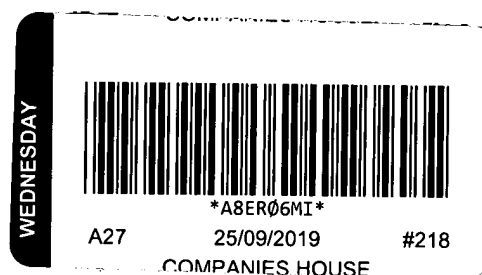


**Digital Tribe Holdings Limited**  
(previously W. Chump & Sons (Mugs and T-Shirts) Limited)

**Annual report and consolidated  
financial statements**

**Registered number 9928481**

**31 December 2018**



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## Directors' report

The company's principal activity is the operating of DriveTribe, the social media network for car enthusiasts, launched by Jeremy Clarkson, Richard Hammond and James May in November 2016. DriveTribe provides a content management and community engagement platform that enables amateur content producers to set up Tribes to share and showcase their motoring passions and content production skills. The platform attracts an average monthly audience in excess of 5 million unique users, while its extended reach via social media and partner platforms ensures over 250 million people read or watch DriveTribe content every month.

2018 was a transformational year for the Group: our main subsidiary, DriveTribe Limited, changed its business model to commercialise for the first time and also to focus on growing its engaged organic audience and ceasing spend on large scale paid user acquisition. The technology platform in which the Group invested heavily since it started trading is now substantially complete. The Group's technology and IP subsidiary, Tribe IP Limited, will now continue development and maintenance of this proprietary technology with a view to licensing it to third parties.

The early commercial campaigns of DriveTribe have been successful with a wide variety of clients from the automotive manufactures and related sectors like to fuel, oils, tyres; through to gaming, motorsport and insurance. The highlight of 2018 was the campaign with Audi for their new e-tron range of electric vehicles. This partnership combined the full suite of DriveTribe's commercial offering from content creation & distribution, community and engagement together with data capture and insights - and the campaign was recognised earlier this year when it picked-up the Drum Magazine's coveted "Commercial Campaign of the Year 2018".

The Group recently took on new investment of £2.5m in May 2019 and the directors outlook for the business is very positive. As a result of the changes made to the Group's business during 2018, the operating cost base of the business is significantly lower at the end of the year. This combined with strong revenue growth in 2018 and continuing in the first half of 2019 means the Group is on track to achieve operating profitability in its core DriveTribe business in 2021.

The Company changed its name by resolution to Digital Tribe Holdings Limited on 14 August 2018 (formerly W. Chump & Sons (Mugs & T-shirts) Limited).

## Directors

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

Andrew Wilman  
Jeremy Clarkson  
Richard Hammond  
James May  
Namrata Patel  
Alex Klein (appointed 18 June 2018)  
Jonathan Morris (appointed 14 May 2019)  
Dylan Murphy (appointed 14 May 2019)  
Mark Devereux (appointed 14 May 2019)  
James Hanbury (appointed 12 July 2019)

## **Directors' report (continued)**

### **Proposed dividend**

The directors do not recommend the payment of a dividend (2017: £nil).

### **Political contributions**

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the period (2017: £nil).

The company has taken the exemption allowed by the Companies Act 2006 and not prepared a strategic report on the grounds that it is a small company.

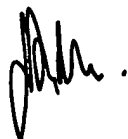
### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



**Jonathan Morris**  
Director

The Light Box, Unit 202, 111 Power Road, Chiswick W4 5PY

Date : 24 September 2019

## **Statement of directors' responsibilities in respect of the Directors' report and the financial statements**

The directors are responsible for preparing the Directors' 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 they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIGITAL TRIBE HOLDINGS LIMITED  
(PREVIOUSLY W. CHUMP & SONS (MUGS AND T-SHIRTS) LIMITED)**

**Opinion**

We have audited the financial statements of Digital Tribe Holdings Limited (previously W. Chump & Sons (Mugs and T-Shirts) Limited) ("the company") for the year ended 31 December 2018 which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, Consolidated and Company Balance Sheet, Consolidated and Company Statement of Changes in Equity, Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

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 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as share based payments assumptions and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

**Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIGITAL TRIBE HOLDINGS LIMITED  
(PREVIOUSLY W. CHUMP & SONS (MUGS AND T-SHIRTS) LIMITED) (continued)**

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

**Directors' report**

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIGITAL TRIBE HOLDINGS LIMITED  
(PREVIOUSLY W. CHUMP & SONS (MUGS AND T-SHIRTS) LIMITED) (continued)**

**The purpose of our audit work and to whom we owe our responsibilities**

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.

