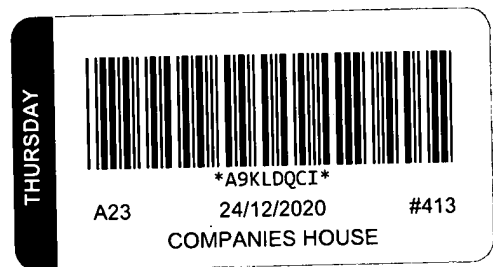


**AIRNOW PLC (formerly appScatter Group plc)**  
**Annual Report and Consolidated Financial Statements**  
**for the year ended 2019**



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## **Officers And Advisors**

### **Directors**

Clive Carver  
Philip Marcella  
Inman Breaux  
Paul Wu

### **Company Secretary**

D&A Secretarial Services  
Salisbury House  
London Wall  
EC2M 5PS

### **Registered Office**

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### **Solicitors**

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### **Auditor**

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London  
EC1M 7AD

### **Registrar**

Computershare Investor Services PLC  
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Bridgwater House  
Bristol  
BS99 6ZY

## Chairman's Statement

### Introduction

I am pleased to report on strong progress during the period under review and subsequently.

We started the year with three distinct businesses, the original appScatter distribution platform; the Priori Data business acquired in June 2018; and the Abilott security business acquired in December 2018. These businesses now form the core of Airnow Data and Airnow Cybersecurity and we are well on the way to fully integrating the Airpush business acquired in December 2019 into Airnow Media.

### Airpush acquisition

Much of the year under review was spent on the merger between appScatter and Airpush Inc, ("Airpush"), an international group focused on mobile app marketing, (the Airpush Merger), which was announced on 9 April 2019 and finally completed on 17 December 2019, when the Group was renamed Airnow PLC.

### Avantis asset acquisition

In October 2020, we completed the acquisition of certain video related assets ("Avantis Assets") from Avantis Team Technologies. Airpush together with the Avantis Assets now form the core of Airnow Media. Attributable revenues since the acquisition of the Avantis Assets have dramatically exceeded our expectations.

Further details on the Airpush Merger and the Avantis Asset acquisition are contained in the CEO report.

### Public company status

As announced in April 2019, the categorisation of the then proposed Airpush Merger as a reverse takeover under the AIM Rules required an immediate suspension in the trading of the Company's shares. It was not possible to complete the Airpush Merger within the prescribed six month period following the suspension of trading and accordingly, in October 2019, the Group's AIM listing was cancelled.

We intend to return to the public markets in the coming weeks by way of the admission to trading of the Company's shares on the Standard List of the London Stock Exchange. An advanced draft of the required Prospectus is with the Financial Conduct Authority, the competent regulatory body for proposed listings on the London Stock Exchange. The decision to seek a Standard Listing rather than a return to the AIM market was based on the clear preference of shareholders, in particular shareholders based outside the UK. A consequence will be that future equity issues would not be EIS / VCT qualifying, although it is not expected to affect past share issues.

### Funding

Fund raising activities in anticipation of a return to the public markets have proved particularly successful with in excess of \$12 million new equity raised to date in 2020.

### Basis of preparation

The Airpush Merger was structured on relative values, with appScatter representing 25% and Airpush 75%. Accordingly, under IFRS accounting rules we are required to present these 2019 financial statements in accordance with the IFRS 3's reverse acquisition treatment. This means that these consolidated financial statements comprise the full year for Airpush businesses but only the final 14 days of the year for the appScatter businesses. The corresponding numbers for 2018 are solely those of the Airpush group as it existed for that year.

### Board changes

Philip Marcella has led the executive management team through this period under review and subsequently, in particular identifying and overseeing the integration of the acquisitions made and in securing pre IPO funding.

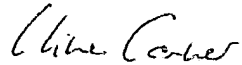
It is to be expected that with such a level of corporate activity the Board has also seen a number of changes. During the period under review and subsequently Jason Hill (Chief Operating Officer), Colin Hutchinson (Chief Financial Officer), Andrew Bushby (Non-Executive) and Stefan Keiss have left the Group. We thank them for their contributions.

I have become Chief Financial Officer in addition to being Chairman and Inman Breaux who became a non-executive director on completion of the Airpush merger has become an executive director taking the lead on the expanded Media business.

Paul Wu, who became a non-executive director on completion of the Airpush merger remains in that position and we intend to make further executive and non-executive Board appointments in connection with the Group's planned return to the public markets.

**Strategy**

Our focus is to complete the return to the public markets and to become a leading provider of services to the app economy.

A handwritten signature in black ink, appearing to read "Clive Carver". The signature is fluid and cursive, with the first name "Clive" and the last name "Carver" clearly distinguishable.

Clive Carver  
Chairman  
22 December 2020

## Chief Executive Officer's Statement

I am delighted to report on the continued development of the Group.

### Our vision

Our vision is to be the largest single end to end B2B SaaS platform for the app economy. Such a platform will allow publishers access to manage and distribute their apps securely. It will also provide the Group with access to market intelligence data to allow app publishers to better monetise their apps and assist publishers / advertisers to maximise their marketing spend.

### Background

We started in 2017 with the development of the appScatter distribution platform. The acquisition of Priori Data in July 2018 added a data leg to the business. The acquisition of Abilott in December 2018 added the cybersecurity leg and the acquisitions of Airpush in December 2019 and latterly the recent acquisition of the Avantis Assets, has added the media leg.

The Company has a strong team of executive directors and others who provide a range of services to Group companies. These include leading the commercial development of each of the Group's business units, integrating acquisitions and other development opportunities and providing strategic, accounting and legal support.

Work to integrate the data acquisition into the appScatter platform has already been completed. Over the next 24 months we intend to continue to focus on customer service and growth. The Group's overriding objective is to integrate all its products into a single solution and ensure these products are available to all the Group's customers.

Airnow's customers are app publishers, advertising & marketing agencies and corporates. Most revenues are generated through one of the Group's platforms. The Directors believe that bringing all products into one solution should significantly increase revenue and margin.

### Our products

The Group offers a selection of products for mobile devices and desktops, which can be categorised into three groups:

- Media
- Data
- Cybersecurity

### Media

Airnow Media comprises the Group's advertising related activities, now including video, together with its distribution activities.

Airnow Media's advertising platform is designed to provide mobile advertisers access to media buying and real time campaign optimisation services. The Group's programmatic platform allows buyers to bid on inventory (available advertising space on mobile apps) via real-time-bidding (RTB).

A gap in the Group's product offering was providing video options to advertisers. This prompted our interest in the Avantis Assets, which culminated in the recent acquisition. The Group's new video platform will allow publishers to integrate a monetised video player on websites to provide better viewability, increased impressions to generate advertising revenue for publishers.

The Group partners with mobile device manufacturers (OEMs) to help promote customers apps. The platform allows delivery to millions of mobile users across the world by pre-installing or pushing apps directly to devices. This way end users can launch new apps and app owners can immediately reach their audience.

Airnow has multiple OEM partners and has historically installed its software developer kit on over 250 million mobile devices covering 190 countries. Using the Group's platform, go2Reach, customer targets are identified and messages deployed either directly onto the device or via push notifications to promote the app. The go2Reach platform can allow real time analytics of the apps installed. Apps can be installed on selected new mobile devices from mobile device manufacturers including Samsung, Lenovo and Huawei with an app being pre-installed on new mobile devices prior to dispatch. The Group's go2Reach platform can also be used for customers' push notifications for specific campaigns.

## **Data**

The Airnow Data platform currently offers data intelligence products for apps and markets.

Data partners from across the app ecosystem provide anonymised, granular raw data, which is aggregated and modelled by the Group's technology, with results provided to customers in a data dashboard. The platform then allows customers to benchmark their business against competitors. This can be by app, publisher category or geographic market. By comparing app analytics with competitors, customers will have an insight into how they are placed as well as identifying market trends. Data estimates provided include MAU (monthly active users), DAU (daily active users), ARPDAU (annual revenue per daily active user), downloads, revenue and retention.

## **Cybersecurity**

Airnow Cybersecurity offers a range of security services to help defend digital infrastructures. Services delivered include industry compliance (ISO27001, PCI DSS, GDPR), threat protection (mobile app scanning, penetration testing), as well as general cyber security consultancy.

Our partnership with Security Scorecard is performing well, with new clients in the banking sector and one of the UK's prestigious universities.

## **Product development**

Across the product range we are particularly focused upon:

- improving the quality of the Group's app and market intelligence by working with publishers data across the Group activities
- improving the quality of the Group's inventory (available advertising space) of data for media platforms by working closely with the developer community
- improving margins via technical efficiencies
- promoting cross-selling to all customers

## **Airpush Merger**

On 9 April 2019, the Company announced the intention to acquire the entire issued share capital of Airpush Inc, a Group operating internationally and registered in the United States using the relative valuations for appScatter shareholders of 25% and for Airpush shareholders of 75%. appScatter's principal contribution was its technology and in particular its distribution platform. Airpush's principal contribution was its established app related businesses. On completion of the Airpush Merger the group was renamed Airnow PLC.

The Airpush Merger constituted a reverse takeover under the AIM Rules and accordingly, trading in the shares of appScatter was suspended pending the publication of an Admission Document covering both businesses. The work to prepare the Admission Document on the enlarged Group took longer to complete than the six month limit under the AIM Rules and accordingly as noted in the Chairman's Statement, the Group's AIM listing was cancelled in October 2019.

At the time of the merger Airpush had approximately 125 employees and consultants located across the US, China and Europe and operated four principal business areas: app media, data sales, security and e-commerce. It also had contracts with multiple OEMs using its over the air technology. At that time appScatter had approximately 20 employees and contractors and operated principally from bases in the UK and Germany.

## **Avantis Assets**

In October 2020, the Group through its wholly owned subsidiary Airnow Video Ltd., completed the acquisition of certain video related assets from Avantis Team Technologies Ltd., for a consideration of \$10 million (of which \$8.75 million is payable in cash and \$1.25 million is payable in shares).

Additionally, over a three year period, we expect to make performance related quarterly revenue share payments of up to a maximum of \$18.5 million (should the vendor elect to maximise cash) or revenue share payments of up to \$21.7 million (should the vendor elect to maximise the alternative share based consideration). The revenue share payments are capped and based on the achievement of pre-set EBITDA and cash collection targets.

As further consideration, Avantis Team Technologies Ltd has been granted warrants to subscribe for shares in Airnow PLC, 2.25 million warrants at an exercise price of £0.8 per share and 0.75 million warrants at a discount of 15% to the applicable share price, exercisable at any time within 24 months of the date of grant of such warrants.

It is particularly pleasing to report the performance of Airnow Video has to date very significantly exceeded our expectations.

The prime motivation for the acquisition was to add a video capability to the existing media offering in recognition that advertisers pay more for campaigns that include video. It is also expected that technology acquired as part of the acquisition may be used in other parts of the Airnow offering, thereby saving both significant development costs and time in otherwise developing equivalent technology from scratch.

#### **Integrating restructure and rebranding**

Much of the integration of the operations of Priori Data, Abilott and Airpush are now complete. We are now focused on the integration of all the Group's separate business units into a single solution. Our rebranding is complete, with new websites launching for Airnow Data, Airnow Media and Airnow Cybersecurity.

New Group companies have been established and other renamed. They include Airnow Media, Airnow Data, Airnow Cybersecurity, Airnow Hong Kong, Airnow Japan, Airnow US, Airnow Video (Israel) and Airnow Dubai. All non-trading legal entities are being dissolved including Priori Data, Abilott, Airpush, Tapcore and DHS Labs.

#### **Strategic partnerships**

A key element in the Group's business model is the formation of strategic partnerships in territories where we believe specialist or local presence to be essential.

#### ***Adsmovil***

In July 2020, the Group entered into an exclusive partnership arrangement covering principally Latin America with Adsmovil, which was founded in 2010 in Colombia, with offices in Argentina, Brazil, Colombia, Mexico, and the United States (Miami, Los Angeles, Chicago, and New York).

#### ***Airnow Japan***

In July 2019, the Group entered into a partnership arrangement with the management of and investors in Interarrows Inc., a Tokyo based internet consulting service provider.

We are working towards a 51:49 joint venture agreement with the management of Interarrows Inc. Under this agreement our joint venture partners will provide a cash investment of \$1 million while Airnow will contribute an equivalent sum via the provision of services. The joint venture will be named Airnow Japan.

#### **Operations**

We are further streamlining operations across all group entities to have a much more timely and relevant tracking of our business performance across our core segments and key KPI's.

#### **Financial review**

##### ***Basis of preparation***

As Airpush Inc represented the larger part of the appScatter / Airpush merger under IFRS accounting conventions we are required to report on the Airpush business for the whole of 2019 and include the results of appScatter for the period from 17 to 31 December 2019.

The comparative numbers from 2018, are therefore drawn primarily from the Airpush business with which none of the current Airnow management was then involved and do not reflect any appScatter contribution. Revenue declined from \$ 10.1 million in 2018 to \$ 9.1 million in 2018 and Gross Profit fell from \$ 3.5 million in 2018 to \$ 2.4 million in 2019 due to investment being focused on Tapcore. Tapcore is shown as a discontinued business in these accounts as despite the investment the business did not succeed and was closed during the year 2020.

#### **Functional currency**

Following the completion of the Airpush Merger the Group's presentational and functional currency is the US\$.



**Current trading**

Gross revenue in October 2020 was approximately \$9.7 million.

**Outlook**

The rewards in becoming the leading single end to end B2B SaaS solution for the app economy are potentially vast.



Philip Marcella  
Chief Executive Officer  
22 December 2020

## Strategic Report

### Company overview

The Group currently has 59 employees and 19 contractors with the majority working from home, which we expect to continue.

The Group offers a selection of products for mobile app developers/publishers, which can be categorised into three groups:

- Media
- Data
- Cybersecurity

### Business Review

A detailed review of the business is included in the Chairman's Statement and the Chief Executive Officer's statement above.

### Business Model

The Group's customers are predominantly app publishers, advertising/marketing agencies and corporates. The majority of revenues are generated through one of Airnow's platforms.

### Strategy

Our vision is to be the largest single end to end B2B SaaS solution for the app developers and publishers. The Group's platforms will allow developers access to manage and distribute their apps securely. It also provides access to market data to best monetise their apps, whilst allowing them to interact with commonly used tools from across the industry in one place.

### Key Performance Indicators (KPI's)

As noted more fully in the Chairman's Statement and the Chief Executive's Statement, these 2019 Financial Statements comprise a full year of the Airpush Group with only 14 days contribution from appScatter. The corresponding period for 2018 comprises only Airpush numbers. These consolidated financial statements therefore necessarily exclude the contribution of key business units. In future periods when the underlying consolidated financial statements do include all relevant business units for the entire period the above KPI's will be reported on.

Revenue declined from \$ 10.1 million in 2018 to \$ 9.1 million in 2019 and Gross Profit fell from \$ 3.5 million in 2018 to \$ 2.4 million in 2019 due to investment being focused on Tapcore business rather than the existing Airpush Inc business. Tapcore is shown as a discontinued business in these accounts.

EBITDA went from \$0.5 million loss in 2018 to a \$3.3 million loss in 2019 as a result of higher administrative costs partly due to integrating the new business acquired from GMobi and the loss from continuing operations rose from \$ 1.0 million to \$4.7 million partly due to the amortisation of the intangible asset arising on the acquisition of the business from GMobi.

The loss from discontinued operations rose from \$1.1 million to \$7.2 million as a result of the Tapcore impairment of \$3.0 million before tax and closure costs.

### Principal risks relating to the business and its industry

#### ***Security and privacy breaches***

The Group's security and testing measures may not prevent security breaches that could harm the Group's or its users' businesses. For example, a number of the Group's users provide the Group with credit card and other confidential information and authorise the Group to bill their credit card accounts directly for the Group's products and services.

Typically, the Group relies on encryption and authentication technology licensed from third parties to enhance the transmission and storage security of confidential information. Advances in computer capabilities, new discoveries in the field of cryptography, inadequate facility security or other developments may result in a compromise or breach of the

technology used by the Group to protect customer and proprietary data. Any compromise of the Group's security could harm its reputation or financial condition and, therefore, the business. In addition, a party who is able to circumvent the Group's security measures could, among other effects, misappropriate proprietary information, cause interruptions in the Group's operations or expose subscribers to computer viruses or other disruptions.

