



LOOPME LTD
GROUP STRATEGIC REPORT,
DIRECTORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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LOOPME LTD
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for the Year Ended 31 December 2020

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LOOPME LTD
COMPANY INFORMATION
for the Year Ended 31 December 2020

DIRECTORS: T K Henriksson
G Coleman
S Upstone
M Van de Bergh
T McDonnell

REGISTERED OFFICE: C/O OHS Secretaries Limited
9th Floor
107 Cheapside
London
EC2V 6DN

REGISTERED NUMBER: 07979184 (England and Wales)

AUDITORS: BDO LLP
55 Baker Street
London
W1U 7EU

BANKERS: Silicon Valley Bank
Alphabeta,
14-18 Finsbury Square
London EC2A 1BR

Wells Fargo Bank
33 King William Street
London EC4R 9AT

LOOPME LTD
STRATEGIC REPORT
for the Year Ended 31 December 2020

The directors present their strategic report of the Company and the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

LoopMe was founded in 2012 with the mission of closing the loop on brand advertising. We specialize in mobile video and rich media, using a powerful combination of attribution, Artificial Intelligence and analytics to deliver outstanding campaign performance against brand outcomes, being consideration, purchase intent, foot traffic and offline sales.

REVIEW OF BUSINESS

LoopMe's turnover increased by 36% in 2020 compared with the prior year despite the impact of the Covid-19 global pandemic. Furthermore, LoopMe became profitable for the first time this year achieving \$10.8m Adjusted EBITDA and \$6.9m profit after tax.

The following table reconciles our profit / (loss) for the year to our Adjusted EBITDA for the periods presented:

	2020 \$'000	2019 \$'000
Profit / (loss) of the financial year	6,913	(3,530)
Tax on profit/(loss)	(922)	(2,380)
Finance costs	785	1,586
Interest income	-	(48)
Fixed asset depreciation	144	137
Operating lease expenses	1,018	1,047
Amortisation	2,817	2,555
Share based payment expense	71	66
Exceptionals	-	79
 Earnings before interest, tax, depreciation, rent and amortisation (Adjusted EBITDA)	 <u>10,826</u>	 <u>(488)</u>

At the start of the Covid-19 pandemic, LoopMe revised the Company strategy to focus on profitability and cash availability rather than on investment for future growth. Significant investment on product development and geographical expansion had previously resulted in the Company being loss making. A reduction to this investment in 2020 demonstrated the Companies underlying profitability.

In addition to the revised Company strategy, at the peak of the pandemic, LoopMe received funds under the UK Job Retention Scheme and US Paycheck Protection Scheme. This income has been recorded under government grants in the financial statements.

Alongside profitability, a key KPI for LoopMe in 2020 was turnover growth and with the 36% year on year growth achieved we have been successful in delivering this. Our working capital has also significantly increased compared with the prior year as a result of the rise in sales.

We continued the repayment of our loan with Harbert European Growth Capital, further strengthening our net debt position. The loan is due to be repaid in full by November 2021.

PRINCIPAL RISKS AND UNCERTAINTIES

We operate in a dynamic and competitive market, influenced by trends in both the overall advertising market as well as the online video advertising industry. The competitive dynamics of our market are unpredictable because our market is in an early stage of development, rapidly evolving, fragmented and subject to potential disruption by new technological innovations.

Many of our competitors and potential competitors have significant client relationships, much larger financial resources and longer operating histories than we have and may be less severely affected by changes in consumer preferences, regulations or other developments that may impact the online video advertising industry as a whole in the future.

**LOOPME LTD
STRATEGIC REPORT
for the Year Ended 31 December 2020**

The overall direction of advertising spend is typically determined by the advertiser or advertising agency. Accordingly, our ability to increase spend transacted through our platform requires us to maintain and expand our relationships with brand advertisers, including the ad agencies that represent them.

Attracting new buyers and publishers to our platform requires significant time and expense, and we may not be successful in establishing new relationships or in maintaining or advancing our current relationships. Our platform is relatively new and we are often required to spend substantial time and effort educating potential clients about our solutions, including providing demonstrations and comparisons against other available services. Some clients undertake a significant evaluation process that frequently involves not only our platform but also the offerings of our competitors. This process can be costly and time-consuming. As a result, it is difficult to predict when we will obtain new customers and begin generating revenue from these new customers. As part of our sales cycle, we may incur significant expenses.

We are subject to a complex array of federal, state, and international laws relating to the collection, use, retention, disclosure, security, and transfer of personal data. Many jurisdictions have passed laws in this area, and other jurisdictions are considering imposing additional restrictions, including regulating the level of notice and consent required to collect and process end-user data. The global data protection landscape is rapidly evolving, and implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future.

The Directors do not expect any events such as Brexit to have a significant impact on the business. The company strategy of worldwide growth and the opening of offices in new regions means that the company is geographically diverse across the world and will not be significantly affected by external factors in one region.

