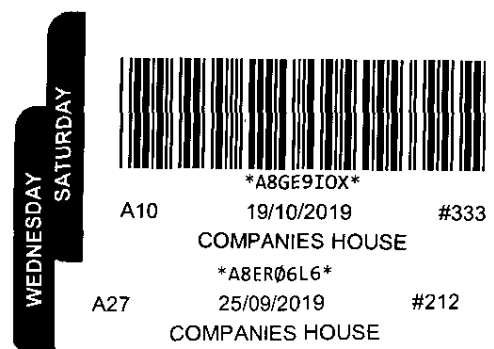


Tribe IP Limited

Annual report and financial statements

Registered number 10456164

31 December 2018



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Directors' report

The Company was incorporated on 1 November 2016. The financial statements cover the year ended 31 December 2018. The Company's principal activity is the development of software and other intellectual property.

Directors

The directors who held office during the period were as follows:

Andrew Wilman

Richard Hammond

Dylan Murphy (appointed 14 May 2019)

Proposed dividend


The directors do not recommend the payment of a dividend (2017: £nil).

Political contributions

The Company made no political donations or incurred any political expenditure during the period (2017: £nil).

The Company has taken the exemption allowed by the Companies Act 2006 and not prepared a strategic report on the grounds that it is a small company.

By order of the board

A handwritten signature in black ink, consisting of a stylized 'D' and 'M' with a long horizontal stroke extending to the right.

Dylan Murphy
Director

The Light Box, Unit 202, 111 Power Road, Chiswick W4 5PY
Date: 24 September 2019

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing 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 they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 *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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Profit and Loss Account and Other Comprehensive Income
for the period ended 31 December 2018

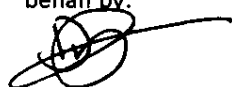
| | Note | 2018 £000 | 2017 £000 |
|--|------|----------------|----------------|
| Administrative expenses | | (2,462) | (3,206) |
| Operating loss | | (2,462) | (3,206) |
| Other interest receivable and similar income | | 2 | - |
| Interest payable and similar expenses | | - | - |
| Loss before taxation | | (2,460) | (3,206) |
| Tax on loss | 5 | 1,302 | - |
| Loss for the financial period | | (1,158) | (3,206) |
| Other comprehensive income | | | |
| Other comprehensive income | | - | - |
| Total comprehensive loss for the period | | (1,158) | (3,206) |

Balance Sheet at 31 December 2018

| | <i>Note</i> | 2018 £000 | 2018 £000 | 2017 £000 | 2017 £000 |
|--|-------------|----------------------|----------------------|----------------------|----------------------|
| Fixed assets | | | | | |
| Intangible assets | 6 | 4 | | 6 | |
| Tangible assets | 7 | 2 | | 19 | |
| | | | | | |
| | | | 6 | | 25 |
| Current assets | | | | | |
| Debtors (including £357,000 due after more than one year) | 8 | 452 | | 57 | |
| Cash at bank and in hand | | 315 | | 272 | |
| | | | | | |
| | | 767 | | 329 | |
| Creditors: amounts falling due within one year | 9 | (5,137) | | (3,560) | |
| | | | | | |
| Net current liabilities | | | (4,370) | | (3,231) |
| | | | | | |
| Total assets less current liabilities | | | (4,364) | | (3,206) |
| | | | | | |
| Creditors: amounts falling due after more than one year | | | - | | - |
| | | | | | |
| Net liabilities | | | (4,364) | | (3,206) |
| | | | | | |
| Capital and reserves | | | | | |
| Called up share capital | 12 | | - | | - |
| Profit and loss account | | | (4,364) | | (3,206) |
| | | | | | |
| Shareholders' funds | | | (4,364) | | (3,206) |

For the period ended 31 December 2018 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the company to obtain an audit of its accounts for the period in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements were approved by the board of directors on 24 September 2019 and were signed on its behalf by:


Dylan Murphy
Director

Company registered number: 10456164

Statement of Changes in Equity

| | Called up Share capital £000 | Profit and loss account £000 | Total equity £000 |
|--|------------------------------------|------------------------------------|----------------------|
| Balance at incorporation | - | - | - |
| Total comprehensive income for the period | | | |
| Profit or loss | - | (3,206) | (3,206) |
| | <hr/> | <hr/> | <hr/> |
| Total comprehensive income for the period | - | (3,206) | (3,206) |
| | <hr/> | <hr/> | <hr/> |
| Equity-settled share based payment transactions | | 105 | 105 |
| | <hr/> | <hr/> | <hr/> |
| Total contributions by and distributions to owners | - | 105 | 105 |
| | <hr/> | <hr/> | <hr/> |
| Balance at 31 December 2017 | - | (3,101) | (3,101) |
| | <hr/> | <hr/> | <hr/> |
| Balance at 1 January 2018 | | | |
| Total comprehensive income for the period | | | |
| Profit or loss | - | (1,158) | (1,158) |
| | <hr/> | <hr/> | <hr/> |
| Total comprehensive income for the period | | (1,158) | (1,158) |
| | <hr/> | <hr/> | <hr/> |
| Equity-settled share based payment transactions | | 52 | 52 |
| | <hr/> | <hr/> | <hr/> |
| Total contributions by and distributions to owners | | 52 | 52 |
| | <hr/> | <hr/> | <hr/> |
| Balance at 31 December 2018 | | (4,207) | (4,207) |
| | <hr/> | <hr/> | <hr/> |

Notes

(forming part of the financial statements)

1 Accounting Policies

Tribe IP Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 10456164 and the registered address is The Light Box Unit 202, 111 Power Road, Chiswick, W4 5PY, United Kingdom.