*David Benson*

**David Benson (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square, London, E14 5GL

Date:

*25 September 2014*



**Consolidated Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 December 2018*

	Note	Year ended 31 Dec 2018	Year ended 31 Dec 2017
		£000	£000
Revenue	2	1,061	-
Cost of sales		(653)	-
<b>Gross profit</b>		<b>408</b>	<b>-</b>
Administrative expenses		(6,434)	(7,725)
<b>Group operating loss</b>	3	<b>(6,026)</b>	<b>(7,725)</b>
Other interest receivable and similar income	6	18	14
Interest payable and similar expenses	7	(764)	(627)
<b>Loss before taxation</b>		<b>(6,772)</b>	<b>(8,338)</b>
Tax on loss	8	1,487	-
<b>Loss for the financial year</b>		<b>(5,285)</b>	<b>(8,338)</b>
<b>Other comprehensive income</b>			
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(5,285)</b>	<b>(8,338)</b>

The notes on pages 15-31 form part of these financial statements.

## Consolidated Balance Sheet at 31 December 2018

	Note	31 Dec 2018 £000	31 Dec 2017 £000
<b>Fixed assets</b>			
Intangible assets	9	5	7
Tangible assets	10	38	65
		<hr/>	<hr/>
		43	72
<b>Current assets</b>			
Debtors	12	786	268
Cash at bank and in hand		1,935	6,295
		<hr/>	<hr/>
		2,721	6,563
<b>Creditors: amounts falling due within one year</b>	13	(786)	(432)
		<hr/>	<hr/>
<b>Net current assets</b>		1,935	6,131
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		1,978	6,203
		<hr/>	<hr/>
<b>Creditors: amounts falling due after more than one year</b>	14	(5,665)	(4,765)
		<hr/>	<hr/>
<b>Net assets</b>		(3,687)	1,438
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	17	1	1
Share premium account		10,658	10,658
Other reserves		3,097	3,097
Profit and loss account		(17,443)	(12,318)
		<hr/>	<hr/>
<b>Shareholders' funds</b>		(3,687)	1,438
		<hr/>	<hr/>

The notes on pages 15-31 form part of these financial statements.

These financial statements were approved by the board of directors on 24 September 2019 and were signed on its behalf by:



**Dylan Murphy**  
Director

Company registered number: 9928481

## Company Balance Sheet at 31 December 2018

	Note	31 Dec 2018 £000	31 Dec 2017 £000
<b>Fixed assets</b>			
Investment in subsidiaries	11	-	-
		<hr/>	<hr/>
		-	-
<b>Current assets</b>			
Debtors	12	13,112	7,927
Cash at bank and in hand		1,053	5,926
		<hr/>	<hr/>
		14,165	13,853
<b>Creditors: amounts falling due within one year</b>	13	-	(3)
		<hr/>	<hr/>
<b>Net current assets</b>		14,165	13,850
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		14,165	13,850
		<hr/>	<hr/>
<b>Creditors: amounts falling due after more than one year</b>	14	(5,665)	(4,765)
		<hr/>	<hr/>
<b>Net assets</b>		8,500	9,085
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	17	1	1
Share premium account		10,658	10,658
Other reserves		3,097	3,097
Profit and loss account		(5,256)	(4,671)
		<hr/>	<hr/>
<b>Shareholders' funds</b>		8,500	9,085
		<hr/>	<hr/>

The notes on pages 15-31 form part of these financial statements.

