

Yoobic Limited

Annual Report and Financial Statements

Year Ended

31 December 2020

Company Number 08924655



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Yoobic Limited

Company Information

Directors	A Haiat F Haiat G Haiat F P Court R Geller J G C M Tardy-Joubert
Registered number	08924655
Registered office	2nd Floor, Smith Square No1 77 Fulham Palace Road London W6 8JA
Independent auditor	Azets Audit Services 5 Yeomans Court Ware Road Hertford Hertfordshire SG13 7HJ

Yoobic Limited

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Yoobic Limited

Group Strategic Report for the Year Ended 31 December 2020

Introduction

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2020.

Business review

YOOBIC Limited ("YOOBIC") enables companies with a deskless workforce in retail, hospitality, manufacturing, warehousing, construction and more to empower their employees through digitally optimised communication, training and process management. The YOOBIC platform gives the deskless workforce all the tools they need to be happy and productive, in the palm of their hands.

Based in New York, London, Paris and Tel Aviv, with more than 100 employees, YOOBIC is used by 200+ brands & retailers across the world including Kate Spade, Puma, Clarins, BurgerFi, Yankee Candle, Adore Me, Pixi Beauty, Lacoste, Peugeot, and Kenzo.

Founded 7 years ago, YOOBIC has grown explosively. In the year ended 31 December 2020 YOOBIC revenue increased significantly to £10.9m and ended the period with £14.9m (2019 - £7.4m) in cash reserves.

In regard to specific metrics, we had a healthy gross profit margin of 85% (2019 - 76%). The group incurred admin expenditure of £11.6m (2019 - £9.6m), resulting in the losses recognised for the year. The directors believe this performance is in line with expectations for a group in its current stage of growth.

Covid has accelerated the digital transformation in YOOBIC's core industries, which reinforced how missioncritical it is for its customer base. For 2020 the directors believe YOOBIC has improved on the previous period, ending on significant cash reserves at 31 December 2020 of £14.9m.

Like any other software enterprise company, as technology innovation moves at a fast pace, we are always investing in our platform and R&D teams to continue innovating and releasing newer releases to avoid obsolescence.

As it prepares for 2021 and beyond, the directors believe that YOOBIC is well positioned to capture more market share as it ramps up its global team, project delivery and cash conversion on the back of a strong foundational balance sheet and shareholder base, since it's backed by prominent investors in the SAAS space globally.

Principal risks and uncertainties

1. Covid remains the main risk factor as the Group evolves, the uncertainty on vaccination timing and the different measures countries are taking to offset the pandemic create more risk for YOOBIC to manage its portfolio of clients as well as attract and retain talent.
2. There is also a financial risk as YOOBIC's receivables are concentrated in sectors where the pandemic has had a high impact, but given the current cash position and balance sheet, the directors believe that this strong control and discipline with cash/cost management will continue. Furthermore, during the pandemic our cash collection remained strong which the directors believe is due to clients deeming our platform business critical, helping them to alleviate the communication/execution issues arising from furlough and physical store shut down.
3. Even though the directors believe Brexit hasn't impacted our business, the uncertainty can't be ignored. YOOBIC has been following closely all development related to Brexit that could impact us, from R&D credit and VAT to talent attraction and making sure that we can quickly react to this new reality.

Yoobic Limited

Group Strategic Report (continued) for the Year Ended 31 December 2020

Employees

Our people are the foundation of our business and imperative to its success. The group promotes a positive working environment for all employees with rigorous policies and procedures that protect, develop and satisfy our existing and future employees. The directors are committed to ensuring the highest standards of health and safety.

Financial key performance indicators

The group uses a range of performance measures, reported each month to the leadership team and the board, to monitor and manage the group effectively. The key financial indicators for the year ended 31 December 2020 are set out below:

	Year ended 2020	8 month p/e 2019
Revenue	£10.9m	£5.8m
Gross margin	85%	76%

YOOBIC will continue to maintain a strong policy on group debt levels as well as cash control, despite its shareholders being institutional investors with high liquidity.