#### ***Competition risk***

There can be no guarantee that the Group's competitors have not already developed and/or will not develop products and services which are competitive to those supplied by the Group and there can be no assurances that the availability of any such products and services will not adversely affect future demand for the Group's own products and services. The Group's competitors may have or develop greater financial, marketing and technological resources than the Group enabling them to develop products and services which are competitive to those of the Group and to promote them more successfully than the Group. This is seen to be a risk within the industry as historically the Group has experienced declining revenues due to the effect of larger competitors aggressively targeting the ad tech industry, and there can be no assurance that this will not continue.

#### ***Dependence on key executives and personnel***

The future performance of the Group will to a significant extent be dependent on its ability to retain the services and personal connections or contacts of key executives and to attract, recruit, motivate and retain other suitably skilled, qualified and industry experienced personnel. The loss of the services of any of the key executives or personnel may have a material adverse effect on the business, operations, relationships and/or prospects of the Group.

#### ***Requirement for continued investment***

The Group needs to continue to invest resources in research and development in order to maintain and enhance the Group's existing products and services and introduce new high-quality products and services to its platform. If the Group is unable to ensure that its users have a high-quality experience with the Group's products and services, then they may become dissatisfied and move to competitors' products and services.

Staying abreast of technological changes may require substantial investment. The Group's existing software products need to develop continually in order to meet customer requirements. The technology used in the Group's products is still evolving and is highly complex and may change. If the Group is not able to keep pace with the technological developments in its industry, the use and competitiveness of the Group's offering could decline, which would reduce the Group's profitability.

#### ***Covid-19***

Although the long-term effect of the Covid-19 pandemic cannot yet be fully assessed, based on our experience to date we do not anticipate any material adverse Covid-19 related operational issues. Slightly less clear is the enduring impact of the measures taken to limit the impact of Covid-19 on the overall level of economic activity in general on our customer base in particular. Again, based on our experience to date, we do not anticipate there will be any material adverse impact.

#### ***A downturn in the global economy***

If economic conditions were to deteriorate, the Group's existing and potential customers may elect to decrease their marketing expenditure. Historically, economic downturns have resulted in overall reductions in marketing and advertising budgets.

To the extent that weak economic conditions cause the Group's existing and potential customers to freeze or reduce their expenditure, demands for the Group's services may be negatively affected, which could in turn have a material adverse effect on the Group's business operations, financial position, competitive position and prospects.

### ***The Platforms and their Market***

The Group intends to derive a substantial amount of its revenue and cash flows from subscriptions for, and services related to, the platforms. Demand for the platforms is affected by a number of factors beyond the Group's control, including market acceptance of the platforms by existing customers and potential new customers, the extension of the platform for new user cases, the timing of development and release of new products by the Group's competitors and additional capabilities and functionality by the Group, technological change, and growth or contraction of the market in which the Group competes.

### ***Intellectual property protection***

The Group may be unable to successfully establish and protect all of its intellectual property which may be significant to the Group's competitive position. The Group's current or future intellectual property rights may or may not have priority over other third parties' claims to the same intellectual property.

The Group's business and IT systems and other proprietary intellectual property are not protected by patents, trademarks, registered design rights or registered copyrights, and the Group does not intend to apply for patent protection, trade-marks (except in relation to the "Airnow" name), registered design rights or registered copyrights. Therefore, if competitors were to develop equivalent technology, the Group could not preclude or prevent them from offering services substantially similar to its own. The Group is therefore particularly reliant on copyright, trade secret protection, confidentiality agreements relevant to know-how and licence agreements with its employees, customers, suppliers and consultants. However, the steps the Group has taken to reduce these risks may be inadequate.

### ***Currency exchange rates risk***

The Group's functional currency is the US Dollar and its contracts are sometimes denominated in local currencies. A significant portion of the Group's operating, marketing and administrative expenses are paid in other currencies, including Sterling, Indian rupees, Chinese Yuan and Euro. Hence, the Group is exposed to fluctuations in exchange rates, in particular, between the US Dollar and the other currencies. Such exposure may affect the Group's results. The Group may consider, on a case by case basis, implementing policies to limit its currency exposure, if appropriate, and will examine currency hedging instruments when they prove to be available and cost effective.

### ***Operational issues***

The Group's revenues will be dependent on the operations of the Platforms. Operational risks include equipment failure, failure to comply with applicable regulations and standards and disruptions in the operations of suppliers engaged in the maintenance and development of the Platforms.

### ***Tax related risks***

There may, in certain circumstances, be withholding or other taxes on the profits or other returns derived from the Group's investments which may change from time to time and which could have a material and adverse impact on the Group's performance.

The tax regimes applying in the countries in which the Group operates and/or invests may change, thereby affecting the tax treatment of the Group.

### ***Reliance on third party data availability***

Certain aspects of the Platforms rely on the continued availability of extensive data from app stores, data partners, users and devices regarding such matters as the level of sales of apps, ranking and usage of apps which data is then processed or re-presented by the software. Access to such data is regulated by the terms and conditions of each app store or partner and by the agreements between users and the app stores. To date the Group has received no notification from any app store or user that the use to which the app store data is put by the Platforms infringes the app store's rights to such data, or that any app store, user or data partners has any intention of restricting access to or use of such data or levying charges for access to it, and the Board and believe that app stores are unlikely to restrict or charge for access to such data, or the use to which the data may be put, in a way which impacts the Platforms. However, such a decision is out of the hands of the Group. If one or more app stores, users or data partners sought to impose or enforce restrictions on access to and/or

use of such data, or to levy charges for it, the ability of the Group to continue to provide the full range of services, and accordingly the credibility of the Platforms, could be seriously diminished and, in the extreme, certain elements of the Platforms would be unable to operate, or the costs of operation could be significantly increased.

***Inadequate due diligence in connection with acquisitions***

The Group has conducted such due diligence as it deems reasonably practicable and appropriate based on the facts and circumstances applicable to the acquisitions made. The objective of the due diligence process is to identify material issues which might affect the decision to proceed and/or the consideration payable.

The Group has used information revealed during the due diligence process to formulate its business and operational planning for, and its valuation in respect of the acquisitions made.

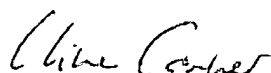
***Technological innovation***

The market for the Group's services is characterised by rapid technological change, evolving industry standards, frequent device and service introductions and short life cycles. The Group's success depends on its ability to enhance its current solutions and to develop and introduce new solutions and enhanced performance features and functionality on a timely basis at competitive prices.

The Group's inability, for technological or other reasons, to enhance, develop, introduce or deliver compelling services in a timely manner, or at all, in response to changing market conditions, technologies or consumer expectations could harm operating results or could result in its services becoming obsolete.

The Group's ability to compete successfully will depend to a great extent on its ability to maintain a technically skilled R&D team and to adapt to technological changes and advances in the industry, including providing for the continued compatibility of its technology platform with evolving industry standards and protocols.

By order of the Board



Clive Carver  
Chairman  
22 December 2020

## S.172 Report

The Board is mindful of the duties of directors under S.172 of the Companies Act 2006.

Directors act in a way they consider, in good faith, to be most likely to promote the success of the Group for the benefit of its members. In doing so, they each have regard to a range of matters when making decisions for the long-term success of the Group.

The Group regards its key stakeholders as its shareholders; staff; customers; suppliers; and the local and national governments in the territories in which it operates.

Our culture is that of treating everyone fairly and with respect and this extends to all our principal stakeholders.

Through engaging formally and informally with our key stakeholders, we have been able to develop an understanding of their needs, assess their perspectives and monitor their impact on our strategic ambition.

As part of the Board's decision-making process, the Board and its Committees consider the potential impact of decisions on relevant stakeholders whilst also having regard to a number of broader factors, including the impact of the Group's operations on the community and environment, responsible business practices and the likely consequences of decisions on the long term.

Our objective is to act in a way that meets the long term needs of all our main stakeholder groups. However, in so doing we pay particular regard to the longer term needs of shareholders.

We engage with investors on our financial performance, strategy and business model and our Annual General Meeting provides an opportunity for investors to meet and engage with members of the Board.

Following the cancellation of appScatter's AIM listing, shareholders have been regularly updated as to the Group's progress by a series of newsletters. Once the Group returns to the public markets significant events together with six monthly financial results will be released to the market via the Regulatory News Service of the London Stock Exchange.

Stakeholders are also encouraged to follow the Group's progress via its website [www.airnowplc.com](http://www.airnowplc.com)



Clive Carver  
Chairman  
22 December 2020

## Directors' report

The Directors present their annual report on the affairs of the Group and parent Company, together with the Group financial statements for the year ended 31 December 2019.

On 24 December 2019 the appscatter Group Plc changed its name to Airnow PLC following the acquisition of the Airpush Inc and its subsidiaries.

### Business review and future developments

The business review and future developments are dealt with in the Chairman's statement, the Chief Executive Officer's statement and Strategic Report.

The Group made a loss after taxation of \$ 11.9 million (2018: \$2.1 million). The Directors cannot recommend the payment of a dividend (2018: nil).

### Directors

The Directors who unless otherwise stated served during the period were:

Philip Marcella, Chief Executive Officer	(appointed Executive Chairman & CFO 1 September 2020)
Clive Carver, Non-executive Chairman	(resigned 6 March 2020)
Jason Hill, Executive Director	(resigned 24 September 2020)
Colin Hutchinson, Chief Financial Officer	(resigned 11 March 2020)
Andy Bushby, Non-Executive Director	(appointed 17 December 2019) / resigned 20 July 2020
Stefan Keiss, Chief Operating Officer	(non-exec from 17 December 2019 & executive 1 September 2020)
Iman Breaux, Non-executive director	(appointed 17 December 2019)
Paul Wu, Non-executive director	

### Events after the reporting period

Events after the reporting period are set out in note 27 to the financial statements.

### Auditor

The Directors will place a resolution before a General Meeting to re-appoint Moore Kingston Smith LLP as auditor for the coming year.

### Management incentives

The management incentives in place at the time of the merger between appscatter and Airpush have been cancelled. New incentives have been awarded to the core management team and further Group wide incentives will be introduced before the planned admission to trading of the Company's shares on the Standard List of the London Stock Exchange.

### Directors' remuneration

The remuneration of the Executive Directors paid during the year was set by the Remuneration Committee while the Company's shares were traded on AIM. The remuneration of the Non-executive Directors paid during the year was fixed on the recommendation of the Executive Directors. This has been achieved acknowledging the need to maximise the effectiveness of the Company's limited resources during the year.

Remuneration paid to Directors for the year ended 31 December 2019 is set out in note 7 to the consolidated financial statements. Under the IFRS 3 reverse acquisition treatment, the Directors' remuneration for the Company was included in the 2019 results for the period between 17 December 2019 (date of combination with Airpush Inc) to 31 December 2019.

**Committees of the Board**

Upon cancellation of the Company's AIM listing the operations of the various Board committees were suspended with all decisions taken by the Board as a whole. Following the Company's return to the public markets the various committees of the Board will be reinstated.

**Internal controls**

The Board acknowledges responsibility for maintaining appropriate internal control systems and procedures to safeguard the shareholders' investments and the assets, employees and the business of the Group.

**Internal audit**

The Board does not consider it appropriate for the current size of the Group to establish an internal audit function. However, this will be kept under review.

**Bribery and corruption**

The Bribery Act 2010 came into force on 1 July 2011. The Company is committed to acting ethically, fairly and with integrity in all its endeavours and compliance with legislation is monitored. Consideration of the Bribery Act is a standing item at Company Board meetings.

**Control procedures**

The Board, working with external professional advisers is implementing procedures to ensure compliance with accounting standards and effective reporting.

**Environmental responsibility**

The Group is aware of the potential impact that its subsidiary companies may have on the environment. The Group ensures that it and its subsidiaries at a minimum comply with the local regulatory requirements and the revised Equator Principles, the industry standard for environmental and social risk.

**Employment policies**

The Group is committed to promoting policies which ensure that high calibre employees are attracted, retained and motivated, to ensure the ongoing success for the business. Employees and consultants and those who seek to work within the Group are treated equally regardless of sex, marital status, creed, colour, race or ethnic origin.

**Health and safety**

The Group's aim is to achieve and maintain a high standard of workplace safety. In order to achieve this objective, the Group provides training and support to employees and sets demanding standards for workplace safety.

**Going concern**

In the year ended 31 December 2019 the Group incurred a loss after tax of \$11.9 million for the year (2018: \$2.1 million) and had a net cash inflow from operations of \$0.5 million (net cash outflow 2018: \$0.2 million). The impact of these losses and further losses to date in 2020 has been offset by the equity raised in 2020 together with the current positive trading outlook and significant uncalled conditional debt / equity facilities.

The board has considered detailed cashflows covering the 12 month period to December 2021, together with a series of sensitivities. As a result of that review the board has concluded that the adoption of the going concern convention in the presentation of these financial statements remains appropriate.

As set out more fully in the Strategic Report we have not seen any Covid-19 related material adverse impact on the Group's business. Similarly, the Directors do not expect there will be any Brexit related material adverse impact. Accordingly, the Directors do not believe the impact of Covid-19 or Brexit affects their assessment of going concern.

The Financial Statements of the Group are prepared on a going concern basis as detailed in Note 2 to the financial statements.

**Disclosure to auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Group's auditor is unaware. Additionally, the directors individually have taken all the necessary



steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the Board

A handwritten signature in black ink, appearing to read 'Clive Carver', written in a cursive style.

Clive Carver  
Chairman  
22 December 2020

## **Board of Directors**

### **Directors**

#### **Philip Marcella (aged 55)**

*Philip is the founder and Chief Executive Officer of the Company.*

He is an experienced programmer who began his coding career in the mid-1980s. In 1996 he set up his first company, which became RMR Plc. Initially a web development company, RMR specialised in web conferencing. In 2000, RMR was admitted to AIM with a £64 million valuation.

#### **Clive Carver, FCA, FCT (aged 59)**

*Clive Carver is the Chairman and Chief Financial Officer.*

He qualified in 1986 as a Chartered Accountant in London with Coopers & Lybrand. He then spent several years working for London based investment banks before becoming successively head of corporate finance at Seymour Pierce, Williams de Broe and finnCap. Between 2010 and November 2020 he was Executive Chairman of Roxi Petroleum PLC (now Caspian Sunrise PLC). Since November 2020 he is non-executive chairman. He is also a Non-executive director of Aukett Swanke plc. He is a qualified corporate treasurer.

#### **Inman Breaux (aged 36), Executive Director**

Inman served as the President and a director of Airpush Inc., and was formerly a VP at MoVox Inc., one of the first mobile advertising networks (which was acquired by Motricity). He is also the Co-Founder of Finfo. Prior to this Inman was account executive at The Rubicon Project, one of the world's largest digital advertising exchanges. Inman was a member of the founding team at Airpush becoming its COO in 2013 and President in 2016.

#### **Paul Wu (aged 50), Non-Executive Director**

Paul is the founder and CEO of General Mobile Corporation and has direct experience with operators and device makers including Nokia, Sony-Ericsson, HTC and MediaTek portals. Paul was previously a senior business development manager at MediaTek Technology Inc and Foxconn Group, as well as having served as CEO of PocketNet Wireless Technology until 2008.

## **Statement of Directors' responsibilities**

The Directors are responsible for preparing the Directors' Report, the Strategic Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a 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 Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Website publication**

Following the Company's return to the public markets, the Directors will be responsible for ensuring the Annual Report and Accounts are made available on the website. Financial statements will be published on the Group's website ([www.airnowplc.com](http://www.airnowplc.com)) in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

## Independent auditor's report to the members of Airnow PLC

### Opinion

We have audited the financial statements of Airnow Group PLC for the year ended 31 December 2019 which comprise the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Changes in Equity, the Group and Parent Company Statements of Financial Position, the Group and Parent Company Statements of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion on financial statements

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.

### Material uncertainty related to going concern

We draw attention to note 2 to the financial statements, which indicates that the Group is dependent on the availability of increased working capital in order to continue in business and meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements, based on anticipated outgoings and the receipt of revenues from services.

The Group is in discussion with its existing principal working capital funder with a view to agreeing significantly higher limits under its existing facilities, which in the opinion of the Directors would provide sufficient working capital to fund the ongoing expected higher levels of trading activity. Based on discussions to date and the existing relationship with the principal working capital funders, the Directors are confident such an increase in the current facilities will be agreed. At the date of these financial statements no formal increase in the existing working capital facilities has yet been agreed and therefore the adoption by the Directors of the going concern basis for these financial statements is based on their opinion that such agreement will be reached in the coming weeks. Whilst the Directors anticipate that agreement will be reached in the near future there can be no certainty in this respect.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge

obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion 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 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 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or 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.

#### **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 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 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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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. 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

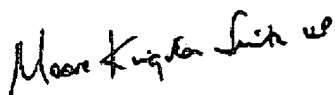
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **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.



