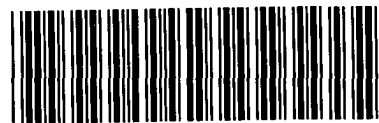


42 CRUNCH LIMITED

**DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

FRIDAY



ABDNABAB

A07

30/09/2022

#181

COMPANIES HOUSE

42 CRUNCH LIMITED

CONTENTS

	Page
Company Information	1
Directors' Report	2 - 3
Independent Auditors' Report	4 - 7
Consolidated Profit and Loss Account	8
Consolidated Statement of Comprehensive Income	9
Consolidated Balance Sheet	10
Company Balance Sheet	11
Consolidated Statement of Changes in Equity	12
Company Statement of Changes in Equity	13
Notes to the Financial Statements	14 - 28

42 CRUNCH LIMITED

COMPANY INFORMATION

DIRECTORS

Jacques Declas
Philippe Leothaud
Isabelle Mauny
Alberto Gómez
Nazo Moosa
Michael Schmitt

COMPANY SECRETARY

Maria McWalter

REGISTERED NUMBER

9900322

REGISTERED OFFICE

71-75 Shelton Street
Covent Garden
London
WC2H 9JQ

INDEPENDENT AUDITORS

Crowe Ireland
Chartered Accountants and Statutory Audit Firm
40 Mespil Rd
Dublin 4
D04 C2N4

BANKERS

National Westminster Bank PLC
P.O Box 13, Cavell House
2a Charing Cross Road
London
WC2H 0PD

HSBC UK Bank PLC
60 Queen Victoria Street
London
EC4N 4TR

SOLICITORS

Taylor Wessing LLP
5 New Street Square
London
EC4A 3TW
United Kingdom

42 CRUNCH LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Directors present their report and the financial statements for the year ended 31 December 2021.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

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

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

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

PRINCIPAL ACTIVITY

The principal activity of the Group is the provision of API security.

DIRECTORS

The Directors who served during the year were:

Jacques Declas
Philippe Leothaud
Isabelle Mauny
Sumedh Thakar (resigned 6 May 2021)
Matthieu Estrade (resigned 5 February 2021)
Alberto Gómez
Nazo Moosa (appointed 6 May 2021)
Michael Schmitt (appointed 14 January 2022)

In accordance with the Company constitution, the Directors are not required to retire by rotation.

42 CRUNCH LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

POST BALANCE SHEET EVENTS

Since the year end date, the Group has obtained additional resources and investment which will provide the Group with funding which will support the Group in meeting its future obligations. In addition to this, the Directors expects that the Group will have the ability to fund its operations through its own reserves in the coming months as it develops its products and services further.

The Directors note the significant impact of the Coronavirus outbreak in the United Kingdom, and around the world. The Directors have reviewed the impact of this on its future funding and order books. Based on knowledge to hand, the Directors consider while there are significant risks to be managed, the Group expects to be able to trade through this period of uncertainty and has the financial resources to do so.

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

AUDITORS

The auditors, Crowe Ireland, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

SMALL COMPANIES NOTE

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Board and signed on its behalf.

DocuSigned by:
Jacques Declas
2CF84EEFRC894AF
Jacques Declas
Director

DocuSigned by:
Philippe Leothaud
1D6D66B3494B485
Philippe Leothaud
Director

Date: 12 July 2022

Date: 12 July 2022

42 CRUNCH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF 42 CRUNCH LIMITED

OPINION

We have audited the financial statements of 42 Crunch Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the Group Profit and Loss Account, the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

42 CRUNCH LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF 42 CRUNCH LIMITED
(CONTINUED)**

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Group Strategic Report.

42 CRUNCH LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF 42 CRUNCH LIMITED
(CONTINUED)**

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- carrying out substantive checking to supporting documents on a sample basis of individual transactions within income and expenditure to give comfort that on a sample basis the Company does not contain any irregular items;
- verifying that material balances within the Balance Sheet are supported by third party evidence to confirm the existence and valuation of these balances at the Balance Sheet date;
- enquiring of management and those charged with governance;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance; and
- performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the Company rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

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

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

42 CRUNCH LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF 42 CRUNCH LIMITED
(CONTINUED)**

USE OF OUR REPORT

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

DocuSigned by:
George Kennington
Signed: 03CB88D833264E7...
George Kennington (Senior Statutory Auditor)
for and on behalf of