Going concern

The group has net assets of £7,779,599 (2019 - £9,315,282) at the balance sheet date and a cash balance of £14,858,189 (2019 - £7,387,482). The directors have prepared and reviewed forecasts and projections for the group. Even in light of the COVID 19 pandemic, the group have benefitted from an increase in new business and recurring contracts are seeing very positive renewal rates. The directors believe that this increase will continue in the future, as a result of economic recovery and vaccination acceleration within the countries YOOBIC has a presence, and therefore have forecast increases in performance over the next 12 months, in line with 2020 growth rates. Alongside the increase in performance, the directors are continuing to project a cash efficient business, given the reductions in expenditure as a result of cost saving measures introduced after the start of the pandemic and the cash impact of these which has begun to be realised by December 2020.

Furthermore, on 18 June 2020 the group issued \$7,500,000 convertible loan notes with a 2 year term, details of the conditions for the loan notes are in note 19. The cash balance in the group on 31 December 2020 was £14.9m. Given these factors the financial statements have been prepared on a going concern basis.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern. For example, the extent of the impact of coronavirus and Brexit continues to be unclear and it is difficult to evaluate all the potential implications on the group's trade, customers, suppliers and the wider economy.

Future developments

As we look to the future, we have taken the decision to focus on what we do best, as well as where we see the biggest opportunity. In a state of pandemic disciplined execution is what will make a difference in the coming months until normality is restored.

YOOBIC will continue investing heavily in its Research & Development as it continues to innovate and disrupt the underlying industries in which it operates.

Yoobic Limited

Group Strategic Report (continued) for the Year Ended 31 December 2020

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



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F Haiat
Director

Date: 03 / 11 / 2021

Yoobic Limited

Directors' Report for the Year Ended 31 December 2020

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

The comparative amounts presented in the financial statements are for the 8 month period from 1 May 2019 to 31 December 2019.

Principal activity

The principal activity of the group and company during the year was that of custom software development.

Directors

The directors who served during the year were:

R Geller (appointed 13 July 2021)
J G C M Tardy-Joubert (appointed 13 July 2021)
A Haiat
F Haiat
G Haiat
F P Court
J Lieberman (resigned 13 July 2021)

Results and dividends

The loss for the year, after taxation, amounted to £1,575,242 (2019 - £4,609,783).

The directors do not recommend the payment of a dividend.

Matters covered in the strategic report

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the group strategic report on page 1.

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 a 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.

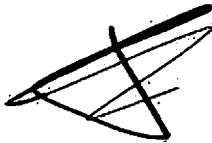
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Directors' Report (continued) for the Year Ended 31 December 2020

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will deem to be reappointed and Azets Audit Services will therefore continue in office.

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



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F Haiaat
Director

Date: 03 / 11 / 2021

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Directors' Responsibilities Statement for the Year Ended 31 December 2020

The directors are responsible for preparing the group strategic report, 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 for the group's financial statements 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 group 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 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.

Yoobic Limited

Independent Auditor's Report to the Members of Yoobic Limited

Opinion

We have audited the financial statements of YOOBIC 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 statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 the parent company's affairs as at 31 December 2020 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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

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 and 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.

Yoobic Limited

Independent Auditor's Report to the Members of Yoobic Limited (continued)

Other information

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

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 our audit:

- the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the group strategic report and the directors' report have 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 group strategic report and the directors' report.

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

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

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Independent Auditor's Report to the Members of Yoobic Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

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Independent Auditor's Report to the Members of Yoobic Limited (continued)

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential 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 of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

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

Azets Audit Services

Lindsey Tyler FCA (Senior Statutory Auditor)
For and on behalf of Azets Audit Services
Chartered Accountants
Statutory Auditor

