


**Live Company Group plc**

**Registered Number 00630968**

**Annual report for the year ended 31 December 2020**

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## **Directors and Advisers**

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<b>Directors</b>	David Ciclitira (Chairman) Serenella Ciclitira (Non-Executive Director) Ranjit Munugason (Senior Non-Executive Director) Bryan Lawrie (Non-Executive Director)
<b>Public Limited Company No.</b>	00630968 - incorporated in England and Wales
<b>Secretary and Registered Office</b>	Bryan Lawrie FCCA 3 Park Court Pyrford Road West Byfleet Surrey KT14 6SD
<b>Nominated and Financial Adviser</b>	Beaumont Cornish Limited Building 3, 566 Chiswick High Road, London W4 5YA
<b>Broker</b>	ETX. (Monecor) One Broadgate London EC2M 2QS
<b>Auditor</b>	Moore Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD
<b>Solicitor</b>	Gateley plc 1 Paternoster Sq. London EC4M 7DX
<b>Bankers</b>	National Westminster Bank Plc 2 <sup>nd</sup> Floor 65 Piccadilly London W1A 2PP  HSBC Bank Plc Level 6 71 Queen Victoria Street London EC4V 4AY
<b>Registrar</b>	Link Group 10th Floor, Central Square 29 Wellington Street Leeds LS1 4DL

The year was extremely challenging due to the impact of COVID-19 but ended on a high note with the creation of a new division, Live Company Sports and Entertainment.

### **BRICKLIVE**

In 2020, our business was severely impacted by continued COVID-19 restrictions. In Q1 we announced contracted revenues of £3.3million for 2020 with 32 events already planned and further 50 events budgeted for the year and £1.1million contracted revenue for 2021. However, and in line with other businesses in the sector, we took the decision to withdraw forecasts as we entered into the first lockdown in March 2020. Q2 and Q3 were difficult quarters but our customers stuck by us and only one event out of 24 that were scheduled for 2020 was cancelled, the rest being postponed to 2021/2022.

As a consequence of the uncertainty created by COVID-19, particularly in China, we have impaired the value of our investments and associated goodwill in relation to Brick Live Far East Limited and the operations of our joint venture Brick Live CED (Beijing) Company Limited, however I am confident the wider China market will continue to represent a significant opportunity for the Group.

In September 2020 we announced the first contract for Paddington Bear (an IP we signed in Q1 2020) with the White Rose Shopping Centre in Leeds which took place during Christmas 2020.

In November 2020 Bricklive Animal Paradise opened at Naples Zoo in Florida delivering on our strategy of maximising asset utilisation during the Northern Hemisphere winter months by targeting the Southern Hemisphere or sunshine states.

In addition as part of our COVID-19 survival strategy we sold part of our brick stock, which was not needed for current or planned builds, representing 6% of our total stock.

During the year we also saw an increased demand in consumer sets and corporate builds including a bespoke set for a video game producer.

Although the UK is projected to cancel all COVID-19 restrictions in July 2021, the rest of the world, with the exception of the USA and China is unlikely to see business confidence return before Q1 2022.

Trading has remained extremely difficult thus far in 2021 with COVID-19 restrictions limiting the number and size of events and as a result the Group has continued to make losses in the current trading period.

In spite of this, I am pleased to say that we see signs of future business returning and in particular I can note:

- BRICKLIVE Supersized is currently on show at John Ball Zoo, Michigan USA
- BRICKLIVE Big Cats is currently on show at Alwetter Zoo, Munster, Germany
- BRICKLIVE Animal Paradise went on show in Paisley town centre, Paisley, UK on 26 June 2021
- BRICKLIVE Fantasy Kingdom goes on show at Wolverhampton Art Gallery, Wolverhampton, UK on 3 July 2021
- BRICKOSAURS goes on show in Utrecht, Netherlands on 5 July 2021

With more events being confirmed for both 2021 and 2022, we look forward to updating shareholders further during our quarterly operational updates.

### **LCSE**

In December 2020 we announced the creation of a new Sports and Entertainment division – Live Company Sports and Entertainment ('LCSE'). The new division focuses on live sports, entertainment

**Live Company Group plc**  
**CHAIRMAN'S STATEMENT**

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and music events. Several existing multi-year contracts were novated to LCSE from World Sport South Africa PTY Limited. ('WSSA').