DocuSigned by:
Crowe Ireland
Crowe Ireland
Chartered Accountants and Statutory Audit Firm
40 Mespil Rd
Dublin 4
D04 C2N4
Date: 31/8/2022

42 CRUNCH LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 \$	2020 \$
Turnover		1,876,058	278,529
Gross profit		<u>1,876,058</u>	<u>278,529</u>
Administrative expenses		(6,768,770)	(2,559,496)
Other operating income		-	77,921
Operating loss		<u>(4,892,712)</u>	<u>(2,203,046)</u>
Interest payable and similar expenses		(28,963)	(80,084)
Loss before tax		<u>(4,921,675)</u>	<u>(2,283,130)</u>
Tax on loss		195,742	307,235
Loss for the financial year		<u>(4,725,933)</u>	<u>(1,975,895)</u>
Loss for the year attributable to:			
Owners of the parent		<u>(4,725,933)</u>	<u>(1,975,895)</u>

The notes on pages 14 to 28 form part of these financial statements.

42 CRUNCH LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 \$	2020 \$
Loss for the financial year		(4,725,933)	(1,975,895)
Currency translation differences		(95,036)	(359,920)
Other comprehensive income for the year		<u>(95,036)</u>	<u>(359,920)</u>
Total comprehensive income for the year		<u>(4,820,969)</u>	<u>(2,335,815)</u>
(Loss) for the year attributable to:			
Owners of the parent Company		<u>(4,725,933)</u>	<u>(1,975,895)</u>
Total comprehensive income attributable to:			
Owners of the parent Company		<u>(4,820,969)</u>	<u>(2,335,815)</u>

The notes on pages 14 to 28 form part of these financial statements.

42 CRUNCH LIMITED
REGISTERED NUMBER: 9900322

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 \$	2020 \$
Fixed assets			
Intangible assets	6	23,023	-
Tangible fixed assets	7	79,088	19,861
		<u>102,111</u>	<u>19,861</u>
Current assets			
Debtors: amounts falling due after more than one year	9	252,668	366,970
Debtors: amounts falling due within one year	9	1,992,204	1,184,343
Cash at bank and in hand	10	7,568,292	322,578
		<u>9,813,164</u>	<u>1,873,891</u>
Creditors: amounts falling due within one year	11	(1,913,342)	(3,695,747)
Net current assets/(liabilities)		7,899,822	(1,821,856)
Creditors: amounts falling due after more than one year	12	(100,610)	(182,990)
Net assets/(liabilities)		7,901,323	(1,984,985)
Capital and reserves			
Called up share capital	15	31,149	19,519
Share premium account		20,187,714	5,492,067
Profit and loss account		(12,317,540)	(7,496,571)
Equity attributable to owners of the parent Company		7,901,323	(1,984,985)

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:

DocuSigned by:
Jacques Declas
2CE645FFBC694AE
Jacques Declas
Director
Date: 12 July 2022

DocuSigned by:
Philippe Leothaud
1D6D66B3494B465
Philippe Leothaud
Director
Date: 12 July 2022

The notes on pages 14 to 28 form part of these financial statements.

42 CRUNCH LIMITED
REGISTERED NUMBER: 9900322

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 \$	2020 \$
Fixed assets			
Intangible assets	6	23,023	-
Tangible assets	7	4,598	88
Fixed asset investments	8	348	223
		27,969	311
Current assets			
Debtors: amounts falling due within one year	9	14,706,805	4,927,229
Cash at bank and in hand	10	97,797	8,641
		14,804,602	4,935,870
Creditors: amounts falling due within one year	11	(142,706)	(2,258,917)
Net current assets		14,661,896	2,676,953
Total assets less current liabilities		14,689,865	2,677,264
Creditors: amounts falling due after more than one year	12	(29,226)	(37,044)
Net assets		14,660,639	2,640,220
Capital and reserves			
Called up share capital	15	31,149	19,519
Share premium account		20,187,714	5,492,067
Profit and loss account carried forward		(5,558,224)	(2,871,366)
		14,660,639	2,640,220

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:

DocuSigned by:
Jacques Declas
2CE64EFFBC694AE...
Jacques Declas
Director
Date: 12 July 2022

DocuSigned by:
Philippe Leothaud
1D6D66B3494B465
Philippe Leothaud
Director
Date: 12 July 2022

The notes on pages 14 to 28 form part of these financial statements.