These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's parent undertaking, Digital Tribe Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Digital Tribe Holdings Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from The Light Box Unit 202, 111 Power Road, Chiswick, W4 5PY, United Kingdom. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Digital Tribe Holdings Limited include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*; and,
- Certain disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 16.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

Notes (continued)

1 Accounting policies (continued)

1.2 Going concern

The financial statements have been prepared on a going concern basis. The Company's loss for the period was £1,158,000 (2017: £3,206,000) and the Company had net liabilities of £4,364,000 (2017: £3,206,000). The Group provides financial support and is considered to be a going concern as it has net liabilities of £3,691,000 (2017 net assets of £1,438,000) and net current assets of £1,931,000 (2017: £6,131,000) at the balance sheet date. The directors consider the Group to be a going concern as the Group completed a round of fundraising in May 2019. In that transaction the Group raised additional funds of £2.5m and a further £2.5m is committed subject to certain performance conditions in 2019, the directors believe that these conditions will be met. The new funds were invested via a compound debt/equity instrument, and prior debt (totaling £5.7m at the balance sheet date) was converted to equity.

The Group earned its first revenues in Q1 2018 and the forecasts for the business assume that revenues grow steadily through 2019 and 2020. The cashflow forecast for the business also assume the business receives expected research and development tax credits from HMRC.

The directors have no immediate plans to raise additional debt or equity financing for the business and expect only to do if a decision was taken to accelerate growth and/or international expansion. No payments for interest or capital are due on the loan notes or the amounts due to related parties for a number of years (see note 13 of the Group financial statements).

The Company financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus 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. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes (continued)

1 Accounting policies (continued)

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Plant and equipment 2 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.6 Impairment excluding stocks, and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

1.7 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Share-based payment transactions

Share-based payment arrangements in which the Company 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 Company.

Where the Company is part of a group share-based payment plan, it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The basis of such allocation is disclosed in note 11.

Notes (continued)

1 Accounting policies (continued)

1.8 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

1.9 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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.

Notes (continued)

2 Expenses

Included in profit/loss are the following:

| | 2018 | 2017 |
|---|---------------------|---------------------|
| | £000 | £000 |
| Research and development expensed as incurred | 1,349 | 1,873 |
| Depreciation (see note 7) | 16 | 25 |
| Amortisation (see note 6) | 2 | 2 |
| | <u>1,367</u> | <u>1,900</u> |

3 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

| | Number of employees 2018 | Number of employees 2017 |
|------------------------|------------------------------------|------------------------------------|
| Technology and Product | 17 | 23 |
| Audience and Growth | - | 1 |
| | <u>17</u> | <u>24</u> |

The aggregate payroll costs of these persons were as follows:

| | 2018 | 2017 |
|---|---------------------|---------------------|
| | £000 | £000 |
| Wages and salaries | 1,361 | 1,797 |
| Social security costs | 159 | 212 |
| Contributions to defined contribution plans | 50 | 39 |
| Share based payments | 52 | - |
| | <u>1,622</u> | <u>2,048</u> |

Notes (continued)

4 Directors' remuneration

| | 2018 £000 | 2017 £000 |
|---|-------------------|-------------------|
| Directors' remuneration | - | - |
| Share based payments | - | - |
| Company contributions to money purchase pension plans | - | - |
| Compensation for loss of office | - | - |
| | <u> </u> | <u> </u> |

| | Number of directors 2018 | Number of directors 2017 |
|--|-----------------------------|-----------------------------|
| Retirement benefits are accruing to the following number of directors under: | | |
| Money purchase schemes | - | - |
| | <u> </u> | <u> </u> |
| The number of directors who exercised share options was | - | - |
| The number of directors in respect of whose qualifying services shares were received or receivable under long term incentive schemes was | - | - |
| | <u> </u> | <u> </u> |

None of the directors who were directors in the year received any remuneration.