Due to the ongoing effects of COVID-19 there have been no events thus far in 2021 but, LCSE has recently announced the rescheduling of The Cape Town Cycle Tour to 10 October 2021 and, in partnership with the City of Cape Town and V&A Waterfront Holdings (Pty) Limited, the dates for the Cape Town stopover of the Global Ocean Race as 20 November 2022 to 6 December 2022.

In addition LCSE will be staging four wine festivals on behalf of Pick n Pay Stores Limited, a major South African retailer, in Q4, dates to be confirmed.

**Formula E**

Within the LCSE division (E Movement Holdings Ltd; 'EMHL') LVCG acquired the right to sell sponsorship and the management for the upcoming Formula E race in Cape Town planned for the last week of February 2022.

E Movement (Pty) Limited ('EMPL'), the South African based promoter of Formula E, Cape Town, has signed a contract with Formula E Holdings for the rights to promote the Cape Town Formula E race for a 10 year period beginning 2022. This contract is subject to various preconditions being fulfilled.

**Start Art Global Limited Investment**

Post balance sheet we announced the subscription for a minority interest of 16.3% of issued share capital in Start Art Global Limited ('START Art') with an option to increase to 20% based on an agreed valuation formula within 6 months of completion. START Art is building an online sales platform (with several potential revenue streams including potential for non-fungible tokens ('NFT's)).

The START Art platform was launched on 22 June 2021.

**Corporate**

In June 2020 and December 2020, we raised a total of £1m via two separate placings to facilitate the expansion of the BRICKLIVE Zoo programme, the investment into the new Sports and Entertainment division and to provide working capital for the Group. Post balance sheet in May 2021 we raised £1.5million (gross) via a placing: £1million for the 16.3% investment into START Art and £500,000 for working capital for BRICKLIVE and LCSE. This fundraise was subject to shareholder approval and a general meeting took place on 21 May 2021 approving the transaction.

Following the resignation of three Directors in February 2021 and as referred to in the announcement on 4 May 2021 the Company has commenced the search for a new senior independent Director; this appointment will not be by the 30 June but I look forward to announcing the appointment of a new Director shortly. As we said in that announcement, the Company also intends to conduct a full board review with the intention of making further changes during the latter half of 2021.

**Cost Savings**

As detailed in the Financial Review the Group made annual cost savings in excess of £1m. This included the reduction of Executive Chairman's and senior staff compensation from Q2 2020.

Additionally, I delayed the repayment of my loan and converted an additional £30,000 in exchange for shares at 5p all other terms remaining the same.

We face a challenging year ahead post COVID-19, though as governments rally around the world to ensure the global economy gets back on its feet and as the vaccination programme gains momentum, we have an opportunity to provide both edutainment to our customers to assist in getting

**Live Company Group plc**  
**CHAIRMAN'S STATEMENT**

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people back out to visit the high streets, shopping centres, zoos and tourist attractions and the opportunity to participate in sports and entertainment events globally.

I would like to personally thank the team for all their efforts and for their ongoing support and energy especially during the lockdown period.

A handwritten signature in black ink, appearing to be 'DC' or similar initials, followed by a horizontal stroke.

**David Ciclitira**  
*Chairman*  
25 June 2021

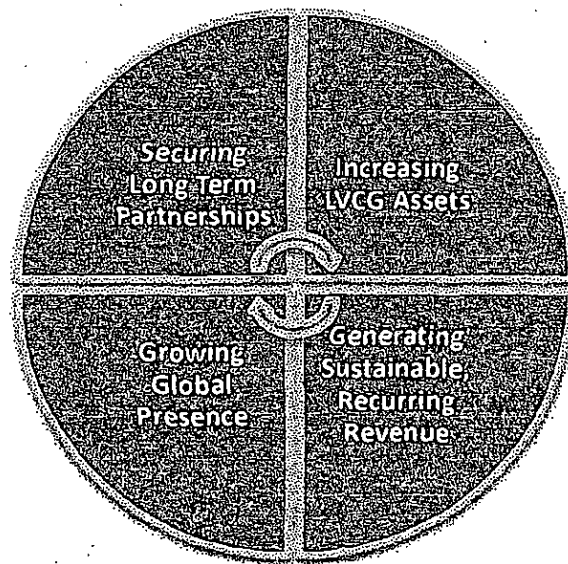
### Our aspiration

To become a multi divisional multi brand revenue producing group that encompasses memorable experiences in sports, live events and Brick based 'edutainment' together with opportunistic minority investments in complementary but 'Covid Proof' businesses.

