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Årsredovisning för

Glooko Sweden AB

559073-6822

Räkenskapsåret

2021-01-01--2021-12-31

Innehållsförteckning:

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Undertecknad styrelseledamot i Glooko Sweden AB intygar härmed, dels att denna kopia av årsredovisningen stämmer överens med originalet, dels att resultat- och balansräkning fastställts på årsstämma den ___/___ 2022.
Stämman beslöt tillika godkänna styrelsens förslag till vinstdisposition.

PALO ALTO, CA, USA JUNE 29, 2022
Ort och datum

Russell Johannesson

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Förvaltningsberättelse

Information om verksamheten
Bolaget ska direkt eller indirekt äga och förvalta fast och lös engendom samt därmed förenlig verksamhet.

Bolagets säte
Bolagets säte är Stockholm kommun, Västra Götalands län.

Moderbolag
Bolaget är dotterbolag till Glooko Inc, registrerat i Kalifornien, 27-3873317.

Väsentliga händerlser efter räkenskapsårets slut
Bolaget bedriver ingen verksamhet utöver verksamheten i Glooko AB.
Det negativa resultatet uppkommer i sin helhet pga värderingen av skulden till Moderbolaget Glooko Inc. Moderbolaget förbinder sig att hålla Glooko Sweden AB egna kaptal intakt genom aktieägartillskott.

Eget kapital	*Aktie-Kapital*	*Balanserat resultat*	*Årets resultat*	*Totalt*
Vid årets början	50 000	29 413	6 504 250	6 583 663
Disposition efter årsstämma		6 504 250	-6 504 250	0
Erhållet aktieägartillskott		40 262 400		40 262 400
Årets resultat			-40 262 399	-40 262 399
Vid årets slut	50 000	46 796 063	-40 262 399	6 583 664

Flerårsöversikt

	2021	2020	2019	2018
Nettoomsättning	#REF!	-	-	-
Resultat efter finansiella poster	-40 262 399	6 504 250	-67 772 666	-7 171 047
Soliditet	9%	9%	0%	0%

Disposition av bolagets resultat

	Belopp i kr
Till årsstämmans förfogande står följande vinstmedel	
Balanserat resultat	46 796 063
Årets resultat	-40 262 399
balanseras i ny räkning	6 533 664

Vad beträffar företagets resultat och ställning i övrigt, hänvisas till efterföljande resultat- och balansräkning med tillhörande bokslutskommentarer.

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Resultaträkning

Belopp i kr	*Not*	*2021-01-01* *2021-12-31*	*2020-01-01* *2020-12-31*
Rörelsens kostnader			
Övriga externa kostnader		- 270	- 977
Rörelseresultat		- 270	- 977
Resultat från finansiella poster			
Resultat från andelar i koncernföretag		- 31 960 896	-
Ränteintäkter och liknande resultatposter		-	6 505 227
Räntekostnader och liknande resultatposter		- 8 301 233	-
Resultat efter finansiella poster		- 40 262 399	6 504 250
Resultat före skatt		- 40 262 399	6 504 250
Skatter			
Skatt på årets resultat			
Årets resultat		**- 40 262 399**	**6 504 250**

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Balansräkning

Belopp i kr	*Not*	*2021-12-31*	*2020-12-31*
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	3	76 794 137	76 794 137
		76 794 137	76 794 137
Summa anläggningstillgångar		76 794 137	76 794 137
Omsättningstillgångar			
Kassa och bank		263 988	53 235
Summa omsättningstillgångar		263 988	53 235
SUMMA TILLGÅNGAR		**77 058 125**	**76 847 373**

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Balansräkning

Belopp i kr	*Not*	*2021-12-31*	*2020-12-31*
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital (500 aktier à 100 kr)		50 000	50 000
Fritt eget kapital			
Balanserat resultat		6 533 663	29 413
Erhållet aktieägartillskott		40 262 400	0
Årets resultat		-40 262 399	6 504 250
		6 533 664	6 533 663
Summa eget kapital		**6 583 664**	**6 583 663**
Långfristiga skulder			
Kortfristiga skulder			
Leverantörsskulder			
Skulder till koncernföretag		70 474 461	70 263 710
Skatteskuld			
Övriga skulder		0	0
Upplupna kostnader och förutbetalda intäkter			
		70 474 461	70 263 710
SUMMA EGET KAPITAL OCH SKULDER		**77 058 125**	**76 847 373**

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Noter

Not 1

Redovisnings- och värderingsprinciper

Årsredovisningen är upprättad i enlighet med årsredovisningslagen och Bokföringsnämndens allmänna råd (BFNAR 2016:10) om årsredovisning i mindre företag (K2).

Belopp i SEK om inget annat anges.

Fordringar, skulder och avsättningar
Om inget annat anges ovan har fordringar, skulder och avsättningar värderats till anskaffningsvärden.

Koncernredovisning
Företaget upprättar ej koncernredovisning med hänvisning till (ÅRL 7:2).
Moderföretag för hela koncernen är Glooko Inc med säte i Palo Alto, USA.

Nyckeltalsdefinitioner

Soliditet
Justerat eget kapital i procent av balansomslutningen

Not 2 Anställda och personalkostnader

Medelantalet anställda

	2021-12-31	*2020-12-31*
Kvinnor	-	-
Män	-	-
Totalt	-	-

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Not 3 Specifikation av andelar i koncernföretag

	2021-12-31	*2020-12-31*
Ingående anskaffningsvärde	76 794 137	139 359 938
Aktieägartillskott	31 960 896	0
Nedskrivning	-31 960 896	-62 565 801
Utgående anskaffningsvärde	76 794 137	76 794 137

	Antal andelar	Kapitalandel	Röstandel	Org nr	Säte
Glooko AB	2 082 212	100%	100%	556668-4675	Göteborgs kommun, Västra Götaland

Göteborg 2022- 06-20

Russell Johannesson
Styrelseordförande

Vår revisionsberättelse har lämnats 2022- 06-20
Deloitte AB

Pernilla Rehnberg
Auktoriserad revisor

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Deloitte.

REVISIONSBERÄTTELSE

Till bolagsstämman i Glooko Sweden AB
organisationsnummer 559073-6822

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Glooko Sweden AB för räkenskapsåret 2021-01-01 - 2021-12-31.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Glooko Sweden ABs finansiella ställning per den 31 december 2021 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Glooko Sweden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om beslut har fattats om att avveckla verksamheten.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

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Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Glooko Sweden AB för räkenskapsåret 2021-01-01 - 2021-12-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Glooko Sweden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Jönköping 2022- 06 - 20

Deloitte AB

Pernilla Rehnberg
Auktoriserad revisor

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Glooko, Inc.

Consolidated Financial Statements as of and
for the Years Ended December 31, 2021 and 2020,
and Independent Auditor's Report

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GLOOKO, INC.

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Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Glooko, Inc.:

Opinion

We have audited the consolidated financial statements of Glooko, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated income statements, consolidated statements of comprehensive loss, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 absolute assurance and

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therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Deloitte & Touche LLP

August 5, 2022

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GLOOKO, INC.

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2021 AND 2020
(In thousands except par value and share data)

	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 27,071	$ 1,794
Accounts receivable—net	8,014	8,190
Inventory—net	626	789
Prepaid expenses and other current assets	1,881	3,191
Contract asset—current	1,786	898
Deferred contract costs—current	107	111
Total current assets	39,485	14,973
NONCURRENT ASSETS:		
Property and equipment—net	1,358	1,322
Goodwill	3,286	3,592
Operating lease right of use asset	3,137	-
Other intangible assets—net	6,232	3,498
Other noncurrent assets	381	371
Total noncurrent assets	14,394	8,783
TOTAL ASSETS	$ 53,879	$ 23,756
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 797	$ 970
Operating lease liability - current	653	-
Other current liabilities	4,909	6,542
Deferred revenue—current	1,333	3,972
Total current liabilities	7,692	11,484
NONCURRENT LIABILITIES:		
Long term debt	22,672	4,720
Operating lease liability - noncurrent	2,897	-
Other noncurrent liabilities	1,824	1,193
Total noncurrent liabilities	27,393	5,913
Total liabilities	35,085	17,397

(Continued)

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GLOOKO, INC.

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2021 AND 2020
(In thousands except par value and share data)

	2021	2020
COMMITMENTS AND CONTINGENCIES (Note 6)		
STOCKHOLDERS' EQUITY:		
Convertible preferred stock (Note 8)	$ 99,837	$ 70,076
Common stock $0.001 par value—120,311,650 and 90,000,000 shares shares authorized as of December 31, 2021 and 2020, respectively; issued and outstanding, 15,509,719 and 14,842,611 shares as of December 31, 2021 and 2020, respectively	15	15
Additional paid-in capital	17,260	16,386
Accumulated other comprehensive income (loss)	64	(465)
Accumulated deficit	(98,382)	(79,653)
Total stockholders' equity	18,794	6,359
TOTAL	$ 53,879	$ 23,756

See notes to the consolidated financial statements. (Concluded)

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GLOOKO, INC.