Jonathan Sutcliffe (Senior Statutory Auditor) for and on behalf of Moore Kingston Smith LLP,  
Chartered Accountants and Statutory Auditor  
Devonshire House  
60 Goswell Road  
London EC1M 7AD

22 December 2020

## Consolidated statement of profit or loss

For the year ended 31 December 2019

	Note	2019 \$'000	2018 \$'000
Revenue	5	9,090	10,094
Cost of sales		(6,694)	(6,601)
Gross profit		2,396	3,493
Administrative expenses		(5,658)	(3,952)
EBITDA*		(3,262)	(459)
Depreciation and amortisation		(1,060)	(14)
Operating loss	6	(4,322)	(473)
Finance expense	8	(677)	(536)
Loss before tax		(4,999)	(1,009)
Tax credit/(expense)	9	273	(2)
Loss for the year from continuing operations		(4,726)	(1,011)
Loss for the year from discontinued operations	4	(7,167)	(1,097)
Net loss		(11,893)	(2,108)

## Statement of other comprehensive income

	Note	2019 \$'000	2018 \$'000
Loss for the year		(11,893)	(2,108)
Exchange gains arising on translation of foreign operations		202	67
Other comprehensive income for the year net of tax		202	67
<b>Total comprehensive loss</b>		<b>(11,691)</b>	<b>(2,041)</b>
<b>Earnings per share:</b>			
Basic and diluted (Cents) – continuing operations	10	(8.2)	(1.8)
Basic and diluted (Cents) – Total operations	10	(20.6)	(3.7)

\*Earnings from continuing operations before interest, tax, depreciation, amortisation and impairment. Management has assessed this performance measure as relevant for the user of the accounts.


The accompanying notes to the accounts form an integral part of these financial statements.

## Consolidated statement of financial position

As at 31 December 2019

	Note	2019 \$'000	2018 \$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	3	3
Intangible assets	12	41,402	3,634
		<u>41,405</u>	<u>3,637</u>
<b>Current assets</b>			
Trade and other receivables	14	2,441	4,063
Cash and cash equivalents		418	279
		<u>2,859</u>	<u>4,342</u>
<b>Total assets</b>		<u>44,264</u>	<u>7,979</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	19,457	5,748
Loans and borrowings	17	1,486	3,087
		<u>20,943</u>	<u>8,835</u>
<b>Non-current liabilities</b>			
Loans and borrowings	17	3,828	-
Deferred tax liability	18	2,430	351
		<u>6,258</u>	<u>351</u>
<b>Total liabilities</b>		<u>27,201</u>	<u>9,186</u>
<b>Net assets /(liabilities)</b>		<u>17,063</u>	<u>(1,207)</u>
<b>Issued capital and reserves attributable to shareholders</b>			
Share capital	20	4,301	3,179
Share premium	21	17,043	-
Deferred shares	20	5,180	-
Shares to be issued	21	10,914	10,914
Treasury shares	20	(264)	-
Merger reserve	21	82,009	82,009
Reverse acquisition reserve	21	(82,387)	(89,237)
Share-based payment reserve	21	30	-
Foreign exchange reserve	21	174	(28)
Retained earnings	21	(19,937)	(8,044)
<b>Total equity/(deficit)</b>		<u>17,063</u>	<u>(1,207)</u>

The accompanying notes to the accounts form an integral part of these financial statements. These financial statements were approved and authorised for issue by the Board of Directors on 22 December 2020 and were signed on its behalf by:



Clive Carver  
Director



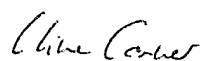
## Company statement of financial position

As at 31 December 2019

	Note	2019 \$'000	2018 \$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	13	61,773	19,263
Net amounts due from subsidiaries		14,070	11,198
		<u>75,843</u>	<u>30,461</u>
<b>Current assets</b>			
Trade and other receivables	14	232	117
Cash and cash equivalents		1	15
		<u>233</u>	<u>132</u>
<b>Total assets</b>		<u>76,076</u>	<u>30,593</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	4,743	834
Loans and borrowings	17	377	-
		<u>5,120</u>	<u>834</u>
<b>Non-current liabilities</b>			
Loans and borrowings	17	1,226	-
		<u>1,226</u>	<u>-</u>
<b>Total liabilities</b>		<u>6,346</u>	<u>834</u>
<b>Net assets</b>		<u>69,730</u>	<u>29,759</u>
<b>Issued capital and reserves attributable to shareholders</b>			
Share capital	20	4,301	5,916
Share premium	21	17,043	15,485
Deferred shares	20	5,180	-
Shares to be issued	21	10,914	-
Share-based payment reserve	21	2,669	1,374
Merger reserve	21	38,184	11,645
Foreign exchange reserve	21	285	(860)
Retained earnings	21	(8,846)	(3,801)
<b>Total equity</b>		<u>69,730</u>	<u>29,759</u>

As permitted by Section 408 of the Companies Act 2006, the income statement and statement of comprehensive income of the parent company is not presented as part of these financial statements. The parent company's result after taxation for the financial year was a loss of \$5,045,000 (2018: \$2,664,000).

The accompanying notes to the accounts form an integral part of these financial statements. These financial statements were approved and authorised for issue by the Board of Directors on 22 December 2020 and were signed on its behalf by:



Clive Carver

Director

Company number: 10706264

## Consolidated statement of changes in equity

	Share capital	Share premium	Deferred shares	Shares to be issued	Treasury shares	Merger reserve	Reverse acquisition reserve	Share-based payment reserve	Foreign Exchange reserve	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Equity as at 1 January 2018</b>	132	6,233	-	-	-	-	500	-	(95)	(5,936)	834
Loss for the year	-	-	-	-	-	-	-	-	-	(2,108)	(2,108)
Other comprehensive income	-	-	-	-	-	-	-	-	67	-	67
<b>Total comprehensive income</b>	-	-	-	-	-	-	-	-	67	(2,108)	(2,041)
Reverse acquisition	3,047	(6,233)	-	10,914	-	82,009	(89,737)	-	-	-	-
<b>Equity as at 31 December 2018</b>	3,179	-	-	10,914	-	82,009	(89,237)	-	(28)	(8,044)	(1,207)
Loss for the year	-	-	-	-	-	-	-	-	-	(11,893)	(11,893)
<b>Other comprehensive income</b>	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange	-	-	-	-	-	-	-	-	202	-	202
<b>Total comprehensive income</b>	-	-	-	-	-	-	-	-	202	(11,893)	(11,691)
Reverse acquisition of Airnow PLC	1,122	17,043	5,180	-	-	-	6,850	-	-	-	30,195
Treasury shares movement	-	-	-	-	(264)	-	-	-	-	-	(264)
Share-based payment	-	-	-	-	-	-	-	30	-	-	30
<b>Equity as at 31 December 2019</b>	4,301	17,043	5,180	10,914	(264)	82,009	(82,387)	30	174	(19,937)	17,063

## Company statement of changes in equity

For the year ended 31 December 2019

	Share Capital \$'000	Share Premium \$'000	Deferred shares \$'000	Shares to be issued \$'000	Share- based payment reserve \$'000	Merger reserve \$'000	Foreign exchange reserve \$'000	Retained earnings \$'000	Total equity/ (deficit) \$'000
<b>Equity at 1 January 2018</b>	4,085	8,692	-	-	674	847	228	(1,137)	13,389
Loss for the year	-	-	-	-	-	-	-	(2,664)	(2,664)
<b>Other comprehensive</b>									
Foreign exchange	-	-	-	-	-	-	(1,088)	-	(1,088)
<b>Total comprehensive income</b>	-	-	-	-	-	-	(1,088)	(2,664)	(3,752)
Share issues	626	8,141	-	-	-	-	-	-	8,767
Acquisition of Priori Data	1,096	-	-	-	-	10,483	-	-	11,579
Acquisition of Abilott	109	-	-	-	-	315	-	-	424
Placing expenses	-	(1,348)	-	-	-	-	-	-	(1,348)
Share based payments	-	-	-	-	700	-	-	-	700
<b>Equity at 31 December 2018</b>	5,916	15,485	-	-	1,374	11,645	(860)	(3,801)	29,759
Loss for the year	-	-	-	-	-	-	-	(5,045)	(5,045)
<b>Other comprehensive</b>									
Foreign exchange	-	-	-	-	-	-	1,145	-	1,145
<b>Total comprehensive income</b>	-	-	-	-	-	-	1,145	(5,045)	(3,900)
Shares issues – acquisition of Airpush Inc	3,179	-	-	10,914	-	82,008	-	-	96,101
Investment impairment	-	-	-	-	-	(55,469)	-	-	(55,469)
Share issues(net of expenses)	386	1,558	-	-	-	-	-	-	1,944
Split and consolidation of shares	(5,180)	-	5,180	-	-	-	-	-	-
Share-based payment	-	-	-	-	1,295	-	-	-	1,295
<b>Equity at 31 December 2019</b>	4,301	17,043	5,180	10,914	2,669	38,184	285	(8,846)	69,730

## Consolidated statement of cash flows

For the year ended 31 December 2019

	Note	2019 \$'000	2018 \$'000
<b>Loss for the year</b>		(11,893)	(2,108)
<b>Adjustments for:</b>			
Tax credit	9	(330)	(213)
Finance expense		697	620
Depreciation of property, plant and equipment	11	-	9
Amortisation of intangible fixed assets	12	1,701	646
Impairment of intangible assets	12	2,993	-
(Loss)/profit on disposal of property, plant & equipment		-	(15)
Decrease/(increase) in trade and other receivables		2,332	(1,656)
Increase in trade and other payables		5,016	2,490
<b>Cash generated/(used) by operations</b>		516	(227)
Income taxes paid		(6)	13
<b>Net cash flows generated/(used) by operating activities</b>		510	(214)
<b>Investing activities</b>			
Acquisition of subsidiary net of cash acquired	24	35	-
Sale of property, plant & equipment		-	44
<b>Net cash generated by investing activities</b>		35	44
<b>Financing activities</b>			
Interest paid		(369)	(618)
Repayment of loans and borrowings		(304)	(3,255)
Proceeds of loans and borrowings		-	2,852
Proceeds from convertible loan note		-	1,500
Proceeds from factoring		427	979
Repayments of factoring		-	(1,102)
Repayment of lease liability		-	(369)
Repayment of loan note		-	(40)
Proceeds of loan note		(160)	200
<b>Net cash (used)/generated by financing</b>		(406)	147
<b>Net increase/(decrease) in cash and cash equivalents</b>		139	(23)
Exchange gains on cash and cash equivalent		-	(18)
Cash and cash equivalents at beginning of year		279	320
<b>Cash and cash equivalents at end of year</b>		418	279

## **Notes to the Consolidated and Company Financial Statements**

### **1. Corporate Information**

The consolidated financial information represents the results of Airnow PLC ("Airnow") and its subsidiaries (together referred to as "the Group").

Airnow PLC is a company limited by shares incorporated on 3 April 2017 and domiciled in England and Wales, registration number 10706264. The company's registered office is Salisbury House, London Wall, London, England, EC2M 5PS.

On 24 December 2019 the appScatter Group Plc changed its name to Airnow PLC following the acquisition of the Airpush Inc.

### **2. Accounting policies**

#### **Accounting convention**

#### **Group Financial Statements**

The financial information for the Group and Company have been prepared using the historical cost convention, as stated in the accounting policies. These policies have been consistently applied to all periods presented, unless otherwise stated.

The consolidated financial information has been prepared in compliance with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRIC) interpretations as adopted by the European Union as at 31 December 2019.

#### **Company Financial Statements**

The financial statements of Airnow PLC(" the Company") have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) which forms part of UK accounting standards issued by the Financial Reporting Council. The financial statements have been prepared under the historical cost convention, as modified and in accordance with the Companies Act 2006. There were no adjustments required for all periods presented on the adoption of FRS 101, following the transition from IFRS to FRS 101.

The Company has taken advantage of the following disclosure exemptions under FRS 101, on the basis that equivalent disclosures are, where required, are given in the consolidated financial statements:

- a. Cash Flow Statement and related notes as required by IAS 7 – 'Statement of Cashflows';
- b. the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(IV) of IAS 1 – a reconciliation of the share capital at beginning and end of the period;
- c. the requirements of paragraph 134 – 136 of IAS 1 'Presentation of Financial Statements' to disclose the management of the capital of the Company;
- d. the requirements of paragraphs 30 and 31 of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' to disclose the new or revised standards that have not been adopted and information about their likely impact;
- e. all of the disclosure requirements of IFRS 7 'Financial Instruments: Disclosures';
- f. the requirements of paragraph 17 of IAS 24, 'Related Party Disclosures' to disclose key management personnel; and
- g. the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiaries which is a party to the transaction is wholly owned by such a member.

## **Notes to the Consolidated and Company Financial Statements (continued)**

### **Basis of preparation**

For each entity, the Group determines the functional currency of the primary economic environment which the entity operates. The functional currency of Airnow PLC is GBP. The functional currencies of the Group's subsidiaries include US Dollars (USD) and Indian Rupee (INR).

For consistency across the Group, the Group's and Company's financial statements are presented in US Dollars, rounded to the nearest thousands (USD'000) unless otherwise indicated.

### **Reverse acquisition with Airpush Inc**

On 17 December 2019 Airnow PLC acquired the entire common stock of Airpush Inc and in exchange new shares in Airnow PLC were issued to the holders of common stock in Airpush Inc.

In applying IFRS 3 principles, this acquisition has been treated as a reverse acquisition as the Airpush Inc shareholders owned the majority of the shares in Airnow PLC post combination. Accordingly, the following accounting treatment has been applied in respect of the reverse acquisition.

1. Airpush Inc was deemed the accounting acquirer and the goodwill arising on the reverse acquisition of Airnow PLC is shown in note 12. Intangibles and the assets and liabilities acquired are shown in note 24.
2. The presentation of the consolidated financial statements of the legal parent (Airnow PLC) is a continuation of the accounting acquirer's financial statements.
3. Consolidated financial statements for the year ended 31 December 2019 for the Group present the results of the Airpush Inc business from 1 January 2019 to and including 17 December 2019 (date of combination) and the enlarged group thereafter. The comparative results for the year ended 31 December 2018 represent those of the consolidated Airpush Inc business, prior to the reverse acquisition.
4. The assets and liabilities of Airpush Inc business are recognised in the Group financial statement at pre-combination carrying amounts.
5. The equity structure appearing in the Group financial statements reflects the equity structure of the legal parent (Airnow PLC), including the shares issued and shares to be issued under the share for share exchange to effect the business combination.
6. The retained earnings and other equity balances recognised in the Group financial statements reflect the retained earnings and other equity balances of Airpush Inc business immediately before the business combination and includes that of the Group after the business combination on 17 December 2019.
7. The reverse acquisition reserve relates to the adjustments for (5) and (6) above for the reverse acquisition between Airnow PLC and Airpush Inc business on 17 December 2019.

### **Composition of the Airnow Group**

A list of the subsidiary undertakings which, in the opinion of the directors of Airnow PLC, principally affected the amounts of profit or loss and net assets of the Airnow Group is given in note 13 of the financial statements.

## Notes to the Consolidated and Company Financial Statements (continued)

### Going concern

In the year ended 31 December 2019 the Group incurred a loss after tax of \$11.9 million for the year (2018: \$2.1 million) and had a net cash inflow from operations of \$0.5 million (net cash outflow 2018: \$0.2 million). The impact of these losses and further losses to date in 2020 has been offset by the equity raised in 2020 together with the current positive trading outlook and significant uncalled conditional debt / equity facilities.

The Covid 19 crisis and responses to it are creating unprecedented global uncertainty. The impact of the Covid-19 virus has quickened the pace at which e-commerce is replacing traditional forms of commerce and this has led to business opportunities for the Group. However, the long-term effect of the Covid-19 pandemic cannot yet be assessed, as this may cause the Group's existing and potential customers to decrease their marketing spend which could have a material adverse effect on the Group's business. Similarly, the Directors do not expect there will be any Brexit related material adverse impact. Accordingly, the Directors do not believe the impact of either Covid-19 or Brexit affects their assessment of going concern.

The Group raised equity capital of \$1.9m in 2019 and has raised further capital in 2020 in excess of \$12m as detailed in Note 27 to enable further expansion including the acquisition of certain assets from Avantis Team Technologies Ltd. The Group increased its borrowings in 2020 in connection with this acquisition.

Since the year end, and in particular following the completion of the acquisition of assets referred to above, there has been a very significant increase in trading levels. Trading has been profitable and the group will continue to require higher levels of working capital than it has required in previous periods in order to sustain this.