These financial statements were approved by the board of directors on 24 September 2019 and were signed on its behalf by:



**Dylan Murphy**  
Director

Company registered number: 9928481

## Consolidated Statement of Changes in Equity

	Called up Share capital £000	Share premium account £000	Other reserves £000	Profit & loss account £000	Total equity £000
Balance at 1 January 2017	1	4,920	3,097	(4,121)	3,897
<b>Total comprehensive income for the period</b>					
Profit or loss	-	-	-	(8,338)	(8,338)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	-	(8,338)	(8,338)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity					
Issue of shares	-	5,738	-	-	5,738
Equity-settled share based payment transactions	-	-	-	141	141
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	5,738	-	141	5,879
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2017</b>	<b>1</b>	<b>10,658</b>	<b>3,097</b>	<b>(12,318)</b>	<b>1,438</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 January 2018	1	10,658	3,097	(12,318)	1,438
<b>Total comprehensive income for the period</b>					
Profit or loss	-	-	-	(5,285)	(5,285)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	-	(5,285)	(5,285)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity					
Equity-settled share based payment transactions	-	-	-	160	160
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	-	-	160	160
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2018</b>	<b>1</b>	<b>10,658</b>	<b>3,097</b>	<b>(17,443)</b>	<b>(3,687)</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

## Company Statement of Changes in Equity

	Called up Share capital £000	Share premium account £000	Other reserves £000	Profit & loss account £000	Total equity £000
Balance at 1 January 2017	1	4,920	3,097	(4,121)	3,897
<b>Total comprehensive income for the period</b>					
Profit or loss	-	-	-	(691)	(691)
<b>Total comprehensive income for the period</b>	-	-	-	(691)	(691)
Transactions with owners, recorded directly in equity					
Issue of shares	-	5,738	-	-	5,738
Equity-settled share based payment transactions	-	-	-	141	141
<b>Total contributions by and distributions to owners</b>	-	5,738	-	141	5,879
<b>Balance at 31 December 2017</b>	<b>1</b>	<b>10,658</b>	<b>3,097</b>	<b>(4,671)</b>	<b>9,085</b>
Balance at 1 January 2018	1	10,658	3,097	(4,671)	9,085
<b>Total comprehensive income for the period</b>					
Profit or loss	-	-	-	(745)	(745)
<b>Total comprehensive income for the period</b>	-	-	-	(745)	(745)
Transactions with owners, recorded directly in equity					
Equity-settled share based payment transactions	-	-	-	160	160
<b>Total contributions by and distributions to owners</b>	-	-	-	160	160
<b>Balance at 31 December 2018</b>	<b>1</b>	<b>10,658</b>	<b>3,097</b>	<b>(5,256)</b>	<b>8,500</b>

## Consolidated Cash Flow Statement for year ended 31 December 2018

	<i>Note</i>	<b>2018 £000</b>	<b>2017 £000</b>
<b>Cash flows from operating activities</b>			
Loss for the year		<b>(5,285)</b>	<b>(8,338)</b>
Adjustments for:			
Depreciation and amortisation	3	69	69
Foreign exchange (gains)/losses		138	(178)
Interest receivable and similar income	6	(18)	(14)
Interest payable and similar expenses	7	764	627
Loss on sale of tangible fixed assets		1	3
Equity settled share-based payment expenses	16	160	141
		<b>(4,171)</b>	<b>(7,690)</b>
(Increase)/decrease in trade and other debtors		<b>(518)</b>	20
Increase/ (decrease) in trade and other creditors		<b>354</b>	<b>(31)</b>
<b>Net cash from operating activities</b>		<b>(4,335)</b>	<b>(7,701)</b>
<b>Cash flows from investing activities</b>			
Interest received		18	14
Acquisition of tangible fixed assets	10	(43)	(56)
<b>Net cash from investing activities</b>		<b>(25)</b>	<b>(42)</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of share capital	16	-	5,701
<b>Net cash from financing activities</b>		<b>-</b>	<b>5,701</b>
Net decrease in cash and cash equivalents		<b>(4,360)</b>	<b>(2,042)</b>
Cash and cash equivalents at beginning of period		<b>6,295</b>	<b>8,337</b>
<b>Cash and cash equivalents at 31 December</b>		<b>1,935</b>	<b>6,295</b>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Digital Tribe Holdings Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 9928481 and the registered address is The Light Box Unit 202, 111 Power Road, Chiswick, W4 5PY, United Kingdom.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time;
- Certain disclosures required by FRS 102.26 Share Based Payments; and
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 23.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2 Going concern

Notwithstanding net liabilities of £3,687,000 as at 31 December 2018, a loss of £5,285,000 for the year then ended and operating cash outflows for the year of £4,336,000, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

As further described in the Directors' report, the group is in a start-up phase. The Group currently meets its day to day working capital requirements from equity funding and related party loans (see note 14). It has no bank overdraft or loan facilities.