CONSOLIDATED INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In thousands)

	2021	2020
REVENUE	$ 25,445	$ 22,986
COST OF REVENUE	(8,258)	(6,394)
GROSS PROFIT	17,187	16,592
OPERATING EXPENSES:		
Research and development	12,576	9,298
Sales and marketing	12,604	7,270
General and administrative	10,064	8,179
Total operating expenses	35,244	24,747
LOSS FROM OPERATIONS	(18,057)	(8,155)
OTHER (EXPENSE) INCOME		
Interest expense—net	(1,145)	(162)
Other income—net	479	1,639
Total other (expense) income	(666)	1,477
LOSS BEFORE BENEFIT FOR INCOME TAXES	(18,723)	(6,678)
INCOME TAX PROVISION	(6)	(4)
NET LOSS	$ (18,729)	$ (6,682)

See notes to the consolidated financial statements.

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GLOOKO, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In thousands)

	2021	2020
NET LOSS	$ (18,729)	$ (6,682)
OTHER COMPREHENSIVE INCOME (LOSS)—Foreign currency translation adjustments	529	(1,034)
COMPREHENSIVE LOSS	$ (18,200)	$ (7,716)

See notes to the consolidated financial statements.

GLOOKO, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In thousands except par value and share data)

	Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income(loss)	Total Stockholders' Equity
	Share	Amount	Share	Amount	Amount	Amount	Amount	Amount
BALANCE—January 1, 2020	46,825,604	$ 70,196	14,432,648	$ 14	$ 15,614	$ (72,971)	$ 569	$ 13,422
Net loss						(6,682)		(6,682)
Issuance of common stock for options exercised			185,946	1	67			68
Issuance of common stock warrant					64			64
Vesting of early exercise stock options					11			11
Common stock issued for preferred stock conversions	(223,854)	(120)	224,017		120			120
Stock-based compensation expense					510			510
Other comprehensive loss							(1,034)	(1,034)
BALANCE—December 31, 2020	46,601,750	70,076	14,842,611	15	16,386	(79,653)	(465)	6,359
Net loss						(18,729)		(18,729)
Issuance of Series D preferred stock, net of issuance costs of $239	22,532,657	29,761						—
Issuance of common stock for options exercised			667,108		241			241
Vesting of early exercise stock options					1			1
Stock-based compensation expense					632			632
Other comprehensive income							529	529
BALANCE—December 31, 2021	69,134,407	$ 99,837	15,509,719	$ 15	$ 17,260	$ (98,382)	$ 64	$ 18,794

See notes to the consolidated financial statements.

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GLOOKO, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In thousands)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (18,729)	$ (6,682)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,477	943
Noncash interest expense and amortization of debt discount	206	56
Noncash lease expense	502	—
Provision for doubtful accounts receivable	155	217
Stock-based compensation expense	632	510
Loss on disposal of property and equipment	175	9
Fair value adjustment for preferred stock warrant	(28)	(18)
Gain on extinguishment of debt	(1,015)	—
Remeasurement (gain) loss of foreign-currency-denominated monetary assets and liabilities	872	(1,697)
Changes in operating assets and liabilities:		
Accounts receivable	(144)	(3,596)
Inventory	161	6
Prepaid expenses and other current assets	1,242	(1,708)
Contract assets	(899)	(270)
Other noncurrent assets	(10)	113
Accounts payable	(132)	(175)
Operating lease liabilities	(412)	—
Other current liabilities	(668)	2,948
Other noncurrent liabilities	(514)	188
Net cash used in operating activities	(17,129)	(9,156)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(771)	(792)
Acquisition of intangible assets	(899)	-
Capitalized software development costs	(3,052)	(1,779)
Net cash used in investing activities	(4,722)	(2,571)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from Series D Preferred Stock issuance	29,761	—
Net proceeds from PPP (CARES Act) loan	—	1,366
Repayment of the BOM Term loan	(5,162)	—
Net proceeds from term loan, net of lender issuance costs	24,500	4,725
Debt issuance costs, non-bank parties	(1,950)	(60)
Proceeds from exercise of stock options	241	68
Net cash provided by financing activities	47,390	6,099
Effect of exchange rates on cash	(262)	242
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	25,277	(5,386)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—Beginning of year	1,794	7,180
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—End of year	$ 27,071	$ 1,794
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 769	$ 164
Cash paid for income taxes	$ —	$ 13
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Common stock issued on conversion of preferred stock	$ —	$ 120
Conversion of preferred stock	$ —	$ (120)
Vesting of early exercised options	$ 1	$ —

See notes to the consolidated financial statements.

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1. DESCRIPTION OF BUSINESS

Glooko, Inc. (the "Company"), was incorporated in Delaware in 2010. The Company offers a software-as-a-service (SaaS) solution, namely data management for diabetes patients and their health care providers in the United States and internationally. Specifically, the Company's solution consists of a patient mobile app downloaded by patients, and a cloud-based in-clinic management platform. In-clinic locations are provided a data sync hardware device that enables patients to upload data from their diabetes devices during clinic visits.

The Company also provides a remote patient monitoring solution that enables health care providers to track, manage, and engage their patients without a clinic visit. This solution syncs with more than 200 diabetes devices including glucose meters, insulin pens, fitness trackers, biometric devices, and dietary and EHR data. By integrating all of these devices, the Company delivers comprehensive diabetes data management and analytics insights to diabetes patients and their health care providers.

In addition, the Company's solution powers connected clinical trials by providing a platform for protocol design, site selection and patient recruitment, data collection, patient monitoring and study management, and data export. This enables pharma, device and clinical research companies to utilize the Company's software platform for both in-clinic and virtual clinical research trials.

In September 2016, the Company acquired Diasend, a diabetes management company based in Gothenburg, Sweden. Diasend provides a complementary solution involving transmitting, storing, and analyzing data from more than 140 different glucose meters, insulin pumps, continuous glucose monitoring systems, and fitness trackers. The Company is currently developing new software that merges Glooko and Diasend into one global platform.

In September 2021, xbird GmbH operated as a start-up developing Artificial Intelligence (AI) based software applications, in particular software development kits (SDKs), for collecting and analyzing health related data of diabetic patients in order to provide personalized and tailor-made treatment of such patients. However, xbird was not able to acquire additional funding for development and was not able to generate sufficient profits and therefore had declared bankruptcy. While xbird GmbH was in insolvency proceedings, Glooko executed an asset purchase agreement with xbird to acquire its intangible assets for a purchase price of $444.

In October 2021 the Commercial Court of Versailles approved the sale of Diabnext to the Company while it was in insolvency proceedings for a purchase price of $408. Upon acquiring Diabnext, Glooko plans to continue to run the platform as it exists today. Glooko also wants to leverage Diabnext's technology and expertise within Glooko's existing platform to make it more robust.

The Company's revenues are derived primarily from operations in the United States.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Principals of Consolidation—The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Risks and Uncertainties—The Company is subject to a number of risks similar to those of other companies of similar size in its industry, including, but not limited to, the need for successful development of products, the need for additional capital (or financing) to fund operating losses (see below), competition from substitute products and services from larger companies, protection of proprietary technology, patent litigation, dependence on key individuals, and risks associated with changes in information technology.

On March 11, 2020, the World Health Organization declared the coronavirus disease 2019 ("COVID-19") outbreak a global pandemic recommending containment measures worldwide. On March 16, 2020, the Company implemented alternative work arrangements for its employees to allow them to work remotely from their homes. The Company also suspended travel activities to protect employees and to comply with the provisions described within local shelter in place orders. Management cannot reasonably estimate the ongoing effects of this pandemic, but to date, the Company has experienced only moderately adverse effects to its business due to these events.

The accompanying consolidated financial statements have been prepared on a going-concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Use of Estimates—The preparation of consolidated financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of income and expense during the reporting period. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, and makes adjustments when facts and circumstances dictate. These estimates are based on information available as of the date of the consolidated financial statements; therefore, actual results could differ from those estimates.

Foreign Currency—The Company's reporting currency is the US dollar. The functional currency of the Company's foreign subsidiaries are the local currencies (Swedish Krona and Euro), as it is the monetary unit of account of the principal economic environment in which the Company's foreign subsidiaries operate. All assets and liabilities of the foreign subsidiary are translated at the current exchange rate as of the end of the period, and revenue and expenses are translated at average exchange rates in effect during the period. The gain or loss resulting from the process of translating foreign currency financial statements into US dollars is reflected as a foreign currency cumulative translation adjustment and reported as a component of accumulated other comprehensive income. Gains or losses resulting from the remeasurement of foreign currency denominated monetary assets and liabilities are recognized in other income—net in the consolidated income statement.

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Comprehensive Loss—Comprehensive loss consists of two components, net loss and other comprehensive income (loss). Other comprehensive income (loss), refers to revenue, expenses, gains, and losses that under US GAAP are recorded as an element of members' equity but are excluded from net loss. The Company's other comprehensive income (loss) consists of foreign currency translation adjustments that result from consolidation of its foreign entities.