In light of the current situation with regard to Covid-19, management have considered reasonable possible downside to both forecasts and cashflows. Despite the global pandemic, LoopMe continued to grow in 2020 and performed in line with the budget. However, the situation will be under review constantly to allow LoopMe to be prepared for various scenarios. We are confident in the Group's ability to continue as a going concern.

ON BEHALF OF THE BOARD:

S Upstone
26/02/2021 09:53:10

Stephen Upstone

.....
S Upstone - Director

26th February 2021

**LOOPME LTD
DIRECTORS' REPORT
for the Year Ended 31 December 2020**

The directors present their report with the financial statements of the Company and the Group for the year ended 31 December 2020.

DIVIDENDS

As was the case in 2019, no dividends will be distributed for the year ended 31 December 2020.

RESEARCH AND DEVELOPMENT

LoopMe's unique Artificial Intelligence (AI) and mobile data platform enables brands to deliver more effective digital video advertising campaigns. Agencies and brands use the platform and these tools to optimize their advertising and improve both campaign results and experiences for their customers. As AI technology and the market evolves, we adapt our platform and continuously improve it to ensure it remains at the forefront of the advertising industry.

FUTURE DEVELOPMENTS

As LoopMe continues to grow we continue to hire more staff each month to fulfil client demand. We will work towards growth, diversity and strong customer relationships.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

T K Henriksson
S Upstone
M Van der Bergh
G Coleman

Other changes in directors holding office are as follows:

S Ledwidge resigned on 4 August 2020
T McDonnell was appointed on 4 August 2020

DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is unaware, and
- The director has taken all the steps that ought to have been taken as director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

AUDITOR

The auditor BDO LLP will be deemed to be reappointed at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

S Upstone
26/02/2021 09:53:10

Stephen Upstone

.....
S Upstone - Director

26th February 2021

LOOPME LTD
STATEMENT OF DIRECTORS RESPONSIBILITIES
IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS' REPORT
AND THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

LOOPME LTD
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOOPME LTD
for the Year Ended 31 December 2020

Opinion

We have audited the financial statements of LoopMe Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2020 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity and consolidated cash flow statement, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice)

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

LOOPME LTD
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOOPME LTD
for the Year Ended 31 December 2020

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 Strategic report and 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.

Responsibilities of Directors

As explained more fully in the statement of directors' responsibilities, 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.

Auditor's responsibilities for the audit of the financial statements

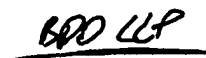
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



David Butcher (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
26th February 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

LOOPME LTD
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the Year Ended 31 December 2020

	Notes	2020 \$'000	2019 \$'000
TURNOVER	3	61,772	45,271
Other operating income	6	1,477	-
Operating expenditure		<u>(56,806)</u>	<u>(50,042)</u>
OPERATING PROFIT/ (LOSS)		6,443	(4,771)
Interest payable and similar expenses	7	(452)	(1,187)
Interest income	8	<u>-</u>	<u>48</u>
PROFIT / (LOSS) BEFORE TAXATION		5,991	(5,910)
Tax on profit / (loss)	9	<u>922</u>	<u>2,380</u>
PROFIT / (LOSS) FOR THE FINANCIAL YEAR		6,913	(3,530)
OTHER COMPREHENSIVE INCOME			
Exchange differences on retranslation of subsidiaries		<u>(496)</u>	<u>(195)</u>
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		<u>6,417</u>	<u>(3,725)</u>

The notes on page 14-31 form part of these financial statements

LOOPME LTD
CONSOLIDATED BALANCE SHEET (COMPANY NUMBER: 07979184)
31 December 2020

		2020		2019	
	Notes	\$'000	\$'000	\$'000	\$'000
FIXED ASSETS					
Intangible assets	10		4,353		4,227
Tangible assets	11		<u>178</u>		<u>259</u>
			4,531		4,486
CURRENT ASSETS					
Deferred tax	18	2,093		1,359	
Debtors	13	23,059		18,155	
Cash at bank and in hand		<u>11,718</u>		<u>6,811</u>	
		36,870		26,325	
CREDITORS					
Amounts falling due within one year	14	<u>21,885</u>		<u>17,949</u>	
NET CURRENT ASSETS					
			<u>14,985</u>		<u>8,376</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			19,516		12,862
CREDITORS					
Amounts falling due after more than one year	15		<u>351</u>		<u>1,192</u>
NET ASSETS					
			<u>19,165</u>		<u>11,670</u>
CAPITAL AND RESERVES					
Called up share capital	19		-		-
Share premium			26,574		25,586
Share based payments	23		490		400
Retranslation reserve			(1,248)		(752)
Retained earnings			<u>(6,651)</u>		<u>(13,564)</u>
SHAREHOLDERS' FUNDS					
			<u>19,165</u>		<u>11,670</u>

The financial statements were approved by the Board of Directors on 26th February 2021 and were signed on its behalf by:

S Upstone
26/02/2021 09:53:10

Stephen Upstone

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S Upstone - Director

The notes on page 14-31 form part of these financial statements

LOOPME LTD
COMPANY BALANCE SHEET (COMPANY NUMBER: 07979184)
31 December 2020

		2020		2019	
	Notes	£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	10		3,196		3,220
Tangible assets	11		94		126
Investments	12		<u>3,923</u>		<u>3,923</u>
			7,213		7,269
CURRENT ASSETS					
Deferred Tax	18	744		-	
Debtors	13	20,578		16,712	
Cash at bank and in hand		<u>3,487</u>		<u>4,291</u>	
		24,809		21,003	
CREDITORS					
Amounts falling due within one year	14	<u>16,154</u>		<u>12,744</u>	
NET CURRENT ASSETS			<u>8,655</u>		<u>8,259</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			15,868		15,528
CREDITORS					
Amounts falling due after more than one year	15		<u>258</u>		<u>908</u>
NET ASSETS			<u>15,610</u>		<u>14,620</u>
CAPITAL AND RESERVES					
Called up share capital	19		-		-
Share premium			19,512		19,491
Share based payments			360		305
Retained earnings			<u>(4,262)</u>		<u>(5,176)</u>
SHAREHOLDERS' FUNDS			<u>15,610</u>		<u>14,620</u>
Company's profit / (loss) for the financial year			<u>914</u>		<u>(1,061)</u>

The financial statements were approved by the Board of Directors on 26th February 2021 and were signed on its behalf by:

S Upstone
26/02/2021 09:53:10

Stephen Upstone

.....
S Upstone - Director

The notes on page 14-31 form part of these financial statements

LOOPME LTD
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2020

	Called up share capital \$'000	Retained earnings \$'000	Share premium \$'000
Balance at 1 January 2019	-	(10,034)	10,096
Changes in equity			
Issue of share capital	-	-	15,141
Shared based payments	-	-	-
Exchange differences on retranslation of subsidiaries	-	-	349
Loss for the financial year	-	(3,530)	-
Balance at 31 December 2019	-	(13,564)	25,586
Changes in equity			
Issue of share capital	-	-	27
Shared based payments	-	-	-
Exchange differences on retranslation of subsidiaries	-	-	961
Profit for the financial year	-	6,913	-
Balance at 31 December 2020	-	(6,651)	26,574

	Share based payments \$'000	Retranslation reserve \$'000	Total equity \$'000
Balance at 1 January 2019	321	(557)	(174)
Changes in equity			
Issue of share capital	-	-	15,141
Share based payments	66	-	66
Exchange differences on retranslation of subsidiaries	13	(195)	167
Loss for the financial year	-	-	(3,530)
Balance at 31 December 2019	400	(752)	11,670
Changes in equity			
Issue of share capital	-	-	27
Share based payments	71	-	71
Exchange differences on retranslation of subsidiaries	19	(496)	484
Profit for the financial year	-	-	6,913
Balance at 31 December 2020	490	(1,248)	19,165

The notes on page 14-31 form part of these financial statements

LOOPME LTD
COMPANY STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2020

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Share based payments £'000	Total equity £'000
Balance at 1 January 2019	-	(4,115)	7,957	253	4,095
Changes in equity					
Issue of share capital	-	-	11,534	-	11,534
Share based payments	-	-	-	52	52
Total comprehensive income	-	(1,061)	-	-	(1,061)
Balance at 31 December 2019	-	(5,176)	19,491	305	14,620
Changes in equity					
Issue of share capital	-	-	21	-	21
Share based payments	-	-	-	55	55
Total comprehensive income	-	914	-	-	914
Balance at 31 December 2020	-	(4,262)	19,512	360	15,610

The notes on page 14-31 form part of these financial statements

LOOPME LTD
CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 December 2020

		2020	2019
	Notes	\$'000	\$'000
Cash generated from operating activities			
Cash generated/(outflow) from operations	24	8,635	(1,439)
Tax received		711	1,034
Interest paid		<u>(351)</u>	<u>(382)</u>
Net cash generated/(outflow) from operating activities		<u>8,995</u>	<u>(787)</u>
Cash generated from investing activities			
Purchase of tangible fixed assets	11	(66)	(254)
Purchase of intangible fixed assets	10	<u>(2,791)</u>	<u>(2,754)</u>
Net cash outflow from investing activities		<u>(2,857)</u>	<u>(3,008)</u>
Cash generated from financing activities			
Repayments of borrowings		(2,552)	(2,388)
Proceeds from receipt of government grants	6	1,477	-
Proceeds from issuance of shares	19	<u>27</u>	<u>15</u>
Net cash outflow from financing activities		<u>(1,048)</u>	<u>(2,373)</u>
Cash and cash equivalents at beginning of year			
		6,811	12,638
Net (decrease) /increase in cash and cash equivalents		5,090	(6,168)
Exchange gains / (losses) on cash and cash equivalents		<u>(183)</u>	<u>341</u>
Cash and cash equivalents at end of year		<u>11,718</u>	<u>6,811</u>

The notes on page 14-31 form part of these financial statements

LOOPME LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2020

1. STATUTORY INFORMATION

LoopMe Ltd is a private company, limited by shares, incorporated and domiciled in England and Wales in the UK. The Company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These consolidated financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The group have chosen to use US dollars as their presentation currency as over 50% of the transactions made are in US dollars and GBP remains as the presentation currency for LoopMe Ltd. The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and have also been consistently applied within the same accounts. There were no material departures from the Financial Reporting Standard 102.