Subsequent to the year end a loan of £2,716,000 from the related party company W Chump & Sons Limited has been converted into equity (see note 22). Subsequent to the year end the Group has continued to utilise its cash balances to meet operational expenses and as at 24 September 2019 had a cash balance of £2,124,000.

The directors have prepared cash flow forecasts for a period of 36 months from the date of approval of these financial statements which indicate that the group will require further funding in the form of equity or related party loans before it becomes cash generative. The forecasts also assume that the group will receive research and development tax credits of £750,000 in cash from HMRC in December 2019 and a further £500,000 in July 2020. The amount of additional funding needed will be affected by the extent to which the group is able to meet its forecasts.

The Directors will continue to seek additional funding as required and expect the following funding to be received in the forecast period:

- A £1,000,000 investment of equity from existing shareholders expected to complete in October 2019 (see note 22)
- The second tranche of £2,500,000 of convertible debt (in addition to the £2,500,000 raised in May 2019) which is expected to complete in January 2020 (see note 22). This is dependent on business having a set amount of cash in the group as at 30 November 2019 to meet the requirement for the extra payment. The directors are confident this will be met.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **1.2 Going concern (continued)**

On the basis of the forecasts, the expected funding described above and the ability to raise further funding as needed, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.

#### **1.3 Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2018. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

#### **1.4 Foreign currency**

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### **1.5 Classification of financial instruments issued by the group**

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. Transaction costs are allocated between the debt component and the equity component on the basis of their relative fair values.



## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **1.6 Classification of financial instruments issued by the group**

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. Transaction costs are allocated between the debt component and the equity component on the basis of their relative fair values.

#### **1.7 Basic financial instruments**

##### ***Trade and other debtors / creditors***

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### ***Interest-bearing borrowings classified as basic financial instruments***

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.8 Intangible assets

##### *Amortisation*

Software and intellectual property is amortised on a straight-line basis over its useful life. The finite useful life of software and intellectual property is estimated to be 5 years.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

##### *Research and development*

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred. Development expenditure is recognised in the profit and loss account as an expense as incurred.

#### 1.9 Impairment excluding stocks, and deferred tax assets

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

#### 1.10 Employee benefits

##### *Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### *Share-based payment transactions*

Share-based payment arrangements in which the entity receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the entity.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.11 Turnover

Drivetribe provides three main marketing services:

- Platform / Tribe services;
- Content production services; and
- Distribution services.

Platform / Tribe services revenues are recognised straight line over the period to which they relate from the activation date.

Content production services revenues are recognised once the finalised content is released to the customer. Distribution services revenues are recognised in line with the achievement of distribution volume commitments.

#### 1.12 Expenses

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Interest receivable and Interest payable*

Interest payable and similar expenses include interest payable.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

#### 1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

## Notes (continued)

### 2 Turnover

	2018 £000	2017 £000
Platform / Tribe services	126	-
Content production services	835	-
Distribution services	100	-
	<u>1,061</u>	<u>-</u>
	2018 £000	2017 £000
By geographic market		
Europe	995	-
America	65	-
Rest of world	1	-
	<u>1,061</u>	<u>-</u>

### 3 Group operating loss

*Included in the loss for the period are the following expenses:*

	2018 £000	2017 £000
Research and development expensed as incurred	1,349	2,020
Payments under non-cancellable operating leases (see note 18)	432	41
Depreciation (see note 10)	67	67
Amortisation (see note 9)	2	2
	<u></u>	<u></u>

*Auditor's remuneration:*

	2018 £000	2017 £000
Audit of these financial statements	25	18
Amounts receivable by the company's auditor and its associates in respect of:		
Audit-related assurance services	-	1
Taxation compliance services	-	4
	<u></u>	<u></u>

#### 4 Staff numbers and costs

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

	Number of employees	
	2018	2017
Management and Operations	5	3
Technology and Product	17	26
Audience and Growth	15	14
Commercial	5	1
	<u>42</u>	<u>44</u>