Cash and Cash Equivalents—The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents. Cash and cash equivalents are recorded at cost, which approximates fair value. As of December 31, 2021 and 2020, cash consists primarily of checking and savings deposits. The Company's cash balances exceed those that are federally insured. To date, the Company has not recognized any losses caused by uninsured balances.

Accounts Receivable and Allowance for Doubtful Accounts—Accounts receivable are stated at net realizable value. On a periodic basis, management evaluates its accounts receivable and determines whether to provide an allowance or if any accounts should be written off based on a past history of write-offs, collections, and current credit conditions. A receivable is considered past due if the Company has not received payments based on agreed-upon terms. The Company generally does not require any security or collateral to support its receivables. The allowance for doubtful accounts was $797 and $642 as of December 31, 2021 and 2020, respectively.

Property and Equipment—Property and equipment are stated at cost less accumulated depreciation. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets. The Company uses an estimated useful life of three years for computers and software and five years for other office equipment and furniture. Transmitters (i.e. hardware), which are used in clinical settings for uploading data, are depreciated over their estimated useful life of five years.

Software Development Costs—The Company capitalizes certain costs associated with developing its internal-use software during the application development stage when preliminary development efforts are successfully complete, management has authorized and committed project funding, it is probable that the project will be completed, and the software will be used as intended. These costs include personnel and related employee benefits expenses for employees who are directly associated with and who devote time to software projects. Such costs are included in "Other intangible assets" and are amortized on a straight-line basis over the estimated useful life of the related asset, which is generally 3 to 5 years. Costs incurred prior to meeting these criteria are expensed as incurred and recorded in research and development expenses in the consolidated income statements. The Company also develops software for strategic partners, which these costs are also capitalized and amortized.

The Company capitalized internal-use software cost of $3,052 and $1,747 and recorded amortization expense of $479 and $169 during the years ended December 31, 2021 and 2020, respectively. Amortization of capitalized software costs for the proprietary technology acquired with Diasend has been allocated to operating costs and cost of goods according to the function of the asset. Amortization of internal-use software is also included cost of goods.

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Goodwill and Intangible Assets—The Company's intangible assets consist of acquired technology, including developed and core technology, customer-related assets, trade name, workforce, and trademark. Those intangible assets with finite lives are recorded at cost and amortized on a straight-line basis over their expected lives, ranging from 3 to 10 years, in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 350, *Intangibles—Goodwill and Other* ("ASC 350"). Indefinite life intangible assets with an indeterminate expected life, such as goodwill, are not amortized but are reviewed annually as of December 31, for impairment in accordance with ASC 350.

The Company operates a single reporting unit and annually, and more frequently if a triggering event occurs, reviews goodwill for impairment in accordance with ASC 350. This guidance provides the option to first assess qualitative factors to determine whether it is more likely than not that goodwill is impaired as a basis for determining whether it is necessary to perform the quantitative test. If necessary, the quantitative test is performed by comparing the fair value of goodwill to the carrying value. In the event the carrying value exceeds the fair value of goodwill, the asset is written down to its fair value. At December 31, 2021 and 2020, after assessing qualitative factors, such as macroeconomic conditions, costs, financial performance, and the impact of the change in key management personnel, the Company determined that no impairment charge was required.

Impairment of Long-Lived Assets—The Company assesses long-lived assets for impairment in accordance with the provisions of FASB ASC 360, *Property, Plant, and Equipment*. Long-lived assets (asset group), such as property and equipment and capitalized software development costs subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted future cash flows expected to result from the use and eventual disposition of the asset. The amount of impairment loss, if any, is measured as the difference between the carrying value of the asset and its estimated fair value. Fair value is determined through various valuation techniques, including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary. As of December 31, 2021 and 2020, no impairment charge has been recorded.

Operating Leases— The Company adopted Accounting Standards Update ("ASU") No. 2016-02, *Leases*, as of January 1, 2021. A determination is made as to whether an arrangement is a lease at inception. A right-of-use ("ROU") asset and operating lease liability is recognized for identified operation leases on the consolidated balance sheet.

ROU assets represent the Company's right to use the underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments due over the lease term, with the ROU assets adjusted for lease incentives received. As the rates implicit in the leases are not readily available, the Company uses an Incremental Borrowing Rate ("IBR") based on the information available at commencement date of a lease in determining the present value of lease payments. The determination of the Company's IBR requires judgment. The Company takes into consideration its recent borrowing rate when determining its current IBR. The Company does not assume renewals in its determination of the lease term unless the renewals are deemed by management to be reasonably certain at the lease inception.

Leases with initial term of 12 months or less are not recorded on the balance sheet, unless they include an option to purchase the underlying asset that the Company is reasonably certain to exercise. The

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Company recognizes lease expenses on a straight-line basis over the lease term. The Company has leases with lease and non-lease components, which the Company has elected to account for as a single lease component.

Revenue Recognition—The Company generates revenues primarily from three sources: (1) subscriptions, which are comprised of subscription fees from providers accessing the Company's cloud services and support, and data subscription and maintenance fees from strategic partners leveraging Glooko's technology to collect and manage data; (2) professional services, including implementation for the Company's cloud platform, technology development services, data delivery, research and development services and other professional services; and (3) device sales.

The Company accounts for revenue transactions under ASC 606, *Revenue from Contracts with Customers*. The core principle of ASC 606 is to recognize revenue when control of the promised goods or services are transferred to a customer in an amount that reflects the consideration that the Company expects to receive in exchange for those services.

The Company applies the following five steps in order to determine the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its arrangements:

- Identify the contract with a customer,
- Identify the performance obligations in the contract,
- Determine the transaction price,
- Allocate the transaction price to performance obligations in the contract, and
- Recognize revenue as the performance obligation is satisfied.

The Company estimates the transaction price, including variable consideration, at the commencement of the contract and recognizes revenue over the contract term, rather than when fees become fixed or determinable.

The services provided by the Company for the subscription-based arrangements are considered stand-ready performance obligations where customers benefit from the services evenly throughout the service period. Revenue is recognized on a ratable basis over the contractual subscription period of the arrangement beginning when or as control of the promised services are transferred to the customer as this reflects the pattern of transfer for these services, which is generally 12 months. Hardware revenue is recognized upon transfer of control. Professional services engagements involving implementation and other technical services tend to be shorter term in nature, while technology development, data delivery, and research and development-type engagements are longer in term (more than 12 months). Professional services revenue is recognized as services are rendered over time. For fixed-price arrangements, the Company measures its progress in transferring services to a customer using an input method. The method is reflective of the progress at which services are transferred to the customer, and results in recognition of revenue that is consistent with the services provided to date.

The Company's contracts with customers often contain multiple performance obligations. For these contracts, the Company accounts for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative stand-alone selling price (SSP) basis. The Company determines the SSP based on an observable stand-alone selling price when it is available, as well as other factors, including the price charged to customers, cost plus margin, and its overall pricing objectives, while maximizing observable inputs. The Company's policy is to record revenues net of any applicable sales, use, or excise taxes. During fiscal years 2021 and 2020,

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the Company recognized $15,322 and $18,647 of revenue over-time and $10,123 and $4,339 of revenue at a point in time, respectively.

Payment terms and conditions vary by contract type, although the Company's terms generally include a requirement of payment within 30 days. Deferred Revenue consists of cash payments received in advance of performance obligations being delivered and is recorded as current or noncurrent based on the related period in which services will be provided. It is composed of balances related to subscription and professional services invoiced at the beginning of each service period. The Company's contracts with customers do not result in significant obligations associated with returns, refunds, or warranties. Accounts receivable are grossed down for any amounts invoiced, where the beginning of the invoiced service period is subsequent to the period covered in the Financial Statements.

Deferred Commissions—The Company capitalizes commission expenses paid to internal sales personnel that are incremental to obtaining customer contracts. Costs related to the initial signing of contracts are amortized over the average customer life, which has been estimated to be five years. The Company determined the period of benefit by taking into consideration the length of terms in its customer contracts, including renewals and extensions. Amounts expected to be recognized within one year of the balance sheet date are recorded as deferred contract costs—current; the remaining portion is recorded as other noncurrent assets in the consolidated balance sheet. Amortization expense is included in sales and marketing expenses in the consolidated income statement. As of December 31, 2021 and 2020, the amounts of deferred commissions included in deferred contract costs—current were $107 and $111, respectively. The amounts of deferred commissions included in other noncurrent assets as of December 31, 2021 and 2020 were $207 and $199, respectively.

The following table represents a rollforward of the Company's deferred commissions (in thousands):

Balance as of January 1, 2020	$ 196
Additions to deferred commissions	206
Amortization of deferred commissions	(92)
Balance as of December 31, 2020	310
Additions to deferred commissions	106
Amortization of deferred commissions	(102)
Balance as of December 31, 2021	$ 314

Contract Assets and Contract Liabilities (Deferred Revenue)—A contract asset results when the Company has satisfied performance obligations related to its contracts with customers but invoicing and collection of amounts has not occurred. The Company records assets for amounts related to performance obligations that are satisfied but not yet billed and/or collected under accounts receivable. These assets are recorded as contract assets rather than receivables when receipt of the consideration is conditional on something other than the passage of time. Such contract assets are transferred to accounts receivables as we bill. As of December 31, 2021 and 2020, the Company had total current contract assets of $1,786 and $898 and no non-current contract assets, respectively. The accounts receivable balances as of December 31, 2021 and 2020 were $8,014 and $8,190, respectively.

