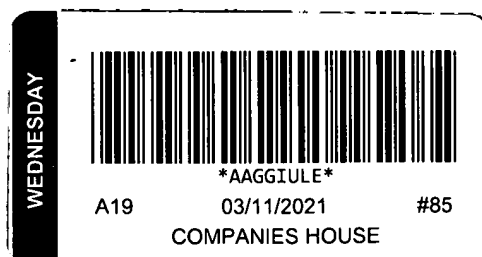


42 CRUNCH LIMITED

**DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**



42 CRUNCH LIMITED

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42 CRUNCH LIMITED

COMPANY INFORMATION

DIRECTORS

Jacques Declas
Philippe Leothaud
Isabelle Mauny
Alberto Gomez
Nazo Moosa

COMPANY SECRETARY

Maria McWalter

REGISTERED NUMBER

9900322

REGISTERED OFFICE

71-75 Shelton Street
Covent Garden
London
WC2H 9JQ

INDEPENDENT AUDITORS

Crowe Ireland
Chartered Accountants and Statutory Audit Firm
Marine House
Clanwilliam Place
Dublin 2

BANKERS

National Westminster Bank PLC
P.O Box 13, Cavell House
2a Charing Cross Road
London
WC2H 0PD

SOLICITORS

Wannops LLP
South Pallant House
8 South Pallant
Chichester
PO19 1TH
United Kingdom

42 CRUNCH LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

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

PRINCIPAL ACTIVITY

The principal activity of the group is the provision of API security.

DIRECTORS

The Directors who served during the year were:

Jacques Declas
Philippe Leothaud
Isabelle Mauny
Sumedh Thakar (resigned 6 May 2021)
Matthieu Estrade (resigned 5 February 2021)
Alberto Gomez (appointed 24 July 2020)

On 6 May 2021 Nazo Moosa was appointed a director of the company.

In accordance with the company constitution, the Directors are not required to retire by rotation.

42 CRUNCH LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

POST BALANCE SHEET EVENTS

Since the year end date, the Group has obtained additional resources and investment which will provide the Group with funding which will support the Group in meeting its future obligations. In addition to this, the Directors expects that the Group will have the ability to fund its operations through its own reserves in the coming months as it develops its products and services further.

The Directors note the significant impact of the Coronavirus outbreak in the United Kingdom, and around the world. The Directors have reviewed the impact of this on its future funding and order books. Based on knowledge to hand, the Directors consider while there are significant risks to be managed, the Group expects to be able to trade through this period of uncertainty and has the financial resources to do so.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

AUDITORS

The auditors, Crowe Ireland, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

SMALL COMPANIES NOTE

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

DocuSigned by:

Jacques Declas

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Jacques Declas

Director

Date: 25 October 2021

DocuSigned by:

Philippe Leothaud

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Philippe Leothaud

Director

Date: 22 October 2021

42.CRUNCH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF 42 CRUNCH LIMITED

OPINION

We have audited the financial statements of 42 Crunch Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020, which comprise the Group Profit and Loss Account, the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Statement of Changes in Equity and the related notes, 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 Group's and of the parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

42.CRUNCH LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF 42 CRUNCH LIMITED
(CONTINUED)**

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 Auditors' 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 the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Group Strategic Report.

42 CRUNCH LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF 42 CRUNCH LIMITED
(CONTINUED)**

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

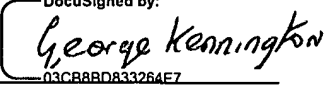
AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

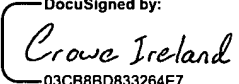
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 Group financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

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 Auditors' 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.

