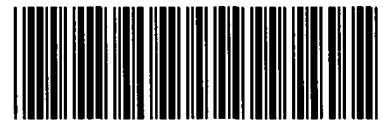


Registration number: 08172044

Busuu Limited
Annual Report and Financial Statements
for the Year Ended 31 December 2022

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Busuu Limited

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Busuu Limited

Company Information

Directors

Mr Andrew Brown (appointed 13 January 2022)

Mr Nathan Schultz (appointed 13 January 2022)

Registered Office

Broadwalk House
5 Appold Street
London
EC2A 2AG

Auditors

Cooper Parry Group Limited
1 Finsbury Ave
Broadgate
London
EC2M 2PF

Bankers

HSBC UK Bank PLC
Ground Floor
1 London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

Busuu Limited

Strategic Report for the Year Ended 31 December 2022

Principal activity

The principal activity of the company during the year was the provision of a language learning platform subscription service.

Business review

On 13 January 2022, the company's parent company and its subsidiaries were acquired by Chegg, Inc., a US listed corporation.

During 2022, Busuu was focused on re-launching its B2C product from its previous Premium business model to a Freemium one. Conversion metrics for the new model are progressing according to plan. Simultaneously, B2B bookings grew 20% year on year.

The company also continued to invest heavily into research and development.

Principal risks and uncertainties

The management of the business and the execution of the company's strategies are subject to a number of risks. The key risks identified include:

Foreign Exchange risk

The company is exposed to Foreign Exchange risks due to remittances in multiple currencies. Exchange rate fluctuations may result in loss of profit. The company operates globally, and therefore benefits from some natural hedging around currency exchange risk.

Cybersecurity risk

The company monitors cybersecurity risk by keeping its electronic information secure and implementing IT security and access controls.

Third-party risk

The company relies on third party platforms such as Apple Appstore and Google Play to distribute the app to users.

Competition risk

The business is continually monitoring its competitive position investing significantly in R&D to enable diversification and expansion of services offered.

Key performance indicators

Management uses a number of financial KPI's, to assess business performance

Key performance indicator	Change 2021 to 2022
Revenue	-1%

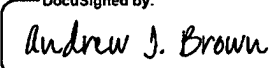
Gross Profit	No Change
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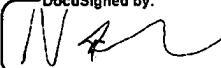
The directors feel the business has performed as expected.

Busuu Limited

Strategic Report for the Year Ended 31 December 2022 (*Continued*)

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

DocuSigned by:

.....3C82F8AECE7040B...
Mr Andrew Brown
Director
15 September 2023

DocuSigned by:

.....FFA5FC68BE4F34F7...
Mr Nathan Schultz
Director
15 September 2023

Approved
By Legal
PM

Busuu Limited

Directors Report for the Year Ended 31 December 2022

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

Directors responsibilities statement

The directors are responsible for preparing the strategic report, the directors report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Results and dividends

The loss for the year, after taxation, amounted to £20,947,383 (2021: restated loss of £7,714,941).

The directors do not recommend the payment of a dividend (2021: £Nil).

Directors

The current directors are noted on the company information page.

The directors who served during the year are:

Mr Bernhard Niesner (resigned 13 January 2022)

Mr Andrew Brown (appointed 13 January 2022)

Mr Nathan Schultz (appointed 13 January 2022)

Qualifying third party indemnity provisions

The company has provided a qualifying third party indemnity provision in respect of the directors who were in force during the year and at the date of the report.

Matters covered in the strategic report

Principal risks and uncertainties and key performance indicators have been included in the strategic report on page 2.

Busuu Limited

Director's Report for the Year Ended 31 December 2022 (*Continued*)

Disclosure of information to auditor

The directors have confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

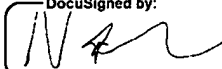
Auditor

The auditor, Cooper Parry Group Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board on 15 September 2023 and signed on its behalf by:

DocuSigned by:

.....3C82F8AECE7040B...
Mr Andrew Brown
Director
15 September 2023

DocuSigned by:

.....FFA5FC8BE4F34F7...
Mr Nathan Schultz
Director
15 September 2023

Broadwalk House
5 Appold Street
London
EC2A 2AG

Independent Auditor's Report to the members of Busuu Limited

Opinion

We have audited the financial statements of Busuu Ltd (the 'company') for the year ended 31 December 2022, which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the related notes, 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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any

form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Independent Auditor's Report to the members of Busuu Limited (*Continued*)

We have nothing to report in this regard.