The Company generally invoices its customers monthly, quarterly, or annually in advance of services being provided. The contract liability balance as of December 31, 2021 and 2020 was $3,157 and

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$4,178, respectively. The Company recognized $25,445 and $22,986 of revenue during the fiscal years ended December 31, 2021 and 2020, respectively. Deferred revenue that will be recognized during the succeeding 12-month period is recorded as current deferred revenue and the remaining portion is recorded as other noncurrent liabilities in the accompanying consolidated balance sheet. Long-term deferred revenue as of December 31, 2021 and 2020 was $1,824 and $206, respectively.

Cost of Revenue—Cost of revenue consists primarily of hosting costs, material costs, compensation and employee benefits, and stock-based compensation of support personnel associated with the delivery of the Company's SaaS products to its customers.

Research and Development—Research and development expense includes compensation and employee benefits, including stock-based compensation for technology developers and product management employees as well as fees paid to outside consultants.

Sales and Marketing—Sales and marketing expense consists of compensation, employee benefits, and stock-based compensation of sales and marketing employees, as well as commissions, travel, trade show sponsorships and events, conferences, and Internet advertising costs. Costs associated with the Company's advertising are expensed as incurred and are included in sales and marketing expenses. Advertising expense was $241 and $177 for the years ended December 31, 2021 and 2020, respectively.

General and Administrative—General and administrative expenses include compensation, employee benefits, and stock-based compensation for executive management, finance administration and human resources, facility costs (including rent), bad debt costs, professional service fees, and other general overhead costs including depreciation to support its operations.

Other income—net— Other income—net includes a foreign exchange loss of $745 which resulted from the remeasurement of the foreign currency denominated inter-company loan between the Glooko, Inc. and its Swedish subsidiary.

Income Taxes—The Company provides for income taxes under the asset and liability method. Current income tax expense or benefit represents the amount of income taxes expected to be payable or refundable for the current year. Deferred income tax assets and liabilities are determined based on differences between the financial statement reporting and tax bases of assets and liabilities, and net operating loss (NOL) and credit carryforwards, and are measured using the enacted tax rates and laws that will be in effect when such items are expected to reverse. Deferred income tax assets are reduced, as necessary, by a valuation allowance when management determines it is more likely than not that some or all of the tax benefits will not be realized.

The Company accounts for the uncertain tax position in accordance with ASC 710-10, *Accounting for Uncertainty in Income Taxes*. The Company prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in the Company's income tax return and also provides guidance on recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. To date, there have been no interest or penalties charged in relation to the unrecognized tax benefits.

Income Tax Examinations—The Company's tax years are open for examination in the US beginning with tax year ended December 31, 2012, due to its carryover attributes generated during these periods. Similarly, tax years since 2016 are open in Sweden. Tax years beginning with tax year ended

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December 31, 2017 remain open for examination in the UK. The Company is not currently undergoing any income tax examinations.

Stock-Based Compensation—The Company measures and records the expense related to stock-based payment awards based on the fair value of those awards as determined on the date of grant. The Company recognizes stock-based compensation expense over the requisite service period of the individual grant, generally equal to the vesting period and uses the straight-line method to recognize stock-based compensation. The Company uses the Black-Scholes-Merton ("Black-Scholes") option-pricing model to determine the fair value of stock awards. The Company selected the Black-Scholes option-pricing model as the method for determining the estimated fair value for stock options. The Black-Scholes option-pricing model requires the use of highly subjective and complex assumptions, which determine the fair value of share-based awards, including the option's expected term and the price volatility of the underlying stock. The Company calculates the fair value of options granted by using the Black-Scholes option-pricing model with the following assumptions:

Expected Volatility—The Company estimated volatility for option grants by evaluating the average historical volatility of a peer group of companies for the period immediately preceding the option grant for a term that is approximately equal to the options' expected term.

Expected Term—The expected term of the Company's options represents the period that the stock-based awards are expected to be outstanding. The Company has elected to use the midpoint of the stock options vesting term and contractual expiration period to compute the expected term, as the Company does not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior.

Risk-Free Interest Rate—The risk-free interest rate is based on the implied yield currently available on US Treasury zero-coupon issues with a term that is equal to the options' expected term at the grant date.

Dividend Yield—The Company has not declared or paid dividends to date and does not anticipate declaring dividends. As such, the dividend yield has been estimated to be zero.

Forfeitures are recognized as incurred.

Fair Value Measurements—Fair value accounting is applied for all assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). Fair value is defined as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company follows the established framework for measuring fair value and expands disclosures about fair value measurements.

The estimated fair value is based on a hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three levels. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is available and significant to the fair value measurement. The three levels of inputs that may be used to measure fair value, in order of priority, are:

Level 1—Observable inputs that reflect quoted prices in active markets for identical assets or liabilities.

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Level 2—Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

The fair value measurements of assets and liabilities that are measured at fair value on a recurring basis at December 31, 2021 and 2020, are as follows:

	Fair Value Hierarchy		
Liabilities	**Level 1**	**Level 2**	**Level 3**
Convertible preferred stock warrants	$ -	$ -	$ 161
Total liabilities at December 31, 2020	$ -	$ -	$ 161
Convertible preferred stock warrants	$ -	$ -	$ 133
Total liabilities at December 31, 2021	$ -	$ -	$ 133

The fair values of the Company's other current financial assets and liabilities, including cash and cash equivalents, accounts receivable and accounts payable approximate their carrying values due to their short-term nature (Level 1). The fair value of any revolving credit borrowings also approximate their carrying amounts as the interest rate is based upon floating short-term interest rates (Level 2).

The Company's convertible preferred stock warrant liability is classified within Level 3. The convertible preferred stock warrant liability is measured at fair value on a recurring basis using the Black-Scholes option-pricing model. The valuation takes into account multiple inputs, such as the estimated fair value of the underlying stock at the valuation measurement date, the remaining contractual term of the warrants, risk-free interest rates, expected dividends, and the expected volatility of the underlying stock. Generally, changes in the fair value of the underlying stock would result in a directionally similar impact to the fair value measurement.

A summary of the changes in the fair value of the Company's Level 3 financial instruments at December 31, 2021 is as follows (in thousands):

Balance at January 1, 2020	$ 179
Change in fair value	(18)
Balance at December 31, 2020	161
Change in fair value	(28)
Balance at December 31, 2021	$ 133

Concentrations of Credit Risk—Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and trade accounts

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receivable. The Company invests its excess cash in low-risk, highly liquid money market funds with a major financial institution.

Significant customers are those which represent more than 10% of the Company's total revenue or gross accounts receivable balance at each balance sheet date. For the years ended December 31, 2021 and 2020, two customers each year accounted for 10% or more of total revenue, with a combined total of 51% and 62%, respectively. As of December 31, 2021 and 2020, two customers each year accounted for 10% or more of gross accounts receivable.

Employee Benefit Plan—The Company sponsors a qualified 401(k) defined contribution plan covering eligible employees. Participants may contribute a portion of their annual compensation limited to a maximum annual amount set by the Internal Revenue Service. The Company matches 50% of employee contributions to a maximum of 2% of annual compensation. The employer contributions under this plan for the years ended December 31, 2021 and 2020 were $700 and $428, respectively.

New Accounting Pronouncements Adopted

Stock Compensation—In June 2018, the FASB issued ASU No. 2018-07, *Compensation—Stock Compensation (Topic 718)*. This ASU is intended to reduce cost and complexity and to improve financial reporting for share-based payments issued to nonemployees (for example, service providers, external legal counsel, suppliers). This ASU expands the scope of ASC Topic 718, *Compensation—Stock Compensation*, which currently only includes share-based payments issued to employees, to also include share-based payments issued to nonemployees for goods and services. Consequently, the accounting for share-based payments to nonemployees and employees will be substantially aligned. This ASU is effective for the Company in the fiscal years beginning January 1, 2020. The Company adopted this standard on January 1, 2020 and the adoption did not have a material impact on its consolidated financial statements.

Leases— In February 2016, the FASB issued ASU No. 2016-02, *Leases (ASC 842)*. This standard is intended to increase transparency and comparability among organizations by recognizing ROU assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. This standard provides for a modified retrospective transition approach to recognize and measure leases at the beginning of the earliest period presented. In July 2018, the FASB issued ASU 2018-11, *Leases (ASC 842): Targeted Improvements*. The update provides an optional transition method that allows entities to apply the standard prospectively, versus recasting the prior periods presented. For lessees, leases continue to be classified as either operating or finance leases in the income statement. The Company elected to adopt this standard using the optional transition method such that it is not required to adjust prior period presentation. As a result, the consolidated balance sheet as of December 31, 2020 was not restated, continues to be reported under ASC 840, which did not require recognition of operating lease assets and liabilities on the balance sheet, and is not comparative. The Company has also elected the practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs for its leases which existed and expired prior to January 1, 2021.

