

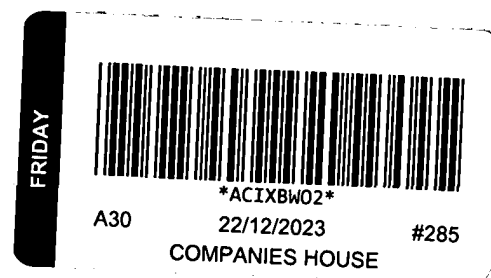
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HYBRID THEORY GLOBAL LTD

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ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



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HYBRID THEORY GLOBAL LTD

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COMPANY INFORMATION

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Directors	U Akpinar J A M Merks M Newcomb
Registered number	07472717
Registered office	Haslers Hawke House Old Station Road Loughton Essex IG10 4PL
Independent auditor	CLA Evelyn Partners Limited Chartered Accountants & Statutory Auditor 45 Gresham Street London EC2V 7BG

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HYBRID THEORY GLOBAL LTD

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## HYBRID THEORY GLOBAL LTD

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Introduction

The directors present the group strategic report for Hybrid Theory Global Limited and its subsidiary companies ("the Group") for the year ended 31 December 2022.

#### Principal activities

The Group's principal activity throughout the year was that of running programmatic advertising campaigns for clients, delivered through its proprietary audience insights and behavioural technology platform. The platform processes billions of first party data signals each month, from which bespoke online audiences to target adverts can be created.

#### Business review

Hybrid Theory Global Limited operated as a privately owned limited liability company which heads an international group ("the Group"), with operations in the UK, US, Singapore, Hong Kong, Spain and Australia.

On the 15th November 2022 it was acquired by Azerion Holdings BV ("Azerion") which is a company listed on the Euronext market.

During 2022 the Group continued to invest in further developing its technology capabilities, with focus on adding non-cookie data sources to its technology platform, whilst continually improving campaign performance and increased customer engagement. Following the acquisition by Azerion the focus will shift towards the integration of the product suite into the core platform owned and operated by Azerion, offering increased commercial opportunities for the product within the markets Azerion currently operates.

#### Key performance indicators and future developments

	2022	2021	Change
Revenue	£16,624,672	£15,683,940	£940,732
Gross profit margin	65.97%	54.90%	11.07%
Operating (loss)/profit on ordinary activities before interest and tax	£(1,495,302)	£545,857	£(2,045,159)
Operating (loss)/profit margin	(9.02)%	3.48%	(12.50)%

Gross margins have increased by 11.07%, with the business usage of non-cookie data sources contributing to the improved margins.

We continue to be excited with the increasing demand for data insight solutions in the markets and geographies we operate within. This has enabled the Group to target new verticals and product solutions as part of its growth plans across all of its operating regions.

Going into 2023 new opportunities will arise now that the Group is part of Azerion, in particular Europe where there is an established client base.

Azerion have commenced various restructuring and reorganisation of the Group's operations to optimise the value created from the transaction that completed in November 2022. Further details are included within the subsequent events section of the Directors' report and the notes to the financial statements.

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HYBRID THEORY GLOBAL LTD

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GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022

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**Financial risk management**

Management continually monitor the key risks facing the group together with assessing the controls used for managing these risks. The board of directors formally reviews and documents the principal risks facing the business at least annually.

The principal risks and uncertainties facing the group are as follows:

Competitor pressure – the market in which the group operates is highly competitive. The Group manages the risk by maintaining strong relations with its key customers;

Variety of financial risks – the Group's operations expose it to several financial risks including the effects if changes in foreign exchange rates, credit risk, liquidity risk and interest rate risk, all of which are monitored, and strategies adopted on a regular basis.

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

matthew newcomb

matthew newcomb (Dec 21, 2023 09:33 GMT)

**M Newcomb**

Director

Date: 21/12/2023

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## HYBRID THEORY GLOBAL LTD

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

#### Principal activity

The principal activity of the Group and Company is provision of programmatic advertising services as detailed further within the Group Strategic Report.

#### Results and dividends

The loss for the year, after taxation, amounted to £2,129,294 (2021 - £211,228).