42 CRUNCH LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	\$	\$	\$	\$
At 1 January 2021	19,519	5,492,067	(7,496,571)	(1,984,985)
Comprehensive income for the year				
Loss for the year	-	-	(4,725,933)	(4,725,933)
Foreign exchange movement	-	-	(95,036)	(95,036)
Shares issued during the year	11,630	14,695,647	-	14,707,277
At 31 December 2021	31,149	20,187,714	(12,317,540)	7,901,323

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	\$	\$	\$	\$
At 1 January 2020	16,770	3,451,640	(5,160,756)	(1,692,346)
Comprehensive income for the year				
Loss for the year	-	-	(1,975,895)	(1,975,895)
Foreign exchange movement	-	-	(359,920)	(359,920)
Shares issued during the year	2,749	2,040,427	-	2,043,176
At 31 December 2020	19,519	5,492,067	(7,496,571)	(1,984,985)

The notes on pages 14 to 28 form part of these financial statements.

42 CRUNCH LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	\$	\$	\$	\$
At 1 January 2021	19,519	5,492,067	(2,871,366)	2,640,220
Comprehensive income for the year				
Loss for the year	-	-	(2,137,354)	(2,137,354)
Currency translation differences	-	-	(549,504)	(549,504)
Shares issued during the year	11,630	14,695,647	-	14,707,277
At 31 December 2021	31,149	20,187,714	(5,558,224)	14,660,639

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	\$	\$	\$	\$
At 1 January 2020	16,770	3,451,640	(475,823)	2,992,587
Comprehensive income for the year				
Loss for the year	-	-	(2,414,594)	(2,414,594)
Currency translation differences	-	-	19,051	19,051
Shares issued during the year	2,749	2,040,427	-	2,043,176
At 31 December 2020	19,519	5,492,067	(2,871,366)	2,640,220

The notes on pages 14 to 28 form part of these financial statements.

42 CRUNCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. GENERAL INFORMATION

The principal activity of the group is the provision of API security.

The Company is a limited liability company incorporated and domiciled in the United Kingdom. The Company's registered office is 71-75 Shelton Street, Convent Garden, London, WC2H 9JQ and its company registration number is 9900322. The Company is tax resident in the United Kingdom.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

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

2.2 BASIS OF CONSOLIDATION

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

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

42 CRUNCH LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****2. ACCOUNTING POLICIES (CONTINUED)****2.3 FOREIGN CURRENCY TRANSLATION****Functional and presentation currency**

The Company's functional currency is STG. This differs from the presentational currency which is USD.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

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

2.4 REVENUE

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

Rendering of services

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

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

42 CRUNCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES (CONTINUED)

2.5 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Profit and Loss Account in the same period as the related expenditure.

2.6 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.8 PENSIONS

Defined contribution pension plan

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

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

2.9 TAXATION

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

2.10 INTANGIBLE ASSETS

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

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

42 CRUNCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES (CONTINUED)**2.11 TANGIBLE FIXED ASSETS**

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

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

Depreciation is provided on the following basis:

Leasehold improvements	-	11%
Fixtures and fittings	-	20%
Computer equipment	-	33%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.12 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.13 DEBTORS

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

2.14 CASH AND CASH EQUIVALENTS

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

42 CRUNCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES (CONTINUED)**2.15 CREDITORS**

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

2.16 HOLIDAY PAY ACCRUAL

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2.17 FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when

42 CRUNCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES (CONTINUED)

2.17 FINANCIAL INSTRUMENTS (CONTINUED)

there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

3. GOING CONCERN

The Group has spent \$6,768,770 in relation to product research and development and administration expenses in the year. All of this has been expensed to the Profit and Loss account. The Directors have reviewed the future plans and projections of the group and are confident of 42 Crunch's ability to attract revenues. During the year the group raised \$14 million in additional share capital which will provide additional cash flow to the group to trade until at least July 2023. This investment will enable the Group to meet its obligations as they fall due. In view of the foregoing, the financial statements are prepared on a going concern basis.

4. EMPLOYEES

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

	Group 2021 No.	Group 2020 No.	Company 2021 No.	Company 2020 No.
Ireland	16	10	-	-
United Kingdom	2	2	2	2
United States of America	7	3	-	-
France	3	-	-	-
	28	15	2	2

42 CRUNCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

5. DIRECTORS' REMUNERATION

	Group 2021 \$	Group 2020 \$	Company 2021 \$	Company 2020 \$
Director's emoluments	341,991	184,439	140,321	109,115
Directors pension	64,548	1,123	48,588	1,123
	406,539	185,562	188,909	110,238
	406,539	185,562	188,909	110,238

During the year, there were retirement benefits accruing to 2 Directors (2020 - NIL) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of \$140,321 (2019 - \$109,115).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to \$48,588 (2020 - \$1,123).