All of the Company's leases are operating leases for property, which historically have been accounted for as operating leases, and under ASC 842 were also determined to be operating leases. The Company also reviewed its open contracts as of the date of adoption and determined that none had terms and conditions that would represent ROU assets or liabilities that would be considered embedded leases.

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Upon adoption, the Company recognized ROU assets and related lease liabilities of $3.6 million and $3.9 million, respectively. The lease liabilities represent the present value of future lease payments of each lease utilizing the Company's incremental borrowing rate (IBR), which is the estimated borrowing rate of a collateralized loan over the remaining term of the lease. The standard did not have a material impact on our consolidated income statements and consolidated statement of cash flows.

Intangible Assets—In August 2018, the FASB issued ASU No. 2018-15, *Intangibles—Goodwill and Other Internal-Use Software (Subtopic 350-40)* which requires a customer in a cloud computing arrangement that is a service contract to follow the internal use software guidance in ASC 350-40 to determine which implementation costs to capitalize as assets. Capitalized implementation costs are expensed over the term of the hosting arrangement beginning when the module or component of the hosting arrangement is ready for its intended use. The guidance is effective for the Company for fiscal year 2021. The Company adopted this standard and the adoption did not have a material impact on its consolidated financial statements.

New Accounting Pronouncements Not Yet Adopted

Financial Instruments—In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses*, which provides new authoritative guidance with respect to the measurement of credit losses on financial instruments. This standard changes the impairment model for most financial assets and certain other instruments by introducing a current expected credit loss (CECL) model. The CECL model is a more forward-looking approach based on expected losses rather than incurred losses, requiring entities to estimate and record losses expected over the remaining contractual life of an asset. The guidance is effective for the Company for fiscal year 2023. Early adoption beginning in 2019 is permitted. The Company will evaluate the impact the adoption of this guidance will have on the consolidated financial statements and related disclosures.

Income Taxes—In December 2019, the FASB issued amendments to ASU 2019-12 guidance on *Income Taxes (Topic 740)* to simplify the accounting for income taxes by, among other miscellaneous provisions, removing exceptions to certain general principles in *Topic 740, Income Taxes*. The standard is effective for the Company's fiscal years starting in 2022, although early adoption is permitted. The Company is evaluating the impact this guidance will have on its consolidated financial statements and related disclosures.

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3. PROPERTY AND EQUIPMENT—NET

Property and equipment by category less depreciation and amortization expense as of December 31, 2021 and 2020, consisted of the following (in thousands):

	Estimated Life (in years)	2021	2020
Computer equipment and software	3	$ 661	$ 475
Furniture and office equipment	5	331	271
Hardware	5	1,399	1,842
Leasehold Improvements	5.5	487	-
Total property and equipment		2,878	2,588
Less accumulated depreciation		(1,520)	(1,266)
Property and equipment—net		$ 1,358	$ 1,322

Total depreciation expense for the years ended December 31, 2021 and 2020 were $479 and $340, respectively.

4. OTHER INTANGIBLE ASSETS—NET

Other intangible assets as of December 31, 2021 and 2020, consisted of the following (in thousands):

	Useful Life (in years)	Weighted-Average Remaining Useful Life (in years)	2021	2020
Customer relationships	10	7.4	$ 3,055	$ 3,145
Developed software technology	5	3.1	1,566	1,014
Capitalized software technology	5	2.8	4,778	1,747
Developed hardware technology	3	—	320	353
Total other intangible assets			9,719	6,259
Less accumulated amortization			(3,487)	(2,761)
Other intangible assets—net			$ 6,232	$ 3,498

Total amortization expense for the years ended December 31, 2021 and 2020 was $998 and $602, respectively.

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As of December 31, 2021, future amortization expense for purchased intangible assets is as follows:

Years Ending December 31,	Amortization
2022	$ 1,406
2023	1,381
2024	1,349
2025	1,225
2026	762
Thereafter	109
Total	$ 6,232

5. OTHER CURRENT LIABILITIES

Other current liabilities as of December 31, 2021 and 2020, are composed of the following (in thousands):

	2021	2020
Sales tax payable	$ 102	$ 102
Accrued liabilities	4,110	4,101
CARES Act (PPP) Loan	-	379
Payroll liabilities	507	1,666
Other payables	190	294
Total other current liabilities	$ 4,909	$ 6,542

6. COMMITMENTS AND CONTINGENCIES

Leases—The Company leases office spaces under noncancelable operating lease agreements, which expire through 2026. The Company is required to pay property taxes, insurance, and normal maintenance costs for certain of these facilities and will be required to pay any increases over the base year of these expenses on the remainder of the Company's facilities.

The component of lease expenses for the year ended December 31, 2021 are as follows:

	2021
Operating lease costs	836
Short-term lease costs	7
Variable lease costs	49
Total net lease costs	$ 892

Under ASC 840, the previous standard, total rent expense under operating leases for the year ended December 31, 2020 was $993.

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As of December 31, 2021, the Company's operating leases had a weighted-average remaining lease term of 4.4 years and a weighted-average discount rate of 8%. For the year ended December 31, 2021, cash paid for amounts included in the measurement of lease liabilities was $703 and was included in net cash used in operating activities in the Consolidated Statements of Cash Flows.

Undiscounted cash flows of operating lease liabilities are as follows (in thousands):

Years Ending December 31,	Operating Leases
2022	$ 914
2023	938
2024	962
2025	987
2026	461
Thereafter	–
Total minimum future lease payments	$ 4,262
Less: imputed interest	(712)
Total lease obligations	3,550
Less: current lease obligations	(653)
Long-term lease obligations	$ 2,897

Future minimum lease payments under noncancelable operating leases as of December 31, 2020, are as follows (in thousands):

Years Ending December 31,	Operating Leases
2021	$ 2,282
2022	2,325
2023	744
2024	767
2025	790
Thereafter	430
Total minimum future lease payments	$ 7,338

Litigation—From time to time, the Company may become involved in various legal proceedings in the ordinary course of its business and may be subject to third-party infringement claims.

In the normal course of business, the Company may agree to indemnify third parties with whom it enters into contractual relationships, including customers, lessors, and parties to other transactions with the Company, with respect to certain matters. The Company has agreed, under certain conditions, to hold these third parties harmless against specified losses, such as those arising from a breach of representations or covenants, other third-party claims that the Company's products when used for their intended purposes infringe the intellectual property rights of such other third parties, or other

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claims made against certain parties. It is not possible to determine the maximum potential amount of liability under these indemnification obligations due to the Company's limited history of prior indemnification claims and the unique facts and circumstances that are likely to be involved in each particular claim.

7. DEBT

Long-term debt consisted of the following as of December 31, 2021 and 2020:

In July 2020, the Company entered into a credit agreement with Bank of Montreal which provided a term loan ("BOM Term Loan") of $5,000 and a revolving credit facility of $3,000, secured by the Company's Capital Stock and intellectual property. The Company incurred issuance costs of $335 relating to the BOM Term Loan which was recorded net in long-term debt against the borrowed funds in the consolidated balance sheet and amortized over the term of the loan. A service fee of $25 was paid at closing and was included as part of the issuance costs. Service fees of $25 are payable on each anniversary of the closing, to a total of $75.

The BOM Term Loan had a 36-month term and interest at prime rate plus 2.5%. Interest payments are due monthly with the principal to be repaid when the loan term matures in 2023. Interest expense and amortization of issuance costs for the years ended December 31, 2021 and 2020 was $320 and $220, respectively. The revolving credit facility had interest at prime rate plus 1.5% plus a stand-by fee of 0.25% calculated daily and paid quarterly on any unused balance of this facility. To date, no draw-downs have been taken.

At any time prior to the maturity date, the Company may elect to repay the BOM Term Loan or any advances taken from the revolving credit facility. Any prepayment made between 24 months after the agreement date, or the maturity date, can be made without penalty. In September 2021, the Company paid off the BOM Term Loan of $5,000 and closed the revolving credit facility of $3,000 with the Bank of Montreal. Additionally, the Company wrote-off the remaining unamortized debt issuance costs of $197 and recognized a loss on extinguishment of debt of $360 which is included in other income—net in the consolidated income statement in 2021.

In September 2021, the Company entered into a credit agreement with SLR Investment Corp which provided a term loan of up to $100,000 ("SLR Term Loan") secured by the Company's Capital Stock and intellectual property. The SLR Term Loan is comprised of three Tranches A-1, A-2 and B for $25,000, $30,000, and $45,000, respectively. In September 2021, the Company borrowed the full $25,000 available under Tranche A-1. The Company incurred issuance costs of $2,450 relating to the SLR Term Loan which was recorded net in long-term debt against the borrowed funds in the consolidated balance sheet, and are being amortized over the term of the loan using the effective interest method. Upon issuance, the SLR Term Loan had an effective interest rate of 11.7% per year.