No dividends have been paid or proposed in the year (2021 - £Nil).

#### Directors

The directors who served during the year were:

R Jenkin (resigned 15 November 2022)  
P Johnson (resigned 15 November 2022)  
N Long (resigned 7 September 2022)  
Boost & Co Limited (resigned 16 September 2022)  
U Akpinar (appointed 15 November 2022)  
J A M Merks (appointed 15 November 2022)  
M Newcomb (appointed 15 November 2022)

#### Matters covered in the Group Strategic Report

Where necessary, disclosures relating to principal risks and uncertainties, future developments and results and dividends have been made in the Strategic Report and have not been repeated here in accordance with Section 414C of the Companies Act 2006.

#### Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

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## HYBRID THEORY GLOBAL LTD

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Post balance sheet events

As part of the acquisition of the Group by Azerion after the balance sheet date several restructuring plans and reorganisation initiatives were implemented or being implemented. These form part of Azerion's strategy to drive value from the transaction and optimise the various activities of the Group with Azerion operations that currently exist in the same locations. The key initiatives include:

- Reducing operating staff levels in the US and UK by around 40%;
- Closure of the trading operations of the Group's Asia Pacific region in February 2023;
- Migration of the Group engineering resources to Azerion on the 31st March 2023;
- Termination of the UK property lease on the 31st March 2023; and
- The hive-up of the trade and assets of the UK trading business of the Group (including the TUPE of UK employees) on the 1 January 2024 to Azerion UK Limited.

As a result of the integration is it expected that with effect from the 1 January 2024 Hybrid Theory Global Limited (the main holding company of the Group) will become dormant.

#### Auditor

The auditor, CLA Evelyn Partners Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006. This reappointment will be subject to the future requirements of a statutory audit.

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

matthew newcomb  
matthew newcomb (Dec 21, 2023 09:33 GMT)

M Newcomb  
Director

Date: 21/12/2023

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## HYBRID THEORY GLOBAL LTD

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### DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors are responsible for preparing the Group Strategic Report, 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 for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HYBRID THEORY GLOBAL LTD

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**Opinion**

We have audited the financial statements of Hybrid Theory Global Ltd (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2022 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent 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.

**Emphasis of matter - not a going concern**

We draw attention to note 2.3 Going concern of the financial statements which explains that the financial statements have not been prepared on a going concern basis for the reasons set out in that note.

Our opinion is not modified in respect of this matter.

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## HYBRID THEORY GLOBAL LTD

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HYBRID THEORY GLOBAL LTD

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#### Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Financial Statements. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

#### Opinions 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

#### Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters 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.

#### Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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.

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## HYBRID THEORY GLOBAL LTD

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HYBRID THEORY GLOBAL LTD

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#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained a general understanding of the Group's and Parent Company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the entities' policies and procedures in relation to compliance with relevant laws and regulations. We also drew on our existing understanding of the Group's and Parent Company's industry and regulations.

We understand that the Group and Parent Company comply with requirements of the framework through updating operating procedures, manuals and internal controls as legal and regulatory requirements change.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the Group's and Parent Company's abilities to conduct operations and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the association:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.

To gain evidence about compliance with the significant laws and regulations above we reviewed board meeting minutes, enquired with the Group's and Parent Company's management as to the existence of litigation and no material items were identified, made enquires of the directors and obtained written management representations regarding the adequacy of procedures in place.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the Group's and Parent Company's financial statements to material misstatement, including how fraud might occur. The key area identified as part of the discussion was the risk of manipulation of the financial statements through manual journal entries, incorrect recognition of revenue and management bias in areas of estimation uncertainty.

The procedures carried out to gain evidence in the above areas included:

- Testing of manual journal entries, selected through applying specific risk assessments applied based on the Group's processes and controls surrounding manual journal entries;
- Reviewing and challenging estimates made by management; and
- Substantive audit procedures on revenue transactions.