Opinion 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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 directors' report.

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

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

Responsibilities of the director

As explained more fully in the directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent Auditor's Report to the members of Busuu Limited (*Continued*)

Our assessment focussed on key laws and regulations the entity has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework;
- obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions and walkthrough testing;
- obtaining an understanding of the entity's risk assessment process, including the risk of fraud;
- enquiring of management as to actual and potential fraud, litigation and claims;
- designing our audit procedures to respond to our risk assessment;
- performing audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness and evaluating the business rationale of significant transactions outside the normal course of business;
- assessing whether judgements and assumptions made in determining the accounting estimates set out in note 1.12 were indicative of potential bias;
- performing analytical procedures to identify any large, unusual or unexpected relationships; and
- reviewing the minutes of meetings of management and those charged with governance.

Whilst considering how our audit work addressed the detection of irregularities, we also considered the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Independent Auditor's Report to the members of Busuu Limited (*Continued*)

Use of our report

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

A handwritten signature in black ink that reads "Cooper Parry Group Limited" with a horizontal line underneath.

Steven Leith
for and on behalf of
Cooper Parry Group Limited
Chartered Accountants
Statutory Auditor
Storey, 2nd Floor
1 Finsbury Avenue
Broadgate
EC2M 2PF

Date: 15 September 2023

Busuu Limited

Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £	2021 (Restated) £
Turnover	2	24,790,276	25,092,215
Cost of sales		(5,844,125)	(5,995,641)
Gross profit		18,946,151	19,096,574
Administrative expenses		(39,856,939)	(27,958,359)
Operating loss		(20,910,788)	(8,861,785)
Interest payable and similar expenses	8	(306,052)	(394,314)
Foreign exchange (losses)/gains		(902,980)	315,387
Dividend income	6	-	59,297
Other income	7	1,372,437	666,474
		163,405	646,844
Loss before tax		(20,747,383)	(8,214,941)
Taxation	9	(200,000)	500,000
Loss for the financial year		(20,947,383)	(7,714,941)
Other comprehensive income			
Loss for the year		(20,947,383)	(7,714,941)
Total comprehensive income for the year		(20,947,383)	(7,714,941)

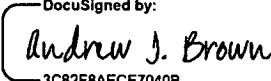
The notes on pages 13 to 27 form part of these financial statements.

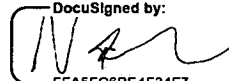
Busuu Limited

Balance Sheet as at 31 December 2022

	Note	2022 £	2021 (Restated) £
Fixed assets			
Intangible assets	10	5,227,531	137,914
Tangible assets	11	136,963	115,100
Investments		12	12
		5,364,506	253,026
Current assets			
Debtors	12	4,148,442	4,730,802
Cash at bank and in hand		2,818,536	1,286,678
		6,966,978	6,017,480
Creditors: Amounts falling due within one year	13	(39,190,915)	(21,213,825)
Net current liabilities		(32,223,937)	(15,196,345)
Total assets less current liabilities		(26,859,431)	(14,943,319)
Creditors: Amounts falling due after more than one year	13	(173,651)	(3,705,423)
Net liabilities		(27,033,082)	(18,648,742)
Capital and reserves			
Called up share capital	15	2	2
Share premium account	15	19,413,271	9,675,391
Retained earnings	15	(46,446,355)	(28,324,135)
Total equity		(27,033,082)	(18,648,742)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 September 2023 by

DocuSigned by:

3C82F8AECE7040B...
 Mr Andrew Brown
 Director

DocuSigned by:

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 Mr Nathan Schultz
 Director

Company registered number: 08172044

The notes on pages 13 to 27 form part of these financial statements.