In addition to the equity raised in Q4 2020 and the existing £40 million GEM facility, which is conditional inter alia on the planned IPO and future volumes of trading in the Group's shares, the Group is in discussion with its existing principal working capital funder with a view to agreeing significantly higher limits under its existing facilities, which in the opinion of the Directors would provide sufficient working capital to fund the ongoing expected ongoing higher levels of trading activity.

Based on discussions to date and the existing relationship with the principal working capital funder, the Directors are confident such an increase in the current facilities will be agreed. However, at the date of these financial statements no formal increase in the existing working capital facilities has yet been agreed and is not guaranteed, and therefore the adoption by the Directors of the going concern basis for these financial statements is based on their opinion that such agreement will be reached in the coming weeks. Because formal agreement has not as yet been reached these conditions indicate that a material uncertainty exists in relation to the ability of the group to continue as a going concern.

The Group has a detailed working capital model which is used to determine future requirements and has closed non viable businesses to preserve cash for expansion. The nature of the business has meant that increased working capital is available from investors because of the structural change in how businesses have been operated worldwide due to the Covid 19 crisis. The Group has secured further investment which will become available upon a London Stock Exchange Listing. The Group has filed an application for listing with the Financial Conduct Authority although as at the date of approval of these financial statements this has not as yet been approved.

The management assessment of whether the Group should continue to report on the going concern basis includes the preparation of a budget covering a period of at least 12 months from the date of approval of the financial statements and trading estimates with quarterly reviews of the assumptions. The budget is prepared at the beginning of each financial year and is reviewed and approved by the Group. The going concern analysis also includes the evaluation of the material uncertainties and potential material adverse effects of industry, the global economy, the COVID-19 pandemic and relevant regulations.

As noted above, at the time of the preparation and issuance of the consolidated financial statements of the Group, formal agreement regarding further funding has not as yet been reached and these conditions indicate that a material uncertainty exists in relation to the ability of the group to continue as a going concern. The directors are not aware of any other events or conditions beyond the period of their assessment that may cast significant doubt on the entity's ability to continue as a going concern.

## Notes to the Consolidated and Company Financial Statements (continued)

### New standards, interpretations, and amendments not yet effective and not adopted by the Group

As at date of approval of the Group financial statements, the following new and amended standards, interpretations and amendments in issue are applicable to the Group but not yet effective and thus, have not been applied by the Group:

	Effective Date
Amendments to References to Conceptual Framework in IFRS Standards.	1 January 2020
Definition of a Business (Amendments to IFRS 3)	1 January 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform	1 January 2020

At the date of authorisation of these financial statements, all the above standards and interpretation have been endorsed or adopted by the EU. The Directors do not expect the adoption of these standards, interpretations and amendments to have a material impact on the Group or Company financial statements in the period of initial application.

### Basis of consolidation

Where Airnow PLC has control over an investee, it is classified as a subsidiary. Airnow PLC controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial information presents the results of Airnow PLC and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial information incorporates the results of business combinations using the reverse acquisition accounting method.

### Subsidiary companies audit exemption

The Company's active subsidiaries appScatter Limited and Abilott Limited are exempt from the requirements of the Companies Act 2006 relating to the audit of their individual accounts by virtue of section 479A of the Companies Act 2006.

### Foreign currency

Foreign currency transactions and balances at functional currency

- i) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.
- ii) Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

### Consolidation of foreign entities at presentation currency

On consolidation, results of the foreign entities are translated from the local functional currency to US Dollars using average exchange rates during the period. All assets and liabilities are translated from the local functional currency to US Dollars using the reporting period end exchange rates. Share capital, share premium, brought forward earning are translated using the exchange rates prevailing at the dates of the transactions. The exchange differences arising from the translation of the net investment in foreign entities are recognised in other comprehensive income and accumulated in a separate component of equity.

Exchange differences are recycled to profit or loss as a reclassification adjustment upon disposal of the foreign operation.



## **Notes to the Consolidated and Company Financial Statements (continued)**

### **Revenue recognition**

The Group's primary source of revenue is from the delivery of performance-based advertising on mobile applications through its proprietary software development kit ("SDK") technology.

The Group's customers are direct advertisers, affiliate advertisers and advertising agencies with whom the group will enter into a contract or ongoing master service agreement.

The Group generates revenue by charging its customers a fee based on a customer's total spend on advertising campaigns delivered through its platform. The customer's total spend on advertising is determined by multiplying an agreed performance metric option, such as cost per mil (CPM), impression (CPI), click (CPC) or action (CPA) with the volumes of units delivered.

The Group's other revenue includes sale of licences to use its software products on a rental basis for a fixed period of time. Revenue from licenses sold on a rental or subscription basis is recognised over the period for which the Group has obligations under the contract.

The Group also carries out non-recurring work under contracts or statements of work.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, sales-related taxes and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

Revenue from contracts is recognised in accordance with IFRS 15 as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, which occurs when control of the goods or services underlying the relevant performance obligation is transferred to the customer. The standard contains very prescriptive guidance in relation to the identification of performance obligations, the considerations of whether a company is acting as principal or agent.

### ***Performance obligations and timing of revenue recognition***

Revenues from performance-based advertising are recognised on completion of the performance criteria. In most cases, this is when the mobile user clicks through to an advertisement that has been displayed on a mobile application.

Revenues generated from ongoing master reseller agreements are based on a fixed price or milestone-based fee that are recognised over the period of the agreement in which the service is provided, and any relevant milestones are met.

Annual contracts for services are recognised on a monthly basis. Where advanced payments are made in advance of satisfying the performance obligation, these amounts are transferred to deferred revenue and recognised over the length of the contract.

Contracts for non-recurring services are invoiced and recognised when the performance obligations in a contract or statement of work has been completed.

## **Notes to the Consolidated and Company Financial Statements (continued)**

### **Cost of sales**

Cost of sales represents the direct and indirect expenses that are attributable to the services or product sold. They consist primarily of payments to mobile application developers as consideration for allowing the Company to integrate Airpush's SDK on their mobile applications and deliver the advertising on behalf of Airpush's customers. Cost of sales also includes hosting and data centre costs related to operating Airpush's SDK and delivery of advertisement content as well as payment processing fees.

### **Share-based payments**

The Group operates equity settled share-based payment plans for remuneration of its employees.

All employee services received in exchange for the grant of any share based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (e.g. profitability or sales growth targets).

All share based compensation is ultimately recognised as an expense in the income statement with a corresponding credit to the share based payment reserve, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, up to the nominal value of the shares issued are reallocated to common stock with any excess being recorded as additional share premium.

Where modifications are made to the vesting or lapse dates of options the excess of the fair value of the revised options over the fair value of the original options at the modification date is expensed over the remaining vesting period.

The cancellation of share options is accounted for as an acceleration of the vesting period and therefore any amount unrecognised that would otherwise have been charged should be recognised immediately.

Option grants generally vest over one to four years, with monthly vesting over the vesting period. The options have a contractual term of 10 years.

For stock options issued to non-employees, including consultants and contracted sales representatives, the Company records expense equal to the fair value of the options measured at the grant date.

### **Goodwill**

The Group uses the acquisition method of accounting for acquisitions of a subsidiary. The consideration transferred is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed in the period. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair value of net identifiable assets and liabilities acquired. Goodwill is recognised at the acquisition date.

Goodwill is capitalised as an intangible asset and is subsequently measured at cost less any accumulated impairment losses. Any impairment in carrying value is being charged to the consolidated statement of profit or loss. An impairment loss recognised for goodwill cannot be reversed.

Goodwill is allocated to appropriate cash generating units (CGUs). Goodwill is not amortised but is tested annually for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future

## Notes to the Consolidated and Company Financial Statements (continued)

cash flows and the determination of a discount rate in order to calculate the present value of the cash flows. The major assumptions are disclosed in the goodwill note 12 below.

### Intangible assets acquired as part of a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset. Externally acquired intangible assets are initially recognised at cost which is their fair value at the acquisition date and comprises customer relationships, trade names and technology.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses. The carrying values are tested for impairment when there is an indication that the value of the assets might be impaired.

All intangible assets acquired through business combinations are depreciated on a straight-line basis over their useful economic lives.

The significant intangible assets recognised by the Airnow Group and their useful economic lives are as follows:

Intangible asset	Useful economic life
Customer relationships	4 years
Trade name	5 years
Technology	3 years

The amortisation expense is recognised within administrative expenses in the profit or loss.

### Property, plant and equipment

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, the following assets have been depreciated using the declining-balance method. The estimated useful lives range as follows:

Furniture and fixtures	-	10 years on cost
Office equipment	-	3 to 6 years on cost
Software	-	2 to 3 years on cost
Right of use assets	-	over the remaining lease term
Domain names	-	2 to 3 years on cost

### Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held with banks.

### Financial assets

On initial recognition, the Group classifies its financial assets as either financial assets at fair value through profit or loss, at amortised cost or fair value through comprehensive income, as appropriate. The classification depends on the purpose for which the financial assets were acquired. At each reporting year-end, the financial assets of the Airnow Group are all classified as loans and receivables.

Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

## **Notes to the Consolidated and Company Financial Statements (continued)**

### **Trade and other receivables**

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

They are initially recognised at fair value and measured subsequent to initial recognition at amortised cost using the effective interest method, less any impairment loss.

The Group's financial assets comprise trade receivables, other receivables (excluding prepayments) and cash and cash equivalents.

#### *Trade and other receivables - impairment*

From 1 January 2018, the Group has applied an expected credit loss model to calculate the impairment losses on its trade receivables. The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. Trade receivables at the balance sheet date have been put into groups based on days past the due date for payment and an expected loss percentage has been applied to each group to generate the expected credit loss provision for each group and a total expected credit loss provision has thus been calculated.

### **Financial liabilities**

Financial liabilities are recognised when the Airnow Group becomes a party to the contractual agreements of the instrument.

At initial recognition financial liabilities (trade and other payables, excluding other taxes and social security costs, bank borrowings and deferred income), are measured at their fair value plus, if appropriate, any transaction costs that are directly attributable to the issue of the financial liability. These financial liabilities are subsequently carried at amortised cost using the effective interest method.

The Group determines the classification of its financial liabilities at initial recognition and re-evaluate the designation at each financial year end.

A financial liability is de-recognised when it is extinguished, discharged, cancelled or expires.

### **Share capital**

Financial instruments issued by the Airnow Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Airnow Group's share capital is classified as equity instruments and shown in note 20.

### **Leases**

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets, which are expensed to the profit & loss over the expense term.

The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

The right-of-use assets at 1 January 2018 was subsequently disposed in year 2018. There were no right-of-use assets nor lease liabilities at 31 December 2018 and 31 December 2019.

### **Retirement Benefits**

The Group operates a defined contribution plan for its employees in UK. 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 payments obligations. The Group also has a 401(k) plan, a type of defined contribution scheme in United States in which all employees are eligible to participate after meeting eligibility requirements.

## **Notes to the Consolidated and Company Financial Statements (continued)**

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plans are held separately from the Group in independently administered funds.

### **Deferred taxation**

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities.

### **Critical accounting estimates and judgements**

The Group makes certain estimates and judgements regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and judgements. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### **Judgements**

##### **(a) Fair value measurement**

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of fair value. The inputs used in determining fair value measurements are observable direct or indirect inputs.

The management engaged an external valuer to produce a valuation report of the fair value of the business acquired in the legal acquisition of Airpush Inc on 17 December 2019. As this has been accounted for as a reverse acquisition under IFRS 3, Airpush Inc is the accounting acquirer and the valuation is of the business of Airnow PLC and its direct subsidiaries on 17 December 2019. A purchase price allocation was undertaken to identify the technology and customer relationships acquired. The fair values of these intangible assets are shown in note 24, the reverse acquisition of Airnow PLC.

The determination of the fair value of intangible assets, including goodwill arising on the acquisition of businesses, which is expected to generate future economic benefits, is based on management's judgement.

The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset where no active market for the assets exists. The use of different assumptions for the expectations of future cash flows, the discount rate and useful life of intangibles are inherently based on management's judgement and would change the valuation of the intangible assets.

## Notes to the Consolidated and Company Financial Statements (continued)

Allocation of the purchase price affects the results of the Group as finite life intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised and could result in differing amortisation charges based on the allocation to indefinite lived and finite lived intangible assets.

### (b) Impairment of goodwill and intangible assets acquired in a business combination

IFRS requires management to undertake an annual test for impairment of indefinite life assets and finite life assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

As set out in the accounting policies above, intangible assets acquired in a business combination other than goodwill are capitalised and amortised over their useful lives. Both initial valuations and valuations for subsequent impairment tests are based on risk adjusted future cash flows discounted using appropriate discount rates. These future cash flows will be based on forecasts and the discount rates which are inherently judgemental. Future events could cause the assumptions to change which could have an adverse effect on the future results of the Group.

## Estimates

- (c) Convertible loan note – On 30 December 2017 Airpush Inc entered into a convertible promissory note and assignment agreement with Gogoplata Ventures LLC. The annual interest rate for this note was 20% and the Group has assessed the market interest for this note was 20%. In December 2019 the agreement was amended upon the negotiation of a new facility with Harbert. These facilities are shown in note 17 Loans and Borrowings.
- (d) Taxation - In recognising income tax assets and liabilities, management makes estimates of the likely outcome of decisions by tax authorities on transactions and events whose treatment for tax purposes is uncertain. Where the final outcome of such matters is different, or expected to be different, from previous assessments made by management, a change to the carrying value of income tax assets and liabilities will be recorded in the period in which such a determination is made. In recognising deferred tax assets and liabilities management also makes judgements about likely future taxable profits. The carrying values of current tax and deferred tax assets and liabilities are disclosed separately in the consolidated statement of financial position

## Notes to the Consolidated and Company Financial Statements (continued)

### 3. Financial instruments – risk management

The Board of directors of Airnow has overall responsibility for the determination of the Airnow Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Airnow Group's competitiveness and flexibility. The Airnow Group reports in US Dollars \$. All funding requirements and financial risks are managed based on policies and procedures adopted by the board.

The Airnow Group is exposed to the following financial risks:

- Market risk
- Interest rate risk
- Credit risk
- Liquidity risk
- Foreign exchange risk

In common with all other businesses, the Airnow Group is exposed to risks that arise from its use of financial instruments. The principal financial instruments used by the Airnow Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Bank loans

To the extent financial instruments are not carried at fair value in the consolidated statement of financial position, book value approximates to fair value at 31 December 2019, 31 December 2018 and 1 January 2018.

Trade and other receivables are measured at amortised cost. Book values and expected cash flows are reviewed by the Board and any impairment charged to the consolidated statement of comprehensive income in the relevant period.

Trade and other payables are measured at amortised cost.

#### Financial instruments by category

Financial assets	2019 \$'000	2018 \$'000
<b>Current</b>		
Cash and cash equivalents	418	279
Trade receivables – due at reporting date	493	1,955
Trade receivables – not due at reporting date	859	2,317
Gross trade receivables	1,352	4,272
Less provision for impairment	(75)	(246)
Trade receivables - net	1,277	4,026
Accrued income	426	37
Receivables at amortised cost	1,703	4,063
<b>Financial assets at amortised cost</b>	<b>2,121</b>	<b>4,342</b>

## Notes to the Consolidated and Company Financial Statements (continued)

### Financial liabilities

	2019 \$'000	2018 \$'000
Trade payables	11,177	4,380
Other payables	1,920	-
Deferred income	899	682
Accruals	4,182	686
<b>Trade and other payables</b>	<b>18,178</b>	<b>5,748</b>
Bank loans	2,264	304
Convertible loan note	2,500	2,500
Loan note	-	160
Factoring	550	123
<b>Loans and borrowings</b>	<b>5,314</b>	<b>3,087</b>
<b>Financial liabilities at amortised cost</b>	<b>23,492</b>	<b>8,835</b>

The management of risk is a fundamental concern of the Airnow Group's management. This note summarises the key risks to the Airnow Group and the policies and procedures put in place by management to manage them.

#### a) Market risk

Market risk arises from the Airnow Group's use of interest-bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or foreign exchange rates (foreign exchange risk).

#### Interest rate risk

The Airnow Group is exposed to cash flow interest rate risk from bank borrowings at variable rates in 2018 but the borrowings including factoring in 2019 are all on a fixed rate basis. The Airnow Group's bank borrowings and other borrowings are disclosed in note 17.

The following table demonstrates the sensitivity of profit before tax and net assets to a 1 percent change (lower/higher) to the interest rates of the borrowings at 31 December 2018 and 2019 to the profit before tax and net assets for the period:

	2019 \$'000	2018 \$'000
Bank loans	-	31



## Notes to the Consolidated and Company Financial Statements (continued)

### Foreign exchange risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in Sterling £ and in Euro, primarily relating to Airnow companies acquired as part of the reverse acquisition on 17 December 2019.