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

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HYBRID THEORY GLOBAL LTD

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HYBRID THEORY GLOBAL LTD

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Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

CLA Evelyn Partners  
CLA Evelyn Partners (Dec 21, 2023 16:33 GMT)

Chetan Mistry (Senior Statutory Auditor)

for and on behalf of  
**CLA Evelyn Partners Limited**

Chartered Accountants  
Statutory Auditor

45 Gresham Street  
London  
EC2V 7BG

Date: 21/12/2023

HYBRID THEORY GLOBAL LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	4	16,624,672	15,683,940
Cost of sales		(5,657,949)	(7,073,955)
<b>Gross profit</b>		<b>10,966,723</b>	<b>8,609,985</b>
Administrative expenses		(12,487,379)	(8,087,787)
Other operating income	5	21,354	23,659
<b>Operating (loss)/profit</b>	6	<b>(1,499,302)</b>	<b>545,857</b>
Interest receivable and similar income	10	929	8,559
Interest payable and similar expenses	11	(625,632)	(762,619)
<b>Loss before taxation</b>		<b>(2,124,005)</b>	<b>(208,203)</b>
Tax on loss	12	(5,289)	(3,025)
<b>Loss for the financial year</b>		<b>(2,129,294)</b>	<b>(211,228)</b>
Currency translation differences		(182,185)	1,694
<b>Other comprehensive income for the year</b>		<b>(182,185)</b>	<b>1,694</b>
<b>Total comprehensive income for the year</b>		<b>(2,311,479)</b>	<b>(209,534)</b>

The notes on pages 20 to 39 form part of these financial statements. The above presented results are those of discontinued operations. See note 2.3.

HYBRID THEORY GLOBAL LTD  
REGISTERED NUMBER:07472717

CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	13	87,696	231,422
Tangible assets	14	183,722	60,463
		<u>271,418</u>	<u>291,885</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	16	2,173,695	4,185,810
Cash at bank and in hand	17	1,261,517	729,860
		<u>3,435,212</u>	<u>4,915,670</u>
Creditors: amounts falling due within one year	18	(4,869,712)	(5,416,254)
<b>Net current liabilities</b>		<u>(1,434,500)</u>	<u>(500,584)</u>
<b>Total assets less current liabilities</b>		<u>(1,163,082)</u>	<u>(208,699)</u>
Creditors: amounts falling due after more than one year	19	-	(3,191,075)
<b>Net liabilities</b>		<u><u>(1,163,082)</u></u>	<u><u>(3,399,774)</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	19,851	4,905
Share premium account	22	10,181,567	5,648,342
Capital redemption reserve	22	135	135
Foreign exchange reserve	22	(188,562)	(6,377)
Profit and loss account	22	(11,176,073)	(9,046,779)
<b>Shareholders' deficit</b>		<u><u>(1,163,082)</u></u>	<u><u>(3,399,774)</u></u>

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HYBRID THEORY GLOBAL LTD  
REGISTERED NUMBER:07472717

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CONSOLIDATED BALANCE SHEET (CONTINUED)  
AS AT 31 DECEMBER 2022

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

matthew newcomb  
matthew newcomb (Dec 21, 2023 09:33 GMT)

M Newcomb  
Director

Date: 21/12/2023

The notes on pages 20 to 39 form part of these financial statements.

HYBRID THEORY GLOBAL LTD  
REGISTERED NUMBER:07472717

COMPANY BALANCE SHEET  
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	13	87,696	231,422
Tangible assets	14	157,686	34,026
Investments	15	3,046	2,935
		<u>248,428</u>	<u>268,383</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	16	3,196,327	3,547,437
Cash at bank and in hand	17	713,941	586,709
		<u>3,910,268</u>	<u>4,134,146</u>
Creditors: amounts falling due within one year	18	(4,355,833)	(4,025,559)
<b>Net current (liabilities)/assets</b>		<u>(445,565)</u>	<u>108,587</u>
<b>Total assets less current liabilities</b>		<u>(197,137)</u>	<u>376,970</u>
Creditors: amounts falling due after more than one year	19	-	(3,191,075)
<b>Net liabilities</b>		<u><u>(197,137)</u></u>	<u><u>(2,814,105)</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	19,851	4,905
Share premium account	22	10,181,567	5,648,342
Capital redemption reserve	22	135	135
Foreign exchange reserve	22	(101)	(101)
Profit and loss account	22	(10,398,589)	(8,467,386)
<b>Shareholders' deficit</b>		<u><u>(197,137)</u></u>	<u><u>(2,814,105)</u></u>



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HYBRID THEORY GLOBAL LTD  
REGISTERED NUMBER:07472717

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COMPANY BALANCE SHEET (CONTINUED)  
AS AT 31 DECEMBER 2022

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The Parent 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 loss after tax of the Parent Company for the year was £1,931,203 (2021 - £154,493).