### BUSINESS MODEL

#### Value creation through global expansion

Having rapidly established a presence in Europe, Asia, South and North America, the Group plans to continue investment in the BRICKLIVE and LCSE divisions with the intention of increasing recurring revenue via key partnerships and the introduction of new concepts.



- Securing key long-term global partnerships with Licensed Partners and IP partners as well as sports and entertainment event owners enabling popular spots, entertainment and edutainment events to be replicated in multiple territories;
- Increasing our assets introducing new divisions and ensuring our content and our events are current and fresh, giving audiences what they want to see and capitalising on global trends;
- Generating sustainable recurring revenue through developing a loyal and repeat customer base through the expansion of existing brands; and
- Enhancing our global presence by expanding the number of territories in which both BRICKLIVE and LCSE events are held.

## 1. Key Performance Indicators ("KPIs")

The primary objectives of the Group in 2020 were to SURVIVE whilst maintaining the BRICKLIVE brand globally and securing the production of content for 2021 and beyond.

The principal internal KPIs revolve around the core objectives:

	2020 (66%)	2019 11%	Reasons for movement
Revenue growth			Impact of COVID-19 on the live entertainment sector.
Number of Touring sets	37	33	The Group maintained its build programme throughout 2020 completing new Nick Jnr, Paddington Bear, Brickosaurs and Supersized Creatures sets.
Number of Events	20	71*	Impact of COVID-19 on the live entertainment sector. (*nine events which spanned 2019 and 2020 and are included in 2019 figures only).
Number of IP properties	7	4	Focus on building long term multi territory relationships with key brand owners.

New metrics to measure performance of new divisions and brands will be introduced in the next Annual Report.

## 2. Future developments

As discussed in the Chairman's Statement, the Group is focused on diversification of revenue streams and the expansion of our brands across live sports and entertainment, BRICKLIVE events coupled with opportunistic minority investments in complementary businesses.

Particular geographic locations of interest are Asia, South Africa, Europe, America and the Middle East. The Directors are investing significant time and resources into developing new business in these regions as they have been identified as markets which can deliver growth for the Group.

## 3. Principal Risks and Uncertainties

### Managing Our Risk and Opportunities

Risk management is central to achieving the Group's strategy and delivering long-term value to shareholders. The Board, its Committees and the Executive Team are actively engaged in setting the risk appetite as well as managing both risks and opportunities to the Group.

### Definition of Risk

Risk is defined as a potential future event that may influence the achievement of business objectives. This includes both "upside" (opportunity) and "downside" (threat) risks. Risks and opportunities can come from a variety of sources and can be directly related to the Group's operational and commercial activities and support functions, or they can arise externally: from third parties such as Joint Venture partners, suppliers, regulators, competitors; from the economic environment or political climate.



### Risk Management

The Group operates to ensure that risks are identified, understood, agreed, communicated and acted upon in a timely and consistent manner. It enables informed resource allocation and the delivery of expected results by providing a structured way to recognise the unexpected and be prepared for it. The main objectives for the Group risk management system are:

- Support the achievement of business objectives and safeguard Group assets;
- Integrate consistent risk management methodology into key business processes;
- Create a risk-aware culture where staff actively identify and respond to risks and opportunities; and
- Ensure compliance with legal, regulatory, and ethical requirements.

### Identifying Risk and Ownership

Risk management is actively promoted from both a top-down and bottom-up approach where all individuals in the organisation are empowered to highlight risks and opportunities to the business. All agreed risks are allocated to an individual risk owner with mitigations and actions followed up through quarterly reporting to the Executive Team and biannual reporting to the Audit Committee.

