(122,500)</u>
Cash and cash equivalents at beginning of year	2	369,927	492,427
Cash and cash equivalents at end of year	2	<u><u>370,336</u></u>	<u><u>369,927</u></u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 December 2022

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.12.22	31.12.21
	£	£
Profit before taxation	484,811	510,935
Depreciation charges	90,448	51,026
Movement in Share Option reserve	(673)	5,462
Finance income	-	(44)
	<u>574,586</u>	<u>567,379</u>
Increase in trade and other debtors	(46,494)	(840)
Increase/(decrease) in trade and other creditors	<u>406,322</u>	<u>(181,115)</u>
Cash generated from operations	<u><u>934,414</u></u>	<u><u>385,424</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2022

	31.12.22	1.1.22
	£	£
Cash and cash equivalents	<u>370,336</u>	<u>369,927</u>

Year ended 31 December 2021

	31.12.21	1.1.21
	£	£
Cash and cash equivalents	<u>369,927</u>	<u>492,427</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.22	Cash flow	At 31.12.22
	£	£	£
Net cash			
Cash at bank	<u>369,927</u>	<u>409</u>	<u>370,336</u>
	<u>369,927</u>	<u>409</u>	<u>370,336</u>
Total	<u>369,927</u>	<u>409</u>	<u>370,336</u>

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2022**

1. STATUTORY INFORMATION

HootSuite Media UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The trading address of the company is 90 High Holborn, Holborn, London WC1V 6LJ

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on the going concern basis as a result of parent company support. The parent company Hootsuite Inc has pledged to support Hootsuite Media UK Limited for at least 12 months and 1 day from the signing of these financial statements. However, there is material uncertainty as to the parent company's ability to provide this support.

This is due to \$24.8 million of redeemable preference shares included in the parent company's financial statements. These preference shares can be redeemed on or after April 30, 2024. If the preference shares are redeemed, the parent company would be unable to support the UK company. Historically the parent company has received assurances from the shareholders that they will not redeem the preference shares, and the Directors believe this is still the case.

At the balance sheet date Hootsuite Media UK Limited was owed £5,663,210 from Hootsuite Inc. The recoverability of this debtor is also dependent on the parent company shareholders not redeeming the aforementioned preference shares as noted above.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Turnover

Turnover represents net invoiced services sold to the parent company, excluding value added tax. Turnover is recognised when re-chargeable expenses are incurred.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 20% on cost
Computer equipment	- 50% on cost

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2022

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Share-based payments

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The share based payment expense is recognised on a reasonable allocation of the group expense. The arrangements are measured at fair value at the date of grant. The share based payment expense is recognised in the income statement as an expense with a corresponding credit to other reserves.

Financial instruments

Basic financial instruments as covered by Section 11 of FRS102 are measured at amortised cost. The company does not have any other financial instruments as covered by Section 12 of FRS102.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2022

3. EMPLOYEES AND DIRECTORS

	31.12.22	31.12.21
	£	£
Wages and salaries	11,836,835	9,437,550
Social security costs	1,419,134	1,184,439
Other pension costs	114,744	120,165
	<u>13,370,713</u>	<u>10,742,154</u>

The average number of employees during the year was as follows:

	31.12.22	31.12.21
Sales and administration	<u>120</u>	<u>112</u>
	31.12.22	31.12.21
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	31.12.22	31.12.21
	£	£
Other operating leases	1,263,472	1,274,692
Depreciation - owned assets	90,448	51,026
Auditors' remuneration	20,000	15,000
Foreign exchange differences	<u>76,815</u>	<u>116,038</u>

5. TAXATION
Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	31.12.22	31.12.21
	£	£
Current tax:		
UK corporation tax	123,494	80,776
Deferred tax	(2,964)	11,464
Tax on profit	<u>120,530</u>	<u>92,240</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2022

5. TAXATION - continued**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.22 £	31.12.21 £
Profit before tax	<u>484,811</u>	<u>510,935</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	92,114	97,078
Effects of:		
Expenses not deductible for tax purposes	43,106	666
Capital allowances in excess of depreciation	(11,334)	(17,990)
Share based payment provision	(128)	1,037
Share options exercised in year	(264)	(15)
Deferred tax	<u>(2,964)</u>	<u>11,464</u>
Total tax charge	<u>120,530</u>	<u>92,240</u>