Date: 4 November 2021

5 Yeomans Court
Ware Road
Hertford
Hertfordshire
United Kingdom
SG13 7HJ

Yoobic Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2020

		Year ended 31 December 2020 £	Period ended 31 December 2019 £
	Note		
Turnover	4	10,852,180	5,750,928
Cost of sales		(1,625,168)	(1,354,384)
Gross profit		9,227,012	4,396,544
Administrative expenses		(11,645,043)	(9,597,570)
Other income	5	287,382	-
Operating loss	6	(2,130,649)	(5,201,026)
Interest receivable and similar income	9	726	72
Interest payable and expenses	10	(1,829)	(28)
Loss before taxation		(2,131,752)	(5,200,982)
Tax on loss	11	556,510	591,199
Loss for the financial year		(1,575,242)	(4,609,783)
Currency translation differences		39,559	(22,666)
Total comprehensive income for the year		(1,535,683)	(4,632,449)

All amounts relate to continuing operations.


The notes on pages 19 to 41 form part of these financial statements.

Yoobic Limited
Registered number:08924655

**Consolidated Statement of Financial Position
as at 31 December 2020**

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	12	2,996	5,318
Tangible assets	13	435,069	804,375
		<u>438,065</u>	<u>809,693</u>
Current assets			
Debtors	15	5,137,536	5,195,682
Cash and cash equivalents	16	14,858,189	7,387,482
		<u>19,995,725</u>	<u>12,583,164</u>
Creditors: amounts falling due within one year	17	(6,736,665)	(4,012,013)
Net current assets		<u>13,259,060</u>	<u>8,571,151</u>
Total assets less current liabilities		<u>13,697,125</u>	<u>9,380,844</u>
Creditors: amounts falling due after more than one year		(5,890,653)	-
Deferred taxation	21	(26,873)	(65,562)
Net assets		<u><u>7,779,599</u></u>	<u><u>9,315,282</u></u>
Capital and reserves			
Share capital	22	173	173
Share premium account	23	19,247,476	19,247,476
Profit and loss account	23	(11,468,050)	(9,932,367)
Shareholders' funds		<u><u>7,779,599</u></u>	<u><u>9,315,282</u></u>

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



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F Haia
Director

Date: 03 / 11 / 2021

The notes on pages 19 to 41 form part of these financial statements.

Yoobic Limited
Registered number:08924655

**Company Statement of Financial Position
as at 31 December 2020**

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	12	2,996	5,318
Tangible assets	13	264,358	596,626
Investments	14	8,834	8,834
		<u>276,188</u>	<u>610,778</u>
Current assets			
Debtors	15	4,259,793	4,923,284
Cash and cash equivalents	16	14,042,111	6,765,725
		<u>18,301,904</u>	<u>11,689,009</u>
Creditors: amounts falling due within one year	17	(5,817,515)	(3,232,655)
Net current assets		<u>12,484,389</u>	<u>8,456,354</u>
Total assets less current liabilities		<u>12,760,577</u>	<u>9,067,132</u>
Creditors: amounts falling due after more than one year		(5,532,615)	-
Deferred taxation	21	(26,873)	(65,562)
Net assets		<u>7,201,089</u>	<u>9,001,570</u>
Capital and reserves			
Share capital	22	173	173
Share premium account	23	19,247,476	19,247,476
Profit and loss account		(12,046,560)	(10,246,079)
Shareholders' funds		<u>7,201,089</u>	<u>9,001,570</u>

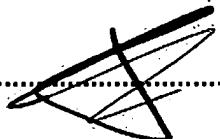
Yoobic Limited
Registered number:08924655

Company Statement of Financial Position (continued)
as at 31 December 2020

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the company for the period was £1,800,481 (2019 - £4,706,016).

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

.....
F Haiat
Director



Date: 03 / 11 / 2021

The notes on pages 19 to 41 form part of these financial statements.

Yoobic Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2020	173	19,247,476	(9,932,367)	9,315,282
Comprehensive loss for the year				
Loss for the year	-	-	(1,575,242)	(1,575,242)
Currency translation differences	-	-	39,559	39,559
At 31 December 2020	173	19,247,476	(11,468,050)	7,779,599

Consolidated Statement of Changes in Equity for the Period Ended 31 December 2019

	Share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 May 2019	173	19,247,476	(5,299,918)	13,947,731
Comprehensive loss for the period				
Loss for the period	-	-	(4,609,783)	(4,609,783)
Currency translation differences	-	-	(22,666)	(22,666)
At 31 December 2019	173	19,247,476	(9,932,367)	9,315,282

The notes on pages 19 to 41 form part of these financial statements.