### Our Principal Risks

The table below indicates the principal risks the Group faces and has been produced following a robust assessment of risk, including consideration of those that would threaten its business model, future performance, solvency or liquidity. The list is not exhaustive or in priority order and may change over time.

Risk	Impact	Control Measure	Owner
1. Severe disruption in global economic activity (including global pandemics)	- Severe reduction in economic activity reducing revenue, profitability and cash flow in all operating markets and territories simultaneously	- Diversified revenue base - Ensure sufficient cash to navigate complete shutdown	Executive Chairman
2. Insufficient funds to operate and sustain the business	- Unable to fund work programme, or strategic objectives - Impact to long term viability of the business	- Long term cashflow management - Finances are controlled through annual planning process with regular forecast updates - Active commitment management and tracking for main contracts	Chief Financial Officer
3. Protection of IP	- Loss of advantage to competitors infringing IP reducing revenue, profitability and cash flow - Possible claims regarding infringement of	- Build strong relationships with partners - Actively monitor potential IP legislation changes	Managing Director

		proprietary rights trademarks or patents		
<b>4. Licensee partner performance</b>	-	Inability/delay to grow revenue and profitability from successful events in new territories	- Develop a pipeline of potential new business and partners - Allocate adequate resources to ensure a steady pipeline year round - Continue diversification to reduce dependency on individual licence partner performance	Managing Director
<b>5. Business retention</b>	-	Contract losses	- Develop continuous dialogue with existing clients	Director of Sales
	-	Damage to reputation	- Engage senior management support with key relationships	
	-	Reduced appetite by investors	- Increase focus on account management team to ensure the sales process is as smooth as possible for clients - Ensure delivery of projects meet expected standards and contractual obligations	
<b>6. Change in regulatory or fiscal regime</b>	-	Regulatory and tax changes affect profitability and viability of projects and operations	- Regular engagement and communication with government and in-country stakeholders	Chief Financial Officer
	-	Delay to projects while changes are agreed	- Monitor potential changes in legislation	
	-	Potential renegotiation with licensed and IP Partners	- Seek stabilisation provisions in key agreements	
<b>7. Production constraints</b>	-	Inability to deliver certain projects on time	- Proactive involvement with a variety of suppliers of bricks	Production Director
	-	Inability to acquire sufficient bricks and model builders	- Investigate alternative models such as franchises to avoid potential production bottlenecks - Continuous training and development of builder workforce and increase employee retention	

8. Investment risks	<ul style="list-style-type: none"> <li>- Group fails to meet forecasts and therefore market expectations</li> <li>- Emergence of new competitors or industry disruptors</li> <li>- Equity raises may dilute the interests of existing shareholders</li> </ul>	<ul style="list-style-type: none"> <li>- Ensure market communication is timely and accurate</li> <li>- Engage in regular market reviews</li> <li>- Seek a diversified capital structure with alternative funding solutions</li> </ul>	Chief Financial Officer
9. Major Health and Safety Executive (HSE) event	<ul style="list-style-type: none"> <li>- Loss of life or injury to personnel</li> <li>- Environmental impact</li> <li>- Reputational damage</li> <li>- Exposure to litigation</li> <li>- Financial and operational losses</li> </ul>	<ul style="list-style-type: none"> <li>- Highly skilled, competent, and qualified personnel and subcontractors</li> <li>- Training provided as required</li> <li>- Management and Board commitment</li> <li>- Robust operational HSE processes and procedures</li> <li>- HSE Committee reviews and regular HSE meetings and engagements</li> <li>- Insurance cover</li> </ul>	Production Director
10. Loss of key personnel	<ul style="list-style-type: none"> <li>- Loss of shareholder confidence</li> <li>- Lack of direction and leadership within the Group</li> <li>- Loss of expertise and knowledge</li> </ul>	<ul style="list-style-type: none"> <li>- Competitive remuneration package in place for key executives, benchmarked regularly relative to the market</li> <li>- Succession planning</li> </ul>	Executive Chairman

**Q&A with our Tina Anthony, Managing Director BRICKLIVE**

**Q: Tell us a bit more about yourself, your background and experience.**

A: I have been in the events industry for over 25 years. Roles have included: GM of The International Convention Centre, Birmingham; Marketing Director of The NEC; Commercial Vice President of The Dubai World Trade Centre; and, Commercial Director of ADNEC, Abu Dhabi. I have been involved in the commercial establishment and development of new centres in Hong Kong, Kuala Lumpur and Palestine.