DocuSigned by:

Signed: 03CB8BD833264E7
George Kennington
for and on behalf of

DocuSigned by:

03CB8BD833264E7...
Crowe Ireland
Chartered Accountants and Statutory Audit Firm
Marine House
Clanwilliam Place
Dublin 2
Date: 1/11/2021

42 CRUNCH LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 \$	2019 \$
Turnover		278,529	20,000
Gross profit		<u>278,529</u>	<u>20,000</u>
Administrative expenses		(2,559,496)	(3,546,169)
Other operating income		77,921	-
Operating loss		<u>(2,203,046)</u>	<u>(3,526,169)</u>
Interest payable and similar expenses		(80,084)	(20,988)
Loss before tax		<u>(2,283,130)</u>	<u>(3,547,157)</u>
Tax on loss		307,235	390,239
Loss for the financial year		<u>(1,975,895)</u>	<u>(3,156,918)</u>
Loss for the year attributable to:			
Owners of the parent		(1,975,895)	(3,156,918)
		<u>(1,975,895)</u>	<u>(3,156,918)</u>

The notes on pages 13 to 27 form part of these financial statements.

42 CRUNCH LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 \$	2019 \$
Loss for the financial year		(1,975,895)	(3,156,918)
Currency translation differences		(359,920)	191,891
Other comprehensive income for the year		<u>(359,920)</u>	<u>191,891</u>
Total comprehensive income for the year		<u>(2,335,815)</u>	<u>(2,965,027)</u>
(Loss) for the year attributable to:			
Owners of the parent Company		(1,975,895)	(3,156,918)
		<u>(1,975,895)</u>	<u>(3,156,918)</u>
Total comprehensive income attributable to:			
Owners of the parent Company		(2,335,815)	(2,965,027)
		<u>(2,335,815)</u>	<u>(2,965,027)</u>

The notes on pages 13 to 27 form part of these financial statements.


42 CRUNCH LIMITED
REGISTERED NUMBER: 9900322

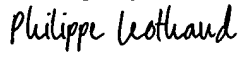
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 \$	2019 \$
Fixed assets			
Tangible fixed assets		19,861	28,597
		<u>19,861</u>	<u>28,597</u>
Current assets			
Debtors: amounts falling due after more than one year	8	366,970	334,451
Debtors: amounts falling due within one year	8	1,184,343	445,993
Cash at bank and in hand	9	322,578	43,089
		<u>1,873,891</u>	<u>823,533</u>
Creditors: amounts falling due within one year	10	(3,695,747)	(2,544,476)
Net current liabilities		(1,821,856)	(1,720,943)
Creditors: amounts falling due after more than one year		(182,990)	-
Net liabilities		(1,984,985)	(1,692,346)
Capital and reserves			
Called up share capital	14	19,519	16,770
Share premium account		5,492,067	3,451,640
Profit and loss account		(7,496,571)	(5,160,756)
Equity attributable to owners of the parent Company		(1,984,985)	(1,692,346)
		<u>(1,984,985)</u>	<u>(1,692,346)</u>

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

DocuSigned by:

1A1B112FD9E5482...
Jacques Declas
Director

DocuSigned by:

1D6D66B3494B465...
Philippe Leothaud
Director

Date: 25 October 2021

Date: 22 October 2021

The notes on pages 13 to 27 form part of these financial statements.


42 CRUNCH LIMITED
REGISTERED NUMBER: 9900322


COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 \$	2019 \$
Fixed assets			
Tangible assets		88	453
Fixed asset investments		223	223
		311	676
Current assets			
Debtors: amounts falling due within one year	8	4,927,229	4,968,399
Cash at bank and in hand	9	8,641	1,742
		4,935,870	4,970,141
Creditors: amounts falling due within one year	10	(2,258,917)	(1,978,230)
Net current assets		2,676,953	2,991,911
Total assets less current liabilities		2,677,264	2,992,587
Creditors: amounts falling due after more than one year		(37,044)	-
Net assets		2,640,220	2,992,587
Capital and reserves			
Called up share capital	14	19,519	16,770
Share premium account		5,492,067	3,451,640
Profit and loss account carried forward		(2,871,366)	(475,823)
		2,640,220	2,992,587

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

DocuSigned by:

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Jacques Declas
 Director

DocuSigned by:

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Philippe Leothaud
 Director

Date: 25 October 2021

Date: 22 October 2021

The notes on pages 13 to 27 form part of these financial statements.