<b>Sterling £</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash & equivalents	1	-
Trade & other receivables	1,551	-
Other payables and accruals	(8,314)	-
Bank overdrafts	(660)	-
	<b>(7,422)</b>	<b>-</b>

<b>Euro</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash & equivalents	34	-
Trade & other receivables	165	-
Other payables and accruals	(977)	-
Loans and borrowings	(1,603)	-
	<b>(2,381)</b>	<b>-</b>

### Sensitivity analysis

The following table indicates the change in the Group's loss for the period and accumulated losses that would arise if foreign exchange rates in Sterling £ and Euro to which the Group has significant exposure at the end of each reporting period had changed at that date, assuming all other risk variables remained constant.

<b>Sterling £ currency change</b>	<b>2019</b>	<b>2018</b>
<b>Profit or loss</b>	<b>\$'000</b>	<b>\$'000</b>
10% strengthening of sterling	(61)	-
10% weakening of sterling	50	-
<b>Net assets/(liabilities)</b>		
10% strengthening of sterling	(1,078)	-
10% weakening of sterling	890	-

<b>Euro currency change</b>	<b>2019</b>	<b>2018</b>
<b>Profit or loss</b>	<b>\$'000</b>	<b>\$'000</b>
10% strengthening of sterling	(65)	-
10% weakening of sterling	53	-
<b>Net assets/(liabilities)</b>		
10% strengthening of sterling	(349)	-
10% weakening of sterling	285	-

## Notes to the Consolidated and Company Financial Statements (continued)

### b) Credit risk

Credit risk is the risk of financial loss to the Airnow Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Airnow Group is mainly exposed to credit risk from credit sales. The Airnow Group's net trade receivables for the three reported periods are disclosed in the financial assets table above.

The Airnow Group attempts to mitigate credit risk by assessing the credit rating of new customers prior to entering into contracts and by entering contracts with customers with agreed credit terms.

In order to minimise this credit risk, the Airnow Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount. Refer point c under critical accounting estimates and judgements where the group has full written off the balance due from a debtor.

Airnow evaluates the collectability of its accounts receivable and provides an allowance for expected credit losses based upon the ageing of receivables as shown in note 14 Trade and other receivables.

Other receivables comprise prepayments, the management do not consider that there is any concentration of risk within other receivables.

Credit risk on cash and cash equivalents is considered to be small as the counterparties are all substantial banks with high credit ratings. The deposits and cash balances at the main banks are partly insured, some balances at smaller foreign banks are not insured but are not material. The maximum exposure is the amount of the deposit. To date, Airnow has not experienced any losses on its cash and cash equivalent deposits.

### c) Liquidity risk

Liquidity risk arises from the Airnow Group's management of working capital. It is the risk that the Airnow Group will encounter difficulty in meeting its financial obligations as they fall due. The Group plans to acquire additional financing, the company is constant negotiations with the venture capitals and financial institutions. The Airnow Group also uses an invoice discounting facility to help manage this risk. The table below analyses the Airnow Group's financial liabilities by contractual maturities and all amounts disclosed in the table are the undiscounted contractual cash flows:

#### GROUP

31 December 2019	Within 1 year \$'000	1-2 years \$'000	2-5 years \$'000
Trade/other payables and accruals	17,279	-	-
Bank loans	2,264	-	-
Convertible loan note	-	-	2,500
Factoring	550	-	-
	22,593	-	2,500
31 December 2018	Within 1 year \$'000	1-2 years \$'000	2-5 years \$'000
Trade/other payables and accruals	5,066	-	-
Bank loans	304	-	-
Convertible loan note	2,500	-	-
Note	160	-	-
Factoring	123	-	-
	8,153	-	-

## Notes to the Consolidated and Company Financial Statements (continued)

### d) Capital management

The Airnow Group's capital is made up as follows:

	2019 \$'000	2018 \$'000
Share capital	4,301	3,179
Share premium	17,043	-
Deferred shares	5,180	-
Shares to be issued	10,914	10,914
Treasury shares reserve	(264)	-
Merger reserve	82,008	82,008
Reverse acquisition reserve	(82,058)	(88,908)
Share-based payment reserve	30	-
Retained earnings & foreign exchange reserve	(20,091)	(8,400)
	17,063	(1,207)

The Airnow Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Airnow Group consists of shareholders' equity as set out in the consolidated statement of changes in equity. All working capital requirements are financed from existing cash resources and borrowings.

## 4. Discontinued operations

The management made a strategic withdrawal from anti-piracy monetisation tool business within the media segment and certain geographical area of operations comprising of Tapcore BV, SIA Tapcore and Airpush India at 31 December 2019. The combined results for these discontinued businesses are shown below:

	Note	2019 \$'000	2018 \$'000
Revenue	5	383	3,706
Cost of sales		(628)	(1,323)
Gross profit		(245)	2,383
Administrative expenses		(6,959)	(3,611)
Operating loss	6	(7,204)	(1,228)
Finance expense	8	(20)	(84)
Loss before tax		(7,224)	(1,312)
Tax expense	9	57	215
Loss on discontinued operation, net of tax		(7,167)	(1,097)

These discontinued businesses do not meet the criteria under IFRS 5 'Non-current assets held for sale and discontinued operations' for its assets and liabilities to be classified as held for sale in the Group's financial position as at 31 December 2019.

## Notes to the Consolidated and Company Financial Statements (continued)

## 5. Segmental information

The management team including key management members and the 2 main directors is responsible for allocating resources and assesses performance of the business and other activities at the operating segment level.

The Group is organised into three operating segments: app media, data and cybersecurity. The revenue for data and cyber security was less than \$100k for the period 17th December 2019 (reverse acquisition of Airnow PLC) to 31 December 2019 and hence they were not disclosed in the table below.

### (a) Revenue from operations

	2019 \$'000	2018 \$'000
Revenue arises from:		
App media	9,090	10,094

### (b) Geographic markets

An analysis of external revenue by geographic market is given below:

	2019 \$'000	2018 \$'000
United States of America	1,848	3,591
Israel	95	302
India	5,698	3,185
Poland	48	149
Argentina	84	149
Colombia	142	-
Uruguay	132	139
Spain	61	199
Germany	14	-
Ireland	171	857
Mexico	348	378
Rest of the World	449	1,145
Continuing operations	9,090	10,094
Discontinued operations	383	3,706
	9,473	13,800

The Group has operations in US, UK and rest of the world (Germany, Netherland, Latvia, India, China). The total assets and liabilities by geographical segments are not regularly provided to the chief operating decision maker as these assets and liabilities are managed centrally.

An analysis of non-current assets by geographical location of assets:

	2019 \$'000	2018 \$'000
United States of America	9,540	3,613
United Kingdom	31,862	-
Rest of the World	3	24
Total	41,405	3,637

## Notes to the Consolidated and Company Financial Statements (continued)

### 6. Operating loss

The operating loss for the year is stated after charging:

	2019 \$'000	2018 \$'000
Audit fees	150	80
Other audit services:		
Non-audit fees - taxation advisory and compliance services	-	88
Non-audit fees – other assurance services	-	97
Foreign exchange losses/(gains)	-	(193)
Loss on disposal of property, plant and equipment	-	(15)
Depreciation of property, plant and equipment – continuing operations	-	14
Amortisation of intangible assets – continuing operations	1,060	-
Staff costs (note 7)	1,561	1,810

### 7. Staff costs

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

	2019	2018
Management	5	1
Operations and administration	48	15
Total	53	16

	2019 \$'000	2018 \$'000
Wages and salaries*	1,414	1,682
Social security costs	120	128
Share based payments	27	-
Total	1,561	1,810

\*including pension costs.

The staff costs for continuing businesses above included Airnow PLC and its subsidiaries for a period from 17 December 2019 to 31 December 2019 after the business combination with Airpush Inc.

Key management personnel compensation for continuing businesses was made up as follows:

	2019 \$'000	2018 \$'000
Salaries/fees	430	48
Pension costs	-	-
Share based payments	10	-
	440	48

**Notes to the Consolidated and Company Financial Statements (continued)**

The following directors' remuneration of Airnow PLC is included in the staff costs for 2019 for the enlarged group for the period from 17 December 2019 to 31 December 2019.

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries/fees	27	48
Pension costs	-	-
Share based payments	11	-
	<b>38</b>	<b>48</b>

**COMPANY**

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

	<b>2019</b>	<b>2018</b>
Management	4	5

**8. Finance expenses**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Finance expenses</b>		
Interest on bank loans	177	36
Interest on convertible loan note	500	500
<b>Total finance expense</b>	<b>677</b>	<b>536</b>

## Notes to the Consolidated and Company Financial Statements (continued)

### 9. Tax credit

As these accounts are prepared on the basis of a reverse acquisition this note relates primarily to Airpush Inc.

	2019 \$'000	2018 \$'000
Corporate tax		-
Foreign tax	294	(55)
State tax	(3)	2
Total current tax expense/(credit)	291	(53)
Deferred tax		
Origination and reversal of timing differences	(621)	(160)
Tax credit for the year	(330)	(213)
Income tax (credit)/expense from continuing operations	(273)	2
Income tax credit from discontinued operations	(57)	(215)
Tax credit for the year	(330)	(213)

The tax assessed for the year is different from the standard rate of corporation tax as applied in the respective trading domains where the Group operates. The differences are explained below:

	2019 \$'000	2018 \$'000
Loss before tax – continuing and discontinued operations	(12,223)	(2,321)
Loss before tax multiplied by the respective standard rate of corporation tax applicable – 25% (2018:25%)	(3,056)	(580)
Effects of:		
State taxes	(3)	2
Overseas tax rates	294	(55)
Losses not recognised as deferred tax	3,056	580
Deferred tax credit – amortization and impairment of intangibles	(621)	(160)
Tax credit for the year	(330)	(213)

For 2019 we have used the USA corporation tax rate of 25% (including USA state tax rate) as the Group results include Airpush Inc group results for the year to 31 December 2019 and only 14 days to 31 December 2019 of Airnow plc group companies in UK and Germany. Hence, the above corporation tax rate was not adjusted. As the timing and extent of taxable profits are uncertain, the deferred tax asset arising on the above losses and accelerated timing differences has not been recognised in the financial statements.

## Notes to the Consolidated and Company Financial Statements (continued)

### 10. Earnings per share

	2019	2018
Loss attributable to shareholders of the Company (\$'000) :		
- Continuing operations	(4,726)	(1,011)
- Discontinued operations	(7,167)	(1,097)
- Total operations	(11,893)	(2,108)
Weighted average number of ordinary shares ('000)	57,709	56,900
Dilutive effect of options	-	-
Weighted average number of shares - diluted earnings per share ('000)	57,709	56,900
Basic & diluted earnings per share (Cents):		
- Continuing operations	(8.2)	(1.8)
- Discontinued operations	(12.4)	(1.9)
- Total operations	(20.6)	(3.7)

Basic loss per share is calculated by dividing the loss for the period from continuing operations of the Group by the weighted average number of ordinary share capital of Airnow PLC. Where a loss has been recorded the effect of options is not dilutive and therefore the basic and diluted figure is the same.

The weighted average number of shares is calculated using the number of Airnow PLC shares that were owned by the accounting acquirer Airpush Inc pre and post the business combination on 17 December 2019.



Notes to the Consolidated and Company Financial Statements (continued)

11. Property, plant and equipment

	Office equipment \$'000	Furniture and fixtures \$'000	Domain names \$'000	Right of use lease asset \$'000	Total \$'000
<b>COST</b>					
<b>At 1 January 2018</b>	301	4	9	677	991
Additions	-	-	-	-	-
Disposals	(41)	(4)	-	(677)	(722)
<b>At 31 December 2018 and 2019</b>	260	-	9	-	269
<b>DEPRECIATION</b>					
<b>At 1 January 2018</b>	272	1	-	320	593
Charge for period	-	-	9	-	9
Disposals	(15)	(1)	-	(320)	(336)
<b>At 31 December 2018 and 2019</b>	257	-	9	-	266
<b>NET BOOK VALUE</b>					
<b>At 1 January 2018</b>	29	3	9	357	398
<b>At 31 December 2018 and 2019</b>	3	-	-	-	3

## Notes to the Consolidated and Company Financial Statements (continued)

### 12. Intangible assets

	Goodwill	Trade name	Technology	Software	Customer Relationships	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>COST</b>						
<b>At 1 January 2018</b>	2,232	120	916	80	1,248	4,596
Disposals	-	-	-	(4)	-	(4)
<b>At 31 December 2018</b>	2,232	120	916	76	1,248	4,592
Additions	-	-	10,600	-	-	10,600
Acquisitions	22,679	-	7,636	-	1,547	31,862
<b>At 31 December 2019</b>	24,911	120	19,152	76	2,795	47,054
<b>AMORTISATION AND IMPAIRMENT</b>						
<b>At 1 January 2018</b>	-	9	115	73	117	314
Charge for period	-	24	305	4	313	646
Disposals	-	-	-	(2)	-	(2)
<b>At 31 December 2018</b>	-	33	420	75	430	958
Charge for period	-	24	1,365	-	312	1,701
Impairment for period	2,232	63	191	-	507	2,993
<b>At 31 December 2019</b>	2,232	120	1,976	75	1,249	5,652
<b>NET BOOK VALUE</b>						
At 1 January 2018	2,232	111	801	7	1,131	4,282
At 31 December 2018	2,232	87	496	1	818	3,634
At 31 December 2019	22,679	-	17,176	1	1,546	41,402

The carrying value of Goodwill per CGU was as follows:

	2019 \$'000	2018 \$'000
Tapcore BV	-	2,232
Airnow PLC	22,679	-
	22,679	2,232

#### Goodwill arising on the reverse acquisition of Airnow PLC

On 17 December 2019 Airnow PLC and Airpush Inc signed an agreement under which Airnow PLC acquired the entire common stock of Airpush Inc in exchange for new shares in Airnow PLC. On 17 December 2019, 48,384,601 new shares of Airnow PLC were issued to holders of Common Stock in Airpush Inc. Based on the reverse acquisition rules, the calculation of the goodwill of \$22.7 million is related to the acquisition of Airnow PLC and this is as detailed in note 24 to the accounts.

#### Acquired intangible assets of Airnow PLC

Management perform a review following the reverse acquisition of Airnow PLC to identify any intangible assets acquired. This review and valuation of intangible assets were carried out as at 17 December 2019 by an external professional valuer BDO. As a result of the review and valuation, adjustments of \$9.2 million were made to the carrying valuation of two intangible assets categories - technology and customer relationships and this is as explained in note 24 to the accounts.

The valuation methods used to determine the above acquired technology and customer relationships are income approach (relief from royalty) method and income approach (excess earnings method), respectively.

## Notes to the Consolidated and Company Financial Statements (continued)

### Impairment review of Goodwill

The Group has Goodwill that has been acquired through business combinations but does not hold any intangible assets that have indefinite lives.

The approach of the Group is to test Goodwill impairment at the cash generating unit ('CGU') level annually. This is the lowest level of unit at which the Group is effectively able to manage and monitor performance, cash flow and goodwill. The Goodwill has been allocated for impairment testing purposes to these cash generating units. The valuation is performed on a value-in-use basis in accordance with IAS 36 Impairment of assets.

However, as management has decided to discontinue the business of Tapcore in 2019, it was decided to fully impair the Goodwill of \$2.2 million that arose on the acquisition of Tapcore by Airpush Inc in 2017.

### Impairment of intangible assets

The intangible assets of Tapcore were also fully impaired during the year. The amount impaired was \$1.0 million.

In 2019 Airpush Inc purchased the trade and assets of a mobile advertising business that is branded ReachAd. An intangible asset was recognised in respect of Technology acquired at a fair value of \$10.6 million and this is amortised over its useful lives. There is no events or changes in circumstances as at 31 December 2019 to indicate that the carrying amount may not be recoverable.