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

matthew newcomb  
matthew newcomb (Dec 21, 2023 09:33 GMT)

**M Newcomb**  
Director

Date: 21/12/2023

The notes on pages 20 to 39 form part of these financial statements.

HYBRID THEORY GLOBAL LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £	Share premium account £	Capital redemption reserve £	Foreign exchange reserve £	Share-based payment reserve £	Profit and loss account £	Total equity £
At 1 January 2021	4,905	5,499,712	135	(8,071)	-	(8,835,551)	(3,338,870)
Comprehensive income for the year							
Loss for the year	-	-	-	-	-	(211,228)	(211,228)
Currency translation differences	-	-	-	1,694	-	-	1,694
Shares issued during the year	-	148,630	-	-	-	-	148,630
At 1 January 2022	4,905	5,648,342	135	(6,377)	-	(9,046,779)	(3,399,774)
Comprehensive income for the year							
Loss for the year	-	-	-	-	-	(2,129,294)	(2,129,294)
Currency translation differences	-	-	-	(182,185)	-	-	(182,185)
Shares issued during the year	14,946	4,533,225	-	-	-	-	4,548,171
Share-based payment	-	-	-	-	275,726	-	275,726
Settlement of employee share schemes	-	-	-	-	(275,726)	-	(275,726)
At 31 December 2022	19,851	10,181,567	135	(188,562)	-	(11,176,073)	(1,163,082)

HYBRID THEORY GLOBAL LTD

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £	Share premium account £	Capital redemption reserve £	Foreign exchange reserve £	Share-based payment reserve £	Profit and loss account £	Total equity £
At 1 January 2021	4,905	5,499,712	135	-	-	(8,312,893)	(2,808,141)
Comprehensive income for the year							
Loss for the year	-	-	-	-	-	(154,493)	(154,493)
Currency translation differences	-	-	-	(101)	-	-	(101)
Shares issued during the year	-	148,630	-	-	-	-	148,630
At 1 January 2022	4,905	5,648,342	135	(101)	-	(8,467,386)	(2,814,105)
Comprehensive income for the year							
Loss for the year	-	-	-	-	-	(1,931,203)	(1,931,203)
Shares issued during the year	14,946	4,533,225	-	-	-	-	4,548,171
Share-based payment	-	-	-	-	275,726	-	275,726
Settlement of employee share schemes	-	-	-	-	(275,726)	-	(275,726)
At 31 December 2022	19,851	10,181,567	135	(101)	-	(10,398,589)	(197,137)

HYBRID THEORY GLOBAL LTD

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(2,129,294)	(211,228)
<b>Adjustments for:</b>		
Amortisation of intangible assets	143,726	237,147
Depreciation of tangible assets	143,721	31,845
Loss on disposal of tangible assets	-	232
Interest paid	625,632	-
Interest received	(929)	-
Taxation charge	5,289	-
Increase in debtors	2,002,184	(485,688)
Decrease in creditors	(1,489,472)	(55,958)
Corporation tax received	5,289	111,569
Foreign currency differences	(182,185)	1,699
<b>Net cash used in operating activities</b>	<b>(876,039)</b>	<b>(370,382)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(266,980)	(38,400)
Sale of tangible fixed assets	-	208
Interest received	929	-
<b>Net cash used in investing activities</b>	<b>(266,051)</b>	<b>(38,192)</b>

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HYBRID THEORY GLOBAL LTD

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CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022

