

Company Registration No. 09150085 (England and Wales)

PI LABS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019



PI LABS LIMITED

COMPANY INFORMATION

| | | |
|------------------|-------------------------------------|--|
| Directors | F S Butt V S Mehta A J Pettit | (Appointed 11 March 2019) (Appointed 17 January 2020) |
|------------------|-------------------------------------|--|

| | |
|-----------------------|----------|
| Company number | 09150085 |
|-----------------------|----------|

| | |
|--------------------------|---|
| Registered office | 151 Wardour Street London United Kingdom W1F 8WE |
|--------------------------|---|

| | |
|----------------|---|
| Auditor | UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW |
|----------------|---|

PI LABS LIMITED

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PI LABS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present their annual report and financial statements for the year ended 30 June 2019. The comparative period was from 1 January 2018 to 30 June 2018.

Principal activities

The principal activity of the company continued to be that of advising on Venture Capital Investments.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

| | |
|--------------------|-----------------------------|
| F S Butt | |
| V S Mehta | (Appointed 11 March 2019) |
| A J Pettit | (Appointed 17 January 2020) |
| D Wilson | (Resigned 6 June 2019) |
| M Criebardis-Singh | (Resigned 31 October 2018) |

Post reporting date events

Subsequent to the year end, on 17 January 2020, the company re-capitalised the balance sheet with an equity injection of £2,500,000. The directors regularly monitor risks that the business might face, such as the recent uncertainty around Covid-19, but do not currently consider these to be a risk to the company's ability to continue as a going concern for a period of at least twelve months from the date of signing these financial statements.

Provision of information to auditor

The directors at the time when this report is approved have confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that ought to have been taken in order to be aware of any information needed by the company's auditor in connection with preparing their report and to establish that the company's auditor is aware of that information.

PI LABS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements 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 company will continue in business.

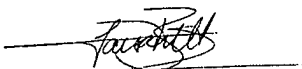
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



F S Butt
Director

Date: 21/4/2020

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PI LABS LIMITED**

Opinion

We have audited the financial statements of Pi Labs Limited (the 'company') for the year ended 30 June 2019 which comprise profit and loss account, balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 company's affairs as at 30 June 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF PI LABS LIMITED

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; 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' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF PI LABS LIMITED

Responsibilities of directors

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

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

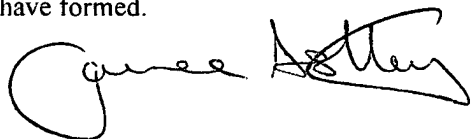
Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



James Astley (Senior Statutory Auditor)
for and on behalf of

22 April 2020

Chartered Accountants
Statutory Auditor

PI LABS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2019

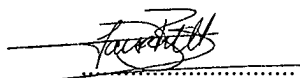
| | Year ended 30 June 2019 £ | Period ended 30 June 2018 as restated £ |
|------------------------------------|---|--|
| Turnover | 251,547 | 151,564 |
| Administrative expenses | (859,077) | (382,496) |
| Share option expense | 265,763 | (265,763) |
| | <hr/> | <hr/> |
| Loss before taxation | (341,767) | (496,695) |
| Tax on loss | - | - |
| | <hr/> | <hr/> |
| Loss for the financial Year | (341,767) | (496,695) |
| | <hr/> <hr/> | <hr/> <hr/> |

PI LABS LIMITED**BALANCE SHEET****AS AT 30 JUNE 2019**

| | | 2019 | | 2018 as restated | |
|---|-------|----------------|-----------------------|---------------------|-----------------------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 3 | | - | | 138 |
| Investments | 4 | | 100 | | 100 |
| | | | <u>100</u> | | <u>238</u> |
| Current assets | | | | | |
| Debtors | 6 | 200,346 | | 84,528 | |
| Cash at bank and in hand | | 257,499 | | 924,314 | |
| | | <u>457,845</u> | | <u>1,008,842</u> | |
| Creditors: amounts falling due within one year | 7 | (90,072) | | (33,677) | |
| Net current assets | | | <u>367,773</u> | | <u>975,165</u> |
| Total assets less current liabilities | | | <u><u>367,873</u></u> | | <u><u>975,403</u></u> |
| Capital and reserves | | | | | |
| Called up share capital | 8 | | 1 | | 1 |
| Share premium account | | 1,500,099 | | 1,500,099 | |
| Other reserves | | | - | 265,763 | |
| Profit and loss reserves | | (1,132,227) | | (790,460) | |
| Total equity | | | <u><u>367,873</u></u> | | <u><u>975,403</u></u> |

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

The financial statements were approved by the board of directors and authorised for issue on 21/4/2020 and are signed on its behalf by:



F S Butt
Director

Company Registration No. 09150085

PI LABS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

Company information

Pi Labs Limited is a private company limited by shares incorporated in England and Wales. The registered office is 151 Wardour Street, London, United Kingdom, W1F 8WE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements

Subsequent to the year end, on 17 January 2020, the company re-capitalised the balance sheet with an equity injection of £2,500,000. This funding is considered more than sufficient to cover the Company's costs over the next twelve months. The directors regularly monitor risks that the business might face, such as the recent uncertainty around Covid-19, but do not currently consider these to be a risk to the company's ability to continue as a going concern for a period of at least twelve months from the date of signing these financial statements.

