

Tortoise Media Ltd

Annual Report and Financial Statements
for the Year Ended 31 December 2022

Tortoise Media Ltd

Contents

| | |
|--|-----------------|
| Company Information | <u>1</u> |
| Strategic Report | <u>2</u> |
| Directors' Report | <u>3</u> |
| Statement of Directors' Responsibilities | <u>4</u> |
| Independent Auditor's Report | <u>5 to 8</u> |
| Profit and Loss Account | <u>9</u> |
| Statement of Comprehensive Income | <u>10</u> |
| Balance Sheet | <u>11</u> |
| Statement of Cash Flows | <u>12</u> |
| Notes to the Financial Statements | <u>13 to 21</u> |

Tortoise Media Ltd

Company Information

| | |
|--------------------------|---|
| Directors | Mr J Harding Mr M Barzun |
| Registered office | The Harley Building 77-79 New Cavendish Street London W1W 6XB |
| Auditors | THP Limited Chartered Accountants and Statutory Auditors 34-40 High Street Wanstead London E11 2RJ |

Tortoise Media Ltd

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

Fair review of the business

2022 signalled the end of the covid pandemic, but the economy was slow to bounce back which was marked by corporate and consumer hesitancy. Despite this, our revenues continued to grow, albeit more modestly by 15% in 2022, reaching £6,235,352 (2021: £5,422,603). The expansion of our proprietary forums business delivered significant growth (nearly tripling of revenue), as well as strong growth in our audio business (63%) and a consistent performance in B2C membership (21%), which was helped by the launch of our off platform audio only subscription Tortoise+ on Apple Podcasts.

Following our Series A fundraise at the end of 2021 we decided to make strategic investments in people, the launch of a music and ideas festival called Kite (backed by Vivendi), and increasing the number of proprietary Responsible Business Forums (from two in 2021 to five in 2022). In 2022 our cost base rose to £10,825,763 (2021: £8,618,063), an increase of 26% from 2021. As a result, we incurred a loss of £4,630,754 (2021: £3,197,274) an increase of 45% from the previous year. 2022 was a year we decided to invest in the business and are confident this will enable us to achieve our goal of profitability.

Principal risks and uncertainties

Tortoise Media operates in a competitive audio and digital news environment. In the past couple of years we have seen the increasing proliferation of “free news” which has suppressed consumer appetite to pay for news, which was further compounded by the cost of living crisis. We are confident that our distinctive approach to audio and digital journalism will continue to grow our audiences in demographics that are habitually not consuming news and current affairs content (we skew female and under 44). We have always prided ourselves on responding early to economic challenges and will continue to do so should corporate hesitancy continue in 2023.

Tortoise is proud to have a small group of investors who have backed the business since our earliest days, and we grateful for their support to ensure liquidity or cash flow is not a significant risk, albeit we continually monitor revenue and cash flow forecasts responsibly to further manage risk.

Financial key performance indicators

| | 31.12.2022 | 31.12.2021 |
|---|-------------|-------------|
| | £ | £ |
| Turnover | 6,235,352 | 5,422,603 |
| Operating loss | (4,590,411) | (3,166,871) |
| Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA) | (4,559,773) | (3,130,871) |

The net assets of the Company are £4.3m (2021: £8.9m) at the balance sheet date, reflecting the solid position of the Company from a solvency and liquidity point of view, and this strong balance sheet is the foundation on which the Company can continue to grow and prosper.

Approved and authorised by the Board on 19 December 2023 and signed on its behalf by:

.....

Mr J Harding

Director

Tortoise Media Ltd

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Principal activity

The principal activity of the company is a publication company providing “slow”, fresh, analytical, and in depth journalistic content on a range of topics, provided online and via audio, as well as via physical events.

Directors of the company

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

Mr J Harding

Mr M Barzun

Mrs C Vanneck-Smith (ceased 31 December 2022)

Future developments

The management are confident that the company will be able to attract further investment in order to deliver on its long term strategy.

Going concern

Due to the investment in the growth of the business in the past number of years, the Company has incurred losses and has a deficit in retained earnings of £16,336,097 (2021: £11,688,343). However, due to funds introduced by investors the Company has cash at bank of £4,299,246 and a surplus of shareholders' funds of £4,302,984 as at 31 December 2022.