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	2022 £	2021 £
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	4,548,171	148,630
Repayment of loans	(2,777,972)	(308,555)
Interest paid	(625,632)	-
<b>Net cash generated from/(used in) financing activities</b>	<u>1,144,567</u>	<u>(159,925)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>2,477</u>	<u>(568,499)</u>
Cash and cash equivalents at beginning of year	(160,665)	407,834
<b>Cash and cash equivalents at the end of year</b>	<u><u>(158,188)</u></u>	<u><u>(160,665)</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,261,517	729,860
Bank overdrafts	(1,419,705)	(890,525)
	<u><u>(158,188)</u></u>	<u><u>(160,665)</u></u>

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HYBRID THEORY GLOBAL LTD

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CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2022

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	At 1 January 2022 £	Cash flows £	Other non- cash changes £	At 31 December 2022 £
Cash at bank and in hand	729,860	531,657	-	1,261,517
Bank overdrafts	(890,525)	(529,180)	-	(1,419,705)
Debt due after 1 year	(3,191,075)	-	3,191,075	-
Debt due within 1 year	(886,892)	2,777,972	(3,191,075)	(1,299,995)
	<u>(4,238,632)</u>	<u>2,780,449</u>	<u>-</u>	<u>(1,458,183)</u>

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## HYBRID THEORY GLOBAL LTD

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

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#### 1. General information

Hybrid Theory Global Ltd is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 07472717). The registered office address is Haslers Hawke House, Old Station Road, Loughton, Essex, United Kingdom, IG10 4PL.

#### 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 judgement in applying the Group's accounting policies (see note 3).

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.

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliation for the Group and the Parent Company would be identical; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been applied:

##### 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 Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

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## HYBRID THEORY GLOBAL LTD

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

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#### 2. Accounting policies (continued)

##### 2.3 Going concern

The Group and Company were acquired by Azerion Holdings BV ("Azerion") in November 2022. Under the ownership of Azerion, the business model of the Group is to integrate the acquired entities with the local Azerion entity.

On 31 December 2023 the trade and assets of the Group will transfer to Azerion, and therefore on this date the Group will cease to trade.

In these circumstances, UK accounting standards do not permit the financial statements to be prepared on a going concern basis and therefore the financial statements have been prepared on a basis other than the going concern basis. A provision has been recognised for the forfeit of the Group's office lease. No adjustments to the carrying value of the Group's remaining assets and liabilities is required as a result of the change in basis of preparation.

##### 2.4 Foreign currency translation

###### Functional and presentation currency

The Company'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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss 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 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.



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

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2. Accounting policies (continued)

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover 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 turnover is recognised:

**Rendering of services**

Turnover 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 turnover 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.

2.6 Operating leases: the Group as lessor

Rental income from operating leases is credited to profit or loss on a straight-line basis over the lease term.

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.8 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.

2.9 Borrowing costs

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

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## HYBRID THEORY GLOBAL LTD

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

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#### 2. Accounting policies (continued)

##### 2.10 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Software under intangible fixed assets relate to the capitalisation of time and costs associated with internally developed improvements to the processes to generate future income. The costs are amortised on a straight-line basis, which is management's best estimate of their useful economic life based on industry knowledge. If there is an indication that there has been significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect new expectations.

The estimated useful lives range as follows:

Software development costs	-	5	years
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##### 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.

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:

Short-term leasehold property	- 67%
Office equipment	- 33%
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.

##### 2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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## HYBRID THEORY GLOBAL LTD

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

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#### 2. Accounting policies (continued)

##### 2.13 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.

##### 2.14 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Group's cash management.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

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## HYBRID THEORY GLOBAL LTD

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

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#### 2. Accounting policies (continued)

##### 2.15 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.

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

##### 2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

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3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The judgements, estimates and assumptions are evaluated at each reporting date and are based on historical experience as adjusted for current market conditions and other factors. Management makes estimates and assumptions concerning the future in preparing the financial statements and the actual results will not always reflect the accounting estimates made. The estimates and assumptions that had a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the Group are outlined below.

**Critical accounting estimates and assumptions**

The Group and Parent Company make estimates and assumptions concerning the future. The resulting accounting estimate will seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are considered by the directors to be the following:

**Useful life of intangible assets**

Intangibles arising on the capitalisation of time and costs associated with internally developed improvements to the processes to generate future income are being amortised over a five year period (note 13). The Group and Parent Company continually monitor this policy and the performance of the assets acquired including ongoing trading performance and will amend the estimate of the useful life should it be required.