Busuu Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £	Share premium account £	Retained earnings £	Total equity £
At 1 January 2021 (Restated)	2	9,675,391	(21,136,750)	(11,461,357)
Loss for the year (Restated)	-	-	(7,714,941)	(7,714,941)
Share-based payment charge			527,556	527,556
Total comprehensive income (Restated)	-	-	(7,187,385)	(7,187,385)
At 31 December 2021 (Restated)	2	9,675,391	(28,324,135)	(18,648,742)

	Share capital £	Share premium account £	Retained earnings £	Total equity £
At 1 January 2022	2	9,675,391	(28,324,135)	(18,648,742)
Loss for the year	-	-	(20,947,383)	(20,947,383)
Share-based payment charge	-	-	2,825,163	2,825,163
Capital Contributions	-	9,737,880	-	9,737,880
Total comprehensive income	-	-	(18,122,220)	(8,384,340)
At 31 December 2022	2	19,413,271	(46,446,355)	(27,033,082)

The notes on pages 13 to 27 form part of these financial statements.

Busuu Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 Accounting Policies

Busuu Limited (the “company”) is a private company incorporated, domiciled and registered in the UK. The registered number is 08172044 and the registered address is: Broadwalk House, 5 Appold Street, London EC2A 2AG, United Kingdom.

The presentation currency of these financial statements is Pound Sterling. All amounts in the financial statements have been rounded to the nearest pound.

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

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company’s accounting policies (see note 1.12).

The following principal accounting policies have been applied:

1.1 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”:

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis except that as disclosed in the accounting policies certain items are shown at fair value.

Notes *(continued)*

1.3 Going concern

The financial statements have been prepared on a going concern basis. The company's parent Busuu Online S.L. was acquired by Chegg, Inc, a US listed corporation during the year, and is reliant on funds provided to it by Chegg, Inc. The ultimate parent company has indicated that for at least 12 months from the date of approval of these financial statements it is its current intention to continue to make available such funds as are needed by the company and in particular will not seek repayment on any outstanding balances.. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

The directors have requested management to produce forecasts for the business until 31 December 2024. The ultimate parent company has approved the company's strategic plan for the next 12 months and intends to meet its funding needed based on the budgets and forecasts provided by the directors. The financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

1.4 Foreign currency

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Notes (continued)

1.5 Basic financial instruments (continued)

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets include investment property whose fair value cannot be measured reliably without undue cost or effort.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- | | |
|---------------------------------------|-----------------------------------|
| • Leasehold improvements | Over the course of the lease term |
| • Furniture, fixtures and fittings | 5 years |
| • Computer and other office equipment | 3 years |

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.7 Intangible assets

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development.

Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Notes (continued)

1.7 Intangible assets (continued)

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Intellectual property rights 10 years
- Trademarks 10 years
- Content Development 5 years
- Internally Developed Software 3 years

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

1.8 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.9 Revenue

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Company's activities. Revenue is shown net of sales/value added tax, rebates and discounts.

Revenue from providing licences to consumers and businesses is recognised in the accounting period in which the licences are valid. Revenues from businesses are initially recognised on contract signage and invoices being issued. In both cases revenue is then deferred and recognised evenly over the period to which it relates and in which the customer has access. Revenue from consumer live lesson bookings is recognised on completion of the lesson.

1.10 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation, in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Notes (continued)

1.10 Expenses (continued)

Dividend Income

Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established.

1.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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.

1.12 Share based payments

The company operates a share based payment scheme which allows employees to acquire shares in the ultimate parent company.

The grant date fair value of share-based payment awards granted is recognised as an employee expense with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards.

The fair value of the options granted is measured based on the closing fair market value of the ultimate parent company common stock.

The fair value will be charged as an expense in the profit and loss account over the vesting period and the charge is adjusted each year to reflect the expected and actual level of vesting

Notes (continued)

1.13 Critical accounting judgements and estimates

The directors make estimates and assumptions concerning the future. They are also required to exercise judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

These include estimates relating to the useful life of tangible and intangible assets, the carrying value of certain accruals and any impairment of trade receivables or accrued income.

Depreciation and residual values

The directors have reviewed the asset lives and associated residual values of all fixed asset classes, and have concluded that asset lives and residual values are appropriate.