In December 2023, the company secured an additional funding of £1.1m from investors.

The Directors have produced cash flow forecasts that show that the Company will have sufficient funds for at least the next 12 months from the date of the approval of these accounts.

On this basis the accounts have been prepared on a going concern basis.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

The auditors, THP Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved and authorised by the Board on 19 December 2023 and signed on its behalf by:

.....
Mr J Harding

Director

Tortoise Media Ltd

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Tortoise Media Ltd

Independent Auditor's Report to the Members of Tortoise Media Ltd

Opinion

We have audited the financial statements of Tortoise Media Ltd (the 'company') for the year ended 31 December 2022, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

Tortoise Media Ltd

Independent Auditor's Report to the Members of Tortoise Media Ltd

We have nothing to report in this regard.

The prior year financial statements were not audited.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our 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 and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 4], 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 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Tortoise Media Ltd

Independent Auditor's Report to the Members of Tortoise Media Ltd

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector in which the company operates;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection and employment law;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and any other relevant regulators as required.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Tortoise Media Ltd

Independent Auditor's Report to the Members of Tortoise Media Ltd

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.

.....
Andrew Green LLB FCA (Senior Statutory Auditor)
For and on behalf of THP Limited, Statutory Auditor
Chartered Accountants and Statutory Auditors
34-40 High Street
Wanstead
London
E11 2RJ

19 December 2023

Tortoise Media Ltd

Profit and Loss Account for the Year Ended 31 December 2022

| | Note | 2022 £ | 2021 £ |
|---------------------------------------|----------|--------------------|--------------------|
| Turnover | | 6,235,352 | 5,422,603 |
| Gross profit | | 6,235,352 | 5,422,603 |
| Administrative expenses | | (10,825,763) | (8,618,063) |
| Other operating income | <u>3</u> | - | 28,589 |
| Operating loss | <u>4</u> | (4,590,411) | (3,166,871) |
| Interest payable and similar expenses | <u>5</u> | (40,343) | (30,403) |
| Loss before tax | | (4,630,754) | (3,197,274) |
| Tax on loss | <u>9</u> | (17,000) | - |
| Loss for the financial year | | <u>(4,647,754)</u> | <u>(3,197,274)</u> |

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

Tortoise Media Ltd

Statement of Comprehensive Income for the Year Ended 31 December 2022

| | 2022 | 2021 |
|---|---------------------------|---------------------------|
| | £ | £ |
| Loss for the year | <u>(4,647,754)</u> | <u>(3,197,274)</u> |
| Total comprehensive income for the year | <u><u>(4,647,754)</u></u> | <u><u>(3,197,274)</u></u> |

Tortoise Media Ltd

(Registration number: 11100473) Balance Sheet as at 31 December 2022

| | Note | 2022 £ | 2021 £ |
|---|-----------|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | <u>10</u> | 47,402 | 57,156 |
| Current assets | | | |
| Debtors | <u>11</u> | 1,563,132 | 779,233 |
| Cash at bank and in hand | | 4,299,246 | 10,295,163 |
| | | 5,862,378 | 11,074,396 |
| Creditors: Amounts falling due within one year | <u>12</u> | (1,606,796) | (2,221,490) |
| Net current assets | | 4,255,582 | 8,852,906 |
| Net assets | | <u>4,302,984</u> | <u>8,910,062</u> |
| Capital and reserves | | | |
| Called up share capital | | 26 | 26 |
| Share premium reserve | | 20,566,518 | 20,542,406 |
| Other reserves | | 72,537 | 55,973 |
| Retained earnings | | (16,336,097) | (11,688,343) |
| Shareholders' funds | | <u>4,302,984</u> | <u>8,910,062</u> |

Approved and authorised by the Board on 19 December 2023 and signed on its behalf by:

.....
Mr J Harding
Director

Tortoise Media Ltd

Statement of Cash Flows for the Year Ended 31 December 2022

| | Note | 2022 £ | 2021 £ |
|--|-----------|-------------|-------------|
| Cash flows from operating activities | | | |
| Loss for the year | | (4,647,754) | (3,197,274) |
| Adjustments to cash flows from non-cash items | | | |
| Depreciation and amortisation | <u>4</u> | 30,638 | 36,000 |
| Finance costs | <u>5</u> | 35,088 | - |
| Share based payment transactions | | 16,564 | 55,973 |
| Income tax expense | <u>9</u> | 17,000 | - |
| | | (4,548,464) | (3,105,301) |
| Working capital adjustments | | | |
| Increase in trade debtors | <u>11</u> | (800,899) | (355,955) |
| (Decrease)/increase in trade creditors | <u>12</u> | (233,776) | 930,181 |
| Decrease in deferred income, including government grants | | (380,918) | (344,017) |
| Net cash flow from operating activities | | (5,964,057) | (2,875,092) |
| Cash flows from investing activities | | | |
| Acquisitions of tangible assets | | (20,884) | (49,576) |
| Cash flows from financing activities | | | |
| Interest paid | <u>5</u> | (35,088) | - |
| Proceeds from issue of ordinary shares, net of issue costs | | 24,112 | 10,032,435 |
| Net cash flows from financing activities | | (10,976) | 10,032,435 |
| Net (decrease)/increase in cash and cash equivalents | | (5,995,917) | 7,107,767 |
| Cash and cash equivalents at 1 January | | 10,295,163 | 3,187,396 |
| Cash and cash equivalents at 31 December | | 4,299,246 | 10,295,163 |

Tortoise Media Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

The company is a private company limited by share capital, incorporated in United Kingdom .

The address of its registered office is:

The Harley Building
77-79 New Cavendish Street
London
W1W 6XB
England

These financial statements were authorised for issue by the Board on 19 December 2023.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 - 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Going concern

Due to the investment in the growth of the business in the past number of years, the Company has incurred losses and has a deficit in retained earnings of £16,336,097 (2021: £11,688,343). However, due to funds introduced by investors the Company has cash at bank of £4,299,246 and a surplus of shareholders' funds of £4,302,984 as at 31 December 2022.

In December 2023, the company secured an additional funding of £1.1m from investors.

The Directors have produced cash flow forecasts that show that the Company will have sufficient funds for at least the next 12 months from the date of the approval of these accounts.

On this basis the accounts have been prepared on a going concern basis.

Tortoise Media Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

Judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates. Examples of areas that have required significant judgement include the likelihood and timing of utilising carried forward tax losses and the assumptions underpinning the valuation of share options.

Likelihood and timing of utilising carried forward tax losses:

As detailed in Note 9 'Taxation', as at 31 December 2022, the Company had unutilised tax losses totalling £16,240,578 which may be offset against future trading profits, reducing the tax charge in later years. FRS 102 states that unrelieved tax losses and other deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. The Company's management has determined that a deferred tax asset of £4,060,579 should not be recognised in respect of the tax losses due to the uncertainty as to the timing of its receipt.

Assumptions underpinning the valuation of share options:

As detailed in Note 15, Share-based payments, the Company has a share option scheme for certain employees. The fair value of the share options is charged to the Income Statement over the vesting period of the share options. The fair value of the share options is calculated using the Black Scholes model, which is considered to be the most appropriate generally accepted valuation method of measuring fair value. The Black Scholes model requires various judgements to be made, such as annual risk-free rate of investment and annualised volatility. The Company has determined that, at the date of grant, the annual risk-free rate of investment to be 0.1% and the annualised volatility to be 50%.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of value added tax.

Income from memberships is recognised over the period of membership.

Event revenue is recognised in the period that the event takes place.

B2B retainers are recognised over the period of the contract.

B2B bespoke income is recognised as the work is delivered on a percentage completion basis.

Audio advertising revenue is recognised when the relevant adverts are run.

The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Government grants

The company receives government grants and accounts for them under the accruals model as per FRS 102. These grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the company will comply with conditions attaching to them.

Tortoise Media Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 operates and generates taxable income.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

| Asset class | Depreciation method and rate |
|----------------------------------|-------------------------------------|
| Fixtures, Fittings and Equipment | 33% Straight line |

Cash and cash equivalents

Cash and cash equivalents in the balance sheet represent cash at bank and in hand.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in profit or loss under operating expenses. The carrying value of all short-term financial assets and liabilities are measured at amortised cost.