**Impairment of trade receivables**

The Group and Parent Company make an estimate of the recoverable value of trade receivables (note 16). When assessing impairment, management considers factors including the current credit rating of the customer, the ageing profile of the receivable and historical experience.

**Recoverability of intra-group loans**

The Parent Company has provided loans to a fellow subsidiary company which are repayable on demand (note 16). Loans are impaired to their recoverable value should the counterparty not have sufficient resources to repay the loan on demand after taking all possible steps including the sale of trade and assets.

**Financial instruments classification**

The classification of financial instruments as "basic" or "other" requires judgment as to whether all the applicable conditions for classification as basic are met. This includes consideration of the form of the instrument and its return.

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HYBRID THEORY GLOBAL LTD

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

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4. Turnover

The whole of the turnover is attributable to the Group's principal activity.

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	8,138,198	5,912,978
Rest of the world	8,486,474	9,770,962
	<u>16,624,672</u>	<u>15,683,940</u>

5. Other operating income

	2022 £	2021 £
Other operating income	<u>21,354</u>	<u>23,659</u>

6. Operating loss

The operating loss is stated after charging/(crediting):

	2022 £	2021 £
Exchange differences	141,339	(11,209)
Operating lease rentals	<u>281,627</u>	<u>386,919</u>

7. Auditor's remuneration

	2022 £	2021 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>62,375</u>	<u>54,000</u>

HYBRID THEORY GLOBAL LTD

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

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	7,335,753	5,402,139	3,200,002	2,884,272
Social security costs	113,352	181,651	113,352	66,085
Cost of defined contribution scheme	116,474	95,649	25,156	16,856
	<u>7,565,579</u>	<u>5,679,439</u>	<u>3,338,510</u>	<u>2,967,213</u>

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

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
Administrative, Engineering, Sales and Support	<u>49</u>	<u>53</u>	<u>31</u>	<u>25</u>

9. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	312,917	665,984
Company contributions to defined contribution pension schemes	9,068	25,480
Other remuneration	-	1,611
	<u>321,985</u>	<u>693,075</u>

The highest paid director received remuneration of £250,000 (2021 - £336,432).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,500 (2021 - £7,281).

The total accrued pension provision of the highest paid director at 31 December 2022 amounted to £Nil (2021 - £1,033).

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HYBRID THEORY GLOBAL LTD

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

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10. Interest receivable and similar income

	2022 £	2021 £
Other interest receivable	929	8,559

11. Interest payable and similar expenses

	2022 £	2021 £
Other interest payable	625,632	762,619



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HYBRID THEORY GLOBAL LTD

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

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12. Taxation

	2022 £	2021 £
Foreign tax on income for the year	5,289	3,025

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	(2,124,005)	(208,203)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(403,561)	(39,559)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	408,850	42,584
<b>Total tax charge for the year</b>	<b>5,289</b>	<b>3,025</b>

**Factors that may affect future tax charges**

Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023.

The Group has tax losses of approximately £7,563,303 (2021 - £6,342,521) available to carry forward against future trading profits.

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HYBRID THEORY GLOBAL LTD

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

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13. Intangible assets

Group and Company

	Software development costs £
<b>Cost</b>	
At 1 January 2022	4,741,379
At 31 December 2022	<u>4,741,379</u>
<b>Amortisation</b>	
At 1 January 2022	4,509,957
Charge for the year	143,726
At 31 December 2022	<u>4,653,683</u>
<b>Net book value</b>	
At 31 December 2022	<u>87,696</u>
At 31 December 2021	<u>231,422</u>

