
LOVESPACE LIMITED

UNAUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

LOVESPACE LIMITED

COMPANY INFORMATION

Directors	C Ameln S Folwell W Edwards
Registered number	07694327
Registered office	5th Floor One New Change London EC4M 9AF
Accountants	Grant Thornton UK LLP Chartered Accountants 199 Avebury Boulevard Victoria House Milton Keynes MK9 1AU

Report to the directors on the preparation of the unaudited statutory financial statements of Lovespace Limited for the year ended 31 December 2022

We have compiled the accompanying financial statements of Lovespace Limited (the 'company') based on the information you have provided. These financial statements comprise the Balance Sheet of Lovespace Limited as at 31 December 2022, the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), 'Compilation Engagements'.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with 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). As a member firm of the Institute of Chartered Accountants in England and Wales, we are subject to its ethical and other professional requirements which are detailed at www.icaew.com.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

This report is made solely to the Company's directors, as a body, in accordance with the terms of our engagement letter dated 14 September 2023. Our work has been undertaken solely to prepare for your approval the financial statements of the company and state those matters that we have agreed to state to the Company's directors, as a body, in this report in accordance with our engagement letter dated 14 September 2023. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its directors, as a body, for our work or for this report.

Grant Thornton UK LLP

Chartered Accountants

Milton Keynes

29 September 2023

LOVESPACE LIMITED
REGISTERED NUMBER:07694327

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	4	337,404	347,832
Tangible assets	5	52,847	58,005
		<u>390,251</u>	<u>405,837</u>
Current assets			
Stocks		15,986	20,193
Debtors: amounts falling due within one year	6	1,343,507	1,203,475
Cash at bank and in hand		166,229	207,287
		<u>1,525,722</u>	<u>1,430,955</u>
Creditors: amounts falling due within one year	7	(5,669,621)	(6,190,275)
Net current liabilities		<u>(4,143,899)</u>	<u>(4,759,320)</u>
Total assets less current liabilities		<u>(3,753,648)</u>	<u>(4,353,483)</u>
Net liabilities		<u><u>(3,753,648)</u></u>	<u><u>(4,353,483)</u></u>
Capital and reserves			
Called up share capital		100	100
Share option reserve		583,586	457,112
Profit and loss account		(4,337,334)	(4,810,695)
		<u><u>(3,753,648)</u></u>	<u><u>(4,353,483)</u></u>

LOVESPACE LIMITED
REGISTERED NUMBER:07694327

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with 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:

W Edwards
Director

Date: 29 September 2023

The notes on pages 5 to 16 form part of these financial statements.

LOVESPACE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £	Share option reserve £	Profit and loss account £	Total equity £
At 1 January 2021	100	419,871	(6,034,973)	(5,615,002)
Comprehensive income for the year				
Profit for the year	-	-	1,224,278	1,224,278
Share based payment charge	-	37,241	-	37,241
At 1 January 2022	100	457,112	(4,810,695)	(4,353,483)
Comprehensive income for the year				
Profit for the year	-	-	473,361	473,361
Share based payment charge	-	126,474	-	126,474
At 31 December 2022	<u>100</u>	<u>583,586</u>	<u>(4,337,334)</u>	<u>(3,753,648)</u>

The notes on pages 5 to 16 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. General information

The company is a private company limited by shares and is registered in England and Wales.

Registered Number: 07694327

Registered office:

5th Floor

One New Change

London

EC4M 9AF

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The directors have prepared the financial statements on a going concern basis, notwithstanding the deficit on the company's balance sheet at the balance sheet date. The company has the continuing support of its parent undertaking which has indicated it will continue to support the company to enable it to meet its obligations as they fall due for a period in excess of 12 months from the authorisation of these financial statements.

The directors believe that it remains appropriate to continue to adopt the going concern basis in preparing the financial statements for a period in excess of 12 months from the date of signing.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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 Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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.

Storage income

Revenue from contracts is recognised monthly on a straight-line basis over the contracted period of

storage to which a customer agrees.

Non-storage income

Revenue from non-storage

activities is recognised upon delivery or completion of relevant goods and

services.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.5 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. Development expenditure included within computer software is capitalised after reviewing these in

line with the recognition criteria as outlined in FRS 102 at each reporting date and then subsequently amortised from the beginning of the reporting period.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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.

Amortisation is provided on the following bases:

Trademarks	-	10 %
Computer software	-	25 %

2.6 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:

Plant & machinery	-25%
Office equipment	-25%
Computer equipment	-25%

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.

2.7 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 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.

2.10 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.11 Financial instruments

The Company 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.

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 Statement of comprehensive income.

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 Company would receive for the asset if it were to be sold at the balance sheet date.

2.12 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.

2.13 Government grants

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.14 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company 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 Company in independently administered funds.