The amount of the accrued lump sum in respect of the highest paid Director at 31 December 2021 amounted to \$NIL (2020 - \$NIL).

42 CRUNCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. INTANGIBLE ASSETS**Group and Company**

	Computer software \$
COST	
Additions	24,075
Foreign exchange movement	(394)
At 31 December 2021	<u>23,681</u>
AMORTISATION	
Charge for the year on owned assets	669
Foreign exchange movement	(11)
At 31 December 2021	<u>658</u>
NET BOOK VALUE	
At 31 December 2021	<u><u>23,023</u></u>
At 31 December 2020	<u><u>-</u></u>

42 CRUNCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

7. TANGIBLE FIXED ASSETS

Group

	Leasehold improvements \$	Office equipment \$	Computer equipment \$	Total \$
COST OR VALUATION				
At 1 January 2021	-	8,082	50,329	58,411
Additions	4,027	1,774	78,587	84,388
Disposals	-	-	(11,009)	(11,009)
Exchange adjustments	(170)	(594)	(4,479)	(5,243)
At 31 December 2021	<u>3,857</u>	<u>9,262</u>	<u>113,428</u>	<u>126,547</u>
DEPRECIATION				
At 1 January 2021	-	4,088	34,462	38,550
Charge for the year on owned assets	224	1,576	18,361	20,161
Disposals	-	-	(8,493)	(8,493)
Exchange adjustments	(10)	(372)	(2,377)	(2,759)
At 31 December 2021	<u>214</u>	<u>5,292</u>	<u>41,953</u>	<u>47,459</u>
NET BOOK VALUE				
At 31 December 2021	<u>3,643</u>	<u>3,970</u>	<u>71,475</u>	<u>79,088</u>
At 31 December 2020	<u>-</u>	<u>3,994</u>	<u>15,867</u>	<u>19,861</u>

42 CRUNCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. TANGIBLE FIXED ASSETS (CONTINUED)**Company**

	Computer equipment \$
COST OR VALUATION	
At 1 January 2021	5,711
Additions	4,888
Exchange adjustments	(139)
At 31 December 2021	10,460
DEPRECIATION	
At 1 January 2021	5,623
Charge for the year on owned assets	301
Exchange adjustments	(62)
At 31 December 2021	5,862
NET BOOK VALUE	
At 31 December 2021	4,598
At 31 December 2020	88

42 CRUNCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. FIXED ASSET INVESTMENTS**Company**

	Investments in subsidiary companies \$
COST OR VALUATION	
At 1 January 2021	223
Additions	121
Foreign exchange movement	4
At 31 December 2021	348

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Registered office	Country of incorporation	Class of shares	Holding
42Crunch Security Systems Limited	5 George's Dock, I.F.S.C., Dublin 1	Ireland	Ordinary	100%
42Crunch Inc.	16192 Coastal Highway, DE-19958	United States of America	Ordinary	100%
42Crunch SAS	Montpellier France	France	Ordinary	100%

42 CRUNCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. DEBTORS

	Group 2021 \$	<i>Group 2020 \$</i>	Company 2021 \$	<i>Company 2020 \$</i>
DUE AFTER MORE THAN ONE YEAR				
Other debtors	252,668	366,970	-	-
	252,668	366,970	-	-
	Group 2021 \$	<i>Group 2020 \$</i>	Company 2021 \$	<i>Company 2020 \$</i>
DUE WITHIN ONE YEAR				
Trade debtors	1,108,854	759,669	73,657	74,419
Amounts owed by group undertakings	-	-	14,548,153	4,847,136
Other debtors	717,520	386,657	16,671	1,641
Prepayments and accrued income	165,830	38,017	68,324	4,033
	1,992,204	1,184,343	14,706,805	4,927,229

10. CASH AND CASH EQUIVALENTS

	Group 2021 \$	<i>Group 2020 \$</i>	Company 2021 \$	<i>Company 2020 \$</i>
Cash at bank and in hand	7,568,292	322,578	97,797	8,641
Less: bank overdrafts	(3,528)	(3,457)	(683)	(2,726)
	7,564,764	319,121	97,114	5,915