The SLR Term Loan has a 60-month term and interest at the applicable rate of 7.90% plus the greater of the rate per annum rate published by the Intercontinental Exchange Benchmark Administration Ltd or on any successor or substitute page of such Service. The SLR Term Loan is interest-only and payable monthly for the first 36 months. The principal and interest is to be repaid during year 4 and 5 of the loan term starting in September 2024. Interest expense and amortization of issuance costs for the year ended December 31, 2021 was $638.

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At any time prior to the maturity date, the Company may elect to repay the SLR Term Loan. Any prepayment made between 12 months after the agreement date will incur a penalty equal to 3.00% of the principal amount being repaid. Any prepayment made within 13-24 months of the date of the agreement will incur a penalty equal to 2.00% of the principal amount being repaid. Any prepayment between months 25 and 36 of the agreement date, will incur a prepayment premium equal to 1.00% of the principal amount being repaid. Any prepayment between months 37 and 48 of the agreement date, will incur a prepayment premium equal to 0.50% of the principal amount being repaid.

The Company is subject to financial covenants related to recurring revenue, unrestricted cash, and audited financial statements. The recurring revenue is calculated monthly and unaudited financial statements are provided on a monthly basis. In addition, the Company must at all times maintain an unrestricted cash balance of $5,000. As of August 5, 2022, the Company was in compliance with the covenant relating to recurring revenue and cash covenant but non-complaint with the audited financial statements within 180 days. Under the terms of the credit agreement, in the event of non-compliance any amounts advanced become immediately repayable. In accordance with the agreement, the Company advised the lender of the non-compliance, the lender acknowledged the notice and confirmed that it has no intention of calling the loan.

Long-term and short-term debt consisted of the following:

	2021	2020
Principal value of long-term debt	$ 25,000	$ 5,000
Less debt discount related to warrant and issuance cost	(2,450)	(280)
Term loan, current, and noncurrent	22,550	4,720
Less current portion	-	-
Term loan, noncurrent	$ 22,550	$ 4,720

Common Stock Warrants

In conjunction with entering into the credit agreement with Bank of Montreal, the Company issued a warrant to allow the lender to purchase 384,616 shares of common stock at an exercise price of $0.39. The warrant is exercisable at any time but will be automatically exercised in the event of any change in control of the Company. The warrant has a five-year term and, if not exercised, expires on July 6, 2025.

The common stock warrant met all criteria for equity classification and was recorded at fair value upon issuance date as additional paid-in-capital and debt discount in the consolidated balance sheet. The estimated fair value of the warrant at issuance of $64, was calculated using an Option-Pricing Method with discounts applied to represent the lack of marketability of the securities. The warrant remained outstanding as of December 31, 2021.

Payroll Protection Program

In April, 2020, the Company received a $1,366 loan under the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") Paycheck Protection Program (the "PPP Loan"). As of December 31, 2020, the outstanding balance was $379 and $987 included in other current liabilities and other non-current liabilities, respectively. In August 2021, the Company received notice that forgiveness of the loan had been granted for $1,366, including $9 of accrued interest, and recorded a gain on

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extinguishment of $1,375 for such forgiveness which is included in other income—net in the consolidated income statement for the year ended December 31, 2021.

8. CONVERTIBLE PREFERRED STOCK

Convertible preferred stock consisted of the following:

	December 31, 2021					
	Shares Authorized	Shares Issued and Outstanding	Issuance Price Per Share	Liquidation Amount (In Thousands)	Issuance Costs (In Thousands)	Carrying Value (In Thousands)
Seed Series	694,135	325,000	$ 2.00000	$ 650	$ 28	$ 622
Series A	642,700	115,000	10.00000	1,150	43	1,107
Series A-1	5,843,580	5,634,421	0.72729	4,150	45	4,105
Series B	14,032,802	13,863,658	1.36098	18,868	179	18,689
Series C	17,281,150	16,327,741	2.02110	33,000	176	32,824
Series C-1	16,116,774	10,335,930	1.25860	13,008	279	12,729
Series D	26,288,100	22,532,657	1.33140	30,000	239	29,761
	80,899,241	69,134,407		$ 100,826	$ 989	$ 99,837

	December 31, 2020					
	Shares Authorized	Shares Issued and Outstanding	Issuance Price Per Share	Liquidation Amount (In Thousands)	Issuance Costs (In Thousands)	Carrying Value (In Thousands)
Seed Series	694,135	325,000	$ 2.00000	$ 650	$ 28	$ 622
Series A	642,700	115,000	10.00000	1,150	43	1,107
Series A-1	5,843,580	5,634,421	0.72729	4,150	45	4,105
Series B	14,032,802	13,863,658	1.36098	18,868	179	18,689
Series C	17,281,150	16,327,741	2.02110	33,000	176	32,824
Series C-1	16,116,774	10,335,930	1.25860	13,008	279	12,729
	54,611,141	46,601,750		$ 70,826	$ 750	$ 70,076

The Company's certificate of incorporation, as amended, designates and authorizes the Company to issue 80,899,241 shares of preferred stock, of which 694,135 shares are designated as Seed Series convertible preferred stock, 642,700 shares are designated as Series A convertible preferred stock, 5,843,580 shares are designated as Series A-1 convertible preferred stock, 14,032,802 shares are designated as Series B convertible preferred stock, 17,281,150 shares as designated as Series C convertible preferred stock and 16,116,774 shares as designated as Series C-1 convertible preferred stock. During 2021, the Company's certificate of incorporation was amended and 26,288,100 shares were designated as Series D convertible preferred stock.

The holders of Seed Series, Series A, Series A-1, Series B, Series C, Series C-1, and Series D convertible preferred stocks have various rights and preferences as follows:

Voting—The holders of convertible preferred stock are entitled to the number of votes equal to the number of shares of common stock into which such shares of preferred stock can be converted. The holders of the shares of Seed Series, Series A, Series A-1, Series B, Series C, Series C-1 and Series D, each as a separate class on an as-converted basis, are entitled to elect members to the board of directors. The holders of convertible preferred stock, on an as-converted basis, and the holders of common stock, voting together as a single class, are entitled to elect two other members to the board of directors of the Company.

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Holders of a majority of the common stock are entitled to elect, each voting separately as a class, one member to the board of directors.

Dividends—The holders of each outstanding share of Seed Series, Series A, Series A-1, Series B, Series C, Series C-1 and Series D are entitled to receive, when and if declared by the board of directors, dividends in cash at a rate of $0.16 per share of Seed Series preferred stock, $0.80 per share for Series A preferred stock, $0.0621536 per share for Series A-1 preferred stock, $0.1088784 per share of Series B preferred stock, $0.1616880 per share of Series C preferred stock, $0.100688 per share of Series C-1 preferred stock, and $0.1065121 per share for Series D preferred stock, as adjusted for any stock dividends, combinations, stock split, or other similar recapitalization with respect to the applicable series of preferred stock. After payment of such dividends on the Seed Series, Series A, Series A-1, Series B, Series C, Series C-1 and Series D preferred stock, any additional dividends or distributions shall be distributed among all holders of common stock in proportion to the number of shares of common stock that would be held by each such holder if all shares of preferred stock were converted to common stock at the then-effective conversion rate. Such dividends are not cumulative. No dividends have been declared or paid on the Company's preferred stock.

Liquidation Preference—In the event of any liquidation, dissolution, or winding-up of the Company, the holders of preferred stock shall be entitled to receive, ratably, prior and in preference to any distribution of the assets or funds of the Company to the holders of the common stock, an amount equal to the issuance price per share of $2.00, $10.00, $0.72729, $1.36098, $2.0211, $1.2586 and $1.33140 for Seed Series, Series A, Series A-1, Series B, Series C, Series C-1, and Series D respectively, as adjusted for stock splits, stock dividends, combinations, recapitalizations, and similar transactions, plus any accrued and unpaid dividends and any other declared but unpaid dividends (the "Liquidation Preference"). If the Company has insufficient assets to permit payment of the Liquidation Preference in full to all holders of preferred stock, then the assets of the Company shall be distributed ratably to the holders of preferred stock in proportion to the Liquidation Preference such holders would otherwise be entitled to receive.

After payment of the Liquidation Preference to the holders of preferred stock, the remaining assets of the Company shall be distributed ratably to the holders of common stock on a fully converted basis.

Redemption—Seed Series, Series A, Series A-1, Series B, Series C, Series C-1 and Series D of convertible preferred stock are not redeemable.

Conversion—Each share of preferred stock is convertible at the option of the holder, at any time after the date of issuance of such share, into shares of common stock as is determined by dividing the original purchase price of preferred stock by the conversion price in effect at the time of conversion for such series of preferred stock. The conversion price per share of Seed Series, Series A, Series A-1, Series B, Series C, Series C-1 and Series D convertible preferred stock shall be $0.9364, $1.7893, $0.72729, $1.3460, $1.9095, $1.2586, and $1.33140 per share, respectively, as defined by the Company's certificate of incorporation, as amended.