Recoverability of trade and other debtors

Trade and other debtors are recognised to the extent that they are judged recoverable. Provisions are made specifically against invoices where recoverability is uncertain. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Provisions

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Non recognition of deferred tax asset

The director's estimation is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future planning strategies.

Fair value calculations

Management believes the estimates used to establish a fair value for share based payments instruments using the Black Scholes pricing model are a key source of estimation uncertainty. The inputs to the fair value model reflect management's best estimate.

1.14 Changes in accounting policies

Fees in relation to payment processing were previously recognised within cost of sales at point of sale. Following the acquisition of the company on 13 January 2022, the directors have elected to change the accounting policy to capitalise such costs, and recognise in line with the related revenue.

Fees in relation to mobile platform taxes were previously recognised within revenue at point of sale. The directors have elected to change the accounting policy to defer these fees, and recognise in line with the related revenue.

The impact of this has been recognised within retained earnings. The brought forward retained earnings as at 1 January 2021 have been restated as a result. The total restatement is a debit to retained earnings of £1,647,994.

The results for 2021 have also been restated. The change in accounting policy has resulted in an increase in revenue of £29,121 and an increase in cost of sales of £61,150.

Notes (continued)

	2022	2021 (Restated)
2 Turnover		
	£	£
Sales of Services	24,790,276	25,092,215

	2022	2021
By Activity	£	£
Business to Consumer	19,321,062	21,336,514
Business to Business	5,469,214	3,755,701
	24,790,276	25,092,215

	2022	2021
3 Auditor's remuneration	£	£
Audit of these financial statements	28,500	26,000
Fees in relation to other assurance services	10,700	10,500
	39,200	36,500

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2022	2021
Number of employees	120	112
	£	£
Wages and salaries	8,608,396	7,016,902
Social security costs	1,151,563	837,400
Contributions to defined contribution plans	206,870	160,125

Equity-settled share based payment	2,825,163	527,556
	<u>12,791,992</u>	<u>8,541,983</u>

5 Directors remuneration

	2022	2021
	£	£
Wages and salaries	-	202,645
Contributions to defined contribution plans	-	6,000
	<u>-</u>	<u>208,645</u>

Notes (continued)

	2022	2021
	£	£
6 Dividend income		
Dividend income	-	59,297

7 Other income

	2022	2021
	£	£
Intercompany services	1,372,437	666,474
	<u>1,372,437</u>	<u>666,474</u>

8 Interest payable and similar expenses

	2022	2021
	£	£
Interest payable on loans from group undertakings	283,120	108,076
Interest payable on other loans	22,932	286,238
	<u>306,052</u>	<u>394,314</u>

9 Taxation**Analysis of tax recognised in profit and loss**

	2022	2021
		(Restated)
Tax credited in the profit and loss account		
Current taxation		
UK corporation tax	200,000	(500,000)
Tax charge/(credit) in the profit and loss account	<u>200,000</u>	<u>(500,000)</u>

The tax on profit before tax for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%).

The differences are reconciled below:

Loss before tax	(20,747,383)	(8,214,941)
Corporation tax at standard rate 19%	(3,942,003)	(1,560,839)

Notes (continued)

9 Taxation (continued)

Effects of

Expenses not deductible in determining taxable profits	1,067	380
Effect of Dividend income already taxed	-	(11,266)
(Decrease)/increase for capital allowances	(10,276)	(3,750)
Other timing differences	3,906	-
Tax decrease from effect of adjustment in research and development expenditure	-	(870,172)
Reduction in research and development rebate recognised in the prior year	162,000	-
Effect of tax losses	8,074,949	1,834,007
Loss not arising from loan relationships	10,151	11,405
Share based payment charge	(4,099,794)	100,235
Current tax credit	200,000	(500,000)

Factors that may affect future tax changes

On 3 March 2022, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023.

The company has tax losses carried forward of £62,425,902 (2021: £20,126,168).

No deferred tax asset has been recognised at the current time given the lack of a historical profitable trading position and uncertainty on the timing of future utilisation of these losses.