Tortoise Media Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

Share based payments

The Company issues equity-settled share options to certain employees. Equity-settled share-based payment transactions are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured by use of the Black Scholes pricing model which is considered by management to be the most appropriate method of valuation. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value of options offered under equity settled share based payment schemes is determined at grant date and expensed in the profit and loss account over the vesting period with a corresponding credit to retained earnings.

Where 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. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal value of the shares issued with any difference allocated to the share premium account.

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS102 in respect of financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently carried at this value less any provision for impairment.

3 Other operating income

The analysis of the company's other operating income for the year is as follows:

| | 2022 | 2021 |
|-------------------|-------------|-------------|
| | £ | £ |
| Government grants | - | 28,589 |

Tortoise Media Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

4 Operating loss

Arrived at after charging/(crediting)

| | 2022 £ | 2021 £ |
|-------------------------------|---------------|-----------|
| Depreciation expense | 30,638 | 36,000 |
| Research and development cost | 26,449 | - |
| | <u>26,449</u> | <u>-</u> |

5 Interest payable and similar expenses

| | 2022 £ | 2021 £ |
|---|---------------|---------------|
| Interest expense on other finance liabilities | 35,088 | - |
| Foreign exchange gains/losses | 5,255 | 30,403 |
| | <u>40,343</u> | <u>30,403</u> |

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

| | 2022 £ | 2021 £ |
|--|------------------|------------------|
| Wages and salaries | 5,245,309 | 3,937,963 |
| Social security costs | 696,612 | 439,176 |
| Pension costs, defined contribution scheme | 184,560 | 119,713 |
| Other employee expense | 16,564 | 55,973 |
| | <u>6,143,045</u> | <u>4,552,825</u> |

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

| | 2022 No. | 2021 No. |
|----------------------------|-------------|-------------|
| Production | 53 | 41 |
| Administration and support | 10 | 8 |
| Marketing | 10 | 7 |
| | <u>73</u> | <u>56</u> |

7 Directors' remuneration

The directors' remuneration for the year was as follows:

| | 2022 £ | 2021 £ |
|--------------|----------------|----------------|
| Remuneration | 583,000 | 612,728 |
| | <u>583,000</u> | <u>612,728</u> |

The Directors are the key management for the purposes of disclosures under FRS 102.

Tortoise Media Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

8 Auditors' remuneration

| | 2022 £ | 2021 £ |
|-----------------------------------|-----------|-----------|
| Audit of the financial statements | 13,000 | - |

9 Taxation

Tax charged/(credited) in the income statement

| 2022 £ | 2021 £ |
|-----------|-----------|
|-----------|-----------|

Current taxation

| | | |
|--|--------|---|
| UK corporation tax adjustment to prior periods | 17,000 | - |
|--|--------|---|

As at 31 December 2022, the company had unutilised tax losses totalling £16,240,578 which may be offset against future trading profits, reducing the tax charge in later years.

A deferred tax asset of £4,060,579 has not been recognised on these losses due to uncertainty as to the timing of its receipt.

10 Tangible assets

| | Furniture, fittings and equipment £ | Total £ |
|--------------------------|--|------------|
| Cost or valuation | | |
| At 1 January 2022 | 151,965 | 151,965 |
| Additions | 20,884 | 20,884 |
| Disposals | (27,854) | (27,854) |
| At 31 December 2022 | 144,995 | 144,995 |
| Depreciation | | |
| At 1 January 2022 | 94,809 | 94,809 |
| Charge for the year | 30,638 | 30,638 |
| Eliminated on disposal | (27,854) | (27,854) |
| At 31 December 2022 | 97,593 | 97,593 |
| Carrying amount | | |
| At 31 December 2022 | 47,402 | 47,402 |
| At 31 December 2021 | 57,156 | 57,156 |

Tortoise Media Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

11 Debtors

| | | 2022 | 2021 |
|----------------|------|------------------|----------------|
| Current | Note | £ | £ |
| Trade debtors | | 1,052,657 | 491,114 |
| Other debtors | | 9,318 | 12,272 |
| Prepayments | | 144,139 | 74,651 |
| Accrued income | | 357,018 | 184,196 |
| Taxation | 9 | - | 17,000 |
| | | <u>1,563,132</u> | <u>779,233</u> |

12 Creditors

| | | 2022 | 2021 |
|---------------------------------|------|------------------|------------------|
| | Note | £ | £ |
| Due within one year | | | |
| Trade creditors | | 505,541 | 165,171 |
| Social security and other taxes | | 482,547 | 827,102 |
| Other creditors | | 32,279 | 18,556 |
| Accrued expenses | | 229,251 | 472,565 |
| Deferred income | | 357,178 | 738,096 |
| | | <u>1,606,796</u> | <u>2,221,490</u> |

13 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £184,560 (2021 - £119,713).

