

THE CONDUIT HOLDCO LIMITED

UNAUDITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2022

THE CONDUIT HOLDCO LIMITED
REGISTERED NUMBER: 11018010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	4	3,659	-
Investments	5	18,024	18,024
		<u>21,683</u>	<u>18,024</u>
Current assets			
Debtors: amounts falling due after more than one year	6	750,000	-
Debtors: amounts falling due within one year	6	1,291,556	1,062,244
Cash at bank and in hand		363,151	28,894
		<u>2,404,707</u>	<u>1,091,138</u>
Creditors: amounts falling due within one year	7	(750,630)	(1,821,425)
Net current assets/(liabilities)		<u>1,654,077</u>	<u>(730,287)</u>
Total assets less current liabilities		<u>1,675,760</u>	<u>(712,263)</u>
Creditors: amounts falling due after more than one year	8	(107,000)	(324,577)
Provisions for liabilities			
Net assets/(liabilities)		<u><u>1,568,760</u></u>	<u><u>(1,036,840)</u></u>
Capital and reserves			
Called up share capital		1,586	1,257
Share premium account		13,410,946	10,565,539
Capital redemption reserve		835,339	835,339
Profit and loss account		(12,679,111)	(12,438,975)
Equity attributable to owners of the parent Company		<u>1,568,760</u>	<u>(1,036,840)</u>
		<u><u>1,568,760</u></u>	<u><u>(1,036,840)</u></u>

THE CONDUIT HOLDCO LIMITED
REGISTERED NUMBER: 11018010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

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

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

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

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

The Company has opted not to file the consolidated statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 September 2023.

N C Stace
Director

The notes on pages 5 to 15 form part of these financial statements.

THE CONDUIT HOLDCO LIMITED
REGISTERED NUMBER: 11018010

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	4	3,659	-
Investments	5	18,025	18,025
		<u>21,684</u>	<u>18,025</u>
Current assets			
Debtors: amounts falling due after more than one year	6	750,000	-
Debtors: amounts falling due within one year	6	1,291,554	1,068,000
Cash at bank and in hand		358,431	25,241
		<u>2,399,985</u>	<u>1,093,241</u>
Creditors: amounts falling due within one year	7	(749,499)	(1,698,233)
Net current assets/(liabilities)		<u>1,650,486</u>	<u>(604,992)</u>
Total assets less current liabilities		<u>1,672,170</u>	<u>(586,967)</u>
Creditors: amounts falling due after more than one year	8	(107,000)	(324,577)
Net assets/(liabilities)		<u><u>1,565,170</u></u>	<u><u>(911,544)</u></u>
Capital and reserves			
Called up share capital		1,585	1,257
Share premium account		13,410,946	10,565,539
Capital redemption reserve		835,339	835,339
Profit and loss account brought forward	(12,313,680)		(11,831,809)
Loss for the year	(369,020)		(481,870)
Profit and loss account carried forward		(12,682,700)	(12,313,679)
		<u><u>1,565,170</u></u>	<u><u>(911,544)</u></u>

THE CONDUIT HOLDCO LIMITED
REGISTERED NUMBER: 11018010

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

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

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

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

The Company has opted not to file the consolidated statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 September 2023.

N C Stace

Director

The notes on pages 5 to 15 form part of these financial statements.

THE CONDUIT HOLDCO LIMITED

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

1. General information

The Conduit Holdco Limited is a private company, limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office is 9 Bonhill Street, London, England, EC2A 4DJ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Going concern

The Conduit Holdco was established to fund and govern the roll out of The Conduit concept of private member clubs, ensuring effective management of the intellectual property of the group.

The Conduit serves as a home for a diverse community of people interested in social change.

Bringing together social entrepreneurs, investors, creatives, business leaders, policymakers and civil society, The Conduit acts as a catalytic platform for individuals tackling some of the most pressing challenges facing us today.

During 2022 the Conduit Holdco raised investments totalling £2.876m in a new fund raise round.

This was converted to equity on 29th November 2022.

A second investment round was launched shortly before the end of the financial year. As at the date of signing, the total raised in this round was £2.481m.