Disclosure exemptions

In preparing the consolidated financial statements, advantage has been taken of the disclosure exemptions available in FRS 102 with no disclosure for Group Financial Instruments. Furthermore, no Statement of cash flows or Financial instrument disclosure has been presented for the parent company.

Going Concern

The consolidated financial statements are prepared on a going concern basis with the Group reporting profit after tax of \$6.9m for the year ended 31 December 2020 (2019: \$(3.5)m loss) and operating cash inflow of \$9.0m (2019: \$(0.8)m cash outflow). In doing so the group has considered the following:

The directors have assessed the Group's cash balance of \$11.7m as at 31 December 2020, available financing facilities, contracted revenue, and the impact of Covid-19 within its client base. The Directors have prepared detailed cash flow forecasts for the period ending December 2022 which indicate that, taking into account reasonably possible downsides except for the Covid-19 future uncertainty set out below, the Group expects to have sufficient cash reserves in that period.

The Directors assessment has taken into account trading up to the point of signing these financial statements and to date revenues have proved resilient. While the directors expect the Group to continue to generate new revenues the impact of Covid-19 has meant there is significant uncertainty over predicting what will happen in the future. The Group's ability to remain cash positive depends on continuing to secure new revenue contracts from its customers and there can be no certainty over the economic impact of Covid-19 on the Group's customers and therefore their ability to continue to spend on marketing.

In performing their downside scenarios the directors have isolated certain discretionary costs that can be decreased to preserve cash. Reductions in discretionary items will be implemented where necessary including some necessary operational changes in travel, accommodation, and in person marketing events. The Directors are satisfied that in all scenarios subject to the Covid-19 future uncertainty set out above the Company has sufficient liquidity to continue operating without additional financing or taking up government issued schemes.

The Directors expect the Group to continue as a going concern and these financial statements do not include any adjustments that would result if the group and company were unable to continue as a going concern.

LOOPME LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and all Group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Turnover

Turnover is recognised to the extent that it is probably that the economic benefits will flow to the group and the turnover can be reliably measured. It is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Turnover for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably.

Intangible assets

Capitalisation

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

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Group intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Software which is purchased and used by LoopMe over a 12 month period is also capitalised and amortised. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

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

Development costs	- 3 years
Software costs	- 3 years

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

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

Fixtures and fittings	-	3 years
Computer equipment	-	3 years
Leasehold property	-	Over the remaining lease term

LOOPME LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES (CONTINUED)

Impairment of non-current assets

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Trade and other debtors/creditors

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

Loans

Financial liabilities such as loan are classified according to the substance of the contractual arrangement. It is initially recognised at transaction price then subsequently measured at amortised cost, being transaction price less any amount settled based on effective interest rate.

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 the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid yet are shown in accruals as a liability in the Statement of Financial Position.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is

LOOPME LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES (CONTINUED)

measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into the entity presentation currency; GBP for the Company and USD for the Group, at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into presentation currency at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Derivative financial instruments

Derivative financial instruments are recognised at fair value using a valuation technique with any gains or losses being recorded in the profit or loss.

Share-based payment transactions

Share-based payment arrangements in which the entity receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the entity.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured based on using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Leases

Rental payable under operating leases, including any lease incentives received, are charged to the income statement on a straight line basis over the term of the relevant lease period except where another more systematic basis is more representative of the time pattern in which the economic benefits from the lease assets are consumed.

LOOPME LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES (CONTINUED)

Exceptionals

Exceptionals are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

Government Grant

Grants of a revenue nature are recognised in "other income" within profit or loss in the same period as the related expenditure. This includes £68,709 under the UK Government Coronavirus Job Retention Scheme ("Furlough") and a further \$1,387,124 under the US Paycheck Protection Scheme. Both schemes are granted with no future performance-related conditions on the recipient therefore are recognised based on the performance model as required by FRS 102 24.5B. Both grants are recognised when the grant proceeds become receivable.

2.1 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Valuation of share options

The fair value of equity settled share options is determined using the Black-Scholes method. The significant inputs into the model are share price at grant date, exercise price, expected option life, expected volatility and risk-free interest rate. Also, the directors have had to make an assumption about future staff attrition based on historical data.

The following judgements are considered to have significant risks of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year:

Recoverable value of trade and other debtors

The Group makes an estimate of recoverable value of trade and other debtors. Provision and write offs have been made based on customer status, customer credit rating, the aging profile of debtors and historical experience.