10 Intangible Assets

Intellectual property rights	Trademarks	Content Development	Internally Developed Software	Total
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10 Intangible Assets

	£	£	£	£	£
Cost or valuation					
At 1 January 2022	1,221,332	18,655			1,239,987
Additions	-	-	2,835,369	2,647,225	5,482,594
At 31 December 2022	1,221,332	18,655	2,835,369	2,647,225	6,722,581
Amortisation					
At 1 January 2022	1,099,821	2,252			1,102,073
Charge for the year	121,511	2,488	145,500	123,478	392,977
At 31 December 2022	1,221,332	4,740	145,500	123,478	1,495,050
Net book value					
At 31 December 2021	121,511	16,403			137,914
At 31 December 2022	-	13,915	2,689,869	2,523,747	5,227,531

*Notes (continued)***11 Tangible Assets**

	Leasehold Improvements	Furniture, fixtures and fittings	Computer and other office equipment	Total
	£	£	£	£
Cost or valuation				
At 1 January 2022	-	10,457	243,290	253,747
Additions	-	1,450	105,959	107,409
Disposals	-	-	-	-
At 31 December 2022	-	11,907	349,249	361,156
Depreciation				
At 1 January 2022	-	10,457	128,190	138,647
Charge for the year	-	290	85,256	85,546
On disposals	-	-	-	-
At 31 December 2022	-	10,747	213,446	224,193
Net book value				
At 31 December 2021	-	-	115,100	115,100
At 31 December 2022	-	1,160	135,803	136,963

12 Debtors

2022
2021
(Restated)

	£	£
Trade debtors	1,967,176	1,523,467
Other debtors	555,171	941,143
Accrued income	224,569	380,790
Prepayments	1,366,338	1,869,951
Amounts owed by group undertakings	35,188	15,451
	<u>4,148,442</u>	<u>4,730,802</u>

An impairment charge of £72,709 (2021: £47,884) was recognised in administrative expenses against debtors during the year due to overdue trade debtors.

Notes (continued)

13 Creditors

	2022	2021 (Restated)
	£	£
Amounts falling due within one year		
Trade creditors	1,949,323	1,808,445
Taxation and social security	287,818	187,418
Other creditors	1,631,889	34,133
Accruals	3,017,644	1,723,771
Deferred income	10,008,738	10,024,365
Bank loans	-	1,397,567
Amounts owed to group companies	22,295,503	2,868,921
Amounts owed to related parties	-	3,169,205
	<u>39,190,915</u>	<u>21,213,825</u>
Amounts falling due after more than one year		
Deferred income	173,651	206,997
Bank loans	-	2,795,146

Amounts owed to group companies	-	703,280
Amounts owed to related parties	-	-
	<u>173,651</u>	<u>3,705,423</u>

14 Interest-bearing loans and borrowings

	2022	2021
	£	£
Loans and borrowings payable within 1 year		
Bank loans	-	1,397,567
Loans from group companies	16,367,049	1,926,266
Loans from related parties	-	3,169,205
	<u>16,367,049</u>	<u>6,493,038</u>

	2022	2021
	£	£
Loans and borrowings payable within 2-5 years		
Bank loans	-	2,795,146
Loans from group companies	-	703,280
Loans from related parties	-	-
	<u>-</u>	<u>3,498,426</u>

Notes (continued)**14 Interest-bearing loans and borrowings (continued)**

	Currency	Nominal Interest Rate	Year of Maturity	Repayment Schedule	2022	2021
					£	£
<i>Terms and debt repayment schedule</i>						
Loan from Related Parties	EUR	2%	2022	Balance due on 31 August 2022	-	3,169,205
Loan from Group Company	EUR	5%	2023	Balance due on 31 December 2023	513,669	825,096
Loan from Group Company	EUR	4%	2023	Balance due on 31 December 2023	15,853,380	1,804,450
Bank Loan	EUR	8.75%	2024	Quarterly from 30 June 2022	-	4,192,713
					<u>16,367,049</u>	<u>9,991,464</u>

The loan from related parties and bank loan were repaid on 13 January 2022.

2022 2021

15 Capital and reserves

	£	£
Allotted, called up and fully paid		
2 ordinary shares of £1	2	2
	<hr/>	<hr/>

Retained earnings

Retained earnings represents all current and prior periods' retained profit and losses after the payment of dividends.