Each share of preferred stock will automatically be converted into shares of common stock at the then-effective conversion rate of such shares upon the earlier of (i) the closing of a firm commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of common stock of the Company to the public with offering proceeds to the Company in excess of $50,000,000 (net of underwriters' discounts, concessions, commissions, and expenses) or (ii) the consent of holders of at least a majority of the then-outstanding shares of preferred stock, voting together as a single class on an as-converted basis.

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Series C-1 Warrants—In connection with the Series C-1 preferred stock financing, the Company issued warrants to purchase shares of its Series C-1 preferred stock to Series C-1 investors. The warrants were issued at an exercise price of $1.2586 per warrant and entitle the holders of the warrants to purchase up to the number of Series C-1 preferred stock that equals to 10% of the numbers of Series C-1 preferred stock purchased by such holder minus their pro rata shares. As a result of this transaction, the Company recorded warrant liability and issuance costs related to Series C-1 financing of $184 as of the date of issuance on July 30, 2019. As of December 31, 2021 and 2020, the fair value of the warrants was $133 and $161, respectively. The warrant liability is included in other current liabilities on the balance sheet. The difference between fair values as of December 31, 2021 and 2020 was recorded in the consolidated income statement. The warrants remained outstanding as of December 31, 2021.

The warrants are subject to remeasurement at each consolidated balance sheet date, and any change in fair value is recognized as a component of other income—net. The fair value of these warrants is determined by the Company based on the Black-Scholes option-pricing valuation model, which requires the input of highly subjective assumptions, including the estimated fair value of the underlying convertible preferred stock at the valuation measurement date, the remaining contractual term of the warrant, risk-free interest rates, expected dividends, and expected volatility of the price of the underlying convertible preferred stock. The Company will continue to adjust the liability for changes in fair value until the earlier of the exercise or expiration of the warrants or the completion of a liquidation event, at which time all redeemable convertible preferred stock warrants will be converted into warrants to purchase common stock and, accordingly, the liability will be reclassified into stockholders' deficit.

9. COMMON STOCK

The Company is authorized to issue 120,311,650 shares of $0.001 par value common stock for purposes of satisfying conversion of preferred stock, the exercise of warrants, the exercise and future grant of common stock options, and for purposes of any future business acquisitions and transactions. As of December 31, 2021, the Company had 15,509,719 shares of common stock issued and outstanding. Holders of common stock are entitled to one vote per share, to receive dividends subsequent to preferred stockholders, and upon liquidation or dissolution, are entitled to receive all assets available for distribution to stockholders subsequent to preferred stockholders. The holders have no preemptive or other subscription rights, and there is no redemption or sinking fund provisions with respect to such shares. Common stock is subordinate to the preferred stock with respect to dividend rights and rights upon liquidation, winding up, and dissolution of the company.

In the prior year, 209,159 Series A-1 preferred shares and 14,695 Series B preferred shares were converted into common shares as a result of one investor's non-participation in the C-1 extension round.

10. STOCK OPTION PLAN

Stock Option Plans—In December 2011, the Company adopted the 2011 Stock Plan (the "Option Plan") pursuant to which the board of directors may grant non-statutory stock options to purchase shares of the Company's common stock to outside directors and consultants and either non-statutory or incentive stock options to purchase shares of the Company's common stock to employees. On March 4, 2021 the board of directors agreed to increase the number of shares available under this plan by 3,573,550 shares, from 19,308,439 shares to 22,881,989 shares. As of December 31, 2021, 166,372 shares are available for issue under the plan. Stock options must be granted with an exercise price equal to the common stock's fair market value at the date of grant. Stock options generally have

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10-year terms and vest over a four-year period starting from the date of the grant. Early exercise of options is permittable under the plan. Upon early exercise, common stock is issued and considered outstanding. The holders of such shares do not have voting rights of common stockholders and must sell unvested shares back to the Company at termination. As of December 31, 2021, 500 shares had been issued as a result of early exercising of options and were unvested at exercise. $1 was payable for unvested shares.

Under the 2011 Stock Plan, the Company has also issued 110,603 non-statutory ("Non-Plan") stock options to consultants as compensation for services provided to the Company or its subsidiaries. These options have 10-year terms and vest immediately upon grant. As of December 31, 2021, there were no other options available for issuance under this part of the plan.

In December 2016, in an effort to attract and retain key employees, directors, and consultants, the Company adopted the Phantom Share Plan (the "Phantom Plan") pursuant to which the Company will grant participants the opportunity to receive a cash or stock bonus upon a liquidity event. On March 4, 2021 the board of directors agreed to increase the number of shares available under this plan by 450,000 shares, from 1,865,000 shares to 2,315,000 shares. During the year ended December 31, 2021, 378,950 shares were granted under this plan and 348,627 shares were available for the Company to grant at December 31, 2021. No stock-based compensation expense was recognized during the year ended December 31, 2021 in respect of this plan as no liquidity event was probable.

A summary of the status of the employee and nonemployee stock options as of December 31, 2021, and changes during the year then ended is presented below (the number of options represents ordinary shares exercisable in respect thereof):

	Number of Shares	Weighted-Average Exercise Price	Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value
	(In Thousands, Except per Share Amounts and Terms)			
Balance—December 31, 2019	10,298,116	$ 0.37	6.05	$ 566
Options grants	5,586,800	0.39		
Options exercised	(185,946)	0.37		
Options canceled/forfeited	(551,408)	0.37		
Balance—December 31, 2020	15,147,562	$ 0.38	6.56	$ 521
Options grants	8,040,574	0.56		
Options exercised	(667,108)	0.36		
Options canceled/forfeited	(3,352,533)	0.31		
Balance—December 31, 2021	19,168,495	$ 0.46	7.67	$1,843
Exercisable—December 31, 2021	19,168,495	$ 0.46	7.67	$1,843
Exercisable—December 31, 2020	14,965,881	$ 0.38	6.56	$ 521

The weighted-average grant-date fair value of options granted during the year ended December 31, 2021 was $0.56 per share. The total intrinsic value of options exercised for the years ended

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December 31, 2021 and 2020 was $133 and $6, respectively. The total fair value of shares vested during the year ended December 31, 2021 was $527.

The Company records compensation expense on a straight-line basis over the vesting period. As of December 31, 2021, total compensation cost not yet recognized related to unvested stock options was $2,000, which is expected to be recognized over a weighted-average period of 1.6 years.

Stock-Based Compensation Expense—Stock-based compensation expense for employees for the years ended December 31, 2021 and 2020 was $632 and $510, respectively.

Cost of revenue, research and development, sales and marketing, and general and administrative expenses were as follows (in thousands):

	2021	2020
Stock-based compensation expense:		
Cost of revenue	$ 31	$ 22
Research and development	130	86
Sales and marketing	118	87
General and administrative	353	315
Total stock-based compensation expense	$ 632	$ 510

Employee Stock Options Valuation—The Company estimates the fair value of stock options on the date of grant using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires estimates of highly subjective assumptions, which affect the fair value of each stock option. The assumptions used to estimate the fair value of stock options granted during the years ended December 31, 2021 and 2020, are as follows:

	2021	2020
Valuation assumptions:		
Fair value of common stock	$ 0.23	$ 0.15
Expected volatility	42.11 %	42.61 %
Expected term (years)	6.0	5.7
Risk-free interest rate	1.01 %	0.36 %
Expected dividend yield	- %	- %

Since the Company's stock is not publicly traded, the expected volatility is based on the historical and implied volatility of similar companies whose stock or option prices are publicly available, after considering the industry, stage of life cycle, size, market capitalization, and financial leverage of the other companies. The risk-free interest rate assumption is based on observed US Treasury yield curve interest rates in effect at the time of grant appropriate for the expected term of the stock options granted. As permitted under authoritative guidance, due to the limited amount of option exercises, the Company used the simplified method to compute the expected term for options granted to nonexecutive employees in the years ended December 31, 2021 and 2020. The same methodology was applied to executives for the years ended December 31, 2021 and 2020.

Stock Options Granted to Nonemployees—Stock-based awards issued to nonemployees are accounted for at fair value and determined using the Black-Scholes option-pricing model. Management believes that the fair value of the stock options is more reliably measured than the fair value of the services

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received. The fair value of each nonemployee stock-based compensation award is remeasured each period until a commitment date is reached, which is generally the vesting date. Stock-based compensation related to nonemployees was recorded in general and administrative expenses in the Company's consolidated income statement.

The number of non-employee options outstanding was 110,603 as of the years ended December 31, 2021 and 2020, with a weighted average exercise price in each year of $0.26 per share and weighted average remaining contractual term of 3.3 years and 4.3 years, respectively. These options are exercisable for ten years from the date of issuance. The additional stock-based compensation expense recognized were not material for the years ended December 31, 2021 and 2020.