The new equity raised will be used to roll out new clubs and other impact-focussed businesses.

Management have prepared detailed business plans for the groups expansion and is materially on track in the process of executing these plans.

Given the current fundraise and the future plans for The Conduit concept, the board have concluded that it is appropriate to prepare these financial statements on a going concern basis.

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

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company and Group's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.4 Interest income

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

2.5 Turnover

Turnover comprises of IP fees payable to the company for use of its intellectual property being the Conduit Club brand. It is recognised in the period to which the fees relate, when the amount can be reliably identified.

In addition to the IP fee income, the employee costs are recharged in full. The group and company have been identified as the agent in this relationship therefore the recharge of these costs is shown net of the costs themselves.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

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

2. Accounting policies (continued)

2.8 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

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

2.9 Current and deferred taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

2.10 Exceptional items

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

2.11 Tangible fixed assets

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

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

2. Accounting policies (continued)

2.11 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	- 3 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.12 Impairment of fixed assets

Assets that are subject to depreciation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the assets's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets's fair value less costs to sell and value in use. Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 Associates

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

Ordinarily, in the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Statement of Financial Position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Given the immateriality to the Group of the share of each of the associates losses to date, no charge has been recognised in the Statement of Comprehensive Income and the Statement of Financial Position shows the investment at cost.

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

2. Accounting policies (continued)

2.15 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.17 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

3. Employees

The average monthly number of employees during the year was 3 (2021 - 3).

THE CONDUIT HOLDCO LIMITED

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

4. Tangible fixed assets

Group

	Office equipment £
Cost	
Additions	4,038
At 31 December 2022	<u>4,038</u>
Depreciation	
Charge for the year on owned assets	<u>379</u>
At 31 December 2022	<u>379</u>
Net book value	
At 31 December 2022	<u><u>3,659</u></u>
<i>At 31 December 2021</i>	<u><u>-</u></u>

THE CONDUIT HOLDCO LIMITED

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

4. Tangible fixed assets (continued)

Company

	Office equipment £
Cost	
Additions	4,038
At 31 December 2022	4,038
Depreciation	
Charge for the year on owned assets	379
At 31 December 2022	379
Net book value	
At 31 December 2022	3,659
<i>At 31 December 2021</i>	-

THE CONDUIT HOLDCO LIMITED

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

5. Investment in subsidiary companies

Group

	Investments in subsidiary companies £	Investments in associates £	Other fixed asset investments £	Total £
Cost				
At 1 January 2022	-	18,024	-	18,024
At 31 December 2022	-	18,024	-	18,024

The Group holds investments as follows as at 31 December 2022:

- 28.8% (diluted) in The Conduit Connect Limited (2021 - 32.8%)
- 35.7% in Conduit Capital Holdings Limited (2021 - 35.7%)
- 19.6% in The Conduit Club Limited (2021 - 21.6%)

Company

	Investments in subsidiary companies £	Investments in associates £	Total £
Cost			
At 1 January 2022	1	18,024	18,025
At 31 December 2022	1	18,024	18,025

THE CONDUIT HOLDCO LIMITED

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

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
The Conduit Dev Co Limited	Ordinary	100 %
Lava Dev Co LLC	Ordinary	100 %

The registered office of The Conduit Dev Co Limited is 9 Bonhill Street, London, England, EC2A 4DJ.

During 2022, the board of directors decided that The Conduit Dev Co Limited, a wholly owned subsidiary, had become superfluous and began the process of winding the entity up.

The registered office of Lava Dev Co LLC is 1209 Orange Street, Wilmington, United States of America, 19801.

6. Debtors

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Due after more than one year				
Amounts owed by associated undertakings	750,000	-	750,000	-
	<u>750,000</u>	<u>-</u>	<u>750,000</u>	<u>-</u>
	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Due within one year				
Trade debtors	301,077	-	301,076	-
Amounts owed by group undertakings	-	-	-	320,830
Amounts owed by associated undertakings	615,076	1,059,674	615,076	744,600
Other debtors	51,461	-	51,460	-
Prepayments and accrued income	323,942	2,570	323,942	2,570
	<u>1,291,556</u>	<u>1,062,244</u>	<u>1,291,554</u>	<u>1,068,000</u>

THE CONDUIT HOLDCO LIMITED

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

6. Debtors (continued)

Due after more than one year

The amounts owed by associated undertakings are convertible loans notes that are due for repayment, if not converted to equity by this point in May 2024. Interest is paid at 5% per annum on these loan notes.