## 13. Investments

### COMPANY

The principal subsidiaries of Airnow PLC, all of which have been included in the consolidated financial statements, are as follows:

	Country of Incorporation	Parent	Ownership interest at 31 Dec 2019	Nature of business
Airpush Inc.	US	Airnow PLC	100%	Digital advertising
Airpush India PVT <sup>1</sup>	India	See note below	100%	Digital advertising
Airpush India Holdings, Inc	US	Airpush Inc.	100%	Dormant
Airpush Hong Kong Co., Ltd	Hong Kong	Airpush Inc.	100%	Digital advertising
Tapcore BV	Netherlands	Airpush Inc.	100%	Digital advertising
SIA Tapcore <sup>2</sup>	Latvia	See note below	100%	Digital advertising
Zhenli (Shanghai) Information and Technology Limited	P.R. of China	Airpush Hong Kong Co., Ltd	100%	Digital advertising
appScatter Limited	UK	Airnow PLC	100%	Software Development
appScatter LLC (Delaware)	US	appScatter	100%	Software Development
DSH Labs LLC (Delaware)	US	appScatter LLC	100%	Software Development
Priori Data GmbH	Germany	Airnow PLC	100%	SaaS platform for mobile app intelligence
Abilott Limited	UK	Airnow PLC	100%	Digital security solutions

On 17 December 2019 upon the Merger agreement Airnow PLC acquired the common stock of Airpush Inc and recorded a new investment in its legal subsidiary Airpush Inc.

<sup>1</sup> 0.01% of Airpush India PVT owned by Airpush India Holdings, Inc and the remainder by Airpush Inc.

<sup>2</sup> 10% of SIA Tapcore is owned by Tapcore BV and the remainder by Airpush Inc.

## Notes to the Consolidated and Company Financial Statements (continued)

Company	Registered address
Airpush Inc.	11400 West Olympic Blvd Suite 200 Los Angeles, CA 90064 United States
Airpush India PVT	L-148, 5th Main, Sector-6, HSR Layout, Bengaluru, Karnataka- 560102
Airpush India Holdings, Inc	2711 Centerville Road, Suite 400 Wilmington DE 19808
Airpush Hong Kong Co., Ltd	Flat 01B3, 10/F Carnival Comm, Bldg 18, Java Rd North Point, Hong Kong
Tapcore BV	Schoolstraat 174, Voorschoten, 2252CN, Netherlands
SIA Tapcore	Riga, Krisjana Valdemara iela 18 - 7, LV-1010
Zhenli (Shanghai) Information and appScatter Limited	Room 12534, Building 14, No. 3265, Jinhai Highway, Fengxian District, Salisbury House, London Wall, London, England, EC2M 5PS
appScatter LLC (Delaware)	c/o Spiegel & Utrera, P.A., 9 East Loockerman Street, STE 202, Dover, DE 19901
DSH Labs LLC (Delaware)	c/o Spiegel & Utrera, P.A., 9 East Loockerman Street, STE 202, Dover, DE 19901
Priori Data GmbH	Lobeckstraße 36-40, 10969 Berlin, Germany
Abilott Limited	Salisbury House, London Wall, London, England, EC2M 5PS

### Investments in associates

Abilott Sales Limited was incorporated in United Kingdom on 9 January 2019. The primary business is provision of digital security solutions. The company is 50% owned by Airnow plc and is treated as an associate using the equity method in the consolidated financial statements. The profit or loss for this company for the period between 17 December 2019 (date of business combination with Airpush Inc) and 31 December 2019 is immaterial and therefore this was not disclosed in the accounts.

Investment movements	2019 \$'000	2018 \$'000
Opening balance	19,263	4,040
Acquisition of Priori Data GmbH	-	13,997
Acquisition of Abilott Limited	-	1,075
Directly attributable acquisition costs	-	723
Acquisition of Airpush Inc	97,142	-
Impairment during the year	(55,469)	-
Foreign exchange	837	(572)
Closing balance	61,773	19,263

The Directors carried out an impairment review of the carrying value of the subsidiaries as at 31 December 2019 and the amount charged was \$55.5 million (2018:\$nil) relating to the investment in Airpush Inc. This impairment is partly due to the discount rate used in the value in use calculation, reflecting the risks in the cashflows. See details below for the rate used.

This impairment charged is recognised in the merger reserve in accordance with Companies Act.

### Investment impairment review

At each reporting year end, the carrying value of each investment in a subsidiary is tested for impairment to assess whether the value of the investment carried at no more than its recoverable amount. When carrying out impairment tests these would be based upon future cash flow forecasts for the cash generating unit(CGU) of each investment and these forecasts would be based upon management judgement.

In order to evaluate the recoverable amount of each CGU based on value in use, the following key information should be noted.

- The recoverable amounts have been determined using the cashflow forecast from its most recent financial plans projected for a five-year period and then extrapolated into perpetuity, with a discount rate applied.

## Notes to the Consolidated and Company Financial Statements (continued)

- The financial plans have been prepared at the cash generating unit level based on historical trends adjusted for expected events. Projected adjusted revenue for each CGU is expressed as the compound annual growth rates (CAGR) in the initial five years of the forecasts used for impairment testing. This methodology places strong emphasis on early year cash flows and revenue growth assumptions in evaluating impairment.

The revenue growth started with a high revenue growth in year 1 (Year 2020) based on management projections and followed by the use of CAGR in subsequent years (Year 2021-2024) with gradual tapered revenue growth to reach 2% in the terminal period.

- The pre-tax adjusted discount rate is based on an adjusted weighted average cost of capital (WACC) on the WACC of 45.2% (pre-tax WACC 45.9%) used in the Company's independent valuation of appScatter's intangible assets following its reverse acquisition of Airpush Inc on 17 December 2019. The base WACC is adjusted for specific risk premium to reflect the increased risk associated with achievement of the financial projections for each CGU.
- The perpetual growth rate reflects the maturity, penetration and profile of the cash generating units with 2% applied for each CGU.

The revenue and costs assumptions for Year 1 and 2 (Year 2020 and 2021), base discount rate of 45.2% and perpetual growth rate of 2% for all the CGUs are based on the assumptions used in the Company's independent valuation of appscatter's intangible assets.

### Value in Use assumptions

The table below shows key assumptions used in the value in use calculations for each of the cash generating units (CGU):

	Priori Data GmbH	Abilott Limited	Appscatter Limited	Airpush Inc
Pre-tax adjusted discount rate	31.4%	18.8%	34.0%	28.4%
Projected adjusted revenue – CAGR	61%	2%	74%	47%
Long-term growth rate	2.0%	1.5%	2.0%	2.0%

A key assumption was that the partnership agreement between the Appscatter Group and Airpush Inc signed pre-acquisition in March 2019 would generate strong growth in Appscatter Limited forecast income arising from the Airpush Inc customer base.

### Sensitivity to changes in assumptions

Management considered a change in the key revenue assumption while leaving all other assumptions unchanged. This would cause the impairment of the carrying amount to change as follows:

	Priori Data GmbH	Abilott Limited	Appscatter Limited	Airpush Inc
Projected adjusted revenue CAGR reduced by:	10%	10%	10%	10%
Impairment of carrying value increased by:	\$5.5 mn	\$0.0 mn	\$0.0 mn	\$18.5 mn

### Net amounts due from subsidiaries

#### COMPANY

The amounts have no fixed repayment terms and repayable as when funding are available in these subsidiaries.

## Notes to the Consolidated and Company Financial Statements (continued)

### 14. Trade and other receivables

The group and company apply the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables.

The expected loss rates are based on historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the group's customers. The group has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors in the markets where the group operates.

Trade and other receivables have not been discounted as they are short-term debts.

GROUP	2019 \$'000	2018 \$'000
Trade receivables – gross	1,352	4,272
Less: provision for impairment	(75)	(246)
Trade receivable – net	1,277	4,026
Prepayments and accrued income	570	37
Other receivables	594	-
Total trade and other receivables	2,441	4,063

	2019 \$'000	2018 \$'000
Not past due, not impaired	812	2,160
Past due but not impaired:		
Up to 30 days	174	648
31 to 60 days	143	263
61 to 90 days	81	234
Over 90 days	95	810
	493	1,955
Past due but impaired - more than 90 days	47	157
Less: Impairment provision	(75)	(246)
Net trade receivables	1,277	4,026

Not past due and not impaired	812	2,160
Past due but not impaired	493	1,955
Past due and fully impaired	47	157
Gross trade receivables	1,352	4,272

#### Provision for impairment

Opening balance	246	136
(Decrease)/increase during the period	(171)	110
Closing balance	75	246
Specific provision	48	157
Expected loss provision	27	89
Total provision	75	246

## Notes to the Consolidated and Company Financial Statements (continued)

### Factoring

The following amounts of trade receivables were held under a factoring arrangement:

	2019	2018
	\$'000	\$'000
	2,579	159

The use of factoring has not led to derecognition of the underlying trade receivable.

### COMPANY

The company does not carry any trade receivables

	2019	2018
	\$'000	\$'000
Prepayments	25	82
Other taxes receivables	207	22
Other receivables	-	13
<b>Total trade and other receivables</b>	<b>232</b>	<b>117</b>

## 15. Trade and other payables

GROUP	2019	2018
	\$'000	\$'000
Trade payables	11,177	4,380
Other taxes and social security	1,279	-
Other payables	1,920	-
Accruals	4,182	686
Deferred income	899	682
<b>Total trade and other payables</b>	<b>19,457</b>	<b>5,748</b>

COMPANY	2019	2018
	\$'000	\$'000
Trade payables	2,079	307
Other taxes and social security	84	13
Other payables	1,310	383
Accruals	1,270	131
<b>Total trade and other payables</b>	<b>4,743</b>	<b>834</b>

## Notes to the Consolidated and Company Financial Statements (continued)

### 16. Leases

Property, plant and equipment comprises owned and leased assets. The right-of-use assets were disposed of in January 2018.

	2019 \$'000	2018 \$'000
<b>Right-of-use assets</b>		
The group leases office buildings:		
Balance at 1 January	-	357
Disposed	-	(357)
Balance at 31 December	-	-
Amounts recognised in the statement of cashflows		
Total cash outflow for leases	-	369

### 17. Loans and borrowings

	GROUP 2019 \$'000	GROUP 2018 \$'000	COMPANY 2019 \$'000	COMPANY 2018 \$'000
<b>Current</b>				
Loan facility – secured	936	304	377	-
Convertible Loan note from shareholder	-	2,500	-	-
Loan note	-	160	-	-
Factoring	550	123	-	-
<b>Total current loans</b>	<b>1,486</b>	<b>3,087</b>	<b>377</b>	<b>-</b>
<b>Non-current</b>				
Loan facility - secured	3,828	-	1,226	-
<b>Total non-current loans</b>	<b>3,828</b>	<b>-</b>	<b>1,226</b>	<b>-</b>
<b>Total loans and borrowings</b>	<b>5,314</b>	<b>3,087</b>	<b>1,603</b>	<b>-</b>

#### Loan facility - secured

The ArchOver loan, Harbert European Speciality Lending Company II Sarl loan and Funding Circle loan are secured by either fixed or floating charges over the assets of Airnow PLC group (excluding Airpush Group). The Harbert loan of \$1.6 million is denominated in Euro. Interest on the loans are at fixed rate between 7.5% to 14%.



## **Notes to the Consolidated and Company Financial Statements (continued)**

### **Convertible loan note**

On 27 July 2017 Airpush Inc entered into a convertible promissory note agreement with the shareholder of the company. The agreement provides borrowings of \$1,000,000 with an expiry date of 27 July 2019. The annual interest rate for the note is 2%. The agreement dated 27 July 2017 sets out conversion options upon qualified financing, non-qualified financing, change of control and mandatory conversion at the date of maturity. The first three events are neither in control of either of the parties, the company chooses to evaluate the note based on the mandatory conversion at maturity into preferred stock, which sets out the number of shares to be received on conversion via the conversion price as \$100,000,000 divided by the number of common stock shares outstanding as of the date of the note including shares reserved. This therefore contains a fixed amount of shares for a fixed amount of cash as prescribed by IAS 32. The Company therefore has recognised two components including an equity component, using the effective interest rate of 20%. The Company has recognized an initial fair value of the financial liability of \$725,000 and the residual as equity of \$275,000. Subsequent measurement of this component would be at amortised cost.

On 30 December 2017 Airpush Inc entered into a convertible promissory note and assignment agreement with Gogoplata Ventures LLC. The agreement provides additional borrowing of \$1,500,000 and assigns the existing borrowing from the shareholder of the company to Gogoplata Ventures LLC for \$1,000,000, the Company believes this tantamount to modification and accordingly a loss on the extinguishment of the Asher Delug Note has been recognized, being the difference between the face value of the note of \$1,000,000 and the carrying value of the financial liability, initially \$725,000, at 30 December 2017. This convertible promissory note is repayable on 30 December 2018 and the annual interest rate is 20% which the company believes is in line with market rate. The agreement dated 27 July 2017 sets out conversion options upon qualified financing, non-qualified financing, change of control and conversion at the date of maturity. The Company believes these events are in control of neither party and so the liability component is measured on the basis of expected cash/value flows. On Maturity Date, the note would be converted into Senior Equity Securities, which the Company believes to include a cash settlement option on the part of the holder and a holder option to settle in a variable number of shares which, has a fixed and constant value. The conversion price per share is equal to the \$100,000,000 divided by the fully diluted equity capitalisation of Airpush Inc. Airpush Inc received the additional \$ 1,500,000 from Gogoplata Ventures LLC on 4 January 2018. The company accounts for this note as a financial liability in accordance with the terms of the agreement. Subsequent measurement of this component would be at amortised cost.

On 30 December 2018 Airpush Inc entered into a further agreement extending the \$2,500,000 note to 30 December 2023 at an annual interest rate of 20%. This Instrument appears to be largely the same as instrument two above, except for the insertion of the reverse takeover clause. Airpush Inc believes, with this clause, as the share price of the entity changes, the holder may get more or fewer shares however the ultimate value does not change, hence at maturity the holder has the option to get the value in either ordinary shares or a pure debt instrument. Airpush Inc believes this change in term does not amount to a modification and hence continued to value the loan as a financial liability at amortised cost with market rate of interest being 20%.

### **Loan Note - unsecured**

On 20 August 2018, Airpush Inc entered into a loan note agreement with K Bochkarev. The maximum loan facility is \$160,000 which was repaid in August 2019 as per the terms of the agreement. The current interest rate that applies to the loan is 27% per annum.

### **Factoring**

On 5 February 2018, Tapcore BV entered into a loan facility agreement with Triple Dragon Limited. The maximum loan facility is \$500,000 which was fully repayable on 5 Feb 2019. The current interest rate that applies to the loan is 2.25% per calendar month. The loan is secured over all receivables on the Tapcore's customers and/or Designated Networks and all of Tapcore's bank accounts. This facility was repaid in 2019 and a new facility of \$550,000 was put in place with Airpush Inc. The facility was secured over all receivables of Airpush Inc and the interest rate was 2.25% per calendar month.

On 5 February 2018, the Company entered into a factoring facility agreement with GoFastPay LLC. The maximum loan facility was \$500,000 with the facility terminating on 8 Feb 2019. The current financing fee that applied to the loan was 1.0% per calendar month. The loan was secured over the company's receivables. The balance of \$123,000 was settled in 2019.

## Notes to the Consolidated and Company Financial Statements (continued)

### Analysis of net debt

	Cash and cash equivalents \$'000	Secured Bank loans \$'000	Related party loan notes \$'000	Loan notes \$'000	Factoring \$'000	Lease liabilities \$'000	Net debt \$'000
<b>1 Jan 2018</b>	320	(707)	(1,000)	-	(247)	(369)	(2,003)
Cashflows	(23)	403	(1,500)	(160)	124	369	(787)
Currency	(18)	-	-	-	-	-	(18)
<b>31 Dec 2018</b>	279	(304)	(2,500)	(160)	(123)	-	(2,808)
Acquisition of Airnow PLC	35	(2,264)	-	-	-	-	(2,229)
Cashflows	104	304	-	160	(427)	-	141
<b>31 Dec 2019</b>	418	(2,264)	(2,500)	-	(550)	-	(4,896)

### 18. Deferred tax

	2019 \$'000	2018 \$'000
Intangible assets	2,430	351
At 31 December	2,430	351

#### Movement on the deferred tax balance

	2019 \$'000	2018 \$'000
At 1 January	351	511
Credited to profit or loss – continuing operations	(270)	(160)
Credited to profit or loss – discontinued operations	(351)	-
Arising on the acquisition of GMobi	2,700	-
At 31 December	2,430	351

The Group has not recognised deferred tax assets arising from the accumulated tax losses due to uncertainty of their future recovery.

## Notes to the Consolidated and Company Financial Statements (continued)

### 19. Share based payments

#### COMPANY AND GROUP

##### Share options

The Group uses share options as remuneration for services of employees. The fair value is expensed over the remaining vesting period.

##### Airpush Inc - Equity Incentive Plan

Options typically expire ten years from the date of grant and vest from one to four years. Options have been granted to employees, directors, and consultants of the Company with an exercise price at the estimated fair value of the underlying shares at the date of grant.