Yoobic Limited

Company Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2020	173	19,247,476	(10,246,079)	9,001,570
Comprehensive loss for the year				
Loss for the year	-	-	(1,800,481)	(1,800,481)
At 31 December 2020	173	19,247,476	(12,046,560)	7,201,089

Company Statement of Changes in Equity for the Period Ended 31 December 2019

	Share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 May 2019	173	19,247,476	(5,540,063)	13,707,586
Comprehensive loss for the period				
Loss for the period	-	-	(4,706,016)	(4,706,016)
At 31 December 2019	173	19,247,476	(10,246,079)	9,001,570

The notes on pages 19 to 41 form part of these financial statements.

Yoobic Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2020

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Cash flows from operating activities		
Loss for the financial year/period	(1,575,242)	(4,609,783)
Adjustments for:		
Amortisation of intangible assets	2,322	9,181
Depreciation of tangible assets	461,411	174,332
Loss on disposal of tangible assets	(10,096)	-
Interest paid	1,829	28
Interest received	(726)	(72)
Taxation charge	(556,510)	(591,199)
Decrease/(increase) in debtors	62,387	(520,960)
Increase in creditors	2,646,554	114,270
Corporation tax paid	587,079	(113,712)
Foreign exchange differences	31,300	(21,566)
Net cash generated from operating activities	1,650,308	(5,559,481)
Cash flows from investing activities		
Purchase of tangible fixed assets	(91,201)	(459,821)
Sale of tangible fixed assets	17,451	-
Interest received	726	72
Net cash from investing activities	(73,024)	(459,749)

Yoobic Limited

Consolidated Statement of Cash Flows (continued) for the Year Ended 31 December 2020

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Cash flows from financing activities		
Other new loans	5,896,965	-
Interest paid	(1,829)	(28)
Net cash used in financing activities	5,895,136	(28)
Net increase/(decrease) in cash and cash equivalents	7,472,420	(6,019,258)
Cash and cash equivalents at beginning of year/period	7,384,850	13,404,108
Cash and cash equivalents at the end of year/period	14,857,270	7,384,850
Cash and cash equivalents at the end of year/period comprise:		
Cash at bank and in hand	14,858,189	7,387,482
Bank overdrafts	(919)	(2,632)
	14,857,270	7,384,850

Yoobic Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1. General information

YOOBIC Limited is a private company, limited by shares, incorporated in England and Wales under Companies Act 2006. The address of its registered office is stated on the company information page and the nature of the company's operations and principal activity are set out in the director's report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements are prepared in Sterling which is also the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest Sterling Pound (£).

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 judgement in applying the group's accounting policies (see note 3).

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements;
- No statement of cash flows has been presented for the parent company;
- Disclosures in respect of the details of the parent company's share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the company as a whole.

The following principal accounting policies have been applied:

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 statement of financial position, 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 statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Yoobic Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

2. Accounting policies (continued)

2.3 Going concern

The group has net assets of £7,779,599 (2019 - £9,315,282) at the balance sheet date and a cash balance of £14,858,189 (2019 - £7,387,482). The directors have prepared and reviewed forecasts and projections for the group. Even in light of the COVID 19 pandemic, the group have benefitted from an increase in new business and recurring contracts are seeing very positive renewal rates. The directors believe that this increase will continue in the future, as a result of economic recovery and vaccination acceleration within the countries YOOBIC has a presence, and therefore have forecast increases in performance over the next 12 months, in line with 2020 growth rates. Alongside the increase in performance, the directors are continuing to project a cash efficient business, given the reductions in expenditure as a result of cost saving measures introduced after the start of the pandemic and the cash impact of these which has begun to be realised by December 2020.