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HYBRID THEORY GLOBAL LTD

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

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14. Tangible fixed assets

Group

	Short-term leasehold property £	Office equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 January 2022	-	59,312	169,157	228,469
Additions	127,694	37,597	101,689	266,980
At 31 December 2022	<u>127,694</u>	<u>96,909</u>	<u>270,846</u>	<u>495,449</u>
<b>Depreciation</b>				
At 1 January 2022	-	54,310	113,696	168,006
Charge for the year	76,921	14,731	52,069	143,721
At 31 December 2022	<u>76,921</u>	<u>69,041</u>	<u>165,765</u>	<u>311,727</u>
<b>Net book value</b>				
At 31 December 2022	<u>50,773</u>	<u>27,868</u>	<u>105,081</u>	<u>183,722</u>
<i>At 31 December 2021</i>	<u>-</u>	<u>5,002</u>	<u>55,461</u>	<u>60,463</u>

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HYBRID THEORY GLOBAL LTD

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

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14. Tangible fixed assets (continued)

Company

	Short-term leasehold property £	Office equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 January 2022	-	53,271	130,849	184,120
Additions	127,694	36,836	82,587	247,117
At 31 December 2022	<u>127,694</u>	<u>90,107</u>	<u>213,436</u>	<u>431,237</u>
<b>Depreciation</b>				
At 1 January 2022	-	51,644	98,450	150,094
Charge for the year	76,921	12,154	34,382	123,457
At 31 December 2022	<u>76,921</u>	<u>63,798</u>	<u>132,832</u>	<u>273,551</u>
<b>Net book value</b>				
At 31 December 2022	<u>50,773</u>	<u>26,309</u>	<u>80,604</u>	<u>157,686</u>
At 31 December 2021	<u>-</u>	<u>1,627</u>	<u>32,399</u>	<u>34,026</u>

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HYBRID THEORY GLOBAL LTD

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

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15. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 January 2022	2,935
Additions	111
At 31 December 2022	<u>3,046</u>

Subsidiary undertakings

The following were directly held subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Hybrid Theory Pty Limited	111 Flinders St, Sydney, NSW 2010, Australia	Ordinary	100%
Hybrid Theory Inc.	135 Madison Ave, NY 10016, USA	Ordinary	100%
Hybrid Theory Pte Limited	51B Circular Road, 049406, Singapore	Ordinary	100%
Hybrid Theory Limited (HK)	Rm606, 6/F Hollywood CTR, 77-91 Queen's Rd West Sheung Wan, Hong Kong, China	Ordinary	100%
Hybrid Theory BCN	Calle Balmes 205 Planta 6, Puerta 1, Spain	Ordinary	100%

HYBRID THEORY GLOBAL LTD

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

16. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	198,061	2,469,766	-	1,177,394
Amounts owed by group undertakings	-	-	2,257,018	1,365,229
Other debtors	233,131	214,979	106,186	203,894
Prepayments and accrued income	1,742,503	1,491,134	833,123	800,920
Tax recoverable	-	9,931	-	-
	<u>2,173,695</u>	<u>4,185,810</u>	<u>3,196,327</u>	<u>3,547,437</u>

17. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	1,261,517	729,860	713,941	586,709
Less: bank overdrafts	(1,419,705)	(890,525)	(1,030,968)	-
	<u>(158,188)</u>	<u>(160,665)</u>	<u>(317,027)</u>	<u>586,709</u>

18. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank overdrafts	1,419,705	890,525	1,030,968	-
Loans (see note 20)	1,299,995	886,892	1,299,995	886,892
Trade creditors	-	2,168,652	-	1,870,216
Provision for lease termination	150,000	-	150,000	-
Amounts owed to group undertakings	-	-	393,730	86,901
Other taxation and social security	528,925	356,600	448,659	297,777
Other creditors	351,613	311,663	242,683	190,297
Accruals and deferred income	1,119,474	801,922	789,798	693,476
	<u>4,869,712</u>	<u>5,416,254</u>	<u>4,355,833</u>	<u>4,025,559</u>

Bank overdrafts relate to Invoice Finance Facilities and are secured over the assets of the Group.

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HYBRID THEORY GLOBAL LTD

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

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

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Loans (see note 20)	-	3,191,075	-	3,191,075

20. Loans and borrowings

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
<b>Amounts falling due within one year</b>				
Loans	1,299,995	886,892	1,299,995	886,892
<b>Amounts falling due 1-2 years</b>				
Loans	-	1,313,097	-	1,313,097
<b>Amounts falling due 2-5 years</b>				
Loans	-	1,877,978	-	1,877,978
	<u>1,299,995</u>	<u>4,077,967</u>	<u>1,299,995</u>	<u>4,077,967</u>

The entire prior year loan balance related to a loan held with the previous ultimate controlling party. It was repayable in instalments and interest was accrued and paid annually at a rate of 12%. The loans were secured over the assets of the Group.