**Q: What have been some of the challenges for you, the team and your clients in 2020?**

A: The biggest challenge was COVID-19! Our clients venues closed down for months and it became clear as the year progressed that the impact would be felt well into 2021.

Promotional budgets were virtually eradicated in 2020 leading to 23 events being deferred, one cancelled altogether and very few enquiries for the latter part of the year. The team continued to market the tours and kits and promoted the corporate build side of the business as well as keeping in regular contact with existing and potential clients, although quite a high number were furloughed for long periods.

**Q: What are you most looking forward to from a business growth perspective in 2021/2022?**

A: Renewed interest and a rising surge in bookings for the second half of 2021. Although budgets will be limited we have reformatted our tours to provide smaller, more affordable but still compelling, product offerings for our clients. 2022 looks increasingly promising with several enquires already beginning to come in for small and large tours from, primarily the UK and from venues previously enjoying lively visitor numbers, but now wishing to offer something out of the ordinary.

**Q: Looking forward what do you hope to achieve/strategy/ forward looking plans for the BRICKLIVE?**

A: Our intention is to extend BRICKLIVE reach on a global scale and create a programme of tours and shows across every continent. We will expand the range to meet an increased customer demand and develop a strong educational base to each new and existing tour. We intend to ensure the content appeals to all age groups and is developed in conjunction with conservation and the environment in mind.

## OPERATIONAL REVIEW

In 2020 we have merged some of our revenue divisions within BRICKLIVE and added a further revenue producing division with the introduction of Live Company Sports and Entertainment ('LCSE').

Between all divisions, 29 events were held in 2020, a far cry from the 2019 figure of 71 but commendable considering the global lock downs. It is important to note that of the 24 events that were originally scheduled for 2020 but did not take place due to COVID-19, 23 were postponed and just one was cancelled.

### BRICKLIVE Tours and Trails

In Q1 2020 we signed three new key IPs Peppa Pig, the iconic Paddington Bear, and Peter Rabbit. Our first booking for Paddington Bear took place at the White Rose shopping centre over Christmas and we look forward to further bookings in 2021.

Our zoo programme show significant expansion in the USA with bookings in John Ball Zoo Michigan, Naples Zoo in Florida and the Da Vinci Science Centre.

### Custom Brick Models and Sets (previously Corporate and Consumer Sets)

With events severely restricted or postponed throughout Q2 and Q3 our team looked at expanding the Custom Brick Models and Sets business, winning a major contract for a video game supplier as well as with customers operating in telecoms, insurance, energy and transport.

The custom brick models and sets business has proved more resilient than events during COVID-19 related restrictions, providing a way for clients to engage their stakeholders during a time when trade shows, corporate entertainment and other traditional engagement activities are limited.

### Live Company Sports and Entertainment ('LCSE')

In December 2020 we acquired a number of contracts, introduced several new concepts and launched our new Sports and Entertainment division, LCSE.

As well as a number of contracts novated from WSSA, our former JV partner in South Africa, the new division is also home to our involvement in K-Pop and Formula-E.

Principal projects, novated from WSSA, include:

- the Cape Town cycle tour, now scheduled for 10 October 2021, for which LSCE is the Sponsorship Agency for the Presenting Sponsor and will also sell and deliver the hospitality village;
- the Global Ocean Race (ex-Volvo Ocean Race) where LCSE will be organising the hosting of the Cape Town stopover is set for November 2022; and
- food and wine festivals, scheduled for Q4 2021 in Cape Town, Johannesburg, Pretoria and Durban.

The Inaugural Cape Town e-Prix is now confirmed for 26 February 2022, with the Group involved as both sponsorship agent and delivery partner for the race promoter, E-Movement (Pty) Limited, as well as promoting e-Fest a festival planned in partnership with Formula-E and running alongside the e-Prix around all things electric featuring an e Mobility Car Show, Celebrity Golf Classic, Climate Change Summit, Contemporary Art shows and Concerts.