Given these factors the financial statements have been prepared on a going concern basis.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern. For example, the extent of the impact of coronavirus and Brexit continues to be unclear and it is difficult to evaluate all the potential implications on the group's trade, customers, suppliers and the wider economy.

2.4 Turnover

Turnover comprises revenue recognised by the Group in respect of services supplied during the period, exclusive of Value Added Tax and trade discounts.

Software application licence sales are recognised on a monthly basis over the term of the licence. Training and software installation sales are recognised at the point of delivery of the training or installation.

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.

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 of software applications is provided on the basis of 5 years straight line.

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.

Yoobic Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

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:

Short-term leasehold property	- 5 years straight line
Fixtures and fittings	- 5 years straight line
Office equipment	- 4 years straight line
Computer equipment	- 2 years straight line

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 the consolidated statement of comprehensive income.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.8 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.

2.9 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.

Yoobic Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

2. Accounting policies (continued)

2.10 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Sterling.

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.

On consolidation, the results of overseas operations are translated into Sterling 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.

2.11 Operating leases: the group as lessee

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.12 Holiday pay accrual

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

2.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2.14 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

Yoobic Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

2. Accounting policies (continued)

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, 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 reporting date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 reporting date.

2.16 Research and development

All research and development expenditure is written off against profits in the period in which it is incurred.

2.17 Finance costs

Finance costs are charged to the consolidated statement of comprehensive income 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.

2.18 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 are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

Yoobic Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

2. Accounting policies (continued)

2.19 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.20 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.

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 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 group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when 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.

Yoobic Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

2. Accounting policies (continued)

2.21 Share based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

The options vest upon the occurrence of an exit event and due to the service conditions in the terms of the share option agreements, the exit event is deemed a non-market performance condition. In this circumstance an expense is only recognised where an exit event is deemed probable.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

Determine whether there are indicators of impairment of the group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty include:

- Recoverability of debtors (see note 15)
Recoverability of debtors is considered, and where necessary a provision is recognised to reflect the balances that management do not think will be recovered.
- Share-based payments (see note 25)
Employees within the group are eligible to share option awards which are classified as equity settled awards. This requires the fair value of the awards to be estimated on grant date and further an assessment of the probability of an exit even occurring. The group has concluded that an exit event occurring is not probable at the year end and therefore no expense has been recognised.

With the exception of the estimates described above, the directors consider that there are no other significant judgements or estimates in the preparation of these financial statements.

Yoobic Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

4. Turnover

All turnover is attributable to the principal activity of the group.

Analysis of turnover by country of destination:

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
United Kingdom	873,925	312,048
Rest of Europe	8,417,973	4,796,606
Rest of World	1,560,282	642,274
	10,852,180	5,750,928

All turnover arose within the United Kingdom.

5. Other income

	2020 £	2019 £
Government grants	287,382	-

The group has taken advantage of the Coronavirus Job Retention Scheme during the year in the UK. This income is recognised in the period to which the furloughed staff costs relate to and only when it is reasonably likely for the conditions are to be met. The payroll liability has been incurred by the group and therefore has met the conditions to claim for the payroll period. All other conditions have been satisfied.

6. Operating loss

The operating loss is stated after charging:

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Research & development charged as an expense	4,774,000	2,050,859
Exchange differences	(161,817)	147,650
Other operating lease rentals	682,097	563,865
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	39,287	28,879
Depreciation of tangible fixed assets	461,411	174,332
Amortisation of intangible fixed assets	2,322	9,181

Yoobic Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group Year ended 31 December 2020 £	Group Period ended 31 December 2019 £	Company Year ended 31 December 2020 £	Company Period ended 31 December 2019 £
Wages and salaries	7,718,248	5,743,242	3,398,310	2,686,727
Social security costs	1,225,190	914,286	374,156	289,295
Cost of defined contribution scheme	221,073	170,568	41,662	29,525
	9,164,511	6,828,096	3,814,128	3,005,547

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

	Year ended 31 December 2020 No.	Period ended 31 December 2019 No.
Employees	133	151

8. Directors' remuneration

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Directors' emoluments	881,867	527,945
Group contributions to defined contribution pension schemes	1,314	877
	883,181	528,822

During the year retirement benefits were accruing to 1 director (2019 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £482,334 (2019 - £301,213).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2019 - £Nil).