The fair value of options has been arrived at using the Black-Scholes model. The assumptions inherent in the use of this model are as follows:

- The option life is assumed to be at the end of the allowed period.
- There are no vesting conditions which apply to the share options other than continued service up to 3 years.
- No variables change during the life of the option (e.g. dividend yield should be zero).
- Volatility has been calculated over the 3 years prior to the grant date by reference to the daily share price.

Expected volatility is based on an index of comparable publicly traded companies. The Company does not expect to pay dividends. The risk-free interest rate is the rate for U.S. Treasury securities with the same expected lives. The expected term of employee options granted was determined using the "simplified method," which calculates the expected term as the average of the vesting term and original contractual term of the options. The expected term of non-employee stock options granted is the contractual term of the options. The Company does not expect any forfeitures.

Share based payment expense for both employee and non-employee option awards for the years ended 31 December 2019 and 2018 was \$nil. For previously issued options, no additional compensation cost is expected to be recognised.

	2019	2019	2019	2018	2018	2018
	Options	Weighted average exercise price	Weighted contractual remaining life	Options	Weighted average exercise price	Weighted contractual remaining life
	No.	\$	years	No.	\$	Years
Outstanding at the beginning of the period	1,307,566	1.24	6.4	1,644,792	1.52	7.7
Granted during the period	928,547	0.001	8.0	-	-	-
Cancelled and replaced with Airnow PLC shares/share options	(1,768,842)	0.28	-	-	-	-
Forfeited during the period	(467,269)	(2.03)	-	(337,226)	(2.59)	-
Outstanding at the end of the period	-	-	-	1,307,566	1.24	6.4
Exercisable at the end of the period	-	-	-	1,307,564	1.24	-

## Notes to the Consolidated and Company Financial Statements (continued)

### Airpush Inc – SAR awards

The SAR awards typically expire ten years from the date of grant and generally vest on the satisfaction of service period criteria of up to four years and a liquidity condition. SAR awards have been granted to employees, directors, and consultants of the Company with an exercise price at or above the estimated fair value of the underlying shares at the date of grant. SAR grants do not reduce the authorised shares available for the share options.

SARs are only exercisable upon a change of control (as defined in the 2013 Plan) or initial public offering of Airpush Inc's common stock. Should such a liquidity event occur, all unvested shares will immediately vest and become exercisable through the closing date of the liquidity event, after which they will expire. Upon exercise, each SAR entitles the holder to receive cash payment equal to the amount by which the fair value of one share of common stock exceeds its exercise price.

Share based payment expense for both employee and non-employee SAR awards for the years ended 31 December 2019 and 2018 was \$nil.

	2019	2019		2018	2018	
	SARs	Weighted average exercise price	Weighted contractual remaining life	SARs	Weighted average exercise price	Weighted contractual remaining life
	No.	\$	years	No.	\$	years
Outstanding at the beginning of the period	1,240,204	2.77	7.21	1,373,159	2.81	8.9
Cancelled and replaced with Airnow PLC shares/share options	-	-	-	-	-	-
Forfeited during the period	(592,377)	(1.44)	-	(132,955)	(2.11)	-
<b>Outstanding at the end of the period</b>	<b>647,827</b>	<b>3.10</b>	<b>6.33</b>	<b>1,240,204</b>	<b>2.77</b>	<b>7.21</b>

On 17 December 2019 Airnow PLC acquired the entire common stock of Airpush Inc. As part of the transaction, the option, stock appreciation right(SAR) and warrant holders had agreed for their options, SAR awards and warrants to be cancelled and in exchange for new shares or new shares options in Airnow PLC. Some of the new shares were subsequently issued in March 2020. These Airnow plc's shares to be issued in exchange for the cancellation of Airpush Inc's share options and some of the SARs awards have been recognised as 'shares to be issued' in Equity as at 31 December 2019, as part of the consideration for the acquisition of Airpush Inc.

### Airpush Inc – warrants

The number of warrants outstanding at 31 December 2019 was nil (2018: 33,023).

### Airnow PLC – Share option schemes

Shortly after incorporation in April 2017, Airnow PLC has established an employee share option plan to enable the issue of options as part of the remuneration of Directors and employees to enable them to purchase ordinary shares in the Company. Under IFRS 2 "Share-based Payments", the Company determines the fair value of the options issued to Directors and employees as remuneration and recognises the amount as an expense in the profit or loss with a corresponding increase in equity.

## Notes to the Consolidated and Company Financial Statements (continued)

At 31 December 2019, the Company had outstanding options to subscribe for Ordinary shares (before 13 December 2019 share-reorganisation) as follows:

	2019 Options No.	2019 Weighted average exercise price £/(\$)	2019 Weighted contractual remaining life Years	2018 Options No.	2018 Weighted average exercise price £	2018 Weighted contractual remaining life Years
Outstanding at the beginning of the period	6,216,477	0.68(\$0.9)	9.0	4,436,232	0.58(\$0.7)	9.5
Granted during the period	-	-	-	2,222,492	0.62(\$0.8)	9.8
Cancelled and replaced	(2,143,738)	0.56(\$0.7)	-	-	-	-
Forfeited during the period	(4,002,583)	0.61(\$0.8)	-	(442,247)	0.65(\$0.8)	-
<b>Outstanding at the end of the period</b>	<b>70,156</b>	<b>0.64(\$0.8)</b>	<b>5.0</b>	<b>6,216,477</b>	<b>0.68(\$0.8)</b>	<b>9.0</b>
Exercisable at the end of the period	70,156	0.64(\$0.8)	-	4,899,248	0.58(\$0.7)	-

Of the total number of options and warrants outstanding at 31 December 2019, 70,156 had vested and were exercisable (2018: 4,899,248 2017: 1,321,367). The weighted average share price (at the date of exercise) of options exercised during the year and prior years was nil as no options were exercised.

On 10 December 2019, prior to the Company's share re-organisation and the acquisition of Airpush Inc and its subsidiaries, the Company arranged with all the option holders to cancel all their vested share options totalling 2,143,738 with weighted average exercise price of £0.56(\$0.7) and in return they were given new shares in Airnow PLC. These new shares were issued in March 2020.

No new share options were issued in 2019. In October 2018 2,222,492 Options were issued to staff at an average option price of £0.621 (\$0.8) pence per Ordinary share.

On 15 May 2017 options were granted to employees of the Group to subscribe for a total of 891,472 shares in appScatter Limited at £1.29 (\$1.7) per share (of which 193,798 were granted to Jason Hill, a Director of the Company). Following the Company's acquisition of the entire issued share capital of appScatter Limited on 21 August 2018, invitations were made to each grantee, in accordance with the terms of their original option agreements, to release their options in appScatter Limited in exchange for the grant to them of options to subscribe for Ordinary Shares. All such holders agreed to do so and accordingly on 22 August 2018 options were granted to these employees to subscribe for up to 2,228,680 Ordinary Shares in the Company at a price of £0.516 (\$0.6) per Ordinary Share (of which 484,495 were granted to Jason Hill). These options are exercisable until 15 May 2027. With the exception of Jason Hill and one other employee, one half of each holder's options vest on the first anniversary of the commencement of their employment start date and the balance vest in 24 equal instalments over a two-year period. In the case of Jason Hill and one other employee, the initial 50 per cent. of the Options granted to them vested immediately on grant.

On 21 August 2017 the Company granted to Ruffena Capital Limited warrants to subscribe for up to 70,156 new Ordinary Shares at £0.644 (\$0.8) per Ordinary Share. These warrants expire in tranches on a range of dates between 24 August 2023 and 4 May 2024 and were issued by way of replacement of a warrant of equivalent value and duration granted on 26 July 2017 which had entitled Ruffena Capital Limited to subscribe for up to 28,060 ordinary shares in appScatter Limited at £1.61 (\$2.1) per appScatter Limited share.

On 24 August 2017 options were granted to the Directors, subject to Admission, over a total of 2,137,396 new Ordinary Shares, representing an aggregate of 3.38 per cent. of the Enlarged Share Capital on Admission, at an exercise price equal to the Placing Price. These options are exercisable until the tenth anniversary of Admission and vest in three equal annual instalments commencing on the first anniversary of Admission.

**Notes to the Consolidated and Company Financial Statements (continued)**

On 31 July 2018 1,047,949 of share options over ordinary shares in Airnow PLC at 70 pence(89 cents) options were issued to staff in Priori Data GmbH and 1,174,543 options over ordinary shares in Airnow PLC at 55 pence(70 cents) to staff in appScatter Limited. These options are exercisable until the tenth anniversary of the date of issue and vest in three equal annual instalments commencing on the first anniversary of the start of the employee's date. Some of these share options were subsequently cancelled on 10 December 2019 and the rest were forfeited, on the departure of the employees.

The value of the options is measured by the use of a Black-Scholes pricing model. The inputs into the model made in 2018 were as follows:

	EMI Options	Directors Options	Warrants
Weighted average shares price at grant date, pence	64.4(82 cents)	65.0(83 cents)	65.0(83 cents)
Exercise price, pence	51.6(66 cents)	65.0(83 cents)	65.0(83 cents)
Weighted average contractual life, months	10.0	10.0	10.0
Expected volatility %	50.00%	50.00%	50.00%
Expected dividend growth rate %	0.00%	0.00%	0.00%
Risk-free interest rate %	0.51%	0.51%	0.51%

Share based payment expense relating to the share options grant of \$29,745(2018: \$401,004) was included in the Group's 2019 profit or loss.

## Notes to the Consolidated and Company Financial Statements (continued)

### 20. Share capital

Airnow PLC's issued and fully paid share capital is summarised in the table below:

	Ordinary shares of £0.05 each		Deferred shares of £0.04 each	
	Number	Nominal value \$'000	Number	Nominal value \$'000
At 1 January 2018	63,178,142	4,085	-	-
Acquisition of Priori Data GmbH	16,648,023	1,096	-	-
Acquisition of Abilott Limited	1,666,666	109	-	-
Placings	9,523,326	626	-	-
At 31 December 2018	91,016,157	5,916	-	-
Shares issued before share split and consolidation	6,033,732	386	-	-
Shares before re-structuring	97,049,889	6,302		
Shares cancelled and sub-divided	(97,049,889)	(6,302)	97,049,889	5,180
New shares consolidated <sup>1</sup>	19,409,978	1,122	-	-
Shares issued - acquisition of Airpush Inc <sup>2</sup>	48,384,601	3,179	-	-
At 31 December 2019	67,794,579	4,301	97,049,889	5,180

In the consolidated financial position at 31 December 2018, the nominal share capital of \$3,179,000 reflects the shares issued to Airpush Inc under the reverse acquisition accounting method.

On 31 December 2019, the issued and paid up shares of Airnow PLC consisted of ordinary shares (each with a nominal value of £0.05).

The Ordinary shares carry rights to dividends and voting. The shares are not redeemable.

The Deferred shares carry no rights to dividends nor voting. On the winding up, shareholders are entitled to a maximum aggregate payment of £1, following repayment of the paid up share capital. The Company may purchase all the deferred shares at any time for the aggregate payment of £1.

<sup>1</sup> On 13 December 2019, the ordinary shares at nominal value of £0.05 were subdivided into ordinary shares at £0.01 p each and deferred share at £0.04p each. The new ordinary shares £0.01p each was then consolidated in a ratio of 5:1 to 1 new share at £0.05 each.

<sup>2</sup> On 17 December 2019 shares were issued for part of the consideration for the acquisition of Airpush Inc and its subsidiaries.

The treasury shares reserve represents the equity held by a subsidiary (Airpush Inc) in the legal parent (Airnow PLC). The treasury shares have a nominal value of £0.05 (\$0.07) and their nominal value amounts to \$13,187 from 149,254 shares. These shares were purchased prior to the purchase of Airpush Inc by Airnow PLC. These shares do not carry any voting rights or rights of dividends.

## Notes to the Consolidated and Company Financial Statements (continued)

### 21. Reserves

The following describes the nature and purpose of each reserve within equity:

Share Capital	Ordinary shares are classified as equity. The nominal value of shares is included in share capital.
Share Premium	Amount subscribed for share capital in excess of the nominal value less any related expenses.
Deferred Shares	Ordinary deferred shares are classified as equity. The nominal value of shares is included in deferred share capital.
Shares to be issued	Amount subscribed for share capital that has been committed to but not yet issued at agreed issue price.
Treasury shares reserve	The equity held by a subsidiary (Aiprush Inc) in the legal parent (Airnow PLC).
Merger reserve	Amount subscribed for share capital in excess of nominal value when shares are issued in exchange for at least a 90% interest in the shares of another company.
Reverse Acquisition reserve	Additional amounts contributed by the shareholders to the business and including effect on equity of the reverse acquisition of Airnow PLC.
Share-based payment reserve	Value of share options granted and calculated with reference to Black Scholes model. When options lapse or are exercised, amounts are transferred from this account to retained earnings.
Foreign exchange reserve	Foreign exchange translation gains and losses arising on the translation of the financial statements from the functional to the presentation currency.
Retained earnings	Retained earnings represents all other net gains and losses and transactions with shareholders (e.g. dividends) not recognised elsewhere.



## Notes to the Consolidated and Company Financial Statements (continued)

### 22. Business combinations completed in prior periods

#### i) Tapcore B.V.

On 9 March 2017 the Group acquired 15% of the common stock of Tapcore BV (Tapcore) to expand its mobile monetisation opportunities. Tapcore is a content-piracy discovery platform for mobile applications and related content. Total consideration at acquisition was \$802,193 and consisted entirely of cash. In addition, the purchase agreement entitled the company to an additional 5% of the common stock of Tapcore conditional upon completion of certain performance indicators connected with global publisher sales support.

The Group recorded the investment at cost and recognised its pro-rata share of Tapcore's profit and loss at each reporting date consistent with equity method accounting principles. For the period from 9 March 2017 until 15 August 2017 the Group recognised losses of \$259,942 associated with the investment in Tapcore.

On 15 August 2017 the Group acquired the remaining 85% of the shares of Tapcore thereby acquiring 100% control of that company. On the same date the Group acquired 90% of the shares of SIA Tapcore.

Total consideration at acquisition was \$3,799,000 and comprised the common stock of Airpush Inc .

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value \$'000	Fair value adjustments \$'000	Fair value \$'000
Customer relationships		1,248	1,248
Trade name	-	120	120
Developed technology	-	916	916
Cash and cash equivalents	329	-	329
Trade and other receivables	790	-	790
Deferred tax	-	(571)	(571)
Trade and other payables	(723)	-	(723)
<b>Net assets</b>	<b>396</b>	<b>1,713</b>	<b>2,109</b>
Prior equity method investment in Tapcore			(542)
Goodwill			2,232
<b>Total purchase consideration</b>			<b>3,799</b>
Cash			-
Shares			3,799
<b>Total purchase consideration</b>			<b>3,799</b>
Purchase consideration – cash paid on acquisition of 15% of Tapcore			802
Cash and cash equivalents acquired			(329)
Cash outflow on acquisition (net of cash acquired)			473

Since the acquisition date until 31 December 2017 Tapcore contributed \$784,000 to the Group profit. If the acquisition had occurred on 1 January 2017, Group's revenue would have been \$14,277,000 and Group's loss after tax for the year would have been \$5,997,000.

## Notes to the Consolidated and Company Financial Statements (continued)

There is no contingent consideration payable. The goodwill represents the potential growth opportunities and synergy effects from the acquisition. Acquisition costs of \$108,000 were expensed.

Trade receivables net of bad debt provision acquired are considered to be fair value and are expected to be collectable in full.

### ii) Push Content Limited

On 30 April 2018 the Group entered into the agreement with Push Content Ltd to acquire related assets of the business primarily consisting of intellectual property. The consideration for the acquisition consisted solely of an earnout with a maximum payable of \$3,700,000 based upon a gross revenue target as defined in the purchase agreement. Additionally, the purchase agreement included a consulting agreement for a key person at a rate of \$140,000 per annum which can be increased to \$180,000 per annum based on certain defined performance targets. The key person at Push Content Limited has been hired at a market rate.

The Company's intention was to launch the Pushapps advertising technology on its platform, however, with a change in business strategy the app was never launched and has therefore, yielded no revenues or returns. Furthermore, the Company has no intention to launch the app in the foreseeable future. Therefore no consideration has been paid for the intellectual property or value attributed to it.

As at December 31, 2019 and 2018 the expected consideration was \$Nil based in management best estimate of amount payable as no revenue is being generated.