Recognition of deferred tax assets

The Group is subject to income tax in each country where the Group's entities operate. Deferred tax assets, consisting primarily of tax losses carried forward are only recognised when it is likely that a future taxable profit will be available. The group must use its judgement to determine the probability of future taxable profits being available. Future profits have been estimated as a percentage of expected turnover based on the current net profit ratio. Uncertainty in this estimation exists as actual performance may differ.

Research and Development cost

In the research phase of a project, it is not possible to demonstrate the project will generate future economic benefit and hence all expenses on research shall be recognised as expenses when it is incurred. LoopMe Group recognise intangible assets from the development phase of a project and only if certain specific criteria are met. All capitalised costs are subsequently amortised on a straight line basis over the useful economic lives which is considered to be 3 years by LoopMe.

Indicators of Impairment

The Group makes a judgement at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group shall estimate the recoverable amount of the asset. If there is no indication of impairment, it is not necessary to estimate the recoverable amount.

LOOPME LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2020

3. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the group.

An analysis by business unit is given below:

	2020 \$'000	2019 \$'000
North America	39,983	30,637
UK	19,798	13,770
Rest of World	<u>1,991</u>	<u>864</u>
	<u><u>61,772</u></u>	<u><u>45,271</u></u>

4. EMPLOYEES

	2020 \$'000	2019 \$'000
Wages and salaries	15,753	14,954
Social security costs	1,609	1,623
Cost of defined benefit scheme	<u>109</u>	<u>88</u>
	<u><u>17,471</u></u>	<u><u>16,665</u></u>

Employee cost of \$2,730k were capitalised in 2020 (2019: \$2,662k)

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

2020	2019
<u>204</u>	<u>209</u>

A defined contribution pension scheme is operated by the group on behalf of the employees of one of the subsidiary undertakings. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge represents contributions payable by the group to the fund and amounted to \$107k (2019: \$88k). Group contributions amounting to \$21k (2019: \$22k) were payable to the fund at year end and are included in creditors.

5. DIRECTORS' REMUNERATION

	2020 \$'000	2019 \$'000
Directors' emoluments	917	614
Company contributions to defined contribution pension schemes	<u>2</u>	<u>2</u>
	<u><u>919</u></u>	<u><u>616</u></u>

There were 2 directors in the group's defined contribution pension scheme (2019: 2).

LOOPME LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2020

5. DIRECTORS' REMUNERATION (CONTINUED)

Emoluments of highest paid director were \$506k (2019: \$377k). Company pension contributions of \$1.2k (2019: \$1.1k) were made to a pension scheme on his behalf. In the current financial year and the preceding financial year the highest paid director did not receive shares under the long term incentive schemes and did not exercise shares.

6. OPERATING PROFIT

The operating profit/(loss) is stated after charging/(crediting):

		2020 \$'000	2019 \$'000
	Notes		
Depreciation – owned assets	11	144	137
All amortisation	10	2,817	2,555
Foreign exchange differences		300	380
Research and Development		2,948	2,859
Government Grants		(1,477)	-
Exceptionals		-	79

Auditor's remuneration:

	2020 \$'000	2019 \$'000
Audit of the financial statements of the group	51	42

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 \$'000	2019 \$'000
Revolving credit facility interest	148	-
Loan note interest	-	557
Venture debt interest	304	630
	<u>452</u>	<u>1,187</u>

8. INTEREST INCOME

	2020 \$'000	2019 \$'000
Interest income	<u>-</u>	<u>48</u>

LOOPME LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2020

9. TAXATION

Analysis of the tax credit

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

	2020 \$'000	2019 \$'000
Current tax:		
Current tax on UK losses of the year	388	1,090
Current tax on foreign income for the year	<u>(182)</u>	<u>(69)</u>
Total Current tax	206	1,021
Deferred tax:		
Deferred tax on UK losses	996	-
Deferred tax on Foreign (profit) / losses	<u>(280)</u>	<u>1,359</u>
Net tax credit	<u>922</u>	<u>2,380</u>

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK.

The difference is explained below

	Notes	2020 \$'000	2019 \$'000
Profit /(loss) before tax		<u>5,991</u>	<u>(5,910)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19%		1,138	(1,123)
Effects of:			
Expenses not deductible for tax purposes		259	70
Depreciation and amortisation in excess of capital allowances		541	496
R&D tax credit		(1,153)	(1,164)
Effect of tax rates in foreign jurisdictions		(1,174)	631
Foreign tax		183	69
Deferred tax asset	18	<u>(716)</u>	<u>(1,359)</u>
Net tax credit		<u>(922)</u>	<u>(2,380)</u>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge

LOOPME LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2020

10. INTANGIBLE FIXED ASSETS

Group	Software	Development costs	Total
	\$'000	\$'000	\$'000
COST			
At 1 January 2020	102	11,636	11,738
Additions	-	2,791	2,791
Foreign currency difference	<u>3</u>	<u>601</u>	<u>604</u>
At 31 December 2020	<u>105</u>	<u>15,028</u>	<u>15,133</u>
AMORTISATION			
At 1 January 2020	79	7,432	7,511
Amortisation for year	21	2,796	2,817
Foreign currency difference	<u>5</u>	<u>447</u>	<u>452</u>
At 31 December 2020	<u>105</u>	<u>10,675</u>	<u>10,780</u>
NET BOOK VALUE			
At 31 December 2020	<u>-</u>	<u>4,353</u>	<u>4,353</u>
At 31 December 2019	<u>22</u>	<u>4,205</u>	<u>4,227</u>
Company	Software	Development costs	Total
	£'000	£'000	£'000
COST			
At 1 January 2020	75	8,864	8,939
Additions	<u>-</u>	<u>2,171</u>	<u>2,171</u>
At 31 December 2020	<u>75</u>	<u>11,035</u>	<u>11,110</u>
AMORTISATION			
At 1 January 2020	58	5,661	5,719
Amortisation for year	<u>17</u>	<u>2,178</u>	<u>2,195</u>
At 31 December 2020	<u>75</u>	<u>7,839</u>	<u>7,914</u>
NET BOOK VALUE			
At 31 December 2020	<u>-</u>	<u>3,196</u>	<u>3,196</u>
At 31 December 2019	<u>17</u>	<u>3,203</u>	<u>3,220</u>

LOOPME LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2020

11. TANGIBLE FIXED ASSETS

Group	Short leasehold \$'000	Fixtures and Fittings \$'000	Computer equipment \$'000	Total \$'000
COST				
At 1 January 2020	215	61	520	796
Additions	13	3	50	66
Foreign currency difference	<u>8</u>	<u>3</u>	<u>(38)</u>	<u>(27)</u>
At 31 December 2020	<u>236</u>	<u>67</u>	<u>532</u>	<u>835</u>
DEPRECIATION				
At 1 January 2020	91	48	398	537
Additions	56	6	82	144
Foreign currency difference	<u>5</u>	<u>3</u>	<u>(32)</u>	<u>(24)</u>
At 31 December 2020	<u>152</u>	<u>57</u>	<u>448</u>	<u>657</u>
NET BOOK VALUE				
At 31 December 2020	<u>84</u>	<u>10</u>	<u>84</u>	<u>178</u>
At 31 December 2019	<u>124</u>	<u>13</u>	<u>122</u>	<u>259</u>
Company	Short leasehold £'000	Fixtures and Fittings £'000	Computer equipment £'000	Total £'000
COST				
At 1 January 2020	125	42	144	311
Additions	<u>10</u>	<u>-</u>	<u>17</u>	<u>27</u>
At 31 December 2020	<u>135</u>	<u>42</u>	<u>161</u>	<u>338</u>
DEPRECIATION				
At 1 January 2020	45	36	104	185
Charge for year	<u>31</u>	<u>2</u>	<u>26</u>	<u>59</u>
At 31 December 2020	<u>76</u>	<u>38</u>	<u>130</u>	<u>244</u>
NET BOOK VALUE				
At 31 December 2020	<u>59</u>	<u>4</u>	<u>31</u>	<u>94</u>
At 31 December 2019	<u>80</u>	<u>6</u>	<u>40</u>	<u>126</u>

LOOPME LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2020

12. FIXED ASSET INVESTMENTS

Company	Group undertakings £'000
COST	
At 1 January 2020	3,923
At 31 December 2020	<u>3,923</u>
NET BOOK VALUE	
At 31 December 2020	<u>3,923</u>
At 31 December 2019	<u>3,923</u>

The Group or the Company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

LoopMe Singapore

Registered office: 261 Waterloo Street, #03-36, Waterloo Centre, Singapore, 180261
Nature of business: Mobile advertising

Class of shares: Ordinary	2020	2019
Types of holding: Direct	£'000	£'000
Proportion of voting rights and ordinary share capital held	100%	100%
Aggregate capital and reserves	(316)	6
Loss of the year	<u>(393)</u>	<u>(334)</u>

LoopMe Inc

Registered office: 22 West 19th Street, Level 3, New York, NY 100011
Nature of business: Mobile advertising

Class of shares: Ordinary	2020	2019
Types of holding: Direct	£'000	£'000
Proportion of voting rights and ordinary share capital held	100%	100%
Aggregate capital and reserves	(1,815)	(259)
Profit/(loss) of the year	<u>4,537</u>	<u>(2,505)</u>

LOOPME LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2020

12. FIXED ASSET INVESTMENTS (CONTINUED)

LoopMe LLC

Registered office: 2nd Floor, 37 Komsomolska Str, 49131, Dnepropetrovsk, Ukraine

Nature of business: Software development

Class of shares: Ordinary	2020	2019
Types of holding: Direct	£'000	£'000
Proportion of voting rights and ordinary share capital held	100%	100%
Aggregate capital and reserves	185	213
Profit of the year	<u>187</u>	<u>131</u>