2.16 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.17 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received. The company has taken advantage of the exemption on transition to FRS 102 from accounting for share based payments on options already in issue at the transition date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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 operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Employees

The average monthly number of employees, including directors, during the year was 36 (2021: 33).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

4. Intangible assets

	Trademarks £	Computer software £	Total £
Cost			
At 1 January 2022	24,396	1,552,095	1,576,491
Additions	3,073	204,379	207,452
At 31 December 2022	<u>27,469</u>	<u>1,756,474</u>	<u>1,783,943</u>
Amortisation			
At 1 January 2022	19,451	1,209,208	1,228,659
Charge for the year on owned assets	2,263	215,617	217,880
At 31 December 2022	<u>21,714</u>	<u>1,424,825</u>	<u>1,446,539</u>
Net book value			
At 31 December 2022	<u><u>5,755</u></u>	<u><u>331,649</u></u>	<u><u>337,404</u></u>
<i>At 31 December 2021</i>	<u><u>4,945</u></u>	<u><u>342,887</u></u>	<u><u>347,832</u></u>

LOVESPACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

5. Tangible fixed assets

	Plant & machinery £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 January 2022	102,499	29,250	174,415	306,164
Additions	8,382	1,840	12,599	22,821
At 31 December 2022	110,881	31,090	187,014	328,985
Depreciation				
At 1 January 2022	70,515	22,307	155,337	248,159
Charge for the year on owned assets	13,374	2,817	11,788	27,979
At 31 December 2022	83,889	25,124	167,125	276,138
Net book value				
At 31 December 2022	26,992	5,966	19,889	52,847
At 31 December 2021	31,984	6,943	19,078	58,005

LOVESPACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

6. Debtors

	2022 £	2021 £
Trade debtors	27,167	3,733
Other debtors	151,024	109,127
Prepayments and accrued income	38,410	40,375
Deferred taxation	1,126,906	1,050,240
	<u>1,343,507</u>	<u>1,203,475</u>

The short term apportionment of the deferred taxation is dependent on the corporate tax calculation in the following period. The remaining deferred taxation will be utilised in the following periods as further tax profits are realised.

7. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	22,589	65,447
Amounts owed to group undertakings	5,243,897	5,753,676
Other taxation and social security	79,443	61,416
Accruals and deferred income	323,692	309,736
	<u>5,669,621</u>	<u>6,190,275</u>

8. Deferred taxation

	2022 £
At beginning of year	1,050,240
Charged to profit or loss	76,666
	<u>1,126,906</u>

LOVESPACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

8. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2022 £	2021 £
Fixed asset timing differences	(91,754)	(95,280)
Short term timing differences	773	-
Tax losses carried forward	1,217,887	1,145,520
	<u>1,126,906</u>	<u>1,050,240</u>

9. Share-based payments

The company has taken advantage of the exemption available to small entities in relation to accounting for share based payments for share options which were granted prior to the start of the first reporting period under FRS 102.

Share options can be summarised as follows:

	Exercise price per share	No of options at 31 December 2021 and 2022
EMI scheme		
Post FRS 102 - B Shares	2.2p - 4.3p	6,750,000
Pre FRS 102 - B Shares	1.3p - 3.4p	6,750,000
Post FRS 102 - A Shares	2.2p	11,363,590
Pre FRS 102 - A Shares	1.9p	13,157,842
Unapproved scheme		
Post FRS 102 - A Shares	2.2p - 4.3p	59,932,287
Pre FRS 102 - A Shares	1.9p	1,829,924
Post FRS 102 - B Shares	4.3p	-
Other scheme		
Post FRS 102 - A Shares	2.2p	2,482,927
Post FRS 102 - B Shares	4.3p	<u>3,517,073</u>
		<u>105,783,643</u>

As at 31 December 2022 there were a total of 79,956,665 vested options (2021: 65,004,688), of which 78,206,665 relate to A Shares (2021: 64,129,688) and 1,750,000 relate to B Shares (2021: 875,000).

The remaining options vest on an exit event, which is assumed to occur on 31 December 2025, except for 2,840,898 EMI scheme A Shares options, 1,750,000 EMI scheme B shares options and 11,236,080 unapproved scheme A share options which are scheduled to vest before this date.

All the share options mentioned above have been issued in the parent company, Mailstorage Limited. These options entitle the holder to equity instruments in the parent company upon vesting.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. Contributions totaling £4,602 (2021: £5,650) were payable to the fund at the balance sheet date and are included in creditors.

11. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022	<i>2021</i>
	£	<i>£</i>
Not later than 1 year	3,298	<i>9,892</i>
Later than 1 year and not later than 5 years	-	<i>3,298</i>
	<u>3,298</u>	<u><i>13,190</i></u>

12. Immediate parent undertaking

The immediate parent undertaking is Mailstorage Limited by virtue of its shareholding. The registered office of the immediate parent is the same as that of the company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.