5 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

| | 2018 £000 | 2017 £000 |
|--------------------------------------|-------------------|-------------------|
| <i>Current tax</i> | | |
| Current tax on income for the period | - | - |
| Research and development tax credit | (1,302) | - |
| | <u> </u> | <u> </u> |
| Total current tax | (1,302) | - |
| Total deferred tax | - | - |
| | <u> </u> | <u> </u> |
| Total tax | (1,302) | - |
| | <u> </u> | <u> </u> |

Notes (continued)

Reconciliation of effective tax rate

| | 2018 £000 | 2017 £000 |
|--|--------------|--------------|
| Loss for the period | (1,158) | (3,206) |
| Total tax expense | 1,302 | - |
| Loss excluding taxation | (2,460) | (3,206) |
| Tax using the UK corporation tax rate of 19% | (467) | (609) |
| Expenses not deductible for tax purposes | 10 | - |
| Research and development tax credit | (1,302) | - |
| Current period losses for which no deferred tax asset was recognised | 457 | 609 |
| Total tax expense included in profit or loss | (1,302) | - |

A reduction in the UK corporation tax rate from 19% to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

Notes (continued)

6 Intangible assets and goodwill

| | Software and Intellectual Property £000 |
|------------------------------------|--|
| Cost | |
| Balance at 1 January 2018 | 10 |
| | <hr/> |
| Balance at 31 December 2018 | 10 |
| | <hr/> <hr/> |
| Amortisation and impairment | |
| Balance at 1 January 2018 | 3 |
| Amortisation for the period | 2 |
| | <hr/> |
| Balance at 31 December 2018 | 5 |
| | <hr/> <hr/> |
| Net book value | |
| At 1 January 2018 | 7 |
| | <hr/> <hr/> |
| At 31 December 2018 | 5 |
| | <hr/> <hr/> |

7 Tangible fixed assets

| | Plant and Equipment £000 |
|------------------------------------|---|
| Cost | |
| Balance at 1 January 2018 | 55 |
| Disposals | (5) |
| | <hr/> |
| Balance at 31 December 2018 | 50 |
| | <hr/> <hr/> |
| Depreciation and impairment | |
| Balance at 1 January 2018 | 36 |
| Depreciation charge for the period | 16 |
| Disposals | (4) |
| | <hr/> |
| Balance at 31 December 2018 | 48 |
| | <hr/> <hr/> |
| Net book value | |
| At 1 January 2018 | 19 |
| | <hr/> <hr/> |
| At 31 December 2018 | 2 |
| | <hr/> <hr/> |

Notes (continued)

8 Debtors

| | 2018 £000 | 2017 £000 |
|------------------------------------|--------------|--------------|
| Amounts owed by group undertakings | 357 | - |
| Other debtors | 2 | 1 |
| Prepayments | 75 | 54 |
| Taxation | 18 | 2 |
| | <hr/> 452 | <hr/> 57 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Due within one year | 95 | 57 |
| Due after more than one year | 357 | - |
| | <hr/> 452 | <hr/> 57 |
| | <hr/> <hr/> | <hr/> <hr/> |

9 Creditors: amounts falling due within one year

| | 2018 £000 | 2017 £000 |
|------------------------------------|--------------|--------------|
| Trade creditors | 75 | 28 |
| Amounts owed to group undertakings | 4,936 | 3,389 |
| Taxation and social security | 32 | 63 |
| Other creditors | 10 | 14 |
| Accruals | 84 | 66 |
| | <hr/> 5,137 | <hr/> 3,560 |
| | <hr/> <hr/> | <hr/> <hr/> |

10 Deferred tax assets and liabilities

No deferred tax assets or liabilities have been recognised by the Company. The Company has total unrecognised gross tax losses of £4,285,000.

Notes (continued)

11 Employee benefits

Defined contribution plans

The Company operates a defined contribution pension plan.

The total expense relating to these plans in the current period was £50,000 (2017: £39,000).

Other long-term benefits

Share based payments

The board has authorised the Group to issue share options to employees for reward. As at 31 December 2018 options over 565,200 (2017: 393,800) shares had been awarded. The option scheme and awards are designed to be in accordance with EMI rules.

Generally, awards vest over three years, in one-third tranches. The options are exercisable only in the event of a sale or floatation of the business. The details for the Company are the same as disclosed in the Group financial statements.

The company is a member of a group share-based payment plan, and it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The allocation is on an employee by employee basis with the expense sitting in the company that employs them.

12 Capital and reserves

Share capital

| | 2018 £ | 2017 £ |
|---|-----------|-----------|
| Allotted, called up and fully paid | | |
| 1 ordinary shares of £1 each | 1 | 1 |
| | <hr/> | <hr/> |
| | 1 | 1 |
| | <hr/> | <hr/> |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

13 Commitments

Capital commitments

The Company had no contractual commitments to purchase tangible fixed assets at the year-end.

Notes *(continued)*

14 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Digital Tribe Holdings Limited. The ultimate controlling party is Digital Tribe Holdings Limited.

No other group financial statements include the results of the Company. The consolidated financial statements of this groups are available to the public and may be obtained from The Light Box Unit 202, 111 Power Road, Chiswick, W4 5PY, United Kingdom.

15 Subsequent events

On 14th May 2019, the Company's parent company, Digital Tribe Holdings Limited, raised additional equity fundraising, details of which can be found in the parent company's financial statements.

16 Accounting estimates and judgements

A share-based payment scheme for the benefit of the Executive Directors and the Senior Management Team was approved in March 2017. The fair value of the scheme as determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the shares that will eventually vest.

Assumptions considered in the valuation of the issued shares include: estimated market value of shares at grant date; expected life of the awards; risk free rates; and the expected volatility of share price, estimated with reference to volatility of listed technology companies.