42 CRUNCH LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital \$	Share premium account \$	Profit and loss account \$	Total equity \$
At 1 January 2020	16,770	3,451,640	(5,160,756)	(1,692,346)
Comprehensive income for the year				
Loss for the year	-	-	(1,975,895)	(1,975,895)
Foreign exchange movement	-	-	(359,920)	(359,920)
Shares issued during the year	2,749	2,040,427	-	2,043,176
At 31 December 2020	<u>19,519</u>	<u>5,492,067</u>	<u>(7,496,571)</u>	<u>(1,984,985)</u>

The notes on pages 13 to 27 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital \$	Share premium account \$	Profit and loss account \$	Total equity \$
At 1 January 2019	16,770	3,451,640	(2,195,729)	1,272,681
Comprehensive income for the year				
Loss for the year	-	-	(3,156,918)	(3,156,918)
Foreign exchange movement	-	-	191,891	191,891
At 31 December 2019	<u>16,770</u>	<u>3,451,640</u>	<u>(5,160,756)</u>	<u>(1,692,346)</u>

The notes on pages 13 to 27 form part of these financial statements.

42.CRUNCH LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	\$	\$	\$	\$
At 1 January 2020	16,770	3,451,640	(475,823)	2,992,587
Comprehensive income for the year				
Loss for the year	-	-	(2,414,594)	(2,414,594)
Currency translation differences	-	-	19,051	19,051
Shares issued during the year	2,749	2,040,427	-	2,043,176
At 31 December 2020	19,519	5,492,067	(2,871,366)	2,640,220

The notes on pages 13 to 27 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	\$	\$	\$	\$
At 1 January 2019	16,770	3,451,640	(368,467)	3,099,943
Comprehensive income for the year				
Loss for the year	-	-	(257,200)	(257,200)
Currency translation differences	-	-	149,844	149,844
At 31 December 2019	16,770	3,451,640	(475,823)	2,992,587

The notes on pages 13 to 27 form part of these financial statements.

42 CRUNCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. GENERAL INFORMATION

The principal activity of the group is the provision of API security.

The company is a limited liability company incorporated and domiciled in the United Kingdom. The company's registered office is 71-75 Shelton Street, Convent Garden, London, WC2H 9JQ and its company registration number is 9900322. The company is tax resident in the United Kingdom.

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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies.

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

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Profit and Loss Account from the date on which control is obtained. They are deconsolidated from the date control ceases.

42 CRUNCH LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****2. ACCOUNTING POLICIES (CONTINUED)****2.3 FOREIGN CURRENCY TRANSLATION****Functional and presentation currency**

The Company's functional and presentational currency is USD.

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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Dollars 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 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

42 CRUNCH LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****2. ACCOUNTING POLICIES (CONTINUED)****2.5 GOVERNMENT GRANTS**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Profit and Loss Account in the same period as the related expenditure.

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.

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 Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.9 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 balance sheet date in the countries where the Company and the Group operate and generate income.

2.10 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.

42 CRUNCH LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****2. ACCOUNTING POLICIES (CONTINUED)****2.10 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:

Fixtures and fittings	-	20%
Computer equipment	-	33%

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.

2.11 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.12 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.

2.13 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.

2.14 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.

42 CRUNCH LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****2. ACCOUNTING POLICIES (CONTINUED)****2.15 HOLIDAY PAY ACCRUAL**

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

2.16 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.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Consolidated Profit and Loss Account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative

42 CRUNCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. ACCOUNTING POLICIES (CONTINUED)

2.16 FINANCIAL INSTRUMENTS (continued)

contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

3. GOING CONCERN

The group has spent \$2,559,496 in relation to product research and development and administration expenses in the year. All of this has been expensed to the Profit and Loss account. The directors have reviewed the future plans and projections of the group and are confident of 42 Crunch's ability to attract revenues. Since the year end the group has raised \$14 million in additional share capital which will provide additional cash flow to the group to trade until at least October 2022. At 5 October 2021 the group had in excess of US\$10 million in cash. This investment will enable the group to meet its obligations as they fall due. In view of the foregoing, the financial statements are prepared on a going concern basis.