During the current year, the Parent Company capitalised senior debt and unpaid interest of £4,524,978 into 404,149,623 Ordinary shares of £0.0000125 par value to Industrial Lending.

The current year loan balance represents a working capital facility with the current ultimate controlling party, which is repayable on demand.

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HYBRID THEORY GLOBAL LTD

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

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21. Share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
64,762,955 (2021 - 21,966,612) Ordinary shares of £0.0001 each	6,476	2,196
620,853,456 (2021 - 216,703,833) Ordinary shares of £0.0000125 each	7,761	2,709
56,144,924 (2021 - Nil) Ordinary A shares of £0.0001 each	5,614	-
	<u>19,851</u>	<u>4,905</u>

On 6 September 2021, 31,518,400 Ordinary A shares of £0.0001 were allotted with aggregate nominal value of £3,151.84 for a total consideration of £63,036.80.

On 6 September 2021, 42,796,343 Ordinary shares of £0.0001 were allotted with aggregate nominal value of £6,476.30 for a total consideration of £85,592.69.

On 15 November 2022, 24,626,524 Ordinary A shares of £0.0001 were allotted with aggregate nominal value of £5,614.49 for a total consideration of £23,730.61.

On 15 November 2022, 404,149,623 Ordinary shares of £0.0000125 were allotted with aggregate nominal value of £7,760.67 for a total consideration of £4,524,978.

The Ordinary shares have attached to them full voting, dividend and capital distribution rights.

22. Reserves

**Share premium account**

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value less any transaction costs.

**Capital redemption reserve**

This reserve relates to the nominal value of shares that the Company has bought back.

**Foreign exchange reserve**

This reserve relates to the retranslation of foreign subsidiaries to the Group functional and presentational currency, being GBP.

**Profit and loss account**

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.



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## HYBRID THEORY GLOBAL LTD

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

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#### 23. Commitments under operating leases

At 31 December 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Not later than 1 year	128,100	187,795	128,100	74,725
Later than 1 year and not later than 5 years	74,725	202,825	74,725	202,825
	<u>202,825</u>	<u>390,620</u>	<u>202,825</u>	<u>277,550</u>

#### 24. Related party transactions

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

As at the year end, the Group and Parent Company held loans with the controlling party totalling £1,299,995 (2021 - £4,077,967). The loan is secured over the assets of the Company, repayable in instalments and attracts interest at 12% annually. The interest charged during the year was £434,888 (2021 - £495,548).

#### *Key management personnel*

Key management are those persons having authority and responsibility for planning, controlling and directing activities of the Group and Parent Company, and include the directors. Total key management personnel remuneration was £321,985 (2021 - £693,075).

#### 25. Post balance sheet events

As part of the acquisition of the Group by Azerion after the balance sheet date several restructuring plans and reorganisation initiatives were implemented or being implemented. These form part of Azerion's strategy to drive value from the transaction and optimise the various activities of the Group with Azerion operations that currently exist in the same locations. The key initiatives include:

- Reducing operating staff levels in the US and UK by around 40%;
- Closure of the trading operations of the Group's Asia Pacific region in February 2023;
- Migration of the Group engineering resources to Azerion on the 31st March 2023;
- Termination of the UK property lease on the 31st March 2023; and
- The hive-up of the trade and assets of the UK trading business of the Group (including the TUPE of UK employees) on the 1 January 2024 to Azerion UK Limited.

As a result of the integration it is expected that with effect from the 1 January 2024 Hybrid Theory Global Limited (the main holding company of the Group) will become dormant.

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HYBRID THEORY GLOBAL LTD

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**26. Controlling party**

Day to day control of the Group and Parent Company is with the board of directors. The ultimate controlling party for the period under review was Azerion Group N.V. by virtue of holding the majority of shares and board representation.