Due within one year

The amounts owed by group undertakings are interest free and repayable either on demand or with 30 day payment terms.

Included in amounts owed by associated undertakings is:

- £80,000 (2021- £nil) loan that is unsecured, incurs interest at 3% per annum and is repayable July 2023

- £300,000 (2021- £nil) loan that is unsecured and was due for repayment November 2022. The initial interest incurred was 3% but this has risen to 5% per annum now the loan is overdue

- £145,000 (2021- £145,000) loan that incurs no interest and is repayable on demand.

The balance is due from companies that are associates and is interest free, unsecured and repayable on demand.

7. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Other loans	226,869	484,021	226,869	484,021
Trade creditors	64,210	38,973	63,079	38,973
Amounts owed to associates	-	646,875	-	646,875
Other taxation and social security	42,261	138,690	42,261	87,753
Other creditors	371,662	368,750	371,662	368,750
Accruals and deferred income	45,628	144,116	45,628	71,861
	<u>750,630</u>	<u>1,821,425</u>	<u>749,499</u>	<u>1,698,233</u>

Included within other loans is a loan for £221,208 (2021 – £326,365). The loan is due for repayment by 31 October 2023 and carries interest at 10% p.a. payable quarterly.

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

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Other loans	107,000	324,577	107,000	324,577
	<u>107,000</u>	<u>324,577</u>	<u>107,000</u>	<u>324,577</u>

Included within other loans is a loan for £107,000 (2021 – £107,000). The loan is due for repayment by 1 June 2024 and carries interest at 12% p.a. payable quarterly.

THE CONDUIT HOLDCO LIMITED

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

9. Prior year adjustment

In the financial statements for the year ended 31 December 2021, £450,000 of turnover was incorrectly classified as other income. This has been adjusted in these financial statements. The impact of this is the increase in turnover for £450,000 and decrease of other income of £450,000. This has had no impact on the loss for the year.

10. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £18,151 (2021 - £4,005). Contributions totalling £10,003 (2021 - £3,309) were payable to the fund at the reporting date.

11. Related party transactions

The total paid to directors for services to the group was £189,088 (2021 - £87,253).

During the period, the group charged £106,935 (2021 - £432,410) in Senior Team recharges to Conduit Club Limited a related party by virtue of common directors and shareholders, and the Conduit Holdco Ltd having significant influence over the company.

The group also charged Conduit Club Limited £650,000 (2021: £450,000) in fees for the right to use its Intellectual Property.

As disclosed in note 6 under amounts owed by associated undertakings, there are convertible loan notes and other loans owed by Conduit Club Limited.

At 31 December 2022, an amount of £75,000 (2021: £75,000) was owed to Maiyet Inc (disclosed as an other creditor), a related party by virtue of common shareholding.

12. Post balance sheet event

On 24th of February 2023, The Conduit Holdco acquired an additional 20% in Conduit Club Limited.

The Conduit Holdco Limited and Conduit Club Limited entered into an Investment Agreement whereby loans totalling £1,525,000 made to Conduit Club Limited were forgiven in exchange for equity. £250,000 of further equity was acquired through a cash payment.

Also on 24th of February 2023, The Conduit Holdco Limited and Conduit Club Limited entered in to a Brand Licence Agreement which allowed for Intellectual Property Fees of £2,992,500 to be charged in exchange for equity in Conduit Club Limited.

In February 2023 The Conduit Holdco Limited acquired 51% of The Conduit Oslo AS (previously H8 Flott AS) for a nominal amount. This Norwegian company will operate The Conduit Oslo.

13. Controlling party

In the opinion of the directors, as at the date of issue of the financial statements, there is no single controlling party.

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