The aggregate payroll costs of these persons were as follows:

	2018 £000	2017 £000
Wages and salaries	2,975	3,284
Share based payments (see note 16)	160	141
Social security costs	329	343
Contributions to defined contribution plans (see note 16)	98	64
	<u>3,562</u>	<u>3,832</u>

#### 5 Directors' remuneration

	2018 £000	2017 £000
Directors' remuneration	-	92
Share based payments	-	58
Company contributions to money purchase pension plans	-	2
Compensation for loss of office	-	311
	<u>-</u>	<u>463</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £nil (2017: £403,000), and company pension contributions of £nil (2017: £2,000) were made to a money purchase scheme on his behalf.

	Number of directors	
	2018	2017
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	-	-
	<u>-</u>	<u>-</u>
The number of directors who exercised share options was	-	-
The number of directors in respect of whose qualifying services shares were received or receivable under long term incentive schemes was	-	1
	<u>-</u>	<u>1</u>

None of the directors who were directors in the year received any remuneration.

## Notes (continued)

### 6 Other interest receivable and similar income

	2018 £000	2017 £000
Other interest receivable and similar income	18	14
Total interest receivable and similar income	18	14

### 7 Interest payable and similar expenses

	2018 £000	2017 £000
Interest payable on financial liabilities at amortised cost	764	627
Total other interest payable and similar expenses	764	627

### 8 Taxation

#### Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2018 £000	2017 £000
<i>Current tax</i>		
Current tax on income for the period	-	-
Research and development tax credit	(1,487)	-
Total current tax	(1,487)	-
Total deferred tax	-	-
Total tax	(1,487)	-

## Notes (continued)

### Reconciliation of effective tax rate

	2018 £000	2017 £000
Loss for the period	(5,285)	(8,338)
Total tax expense	1,487	-
	<hr/>	<hr/>
Loss excluding taxation	(6,772)	(8,338)
Tax using the UK corporation tax rate of 19% (2017: 19%)	(1,287)	(1,584)
Expenses not deductible for tax purposes	37	-
Research and development tax credit	(1,487)	-
Current year losses for which no deferred tax asset was recognised	1,250	1,584
	<hr/>	<hr/>
Total tax expense included in profit or loss	(1,487)	-
	<hr/>	<hr/>

A reduction in the UK corporation tax rate from 19% to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

## Notes (continued)

### 9 Intangible assets

#### Group

	Software and Intellectual Property £000
<b>Cost</b>	
Balance at 1 January 2018	10
	<hr/>
Balance at 31 December 2018	10
	<hr/>
<b>Amortisation and impairment</b>	
Balance at 1 January 2018	3
Amortisation for the year	2
	<hr/>
Balance at 31 December 2018	5
	<hr/>
<b>Net book value</b>	
At 1 January 2018	7
	<hr/>
At 31 December 2018	5
	<hr/>

### 10 Tangible fixed assets

#### Group

	Plant and Equipment £000
<b>Cost</b>	
Balance at 1 January 2018	153
Additions	43
Disposals	(7)
	<hr/>
Balance at 31 December 2018	188
	<hr/>
<b>Depreciation and impairment</b>	
Balance at 1 January 2018	88
Depreciation charge for the year	67
Disposals	(7)
	<hr/>
Balance at 31 December 2018	149
	<hr/>
<b>Net book value</b>	
At 1 January 2018	65
	<hr/>
At 31 December 2018	39
	<hr/>



## Notes (continued)

### 11 Investments

Company	Shares in group undertakings £000
Cost at 1 January 2018 and 31 December 2018	-

The subsidiary undertakings listed below are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as this company has guaranteed the subsidiary company under Section 479C of the Act.

The undertakings in which the Group's and Company's interest at the year-end is more than 20% are as follows:

	Address	Registered number	Principal activity	Class and percentage of shares held
<b>Direct subsidiary undertakings</b>				
DRIVETRIBE Limited	The Light Box Unit 202 111 Power Road, Chiswick W4 5PY	10456128	Online publishing	100% of ordinary shares
Tribe IP Limited	The Light Box Unit 202 111 Power Road, Chiswick W4 5PY	10456164	Technology and IP development	100% of ordinary shares

## Notes (continued)

### 12 Debtors

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade receivables	405	-	-	-
Other debtors	285	204	-	-
Prepayments	96	64	-	-
Intercompany debtors	-	-	13,112	7,927
	<u>786</u>	<u>268</u>	<u>13,112</u>	<u>7,927</u>

Included within other debtors at a group level is a debtor balance of £nil (2017: £107,800) due after more than one year. The intercompany loan is not interest bearing and is repayable on demand.