The directors are considered to be the key management personnel of the group.

Yoobic Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

9. Interest receivable and similar income

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Other interest receivable	726	72

10. Interest payable and similar expenses

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Bank interest payable	1,829	28

11. Taxation

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Corporation tax		
Adjustments in respect of previous periods	(675,877)	(642,280)
Foreign tax		
Foreign tax on income for the year	158,056	46,903
Total current tax	(517,821)	(595,377)
Deferred tax		
Origination and reversal of timing differences	(69,287)	4,178
Adjustments in respect of prior periods	20,476	-
Effect of tax rate change on opening balance	10,122	-
Total deferred tax	(38,689)	4,178
Taxation on loss on ordinary activities	(556,510)	(591,199)

Yoobic Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

11. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Loss on ordinary activities before tax	(2,131,752)	(5,200,982)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(405,033)	(988,187)
Effects of:		
Changes in tax rates on previously recognised deferred tax	(121,036)	7,221
Expenses not deductible for tax purposes	70,269	2,941
R&D tax credit receivable	(675,877)	(642,280)
Adjustments related to change in tax rates	15,739	4,178
Current period losses for which no deferred tax asset was recognised	529,931	1,024,928
Fixed asset differences	9,799	-
Permanent add backs	(778)	-
Unprovided deferred tax from prior year	20,476	-
Total tax charge for the year/period	(556,510)	(591,199)

Factors that may affect future tax charges

In addition to the deferred tax above, the group has additional unrecognised gross tax losses of £8,656,693 (2019 - £6,456,450).

Yoobic Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

12. Intangible assets

Group and Company

	Software applications £
Cost	
At 1 January 2020	69,764
At 31 December 2020	<u>69,764</u>
Amortisation	
At 1 January 2020	64,446
Charge for the year	2,322
At 31 December 2020	<u>66,768</u>
Net book value	
At 31 December 2020	<u>2,996</u>
At 31 December 2019	<u>5,318</u>

Yoobic Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

13. Tangible fixed assets

Group

	Short-term leasehold property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 January 2020	465,200	248,808	145,495	403,261	1,262,764
Additions	6,094	57,978	15,079	12,050	91,201
Disposals	-	(24,545)	-	(1,782)	(26,327)
Exchange adjustments	1,135	4,300	4,814	497	10,746
At 31 December 2020	472,429	286,541	165,388	414,026	1,338,384
Depreciation					
At 1 January 2020	107,702	60,780	42,916	246,991	458,389
Charge for the year	220,256	92,714	44,911	103,530	461,411
Disposals	-	(17,190)	-	(1,782)	(18,972)
Exchange adjustments	349	660	1,431	47	2,487
At 31 December 2020	328,307	136,964	89,258	348,786	903,315
Net book value					
At 31 December 2020	144,122	149,577	76,130	65,240	435,069
At 31 December 2019	357,497	188,028	102,580	156,270	804,375

Yoobic Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

13. Tangible fixed assets (continued)

Company

	Short-term leasehold property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 January 2020	434,617	161,154	32,597	369,337	997,705
Additions	5,082	52,238	8,524	12,050	77,894
Disposals	-	(24,545)	-	(1,782)	(26,327)
At 31 December 2020	439,699	188,847	41,121	379,605	1,049,272
Depreciation					
At 1 January 2020	98,821	50,341	10,883	241,034	401,079
Charge for the year	216,359	74,723	18,100	93,625	402,807
Disposals	-	(17,190)	-	(1,782)	(18,972)
At 31 December 2020	315,180	107,874	28,983	332,877	784,914
Net book value					
At 31 December 2020	124,519	80,973	12,138	46,728	264,358
At 31 December 2019	335,796	110,813	21,714	128,303	596,626