42 CRUNCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. CREDITORS: Amounts falling due within one year

	Group 2021	<i>Group 2020</i>	Company 2021	<i>Company 2020</i>
	\$	\$	\$	\$
Bank overdrafts	3,528	3,457	683	2,726
Bank loans	70,922	71,067	8,093	5,339
Trade creditors	177,979	149,684	40,332	9,759
Taxes payable	395,971	341,186	26,932	20,056
Other creditors	64,154	1,538,503	2,035	1,501,187
Accruals and deferred income	1,200,788	1,591,850	64,631	719,850
	<u>1,913,342</u>	<u>3,695,747</u>	<u>142,706</u>	<u>2,258,917</u>

12. CREDITORS: Amounts falling due after more than one year

	Group 2021	<i>Group 2020</i>	Company 2021	<i>Company 2020</i>
	\$	\$	\$	\$
Bank loans	100,610	182,990	29,226	37,044
	<u>100,610</u>	<u>182,990</u>	<u>29,226</u>	<u>37,044</u>

13. LOANS

	Group 2021	<i>Group 2020</i>	Company 2021	<i>Company 2020</i>
	\$	\$	\$	\$
AMOUNTS FALLING DUE WITHIN ONE YEAR				
Bank loans	70,922	71,067	8,093	5,339
AMOUNTS FALLING DUE 1-2 YEARS				
Bank loans	52,037	37,044	8,298	37,044
AMOUNTS FALLING DUE 2-5 YEARS				
Bank loans	48,573	145,946	20,928	
	<u>171,532</u>	<u>254,057</u>	<u>37,319</u>	<u>42,383</u>

42 CRUNCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. FINANCIAL INSTRUMENTS

	Group 2021 \$	Group 2020 \$	Company 2021 \$	Company 2020 \$
FINANCIAL ASSETS				
Financial assets	<u>7,568,292</u>	<u>322,578</u>	<u>97,797</u>	<u>8,641</u>
FINANCIAL LIABILITIES				
Loan notes	<u>-</u>	<u>1,538,503</u>	<u>-</u>	<u>1,501,187</u>

Financial instruments include both assets and liabilities which are measured at fair value through the profit and loss.

Financial assets comprise of cash and cash equivalents.

Financial liabilities comprise of convertible loan notes which will convert to equity within one year.

15. SHARE CAPITAL

	2021 \$	2020 \$
ALLOTTED, CALLED UP AND FULLY PAID		
1,279,289 (2020 - 1,233,451) Ordinary Shares shares of £0.01 each	15,938	15,301
467,526 (2020 - 317,800) Preference A Shares shares of £0.01 each	6,298	4,218
549,872 (2020 -) Preference B Shares shares of £0.01 each	7,640	-
91,645 (2020 -) Serives B Deferred shares of £0.01 each	1,273	-
	<u>31,149</u>	<u>19,519</u>

On 06 May 2021 549,872 Series B Shares, 149,696 Series A Shares, 91,645 Series B Deferred Shares and 45,838 Ordinary Shares of £0.01 each were issued.

16. PENSION COMMITMENTS

Where local regulations require, the Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost represents contributions payable by the Group to the fund and amounted to \$172,016 (2020: \$72,245).

42 CRUNCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

17. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021	<i>Group 2020</i>
	\$	\$
Not later than 1 year	109,567	118,710
Later than 1 year and not later than 5 years	145,854	273,813
	<u>255,421</u>	<u>392,523</u>

18. RELATED PARTY TRANSACTIONS

During the year the Group paid €138,000 (2020: €48,000) to a Director, Isabelle Mauny, for consultancy services.

At the beginning of the year, the Company owed £53,000 to Jacques Declas. During the year the Company repaid this balance.

The Directors have taken advantage of the exemption under FRS102 Section 33.1A Related Party Disclosures and have not disclosed transactions with wholly owned group companies.

19. POST BALANCE SHEET EVENTS

As described in note 3 (Going concern), since the balance sheet date the Directors have made steps to ensure sufficient financial resources are in place to ensure the company can continue as a going concern, until at least July 2023. The Directors expect that the company will have the ability to fund its operations through its own reserves in the coming months as it develops its products and services further.

The Directors note the significant impact of the Coronavirus outbreak in the United Kingdom, and around the world. The Directors have reviewed the impact of this on its future funding and order books. Based on knowledge to hand, the Directors consider while there are significant risks to be managed, the company expects to be able to trade through this period of uncertainty and has the financial resources to do so.