### 13 Creditors: amounts falling due within one year

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade creditors	185	135	-	-
Pensions payable	18	-	-	-
Taxation and social security	94	103	-	-
Other creditors	4	17	-	3
Accruals and deferred income	485	177	-	-
	<u>786</u>	<u>432</u>	<u>-</u>	<u>3</u>

## Notes (continued)

### 14 Creditors: amounts falling after more than one year

	Group 2018 £000	2017 £000	Company 2018 £000	2017 £000
Amounts owed to related parties	2,716	2,484	2,716	2,484
Loan note	2,949	2,281	2,949	2,281
	<u>5,665</u>	<u>4,765</u>	<u>5,665</u>	<u>4,765</u>

This note provides information about the contractual terms of the Group's and parent Company's interest-bearing loans and borrowings, which are measured at amortised cost.

The loan note accrues interest at 10% per annum. Interest is capitalised and added to the principal. There are a number of redemption outcomes depending on the occurrence of certain events. The debt matures on 31<sup>st</sup> August 2026. For any debt that has not been redeemed at that point, the outstanding amount becomes payable to the holder.

The loan from related parties accrues interest at 10% per annum and is repayable on the earlier of the following events: (a) an exit, (b) liquidation, (c) borrowing by the company of £2m or more.

#### *Terms and debt repayment schedule*

Group and company	Currency	Nominal interest rate	Year of Maturity	Repayment schedule	2018 £000	2017 £000
Amounts owed to related parties	GBP	10%	n/a	Dependent on events as described above	2,716	2,484
Loan note	USD	10%	2026	On maturity if still outstanding	2,949	2,281
					<u>5,665</u>	<u>4,765</u>

### 15 Deferred tax assets or liabilities

No deferred tax assets or liabilities have been recognised by the Group or Company. The Group have total unrecognised gross tax losses of £17,860,000 (2017: £12,575,000).

## Notes (continued)

### 16 Employee benefits

#### Defined contribution plans

The Group operates a defined contribution pension plan.

The total expense relating to these plans in the current year was £98,000 (2017: £64,000). At year-end there was an amount payable to the pension scheme of £18,000 (2017: £nil).

#### Other long-term benefits

##### Share based payments

The board has authorised the Group to issue share options to employees for reward. As at 31 December 2018 options over 565,200 (2017: 393,800) shares had been awarded. The option scheme and awards are designed to be in accordance with EMI rules.

Generally, awards vest over three years, in one-third tranches. The options are exercisable only in the event of a sale or floatation of the business.

The details for the parent company are the same as that disclosed for the Group.

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2018 £000	Number of options 2018 000	Weighted average exercise price 2017 £000	Number of options 2017 000
Outstanding at the beginning of the year	-	297	-	2
Subdivision during the year	-	-	-	242
Forfeited during the year	-	(128)	-	(77)
Granted during the year	-	216	-	130
	<hr/>	<hr/>	<hr/>	<hr/>
Outstanding at the end of the year	-	385	-	297
	<hr/>	<hr/>	<hr/>	<hr/>

Since there is no observable market price for the employee share options nor any recent transactions, the fair value of employee share options is measured using the Black-Scholes model.

Expected life (years)	3
Risk free rate (%)	0.25
Volatility (%)	70
Dividend yield (%)	0
Weighted average share price (£)	2.7569
Weighted average exercise price (£)	0

The expected volatility is based on that of similar businesses operating in the same industry (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

The total expenses recognised for the year and the total liabilities recognised at the end of the year arising from share-based payments is £160,000 (2017: £141,000).