Share premium account

The share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

During the year, the parent company made capital contributions of £9,737,880 (2021: £nil) which has been recognised in the share premium account.

Notes (continued)**16 Share based payments**

Busuu Ltd operated an equity-settled share based remuneration scheme for employees. The share options issued exercised or lapsed on 13 January 2022 due to the acquisition of the Busuu Group by Chegg, Inc. Details of the movement in the year are shown below:

Weighted average exercise price (€ cents)	Number	Weighted average exercise price (€ cents)	Number
---	--------	---	--------

	2022	2022	2021	2021
Outstanding at the beginning of the year	10,278	57,905	7,108	56,713
Granted during the year	-	-	17,554	7,750
Expired during the year	10,278	57,905	14,493	6,558
Outstanding at the end of the year	-	-	10,278	57,905

From January 2022, the company operates a share based payment scheme which allows employees to acquire shares in the ultimate parent company. There were no issues in the prior year.

During the year, 711,623 restricted stock units (RSU) were granted, 158,848 were forfeited, and 445 were released. The number of grants outstanding at the year end was 552,330.

Share-based compensation expense for restricted stock units (RSU) is accounted for under the fair value method based on the grant-date fair value of the award. Share-based compensation expense is measured based on the closing fair market value of the ultimate parent company common stock. Share-based compensation expense is recognised on a straight-line basis. Vesting for all awards is subject to continued service over the requisite service period, which is generally the vesting period. RSUs are converted into shares of the ultimate parent company common stock upon vesting on a one-for-one basis. RSUs typically vest over three or four years.

Share based compensation expense is recognised as an employee expense with a corresponding increase in additional other equity on our balance sheet. The total expense recognised in the year was £2,825,163.

Notes (continued)

17 Pension commitment

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £206,870 (2021:

£106,125). At the year end a balance of £47,232 (2021: £34,133) remains outstanding and is included within other creditors.

18 Operating Lease	2022	2021
	£	£
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	666,480	333,240
Between one and five years	999,720	1,666,200
	<u>1,666,200</u>	<u>1,999,440</u>

19 Financial Instruments

	2022	2021
	£	(Restated)
		£
Financial assets		
Cash and cash equivalents	2,818,536	1,286,678
Financial assets measured at amortised cost	4,148,442	4,730,802
	<u>6,966,978</u>	<u>6,017,480</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>29,182,177</u>	<u>14,687,886</u>

Financial assets measured at amortised cost comprise trade and other debtors, prepayments and accrued income and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade and other creditors, taxation and social security creditors, amounts owed to group undertakings, accruals and deferred income.

Notes *(continued)*

20 Parent and ultimate controlling party

On 13 January 2022 the Busuu group was purchased by Chegg, Inc., a US listed entity, at which point Chegg, Inc. became the ultimate parent company of Busuu limited. The parent of the smallest group in which these financial statements are consolidated is Busuu Online S.L., incorporated in Spain.

The address of Busuu Online S.L. is:

Calle Ayala, nº 66, 1ª (izquierda)
Madrid 28001
Spain

The address of Chegg, Inc is:

3990
Santa
95054
United States of America

Freedom
Clara,

Circle,
CA

Busuu Limited

Detailed Profit and Loss Account for the Year Ended 31 December 2022

	2022	2021
	£	(Restated) £
Turnover	24,790,276	25,092,215
Cost of sales	(5,844,125)	(5,995,641)
Gross profit	18,946,151	19,096,574
Administrative expenses		
Employment costs	(14,459,417)	(8,927,078)
Establishment costs	(1,152,850)	(1,038,393)
General administrative expenses	(24,244,672)	(17,992,888)
	(39,856,939)	(27,958,359)
Operating loss	(20,910,788)	(8,861,785)
Interest payable and similar expenses	(306,052)	(394,314)
Foreign exchange losses	(902,980)	315,387
Income from other fixed asset investments	-	59,297
Other income	1,372,437	666,474
Loss before tax	(20,747,383)	(8,214,941)

This page does not form part of the statutory financial statements.