Yoobic Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2020	8,834
At 31 December 2020	<u>8,834</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Principal activity	Class of shares	Holding
YOOBIC R & Dev Ltd	3 Shankar St. Herzeliya 4672503, Israel	Research and development	Ordinary	100%
YOOBIC France	152 Boulevard Haussman, Paris, 75008, France	Custom software development and sales	Ordinary	100%
YOOBIC Inc	60 Broad Street, Suite 3502, New York, NY 1004	Custom software development and sales	Ordinary	100%

Yoobic Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

15. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	2,963,157	2,708,280	2,649,298	2,534,975
Amounts owed by group undertakings	-	-	-	620,776
Other debtors	631,055	944,046	132,658	384,001
Prepayments and accrued income	218,705	495,337	159,679	337,733
Tax recoverable	6,461	2,220	-	-
Grants receivable	1,318,158	1,045,799	1,318,158	1,045,799
	<u>5,137,536</u>	<u>5,195,682</u>	<u>4,259,793</u>	<u>4,923,284</u>

All debtors are due within one year.

All amounts owed by group undertakings are interest free, unsecured and repayable on demand.

16. Cash and cash equivalents

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	14,858,189	7,387,482	14,042,111	6,765,725
Less: bank overdrafts	(919)	(2,632)	-	-
	<u>14,857,270</u>	<u>7,384,850</u>	<u>14,042,111</u>	<u>6,765,725</u>

17. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank overdrafts	919	2,632	-	-
Other loans	6,312	-	6,312	-
Trade creditors	750,965	842,197	482,153	629,643
Amounts owed to group undertakings	-	-	739,990	-
Corporation tax	73,499	-	-	-
Other taxation and social security	915,925	237,173	555,384	100,604
Other creditors	567,628	261,320	168,242	28,432
Accruals and deferred income	4,421,417	2,668,691	3,865,434	2,473,976
	<u>6,736,665</u>	<u>4,012,013</u>	<u>5,817,515</u>	<u>3,232,655</u>

Yoobic Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

18. Creditors: Amounts falling due after more than one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Other loans	5,890,653	-	5,532,615	-

See note 19 for more details.

19. Loans

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Amounts falling due within one year				
Other loans	6,312	-	6,312	-
Amounts falling due 1-2 years				
Other loans	5,887,122	-	5,529,084	-
Amounts falling due after more than 5 years				
Other loans	3,531	-	3,531	-
	<u>5,896,965</u>	<u>-</u>	<u>5,538,927</u>	<u>-</u>

During the year, as a result of COVID, the company applied for the government Bounceback Loan scheme which was set-up to help small and medium-sized businesses borrow between £2,000 and up to 25% of their turnover. The maximum loan available per company is £50,000. The government guarantees 100% of the loan with no fees or interest payable for the first 12 months. After 12 months the interest rate will be 2.5% a year. The length of the loan is 6 years with the option to repay early without incurring a fee. No repayments are due during the first 12 months.

Included within other loans, is a loan note of £5,488,927 (2019 - £Nil) which carries interest at 3%. The loan is repayable on its maturity date, 30 June 2022.

Yoobic Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

20. Financial instruments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>18,452,401</u>	<u>11,037,865</u>	<u>16,833,797</u>	<u>10,305,477</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(2,244,552)</u>	<u>(1,446,897)</u>	<u>(1,735,186)</u>	<u>(935,035)</u>

Financial assets measured at amortised cost comprise cash and cash equivalents, trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise bank overdrafts, trade creditors, amounts owed to group undertakings, accruals and other creditors.

Yoobic Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

21. Deferred taxation

Group and Company

	2020 £	2019 £
At beginning of year	(65,562)	(61,384)
Charged to profit or loss	38,689	(4,178)
At end of year	(26,873)	(65,562)

The provision for deferred taxation is made up as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Fixed asset timing differences	(28,013)	(65,562)	(28,013)	(65,562)
Short term timing differences	1,140	-	1,140	-

22. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
51,282 A Ordinary shares of £0.0001 each	5	5
311,550 Series A shares of £0.0001 each	31	31
1,000,010 Ordinary shares of £0.0001 each	100	100
370,371 Series B shares of £0.0001 each	37	37
	173	173

All share classes hold the right to vote at all general meetings of the company and the right to a dividend.