## Notes (continued)

### 17 Capital and reserves

#### Share capital

Number of shares:	2018 000	2017 000
In issue at 1 January	8,356	70
Sub division increase	-	6,910
Purchase and cancellation	-	(750)
Issued for cash	-	2,096
Convertible loan note converted	-	30
	<hr/>	<hr/>
In issue at 31 December – fully paid	8,356	8,356
	<hr/>	<hr/>
	2018 £000	2017 £000
<b>Allotted, called up and fully paid</b>		
4,000,000 A ordinary shares of £0.0001 each	1	1
389,700 B Ordinary shares of £0.0001 each	-	-
3,930,630 Series A Preferred Shares of £0.0001 each	-	-
35,500 Deferred shares of £0.0001 each	-	-
	<hr/>	<hr/>
	1	1
	<hr/>	<hr/>
Shares classified in shareholders' funds	1	1
	<hr/>	<hr/>
	1	1
	<hr/>	<hr/>

#### Other reserves

The other reserves comprise the equity component of compound instruments issued by the Company.

## Notes (continued)

### 18 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Less than one year	180	452	-	-
Between one and five years	-	189	-	-
	<u>180</u>	<u>641</u>	<u>-</u>	<u>-</u>
	<u><u>180</u></u>	<u><u>641</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

During the year £432,000 was recognised as an expense in the profit and loss account in respect of operating leases (2017: £41,000).

### 19 Commitments

#### Capital commitments

Neither the Group nor the Company had commitments to purchase tangible fixed assets at the balance sheet date.

### 20 Related parties

#### Group

#### Identity of related parties with which the Group has transacted

As in prior years, the Group transacted with W Chump & Sons Limited. This company, while operationally independent of the company, and involved in video production, is related by virtue of sharing four shareholders and key management personnel: Jeremy Clarkson, Richard Hammond, James May and Andrew Wilman.

W Chump & Sons Limited provided a £2m loan to the Company. The loan accrues 10% interest and is repayable on the earlier of the following events: (a) an Exit, (b) liquidation, or (c) borrowing by the company of £2m or more.

		<b>Creditors outstanding</b>	
		<b>2018</b>	<b>2017</b>
		<b>£000</b>	<b>£000</b>
Entities with control, joint control or significant influence over the Group	Note 14	2,716	2,483
		<u>2,716</u>	<u>2,483</u>
		<u><u>2,716</u></u>	<u><u>2,483</u></u>

During the course of the year the Group also transacted with Chimp Productions Limited, a production company controlled by Richard Hammond. Transactions totalled £90,000 (2017: £nil). There was no creditor balance outstanding at year end.

## **Notes (continued)**

### **20 Related parties (continued)**

#### *Transactions with key management personnel*

Total compensation of key management personnel (including the directors) in the year amounted to £nil (2017: £403,000).

#### *Company*

The related party disclosures for the Company are the same as for the Group.

### **21 Ultimate parent company and parent company of larger group**

No other group financial statements include the results of the Company. There is no ultimate parent company.

### **22 Subsequent events**

On 14th May 2019, the Company carried out a number of linked transactions as follows:

All existing Series A Preferred Shares (3,820,974 shares) were converted to A Ordinary Shares.

The convertible loan notes together with the debt held by W Chump & Sons, was all converted to equity – with debtholders receiving A Ordinary shares at a rate of \$3.6019 per share applied to the balance of the debt including accrued interest.

£2.5m of new secured convertible debt was issued by the company, alongside 2,493,209 A Ordinary shares at nominal value. As part of this debt agreement, the debt holder commits to subscribing for a second £2.5m tranche of debt in January 2020, if the company achieves certain milestones on 30 November 2019.

An option was created for some directors to subscribe for up to 5,000,962 new A Ordinary shares for a total of £1,000,000. This option is valid until 14 November 2019, and has not yet been exercised.

The authorised employee option pool was increased by an additional 4,986,418 B Ordinary Shares, so that, immediately following Completion, there was 5,840,818 B Ordinary Shares within the share option pool.

### **23 Accounting estimates and judgements**

A share-based payment scheme for the benefit of the Executive Directors and the Senior Management Team was approved in March 2017. The fair value of the scheme as determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the shares that will eventually vest.

Assumptions considered in the valuation of the issues shares include: estimated market value of shares at grant date; expected life of the awards; risk free rates; and the expected volatility of share price, estimated with reference to volatility of listed technology companies.