### iii) Acquisition of Priori Data GmbH by Airnow PLC (formerly, appScatter Group plc)

On 3 July 2018 the Company completed the purchase of Priori Data GmbH ("Priori") for a reported consideration of £13.5 million, satisfied by the issue of up to 16,667,157 new appScatter shares at an agreed issue price of 70p. 16,290,325 shares were issued on completion on 3 July 2019. The balance of up to 376,832 shares was due once completion accounts confirmed the net assets at the date of completion. Following the preparation of the completion accounts a total of 357,698 shares were issued on 30 August 2019. The market price per share on the completion date was 53.15 pence and the market price on the date the retention shares were issued was 36.5 pence making the fair value of the shares issued \$11.6m (£8.8 million). In addition, there was a payment of approximately \$2.4million (£1.8 million) in cash consideration. The total fair value of the consideration was \$14.0 million (£10.6 million). The acquisition of Priori was approved by appScatter shareholders in July 2018.

On acquisition, the assets, liabilities and contingent liabilities of subsidiaries are measured at their fair values at the date of acquisition. Any excess of cost of acquisition over net fair values of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the net fair values of the identifiable assets, liabilities and contingent liabilities acquired (i.e. discount on acquisition) is credited to profit and loss in the period of acquisition.

The fair value of the acquired business comprised the platform which the company had developed, and the 775 billion historic data records which Priori held. On acquisition we assigned a value of \$5.3 million (£4 million) to the platform based on the estimated cost to rebuild the platform and the balance was assigned to the data. This implies a cost per thousand records of less than £0.01 which is prudent in relation to industry standards.

## Notes to the Consolidated and Company Financial Statements (continued)

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

These were as reported in £ in Airnow plc annual accounts in 2018.

	Book value of assets acquired \$'000	Fair value adjustments \$'000	Fair value of assets acquired \$'000
<b>Priori Data</b>			
IP – platform	1,774	3,523	5,297
Data	-	8,672	8,672
Debtors	52	-	52
Cash	266	-	266
Creditors	(290)	-	(290)
<b>Total consideration</b>	<b>1,802</b>	<b>12,195</b>	<b>13,997</b>
<b>Satisfied by</b>			
Cash			2,417
Shares			11,580
			<b>13,997</b>

Priori Data GmbH	Shares	Share Price	Fair value \$'000
On completion	16,290,325	£0.532/(\$0.7)	11,408
Deferred consideration	357,698	£0.365/(\$0.48)	172
<b>Fair value of shares</b>			<b>11,580</b>
Cash			2,417
<b>Total consideration</b>			<b>13,997</b>

## Notes to the Consolidated and Company Financial Statements (continued)

### iv) Acquisition of Abilott Limited

On 17 December 2018 Airnow PLC (formerly, appScatter Group plc) acquired 100% of the issued share capital of Abilott Limited. Further detail on the acquisition is included in the Strategic Report and CEO Statement. Initial consideration was \$1.1 million (£0.825 million), consisting of \$0.6 million (£0.5 million) in cash of which \$0.26 million (£0.2 million) was on completion and \$0.39 million (£0.3 million) was deferred) and \$0.4 million (£0.325 million) in shares by way of the issue of 1,666,666 new ordinary shares at an effective issue price of 25 cents (19.5 pence). Directors loans not repayable of \$319,000 (£245,000) were deducted from the net asset value on acquisition.

For several years Abilott was our security partner of choice. In particular, Abilott had been working closely with appScatter for the previous two years providing security and regulatory compliance for the Group and supporting appScatter threat analysis products for appScatter customers.

The maximum consideration is \$2.4 million (£1.85 million), comprising \$1.1 million (£0.825 million) of initial consideration and \$1.3 million (£1 million) deferred consideration.

Initial consideration consisted of:

- \$261,000 (£200,000) cash consideration on completion
- \$391,000 (£300,000) deferred cash consideration due post completion,
- 1,666,667 shares at an agreed issue price of 30 pence valuing the shares at \$651,000 (£500,000), the market price of appScatter shares on the date of completion was 19.5pence making the fair value of the share element \$423,000 (£325,000).

A further £1 million payable by the award of up to a maximum of 3,333,333 deferred consideration shares. The deferred consideration is dependent on Abilott achieving revenue criteria in connection with sales to certain customers for the year ending 31 December 2019 and the corresponding shares would not be issued until January 2020. Based on trading to date we do not expect that the deferred consideration shares will be payable.

On acquisition, the assets, liabilities and contingent liabilities of subsidiaries are measured at their fair values at the date of acquisition. Any excess of cost of acquisition over net fair values of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the net fair values of the identifiable assets, liabilities and contingent liabilities acquired (i.e. discount on acquisition) is credited to profit and loss in the period of acquisition.

	Book value of assets acquired	Fair value adjustments	Fair value of assets acquired
	\$'000	\$'000	\$'000
<b>Abilott Limited</b>			
Fixed assets	13	-	13
Debtors	125	-	125
Cash	31	-	31
Creditors	(220)	-	(220)
Intercompany	(1,373)	-	(1,373)
Loans	(244)	-	(244)
Goodwill	-	2,743	2,743
<b>Total consideration</b>	<b>(1,668)</b>	<b>2,743</b>	<b>1,075</b>
<b>Satisfied by</b>			
Cash			651
Shares			424
			<b>1,075</b>
<b>Abilott Limited</b>			
	Shares	Share Price	<b>Fair value</b>
On completion	1,666,667	0.195(\$0.25)	<b>424</b>
Cash			<b>651</b>
<b>Total consideration</b>			<b>1,075</b>

## Notes to the Consolidated and Company Financial Statements (continued)

### 23. Acquisition of ReachAd business

On 15 March 2019 Airpush Inc purchased from the General Mobile Corporation ("GMobi") the trade and assets that made up their mobile advertising business that is branded ReachAd. The purchase was agreed under the original Stock Purchase Agreement (SPA) dated 29 June 2018 which was later amended as follows:

- 1) 15 March 2019 (Amendment No.1) - The purchase was effected by Amendment No.1 and assets acquired, contracts assigned and staff transferred according to the 'Lists of Assets, Contracts and Employees Transferred from GMobi to Airnow under Amendment No.1 to SPA dated 15 March 2019'. Under this amendment, the purchase of ReachAd is to be settled by issuance of shares in Airnow. The number of shares issued is to be adjusted by reference to the Net Profit Margin (on Revenues) achieved for the year 2019 (the "Earn Out").
- 2) 30 July 2019 (Amendment No.2) - In order to facilitate the current transaction with AppScatter the Earn Out for GMobi under Amendment No.1 was crystallised into a pre-agreed number of shares.

Details of the fair value of identifiable assets and liabilities acquired and purchase consideration are as follows:

	Book value \$'000	Fair value \$'000	Fair value \$'000
Developed technology	-	10,600	10,600
Deferred tax	-	(2,700)	(2,700)
<b>Net assets</b>	-	<b>7,900</b>	<b>7,900</b>

There were no physical assets acquired and therefore no book value of assets has been recorded. An intangible asset was recognised in respect of Technology acquired at a fair value of \$10,600,000.

The purchase consideration was in the form of shares in Airnow Inc to the value of \$10,600,000.

## Notes to the Consolidated and Company Financial Statements (continued)

### 24. Reverse Acquisition of Airnow PLC

On 17 December 2019 Airnow PLC and Airpush Inc agreed an acquisition where Airnow PLC issued shares in exchange for the entire issued stock of Airpush Inc. The Airnow PLC shares issued to the holders of Airpush Inc stock led to Airpush Inc stockholders owning 75.4% of the combined entity equity and therefore the merger has been accounted for as a reverse acquisition with Airpush Inc being the accounting acquirer. Airnow PLC is the legal acquirer.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value \$'000	Fair value \$'000	Fair value \$'000
Goodwill	2,776	(2,776)	-
Developed technology	10,428	(2,792)	7,636
Customer relationships	-	1,547	1,547
Cash and cash equivalents	35		35
Trade and other receivables	974		974
Loans and Borrowings	(2,264)		(2,264)
Trade and other payables	(8,294)	-	(8,294)
<b>Net assets</b>	<b>3,655</b>	<b>(4,021)</b>	<b>(366)</b>
Goodwill			22,679
<b>Total purchase consideration</b>			<b>22,313</b>
Shares			
<b>Total purchase consideration</b>			<b>22,313</b>
Cash and cash equivalents acquired			35
Cash inflow on acquisition (net of cash acquired) within investing activities			35
Loans and borrowings acquired within net debt			(2,264)
<b>Net debt consideration</b>			<b>(2,229)</b>

The main factors leading to the recognition of goodwill are new customers (in both existing and new territories) of the Group that will support future revenues, enhancements or improvements to the existing technology assets to support and drive future revenues, the highly skilled assembled-workforce which do not qualify for separate recognition under IAS 38 and an amount that is required for general operational purposes.

## Notes to the Consolidated and Company Financial Statements (continued)

### 25. Commitments

There are no capital commitments as at 31 December 2019 ( 31 December 2018 nil)

### 26. Related party transactions

#### GROUP

During the year Airnow Group companies entered into the following transactions with related parties who are not members of the Airnow Group:

On 30 December 2018 the Group entered into an agreement with Gogoplata Ventures LLC to extend the repayment date of the convertible promissory note with an outstanding amount of \$2,500,000 until 30 December 2023. This is disclosed in the 'Loans and Borrowings' notes in the accounts.

Members of the Group trade with each other under normal market conditions and fees are charged by the Company for management services it provides to its subsidiaries.

The amounts due to the Directors at 31 December 2019(2018:£nil) as disclosed in the table below are included in Group's 'Trade and other payables' note. Under the reverse acquisition accounting, only a proportion of the transactions amounts listed in the Company's table below relating to the period between 17 December 2019 and 31 December 2019 were included in the Group's results in 2019.

#### COMPANY

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with its subsidiaries and paragraph 17 of IAS 24, 'Related Party Disclosures' to disclose key management personnel. There are no other related party transactions other than those relating to Directors that have been disclosed in the table below.

The transactions with the Directors as listed in the table below are included in the Company's results and the amounts due to them(except for Culmore Limited included in Appscatter Limited) are included in the Company's 'Trade and other payables' note.

Related party	Type	2019 Transactions include in Company's results	2019 Balance due to	2018 Transactions include in Company's results	2018 Balance due (from)/ to
\$'000					
Philip Marcella (1)	Fees	-	(25)	122	-
MG IT Services(1)	Fees	287	(74)		
Elk Associates LLC (2)	Fees	-	-	54	-
Clive Carver(2)	Fees	57	(59)		
Michael Buchen(3)	Fees	-	-	56	-
Culmore Limited(4)	Fees	-	(60)	-	-
Goodwick Services Ltd	Fees	67	(20)		

#### Notes

1. Philip Marcella is a director of Airnow PLC and has an interest in MG IT Services. The amount due to Mr Marcella is an interest free loan to the Company. The amount paid to MG IT services relates to management fees for a subsidiary within the Airnow group.
2. Clive Carver was a non-executive director of Airnow PLC and has an interest in ELK Associates LLP. During the year 2019, the costs is related to his service provided for the Airpush Inc acquisition.
3. Michael Buchen was a non-executive director and advisory member of Airnow PLC until 30 October 2018. The amounts included above for 2018 is for his advisory fee and consultancy fee.
4. Colin Hutchinson was a director of Airnow PLC from 17 December 2019 and has an interest in Culmore Limited. The fees were related to provision of accounting services. These costs are included in AppScatter Limited.
5. Jason Hill was a director of Airnow PLC and has an interest in Goodwick Services Ltd. The fees were related to consultancy services provided to Airnow group.

## **Notes to the Consolidated and Company Financial Statements (continued)**

The amounts due from/(to) for the above parties are non-interest-bearing balances and included under trade and other receivables and trade and other payables notes. Details of key management personnel compensation are given in note 7.

### **27. Events after the balance sheet date**

#### **Acquisition of Avantis**

In October 2020, the Group through its wholly owned subsidiary Airnow Video Ltd., completed the acquisition of certain video related assets from Avantis Team Technologies Ltd., for a consideration of \$10 million (of which \$8.75 million is payable in cash and \$1.25 million is payable in shares).

Additionally, over a three period, we expect to make performance related quarterly revenue share payments of up to a maximum of \$18.5 million (should the vendor elect to maximise cash) or revenue share payments of up to \$21.7 million (should the vendor elect to maximise the alternative share based consideration). The revenue share payments are capped and based on the achievement of pre-set EBITDA and cash collection targets.

As further consideration, Avantis Team Technologies Ltd has been granted warrants to subscribe for shares in Airnow PLC, 2.25 million warrants at an exercise price of £0.8 per share and 0.75 million warrants at a discount of 15% to the applicable share price, exercisable at any time within 24 months of the date of grant of such warrants.

#### **Issue of Shares**

Following the year end Airnow PLC issued 7.7 million new £0.05 ordinary shares for cash consideration. The amount paid per share was £1.34 (\$1.65) which raised funds of \$12.7m.

#### **Group restructuring**

The Airnow PLC Group commenced a restructuring in August 2020 as follows

- a) Airnow Data Ltd purchased the business of Priori Data GmbH on 12 August 2020 and started trading on 13 August 2020. The assumed liabilities were EUR 1.3 million and Airnow Data Ltd paid no consideration for the business.
- b) The ownership of Airpush Hong Kong and Zhenli (Shanghai) was transferred from Airpush Inc to Airnow PLC on 29 September 2020.
- c) On 17 November 2020 Airpush Inc was placed into administration. On the same date, Airnow plc purchased from the administrators of Airpush Inc and its subsidiaries, certain assets and intellectual property and then transferred these to Airnow Media Ltd (formerly Airnow Monetisation Limited) for a consideration of £0.45 million (\$0.6 million). Airnow PLC assumed certain liabilities of \$6.6 million from Airpush Inc and intercompany balances of \$2.8 million due to Airnow plc and its subsidiaries were forgiven. The control of Tapcore BV, SIA Tapcore and Airpush India, subsidiaries of Airpush Inc, has passed to the administrator and the entities have ceased trading.
- d) Airnow Video Limited was incorporated as part of the acquisition of certain assets from Avantis Team Technologies Ltd.

#### **GEM Share Subscription Facility Agreement**

On 12 June 2020, the Company entered into a share subscription facility agreement with GEM Global Yield LLC SCS ("GEM") and GEM Yield Bahamas Ltd ("GEMYB"). GEM granted the Company an option to require it to subscribe for ordinary shares in the Company at the aggregate subscription price of up to £40,000,000. GEM was also entitled to receive warrants to subscribe for ordinary shares.

#### **Target Global Warrant Instrument**

The Company executed a warrant instrument on 15 June 2020, whereby the Company agreed to grant warrants to subscribe for up to 1,630,654 new Ordinary Shares (the "Target Global Warrants"), exercisable at 86 pence per Ordinary Share at any time from the date of Admission to 24 months following the date of Admission. The Target Global Warrants are conditional upon (i) Admission and (ii) 690,578 Ordinary Shares being issued by the Company to Target Global Advisers Ltd. pursuant to a subscription agreement dated 5 April 2019 at a minimum price of 26.80 pence per new Ordinary Share. The Target Global Warrants may be held by Target Global Holding Ltd on behalf of Target Global Advisers Ltd.



## **Notes to the Consolidated and Company Financial Statements (continued)**

### **Target Californium Warrant Instrument**

The Company executed a warrant instrument on 15 June 2020, whereby the Company agreed to grant warrants to subscribe for up to 373,134 new Ordinary Shares (the "Target Californium Warrants"), exercisable at 86 pence per Ordinary Share at any time from the date of Admission to 24 months following the date of Admission. The Target Californium Warrants are conditional upon (i) Admission and (ii) 1,865,671 Ordinary Shares being issued by the Company to Target Californium Ltd pursuant to a subscription agreement dated 8 April 2019 at a minimum price of 26.80 pence per new Ordinary Share.

### **GEM Warrant Instrument**

The Company executed a warrant instrument on 12 June 2020, whereby the Company agreed to grant warrants to subscribe for up to 9.9 per cent. of the ordinary shares on a fully diluted basis, as the exercise price:

- (i) in the case of admission having occurred, equal to the closing bid price per ordinary share on the effective date, or, if such date is not a trading day, on the immediately following trading day, subject to adjustment so that, if on the first anniversary of the effective date, the current market price of an ordinary share is less than a sum equal to 90 per cent. of the exercise price of on such date, the exercise price shall thereafter be a sum equal to 105 per cent. of such current market price; and
- (ii) (ii) in the case of admission not having occurred, as at the proposed date of exercise of such warrant, equal to the price per ordinary share as may be agreed by the parties from time to time.

The warrants will be exercisable within 5 years from the date of issue.