4. EMPLOYEES

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

	Group 2020 No.	<i>Group 2019 No.</i>	Company 2020 No.	<i>Company 2019 No.</i>
Ireland	10	13	-	-
United Kingdom	2	2	2	2
United States of America	3	3	-	-
	<u>15</u>	<u>18</u>	<u>2</u>	<u>2</u>

42 CRUNCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. DIRECTORS' REMUNERATION

	Group 2020	Group 2019	Company 2020	Company 2019
	\$	\$	\$	\$
Director's emoluments	184,439	408,640	109,115	108,507
Directors pension	1,123	-	1,123	-
	185,562	408,640	110,238	108,507

During the year, there were no retirement benefits accruing to Directors (2019 - \$NIL) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of \$109,115 (2019 - \$112,518).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to \$1,123 (2019 - \$NIL).

The amount of the accrued lump sum in respect of the highest paid Director at 31 December 2020 amounted to \$NIL (2019 - \$NIL).

42 CRUNCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

6. TANGIBLE FIXED ASSETS

Group

	Office equipment \$	Computer equipment \$	Total \$
COST OR VALUATION			
At 1 January 2020	7,493	42,608	50,101
Additions	-	4,383	4,383
Exchange adjustments	589	3,338	3,927
At 31 December 2020	<u>8,082</u>	<u>50,329</u>	<u>58,411</u>
DEPRECIATION			
At 1 January 2020	2,214	19,290	21,504
Charge for the year on owned assets	1,554	13,049	14,603
Exchange adjustments	320	2,123	2,443
At 31 December 2020	<u>4,088</u>	<u>34,462</u>	<u>38,550</u>
NET BOOK VALUE			
At 31 December 2020	<u>3,994</u>	<u>15,867</u>	<u>19,861</u>
At 31 December 2019	<u>5,279</u>	<u>23,318</u>	<u>28,597</u>

42 CRUNCH.LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

6. TANGIBLE FIXED ASSETS (CONTINUED)

Company

	Computer equipment \$
COST OR VALUATION	
At 1 January 2020	5,518
Exchange adjustments	193
	<hr/>
At 31 December 2020	5,711
	<hr/>
DEPRECIATION	
At 1 January 2020	5,065
Charge for the year on owned assets	358
Exchange adjustments	200
	<hr/>
At 31 December 2020	5,623
	<hr/>
NET BOOK VALUE	
At 31 December 2020	88
	<hr/> <hr/>
<i>At 31 December 2019</i>	453
	<hr/> <hr/>

42 CRUNCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. FIXED ASSET INVESTMENTS**Company**

	Investments in subsidiary companies \$
COST OR VALUATION	
At 1 January 2020	223
At 31 December 2020	223

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Registered office	Country of incorporation	Class of shares	Holding
42Crunch Security Systems Limited	5 George's Dock, I.F.S.C., Dublin 1	Ireland	Ordinary	100%
42Crunch Inc.	16192 Coastal Highway, DE-19958	United States of America	Ordinary	100%

42 CRUNCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. DEBTORS

	Group 2020 \$	Group 2019 \$	Company 2020 \$	Company 2019 \$
DUE AFTER MORE THAN ONE YEAR				
Other debtors	366,970	334,451	-	-
	366,970	334,451	-	-

	Group 2020 \$	Group 2019 \$	Company 2020 \$	Company 2019 \$
DUE WITHIN ONE YEAR				
Trade debtors	759,669	150,000	74,419	-
Amounts owed by group undertakings	-	-	4,847,136	4,941,920
Other debtors	386,657	270,123	1,641	4,273
Prepayments and accrued income	38,017	25,870	4,033	22,206
	1,184,343	445,993	4,927,229	4,968,399

9. CASH AND CASH EQUIVALENTS

	Group 2020 \$	Group 2019 \$	Company 2020 \$	Company 2019 \$
Cash at bank and in hand	322,578	43,089	8,641	1,742
Less: bank overdrafts	(3,457)	(639)	(2,726)	(223)
	319,121	42,450	5,915	1,519

42 CRUNCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. CREDITORS: Amounts falling due within one year

	Group 2020 \$	Group 2019 \$	Company 2020 \$	Company 2019 \$
Bank overdrafts	3,457	639	2,726	223
Bank loans	71,067	-	5,339	-
Trade creditors	149,684	50,613	9,759	50,613
Tax due to Inland Revenue & Customs	341,186	44,850	20,056	2,803
Deferred income	1,490,328	767,147	716,569	629,647
Other creditors	1,538,503	1,353,123	1,501,187	1,295,260
Accruals	101,522	328,104	3,281	(316)
	<u>3,695,747</u>	<u>2,544,476</u>	<u>2,258,917</u>	<u>1,978,230</u>