13. TRADE AND OTHER DEBTORS

	Group		Company	
	2020 \$'000	2019 \$'000	2020 £'000	2019 £'000
Trade debtors	22,017	16,577	5,102	4,109
Amounts owed by group undertakings	-	-	14,852	11,534
Other debtors	182	269	35	108
Corporation tax relief receivable	390	901	287	686
Prepayments	<u>470</u>	<u>408</u>	<u>302</u>	<u>275</u>
	<u>23,059</u>	<u>18,155</u>	<u>20,578</u>	<u>16,712</u>

All debtors listed above are considered current with the exception of the amounts owed by group undertakings for the Company which are deemed non-current.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020 \$'000	2019 \$'000	2020 £'000	2019 £'000
Other loans	849	2,475	1,874	1,910
Trade creditors	10,286	8,386	7,409	6,304
Amounts owed to group undertakings	-	-	229	262
Social security and other taxes	269	232	197	177
VAT	1,055	203	776	155
Other creditors	153	235	52	87
Accrued expenses	<u>9,273</u>	<u>6,418</u>	<u>5,617</u>	<u>3,849</u>
	<u>21,885</u>	<u>17,949</u>	<u>16,154</u>	<u>12,744</u>

LOOPME LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2020

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2020 \$'000	2019 \$'000	2020 £'000	2019 £'000
Other loans	30	878	22	669
Derivatives	<u>321</u>	<u>314</u>	<u>236</u>	<u>239</u>
	<u>351</u>	<u>1,192</u>	<u>258</u>	<u>908</u>

16. LOANS

An analysis of the maturity of loans is given below:

	2020 \$'000	2019 \$'000
Amounts falling due within one year or on demand:		
Other loans	<u>849</u>	<u>2,475</u>
Amounts falling due between two and five years:		
Other loans 2 – 5 years	<u>30</u>	<u>878</u>

The current loan is held with Harbert European Growth Capital and incurs interest of 10% payable monthly. The loan will be repaid in full by November 2021.

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group	Non-cancellable operating leases	
	2020 \$'000	2019 \$'000
Within one year	801	754
Between one and five years	<u>326</u>	<u>1,014</u>
	<u>1,127</u>	<u>1,768</u>

During the year \$752k was recognised as an expense in the profit and loss account in respect of operating leases (2019: \$761k).

LOOPME LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2020

17. LEASING AGREEMENTS (CONTINUED)

Company	Non-cancellable operating leases	
	2020 £'000	2019 £'000
Within one year	200	191
Between one and five years	<u>160</u>	<u>362</u>
	<u><u>360</u></u>	<u><u>553</u></u>

18. DEFERRED TAX ASSETS AND LIABILITIES

Neither the Group or Company has any Deferred tax liabilities. Deferred tax assets are attributable as follows:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 £'000	2019 £'000
Unused tax losses	<u>2,093</u>	<u>1,359</u>	<u>744</u>	<u>-</u>
	<u><u>2,093</u></u>	<u><u>1,359</u></u>	<u><u>744</u></u>	<u><u>-</u></u>

Losses recognised are expected to be utilised within the next reporting period against profits for LoopMe Ltd and LoopMe Inc. Trading losses totalling \$501k (2019: \$425k) have not been recognised due to lack of certainty of future profitability of the entities to which they relate.

19. CALLED UP SHARE CAPITAL

Group		Class:	Nominal value:	2020	2019
Allotted, issued and fully paid:				2020	2019
Number:			\$	\$	
12,513,687	Ordinary	\$0.00001	145	162	
5,055,201	Series A-1 shares	\$0.00001	68	66	
154,302	Series A-2 shares	\$0.00001	2	2	
2,336,631	Series A-3 shares	\$0.00001	32	31	
19,884	Series A-4 shares	\$0.00001	-	-	
2,841,030	Series A-5 shares	\$0.00001	39	37	
7,902,322	Series A-6 shares	\$0.00001	108	104	
			<u>394</u>	<u>402</u>	

During the year 215,837 Ordinary shares were issued for cash of \$27,441

LOOPME LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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19. CALLED UP SHARE CAPITAL (CONTINUED)

Company

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
12,513,687	Ordinary	£0.00001	125	124
5,055,201	Series A-1 shares	£0.00001	51	50
154,302	Series A-2 shares	£0.00001	2	2
2,336,631	Series A-3 shares	£0.00001	23	23
19,884	Series A-4 shares	£0.00001	-	-
2,841,030	Series A-5 shares	£0.00001	28	28
7,902,322	Series A-6 shares	£0.00001	79	79
			308	306

During the year 215,837 Ordinary shares were issued for cash of £20,825

The Company's Ordinary shares have attached to them full voting and dividend rights and capital distribution rights as set out in the articles of association. They do not confer any rights of redemption.