Contributions totalling £20,908 (2021 - £18,556) were payable to the scheme at the end of the year and are included in creditors.

14 Share capital

Allotted, called up and fully paid shares

| | 2022 | | 2021 | |
|-------------------------------------|------------------|--------------|------------------|--------------|
| | No. | £ | No. | £ |
| Ordinary shares of £0.00001 each | 1,686,620 | 16.87 | 1,671,311 | 16.71 |
| Series Seed shares of £0.00001 each | 694,561 | 6.95 | 694,561 | 6.95 |
| Growth shares of £0.00001 each | 100,000 | 1.00 | 100,000 | 1.00 |
| B Ordinary shares of £0.00001 each | 100,000 | 1.00 | 100,000 | 1.00 |
| | <u>2,581,181</u> | <u>25.81</u> | <u>2,565,872</u> | <u>25.66</u> |

Tortoise Media Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

New shares allotted

During the year 15,309 Ordinary shares of £0.00001 having an aggregate nominal value of £0.15 were allotted for an aggregate consideration of £27,862.

Rights, preferences and restrictions

Ordinary shares:

The Ordinary shares carry full voting rights. They rank pari passu with B Ordinary shares and Series Seed shares on a distribution of dividends on a pro rata basis.

B Ordinary shares:

The B Ordinary shares carry full voting rights. They rank pari passu with the Ordinary shares and Series Seed shares on a distribution of dividends on a pro rata basis.

Series Seed shares:

The Series Seed shares carry full voting rights. They rank pari passu with the Ordinary shares and B Ordinary shares on a distribution of dividends on a pro rata basis.

Growth shares:

The Growth shares carry no voting rights or rights to receive dividends.

15 Share-based payments

Scheme details and movements

The Company has a share option scheme for certain employees. The total number of employees of the Company that share options have been granted to is 27 (2021: 28).

In certain circumstances the options may lapse if the relevant individual ceases to be an employee of the Company.

The movements in the number of share options during the year were as follows:

| | 2022 Number | 2021 Number |
|------------------------------|----------------|----------------|
| Outstanding, start of period | 243,858 | 260,273 |
| Granted during the period | - | 62,107 |
| Forfeited during the period | (10,964) | (47,031) |
| Exercised during the period | - | (31,491) |
| Outstanding, end of period | 232,894 | 243,858 |

The movements in the weighted average exercise price of share options during the year were as follows:

| | 2022 £ | 2021 £ |
|------------------------------|-----------|-----------|
| Outstanding, start of period | 2.28 | 2.19 |
| Granted during the period | - | 0.41 |
| Forfeited during the period | (0.07) | (0.20) |
| Exercised during the period | - | (0.12) |
| Outstanding, end of period | 2.21 | 2.28 |

Tortoise Media Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

During the year, the company issued nil (2021:62,107) options and 10,964 (2021: 47,031) options lapsed in the year. 210,713 of the options above were fully vested at the year end (2021: 161,428).

Directors of the company are in receipt of 59,691 (2021: 59,691) options.

Options are generally exercisable at a price equal to the estimated fair value of the Company's shares on the date of grant. The vesting period is four years. If the options remain unexercised after a period of 10 years from the date of grant, the options expire.

The fair value of the share options at the grant date was calculated using the Black Scholes model, which is considered to be the most appropriate generally accepted valuation method of measuring fair value.

The Company recognised total expenses of £16,564 related to equity-settled share-based payment transactions in 2022 (2021: £55,973).

16 Non adjusting events after the financial period

In December 2023, the company issued 65,967 Ordinary shares for a total consideration of £1,077,241.

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