11. CREDITORS: Amounts falling due after more than one year

	Group 2020 \$	Group 2019 \$	Company 2020 \$	Company 2019 \$
Bank loans	182,990	-	37,044	-
	<u>182,990</u>	<u>-</u>	<u>37,044</u>	<u>-</u>

12. LOANS

	Group 2020 \$	Group 2019 \$	Company 2020 \$	Company 2019 \$
AMOUNTS FALLING DUE WITHIN ONE YEAR				
Bank loans	71,067	-	5,339	-
AMOUNTS FALLING DUE 1-2 YEARS				
Bank loans	37,044	-	37,044	-
AMOUNTS FALLING DUE 2-5 YEARS				
Bank loans	145,946	-	-	-
	<u>254,057</u>	<u>-</u>	<u>42,383</u>	<u>-</u>

42 CRUNCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. FINANCIAL INSTRUMENTS

	Group 2020 \$	<i>Group</i> 2019 \$	Company 2020 \$	<i>Company</i> 2019 \$
FINANCIAL ASSETS				
Financial assets	<u>322,578</u>	<u>43,089</u>	<u>8,641</u>	<u>1,742</u>
FINANCIAL LIABILITY				
Loan notes	<u>1,539,234</u>	<u>1,322,153</u>	<u>1,501,187</u>	<u>1,295,261</u>

Financial instruments include both assets and liabilities which are measured at fair value through the profit and loss.

Financial assets comprise of cash and cash equivalents.

Financial liabilities comprise of convertible loan notes which will convert to equity within one year.

42 CRUNCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. SHARE CAPITAL

	2020 \$	2019 \$
Allotted, called up and fully paid		
1,233,451 (2019 - 1,224,840) Ordinary shares of £0.01 each	15,301	15,187
317,870 (2019 - 118,373) Preference A shares of £0.01 each	4,218	1,583
	19,519	16,770
	19,519	16,770

On 24 July 2020 149,723 Preference A Shares of £0.01 were issued. On the same date, 6,570 Ordinary shares of £0.01 were issued.

On 25 November 2020 49,774 Preference A Shares of £0.01 each were issued. On the same date, 2,041 Ordinary shares of £0.01 were issued.

15. PENSION COMMITMENTS

Where local regulations require, the group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost represents contributions payable by the group to the fund and amounted to \$72,245 (2019: \$82,313).

16. COMMITMENTS UNDER OPERATING LEASES

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

	Group 2020 \$	Group 2019 \$
Not later than 1 year	118,710	112,126
Later than 1 year and not later than 5 years	273,813	372,254
	392,523	484,380
	392,523	484,380

17. RELATED PARTY TRANSACTIONS

During the year the group paid €48,000 (2019: €7,000) to a Director, Isabelle Mauny, for consultancy services. During the year Isabelle Mauny advanced €29,400 to the group. This amount was repaid before the year end.

During the year Jacques Declas advanced £53,000 to the group. At year end this amount remained outstanding.

The directors have taken advantage of the exemption under FRS102 Section 33.1A Related Party Disclosures and have not disclosed transactions with group companies.

42 CRUNCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. POST BALANCE SHEET EVENTS

As described in note 3 (Going concern), since the balance sheet date the Directors have made steps to ensure sufficient financial resources are in place to ensure the company can continue as a going concern, until at least October 2022. Since the year end date, the company has continued to grow its revenues and raised \$14 million in additional share capital. In addition to this, the Directors expect that the company will have the ability to fund its operations through its own reserves in the coming months as it develops its products and services further.

The Directors note the significant impact of the Coronavirus outbreak in the United Kingdom, and around the world. The Directors have reviewed the impact of this on its future funding and order books. Based on knowledge to hand, the Directors consider while there are significant risks to be managed, the company expects to be able to trade through this period of uncertainty and has the financial resources to do so.