Yoobic Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

23. Reserves

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Convertible loan note reserve

On 18 June 2020 the Company issued \$7,500,000 of unsecured, non-transferrable, convertible loan notes, with a maturity date of 30 June 2022.

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

24. Analysis of net debt

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	7,387,482	7,470,707	14,858,189
Bank overdrafts	(2,632)	1,713	(919)
Debt due after 1 year	-	(401,726)	(401,726)
Debt due within 1 year	-	(6,312)	(6,312)
	<u>7,384,850</u>	<u>7,064,382</u>	<u>14,449,232</u>

Yoobic Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

25. Share based payments

The company has operated an Enterprise Management Incentive Share Options Scheme ("EMI Scheme"). During the year the board approved and executed an amendment to existing options to reduce the exercise price from £19.90 to £0.0001 per Ordinary share. Going forward, from the point of the amendment the company has granted £0.0001 Ordinary Share Options to employees under the EMI Scheme. Options vest when certain non-market based performance conditions are met and are exercisable upon a company exit event.

No charge has been recognised in the profit and loss account for the year ended 31 December 2020 (2019 - £Nil) on the basis that it is not probable that the share options will vest.

A reconciliation of option movements over the year to 31 December 2020 is shown below:

	Weighted average exercise price (pence) 2020	Number 2020	Weighted average exercise price (pence) 2019	Number 2019
Outstanding at the beginning of the year*	0.01	39,539	1,990	20,741
Joiners	0.01	60,949	1,990	27,687
Leavers	0.01	(14,260)	1,990	(8,888)
Outstanding at the end of the year	0.01	86,228	1,990	39,540

* restated for 2020 to reflect the amendment noted above.

26. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £221,073 (2019 - £170,568). Contributions totalling £6,001 (2019 - £8,237) were payable to the fund at the reporting date.

Yoobic Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

27. Convertible loan notes

On 18 June 2020 the Company issued \$7,500,000 of unsecured, non-transferrable, 3% convertible loan notes, with a maturity date of 30 June 2022.

The loan notes convert in either of the following events:

- automatically on a qualified financing event, subject to certain conditions around the price of the round,
- at option of noteholder on a non-qualified financing event, or
- mandatorily at the maturity date.

The loan notes are repayable on the event of an "Exit".

The principal amount together with all accrued interest on the Notes outstanding is repayable if any "default events" occur.

The proceeds of the issue are for working capital and capital expenditure requirements.

The entire principal amount has been classified as equity on the basis that it will only be settled in cash following an "Exit" or "default event", the occurrence of which is highly uncertain.

A summary of the transactions relating to loan notes included in the financial statements is as follows:

	£
Loan notes issued for cash	5,488,927
Total loan note proceeds credited to equity	<u>5,488,927</u>

28. Commitments under operating leases

At 31 December 2020 the group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Group		
Not later than 1 year	510,603	989,237
Later than 1 year and not later than 5 years	861,703	1,839,932
Later than 5 years	-	1,070,997
	<u>1,372,306</u>	<u>3,900,166</u>

Yoobic Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

29. Related party transactions

The company has taken advantage of the exemption available under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the group.

During the period the directors of the group advanced £37,310 (2019 - £119) and received £Nil (2019 - £46,053) from the group. The balance owed to the directors at the financial reporting date was £31,142 (2019 – balance owed from the directors was £6,168).

Key management personnel include the directors who together have authority and responsibility for planning, directing and controlling the activities of the group. The key management personnel of the group are the directors and details of this are in note 8.

30. Post balance sheet events

During July 2021 the group secured \$20m cash injection through a fund raising process. In addition, \$7.5m of convertible loan notes were converted into equity. The group will invest the funds by continuing to grow the team, the platform and their presence globally (with focus in North America).

31. Controlling party

YOOBIC Limited is the largest and smallest group for which group accounts are prepared.

The directors consider there to be no ultimate controlling party.