6. TANGIBLE FIXED ASSETS

	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 January 2022	22,951	128,840	189,064	340,855
Additions	-	503	117,292	117,795
Disposals	-	-	(736)	(736)
At 31 December 2022	<u>22,951</u>	<u>129,343</u>	<u>305,620</u>	<u>457,914</u>
DEPRECIATION				
At 1 January 2022	22,951	39,733	139,884	202,568
Charge for year	-	25,580	64,868	90,448
Eliminated on disposal	-	-	(736)	(736)
At 31 December 2022	<u>22,951</u>	<u>65,313</u>	<u>204,016</u>	<u>292,280</u>
NET BOOK VALUE				
At 31 December 2022	<u>-</u>	<u>64,030</u>	<u>101,604</u>	<u>165,634</u>
At 31 December 2021	<u>-</u>	<u>89,107</u>	<u>49,180</u>	<u>138,287</u>

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.22 £	31.12.21 £
Amounts owed by group undertakings	5,663,210	4,899,035
Other debtors	304,925	256,773
Tax	-	55,201
VAT	117,331	137,127
Prepayments and accrued income	<u>169,840</u>	<u>151,702</u>
	<u>6,255,306</u>	<u>5,499,838</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2022

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.22	31.12.21
	£	£
Trade creditors	157,486	49,060
Tax	13,294	-
Social security and other taxes	247,991	261,999
Other creditors	5,148	2,949
Accruals and deferred income	1,506,854	1,197,149
	<u>1,930,773</u>	<u>1,511,157</u>

9. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.12.22	31.12.21
	£	£
Within one year	1,292,060	1,292,060
Between one and five years	117,460	1,526,980
	<u>1,409,520</u>	<u>2,819,040</u>

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.22	31.12.21
			£	£
100	Ordinary	£0.01	<u>1</u>	<u>1</u>

Ordinary shares carry full and equal rights to participate in voting in all circumstances, in dividends and in capital distributions, whether on a winding up or otherwise. The shares are not redeemable.

11. RESERVES

	Retained earnings	Share option reserve	Totals
	£	£	£
At 1 January 2022	4,149,439	347,455	4,496,894
Profit for the year	364,281		364,281
Share option charge	-	(673)	(673)
Transfer to retained earnings	50,127	(50,127)	-
At 31 December 2022	<u>4,563,847</u>	<u>296,655</u>	<u>4,860,502</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2022**

12. SHARE-BASED PAYMENT TRANSACTIONS

At the period end the company has equity settled share based payment options with its employees. The equity offered is that of the ultimate parent company Hootsuite Media Inc.

2014 Stock Option Plan

On March 1, 2014, the Board of Directors adopted the 2014 Stock Option Plan (the "2014 Stock Option Plan"). Under the plan, the term of newly issued options is 10 years. All existing options available for issuance as of March 1, 2014 under the existing plan were transferred to the 2014 Stock Option Plan. Under the 2014 Stock Option Plan, the options vest over 4 years from the date of grant and have terms of five to ten years.

2010 Stock Option Plan

The Company Board of Directors approved a stock option plan (the "2010 Stock option Plan") on March 19, 2010. The 2010 Stock Option Plan was further amended on June 14, 2011 and March 8, 2013. The options vest over four years from the date of grant and have terms of five years.

As per legislation, when share options are forfeited which have not been fully vested, the charge to date will be reversed.

During the period no options (2021: 0) were granted to employees of the UK entity for shares in the parent company.

During the period 11,262 (2021: 16,404) share options were exercised. A total of 372,087 (2021: 48,550) share options were forfeited during the period.

During the period, the charge for the year relating to options still vesting is £254 (2021: £6,588). The total charge to be reversed as a result of forfeited shares not fully vested is £928 (2021: £1,126).

During the period a total of £50,127 (2021: nil) was transferred from the share option reserve to retained earnings in respect of options that were forfeited after they had fully vested.

As a result, the share option reserve is an amount of £296,655 (2021: £347,455) in respect of share options issued by the parent company to employees of Hootsuite Media UK Limited, which under FRS102 forms a separate capital reserve.

The share based payment expense is recognised on a reasonable allocation of the group expense.

13. ULTIMATE PARENT COMPANY

The immediate and ultimate parent company is Hootsuite Inc, a company incorporated in Canada, with its registered office at 5 East 8th Avenue, Vancouver, BC V5T 1R6, Canada. Hootsuite Inc is the largest and only group company to prepare consolidated financial statements.

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