The Series A Shares have attached to them full voting and dividend rights and capital distribution rights set out in the company's articles of association. They confer preferential rights in the event of a sale, a distribution of assets upon liquidation or a return of capital. They do not confer any rights on redemption.

20. ULTIMATE CONTROLLING PARTY

LoopMe Ltd is the ultimate parent company and controlling party for LoopMe Group. The directors do not consider there to be an ultimate controlling party for LoopMe Group.

21. RELATED PARTY DISCLOSURES

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

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Payments of £41,509 (2019: £40,300) were made during the year by LoopMe Ltd to BGF Investments LP. An employee of BGF Investments LP is also a director of LoopMe Ltd. All transactions were conducted on an arm's length basis on normal trading terms.

LOOPME LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2020

22. RETIRED BENEFIT SCHEME

	2020 \$'000	2019 \$'000
Charge to profit or loss in respect of defined contribution scheme	<u>107</u>	<u>88</u>

A defined contribution pension scheme is operated for qualifying employees. The assets of the schemes are held separately from those of the group in independently administered funds.

23. SHARE-BASED PAYMENT TRANSACTIONS

LoopMe issues share options to employees as compensation for their service over a specific period of time. The usual terms include a vesting period of four years with one year of cliff starting from the date of employment.

The terms and conditions of the outstanding grants are as follows:

<u>Option Scheme</u>	<u>Method of accounting settlement</u>	<u>Number of instruments</u>	<u>Vesting conditions</u>	<u>Vesting period</u>
2014	Equity	293,126	Non-market conditions	4 years
2017	Equity	288,844	Non-market conditions	4 years
2018	Equity	610,490	Non-market conditions	4 years
2019	Equity	310,921	Non-market conditions	4 years
2020	Equity	482,619	Non-market conditions	4 years

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price <u>2020</u>	Number of options <u>2020</u>	Weighted average exercise price <u>2019</u>	Number of options <u>2019</u>
Outstanding at the beginning of the year	\$0.183	1,893,719	\$0.145	2,030,963
Exercised during the year	\$0.096	(144,983)	\$0.159	(94,670)
Granted during the year	\$0.144	495,656	\$0.230	675,480
Expired during the year	\$0.213	<u>(258,392)</u>	\$0.211	<u>(718,054)</u>
Outstanding at the end of the year		<u>1,986,000</u>		<u>1,893,719</u>
Exercisable at the end of the year		<u>1,278,718</u>		<u>978,553</u>

The total expenses recognised for the year and the total reserve recognised at the end of the year arising from share based payments are as follows:

	2020 \$'000	2019 \$'000
Total share-based payment expense	<u>71</u>	<u>66</u>
Total carrying amount of reserve	<u>490</u>	<u>400</u>

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23. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

The Black-Scholes option pricing model was used to value the equity-settled share-based payment awards as it was considered that this approach would result in materially accurate estimate of the fair value of options granted. The following information was used in this valuation.

Equity-settled	2020	2019
Options pricing model used	Black-Scholes	Black-Scholes
Weighted average share price at grant date (pence)	0.10	0.18
Exercise price (pence)	0.10	0.18
Weighted average contractual life (years)	10	10
Expected volatility	84.78%	88.63%
Risk-free interest rate	0.19%	0.44%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information. The average remaining vesting period of the options as at 31 December 2020 is two years.

24. RECONCILIATION OF PROFIT / (LOSS) AFTER TAXATION TO CASH GENERATED FROM OPERATIONS

	Notes	2020 \$'000	2019 \$'000
Profit / (loss) after taxation	6	6,913	(3,530)
Government grants	6	(1,477)	-
Share based payments	23	71	66
Depreciation	6	144	137
Amortisation	6	2,817	2,555
Tax credit	9	(922)	(2,380)
Interest payable and similar expense	7	452	1,187
Interest income	8	-	(48)
Foreign Exchange		<u>480</u>	<u>320</u>
		8,478	(1,693)
(Increase)/Decrease in trade and other debtors		(5,108)	(6,010)
Increase/(Decrease) in trade and other creditors		<u>5,265</u>	<u>6,264</u>
Cash generated/(outflow) from operations		<u>8,635</u>	<u>(1,439)</u>

25. NET DEBT RECONCILIATION

	Notes	1 January 2020 \$'000	Cashflows \$'000	Other non-cash changes \$'000	31 December 2020 \$'000
Cash at bank and in hand					
Cash and cash equivalents		<u>6,811</u>	<u>5,090</u>	<u>(183)</u>	<u>11,718</u>
Borrowings					
Loans	16	(3,353)	2,903	(429)	(879)
Derivatives	15	<u>(314)</u>	<u>-</u>	<u>(7)</u>	<u>(321)</u>
		(3,667)	2,903	(436)	(1,200)
Net Debt		<u>3,144</u>	<u>7,993</u>	<u>(619)</u>	<u>10,518</u>

Non-cash movements relate to foreign exchange losses and accrued effective interest on borrowings.

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26. POST BALANCE SHEET EVENT

There are no post balance sheet events to disclose.