Since the Company's stock is not publicly traded, the expected volatility is based on the historical volatility of similar companies whose stock or option prices are publicly available, after considering the industry, stage of life cycle, size, market capitalization, and financial leverage of the other companies. Expected term for nonemployee options represents the contractual term on the valuation date. The risk-free interest rate assumption is based on observed US Treasury yield curve interest rates in effect at the time of grant appropriate for the expected term of the stock options.

11. OTHER INCOME - NET

Other income—net for the years ended December 31, 2021 and 2020 consisted of the following (in thousands):

	2021	2020
Other income —net:		
Foreign exchange (losses) gains	$ (745)	$ 1,594
Loss on disposal of fixed assets	(175)	(9)
Change in fair value of Series C-1 warrants	28	18
Other income	1,371	36
Total other income—net	$ 479	$ 1,639

12. INCOME TAXES

Loss before income taxes for the years ended December 31, 2021 and 2020, is as follows (in thousands):

	2021	2020
Domestic	$ (12,772)	$ (7,147)
Foreign	(5,951)	469
Total	$ (18,723)	$ (6,678)

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The components of income tax expense consist of the following (in thousands):

	Years Ended December 31,	
	2021	2020
Current tax provision—foreign	$ 6	$ 4
Total current tax provision	$ 6	$ 4
Deferred tax provision—foreign	–	–
Total deferred tax provision	–	–
Expense from income taxes	$ 6	$ 4

A reconciliation between the expected income tax provision at the federal statutory rate and the reported income tax benefit is as follows:

	Years Ended December 31,	
	2021	2020
US federal statutory income tax rate	21.00%	21.00 %
Foreign tax rate differential	(2.50)	6.16
State taxes—net of federal benefit	1.69	1.53
Research and development credits	5.49	7.31
Permanent items	0.89	(2.17)
Changes in valuation allowance	(26.30)	(33.43)
Other	(0.30)	(0.46)
Effective tax rate	(0.03)%	(0.06)%

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The tax effects of temporary differences that give rise to significant portions of the Company's DTAs and liabilities, are related to the following (in thousands):

Federal	As of December 31, 2021	2020
Deferred tax assets:		
Net operating loss carryforwards	$ 17,579	$ 14,064
Research and development credits	4,148	2,718
Reserves and accruals	1,334	1,001
Operating lease liability	647	-
Property and equipment	-	106
Gross deferred tax assets	23,708	17,889
Less: Valuation allowance	(22,307)	(17,889)
Total deferred tax assets	$ 1,401	$ -
Deferred tax liabilities:		
Property and equipment	(846)	-
Operating lease right-of-use assets	(555)	-
Total deferred tax liabilities	(1,401)	-
Total net deferred tax assets/deferred tax liabilities	$ -	$ -

Foreign	As of December 31, 2021	2020
Deferred tax assets:		
Net operating loss carryforwards	$ 2,190	$ 1,299
Gross deferred tax assets	2,190	1,299
Less: Valuation allowance	(1,744)	(888)
Total deferred tax assets	446	411
Deferred tax liabilities:		
Intangible assets	(446)	(411)
Total deferred tax liabilities	(446)	(411)
Total net deferred tax assets/ deferred tax liabilities	$ -	$ -

Valuation Allowance—In accordance with FASB ASC 740-10-30-2(b), *Income Taxes*, a valuation allowance is recognized if, based on the weight of available evidence, it is more-likely-than-not that some portion of the entire deferred tax asset will not be realized in a particular tax jurisdiction. The deferred tax asset is analyzed by Company management on a jurisdiction-by-jurisdiction basis to determine whether a valuation allowance is required.

Due to significant historical and forecasted losses in the U.S. and Sweden, the Company cannot conclude it is more likely than not that the net deferred tax assets will be fully realizable. Accordingly,

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the Company has provided a full valuation allowance against its net deferred tax assets. For the years ended December 31, 2021 and 2020, the full valuation allowance in the US was $22,307 and $17,889, respectively. The valuation allowance for US increased by $4,418 and $1,889 for the years ended December 31, 2021 and 2020, respectively. For the years ended December 31, 2021 and 2020, the full valuation allowance for foreign was $1,744 and $888, respectively. The valuation allowance for foreign increased by $856 for the year ended December 31, 2021 and decreased by $1,375 for the year ended December 31, 2020. There was no valuation allowance established for foreign for the years ended December 31, 2018 and 2017.

For the year ended December 31, 2021, the Company has net operating loss carryforwards of approximately $73,405 and $32,368 for federal and state tax purposes, respectively. If not utilized, these carryforwards will begin to expire in 2032 for federal and state tax purposes, respectively. The federal NOLs generated after December 31, 2017, have an infinite carryforward period and subject to 80% deduction limitation based upon pre-NOL deduction taxable income. The CARES Act temporarily removes the 80% taxable income limitation for tax years beginning before 2022. Furthermore, it allows for a five year carry-back of Federal NOL arisen in 2019, 2020 and 2021. As of December 31, 2021, the Company also has net operating loss carryforwards of $10,131, $652 and $0 for Sweden, Germany and U.K. tax purposes, respectively.

As of December 31, 2021, the Company has research and development credit carryforwards of approximately $3,555 and $2,883 for federal and state purposes, respectively. If not utilized, the federal carryforward will expire in various amounts beginning in 2035. The California credits can be carried forward indefinitely. The Company has not undertaken a detailed analysis of all amounts claimed as research credit for federal or state tax purposes. As a result, amounts ultimately realized for research credits were included in the Company's consideration of uncertain tax benefits.

Sec 382 Limitations—Section 382 of the Internal Revenue Code generally requires a corporation to limit the amount of its income in future years that can be offset by historic losses, i.e., NOL carryforwards and certain built-in losses, after a corporation has undergone an ownership change. The Company has performed an analysis as to when ownership changes have occurred and what the value of the Company was on the dates of ownership change, as identified in the analysis. The result of this was a write-off in 2018 of the US DTA for NOLs of $3.9 million for federal purposes, and $3.9 million for California. The impact of this write-off to the provision is nil due to a full valuation allowance in the US. The Company has not performed a Section 382 study for the year ended December 31, 2021. In the event it has undergone an ownership change under Section 382 and/or Section 383, if the Company earns net taxable income, its ability to use the net operating loss and research and development credit carryforwards to offset U.S. federal taxable income and tax liabilities may become subject to limitations, which could potentially result in increased future tax liabilities.

Uncertain Tax Positions—As of December 31, 2021, the Company had an unrecognized tax benefit of approximately $1,849 related to research and development credits. No amount of unrecognized tax benefits as of December 31, 2021, if recognized, would reduce the Company's effective tax rate because the benefits would be in the form of tax credit carryforwards which would attract a full valuation allowance. The Company is subject to examination in these jurisdictions for all years since its inception in 2010. Tax years outside the normal statute of limitation remain open to audit by tax authorities due to tax attributes generated in those early years which have been carried forward and may be audited in subsequent years when utilized. The Company does not expect any material changes to its unrecognized tax benefits within the next twelve months.

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The Company did not recognize any expense for interest and penalties related to uncertain tax positions during 2021 and the Company does not have any amounts related to interest and penalties accrued on December 31, 2021. The Company files U.S. federal and state tax returns, Swedish and U.K. tax returns. The Company's tax years remain open for all tax years. As of December 31, 2021, tax years from 2015 forward remain open for examination by the Internal Revenue Service or foreign tax jurisdiction.

A reconciliation of the beginning and ending amounts of the liability for uncertain tax positions is as follows (in thousands):

	Years Ended December 31,	
	2021	2020
Gross unrecognized tax benefits at January 1	$ 1,284	$ 1,074
Additions for tax positions taken in the prior years	87	-
Reductions for tax positions taken in the prior years	(10)	-
Addition for tax position taken in current year	488	210
Gross unrecognized tax benefit at December 31	$ 1,849	$ 1,284

13. SUBSEQUENT EVENTS

The Company evaluated subsequent events from December 31, 2021, the date of these consolidated financial statements, through August 5, 2022, which represents the date the consolidated financial statements were issued, for events requiring recording or disclosure in the consolidated financial statements for the year ended December 31, 2021. There are no subsequent events that require adjustments to or disclosure in the consolidated financial statements, except as listed below.

In March 2022, following the expiration of the 2011 Stock Plan, the Company adopted the 2022 Equity Incentive Plan pursuant to which the board of directors may grant non-statutory stock options to purchase shares of the Company's common stock to outside directors and consultants and either non-statutory or incentive stock options to purchase shares of the Company's common stock to employees. 4,000,000 shares have been reserved for issue under this plan.

In March 2022, the Company acquired Barbasoft, a Croatian company primarily for its workforce of engineers. The asset purchase price was for $1,500 in cash and 250,000 shares of common stock of Glooko Inc. at $1.04 per share.

In April 2022, the Company acquired Integrated Patient Engagement Platforms (IPEP) LLC primarily for its developed software technology. The asset purchase price was for $500 in cash and $1,000 in common stock at $1.04 per share. Upon transfer of sufficient information and know-how to leverage the technology platform, an additional cash payment of $167 and $333 in common stock at $1.04 per share will be made.

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