1.3 Reporting period

These financial statements have been prepared for the year ended 30 June 2019. The prior period was from 1 January 2018 to 30 June 2018. The reason for this change is to have a coterminous year end for related entities. The comparative amounts presented in the financial statements (including the related notes) are not entirely comparable.

1.4 Turnover

Turnover represents the net invoiced value of the fees charged for services provided, excluding value added tax.

PI LABS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

PI LABS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

PI LABS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.11 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss account over the vesting period.

In determining the valuation of the share options charge, management have made judgements on the equity value of the company, the volatility of the share price, the timing of exercise of the options and the dividend yield.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit and loss account over the remaining vesting period.

1.12 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. At the balance sheet date all leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

2 Employees

The average monthly number of persons (including directors) employed by the company during the Year was 7 (2018 - 6).

Directors' emoluments are disclosed within the related party note 11.

PI LABS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

3 Tangible fixed assets

| | Plant and machinery etc £ |
|------------------------------------|--|
| Cost | |
| At 1 July 2018 | 138 |
| Disposals | (138) |
| | <u> </u> |
| At 30 June 2019 | - |
| | <u> </u> |
| Depreciation and impairment | |
| At 1 July 2018 and 30 June 2019 | - |
| | <u> </u> |
| Carrying amount | |
| At 30 June 2019 | - |
| | <u> </u> |
| At 30 June 2018 | 138 |
| | <u> </u> |

4 Fixed asset investments

| | 2019 £ | 2018 £ |
|-------------|-------------------|-------------------|
| Investments | 100 | 100 |
| | <u> </u> | <u> </u> |

Movements in fixed asset investments

| | Shares in group undertakings £ |
|-------------------------------|---|
| Cost or valuation | |
| At 1 July 2018 & 30 June 2019 | 100 |
| | <u> </u> |
| Carrying amount | |
| At 30 June 2019 | 100 |
| | <u> </u> |
| At 30 June 2018 | 100 |
| | <u> </u> |

PI LABS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2019****5 Subsidiaries**

Details of the company's subsidiaries at 30 June 2019 are as follows:

| Name of undertaking | Registered office | Class of shares held | % Held Direct |
|----------------------------|--------------------------|-----------------------------|----------------------|
| Pi Labs Manager Limited | England | Ordinary | 100.00 |

6 Debtors

| | 2019 | 2018 |
|--|----------------|---------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade debtors | 200 | 2,000 |
| Amounts owed by related parties | 123,420 | 13,367 |
| Other debtors | 76,726 | 60,761 |
| | <u>200,346</u> | <u>76,128</u> |
| | | |
| | 2019 | 2018 |
| | £ | £ |
| Amounts falling due after more than one year: | | |
| Other debtors | - | 8,400 |
| | <u>-</u> | <u>8,400</u> |
| Total debtors | <u>200,346</u> | <u>84,528</u> |

7 Creditors: amounts falling due within one year

| | 2019 | 2018 |
|------------------------------------|---------------|---------------|
| | £ | £ |
| Trade creditors | 30,625 | 7,200 |
| Amounts owed to group undertakings | 13,198 | 192 |
| Taxation and social security | 29,201 | 2,815 |
| Other creditors | 17,048 | 23,470 |
| | <u>90,072</u> | <u>33,677</u> |

PI LABS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

8 Called up share capital

| | 2019 | 2018 |
|-------------------------------|----------|----------|
| | £ | £ |
| Ordinary share capital | | |
| Issued and fully paid | | |
| 10,000 of 0.01p each | 1 | 1 |
| | <u>1</u> | <u>1</u> |

9 Financial commitments, guarantees and contingent liabilities

As at 30 June 2019 the total amount of financial commitment in the financial statements amount to £44,304 (2018: £114,824)

10 Events after the reporting date

Subsequent to the year end, on 17 January 2020, the company re-capitalised the balance sheet with an equity injection of £2,500,000 from a mix of existing and new strategic shareholders. On the same date the third Pi Labs fund, Pi Labs III LP, held its first close. The aggregate commitments from investors amounted to £15,000,000.

11 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel for the period amounted to £189,583 (2018: £75,000). There are no material related party transactions which have not been concluded under normal market conditions.

Share options awarded in the year amounted to £nil (2018: £ 265,763). Share options granted in the prior year, lapsed in the current year resulting in credit to the profit and loss account of £265,763 (2018: £nil).

During the year Pi Labs Limited paid expenses on behalf of Pi Labs Manager Limited amounting £2,609. Pi Labs Limited does not expect to recover these expenses and therefore have been recognised in full in the financial statements of Pi Labs Limited and written off in Pi Labs Manager Limited.

12 Ultimate controlling party

The ultimate controlling party is F S Butt, by virtue of his shareholding in Pi Labs Limited.

13 Prior period adjustment

The company incurred accountancy and audit fees totalling £21,050 during the period from 1 January 2018 to 30 June 2018. A prior period adjustment has been made to correct the accounting treatment as the expense was recorded as incurred in the year ended 30 June 2019. As such the expense was removed from the year ended 30 June 2019 and reflected within the period ended 30 June 2018. This has also resulted in £21,050 decrease in the brought forward reserves as at 1 July 2018.