## POST BALANCE SHEET OPERATIONAL EVENTS

### START Art

In April 2021 the Company subscribed for a minority interest in START Art an online platform for buying contemporary art. Since acquisition the platform soft launched on 22 June 2021 with a full launch planned for Q3 with 1,000 curated artists contracted to sell their work on the platform.

Future focus will be the addition of a news and media channel, virtual reality features, a crypto payment gateway and the functionality for artists to mint their own non fungible tokens. There is a focus on Korean K-Pop artists with their wide social media reach for phase one which will also include the marketing merchandise.

This year's financial statements reflect a year of two parts, pre and post the emergence of COVID-19 and the impact it, and the measures taken to contain it, had on the global economy generally and the live entertainment sector specifically.

Pre the emergence of COVID-19 the Group was tracking to maintain the growth in revenue, gross margin and pre-exceptional EBITDA from 2019, reporting contracted revenues for the year of £3.3m by April 2020 and 32 confirmed tours and events.

The outbreak of COVID-19 had an immediate and significant impact on the Group, affecting first the activities of Brick Live Far East Limited ('BLFE') and the operations of our joint venture Brick Live CED (Beijing) Company Limited ('BLB') followed by activities in Italy and Switzerland before spreading to encompass all markets and sectors in which the Group operates.

In total 24 of the previously confirmed events were affected, of these 15 are now rescheduled for 2021, five for 2022 with three yet to be confirmed; only one of the 24 affected events was cancelled. In addition despite the challenging trading conditions the Group secured new bookings for an additional 12 events during the year. However due to restrictions on visitor numbers these events operated at reduced revenues and gross margin.

During the year the Group realised the value of excess stock selling 9,900kg of bricks, representing 6% of total stock, which were held at fair value following their acquisition as part of the purchase of Bright Bricks Limited in October 2018.

The year ended with signs of recovery visible on the horizon and the Group completed a strategic investment establishing a new Sports and Entertainment division. The new division, LCSE, was established with existing contracts novated from WSSA (the Groups former JV partner in South Africa) to operate a number of events together with new opportunities in K-Pop through a JV with Explorado Group GmbH (a company under common control with AWC AG, the Groups licence partner in Germany) and Formula E through the purchase of 100% of the share capital of E Movement Holdings Ltd.

	2020	2019
	£'000	£'000
<b>Revenue</b>	<b>1,857</b>	<b>5,451</b>
Gross (loss)/profit	(699)	3,091
Gross (loss)/profit %	(38%)	57%
Administrative expenses	(3,213)	(3,702)
Share of results of associate	-	86
<b>Operating loss before exceptional items</b>	<b>(3,912)</b>	<b>(525)</b>
Addback: Depreciation and amortisation	824	670
<b>Pre-exceptional items EBITDA</b>	<b>(3,088)</b>	<b>145</b>
Exceptional items:		
Share option and warrant charge	(278)	(218)
Other exceptional costs	(4,077)	(894)
<b>Total exceptional costs</b>	<b>(4,355)</b>	<b>(1,112)</b>
Depreciation and amortisation	(824)	(670)
Finance costs	(110)	(207)
Taxation	144	(341)
<b>Loss after tax</b>	<b>(8,233)</b>	<b>(2,185)</b>

**Pre-exceptional items EBITDA (PXEBITDA)**

The Group uses the alternative performance measures PXEBITDA to allow the users of the consolidated financial statements to gain a clearer understanding of the underlying performance of the business without the impact of one off non-recurring costs of an exceptional nature.

PXEBITDA is after ongoing PLC headquarter corporate costs for the year amounting to £1,131,000 (2019: £1,365,000). The structure of the Group means that headquarter corporate costs do not scale with growth, however this also has the consequence that in a year of significantly reduced activity, and thus revenue and gross margin, it was only possible to reduce these costs by 17% resulting in a significant fall in PXEBITDA returning the Group to a loss position after 2019's first PXEBITDA profit since the reverse acquisition and readmission.

**Revenue**

Revenues from operations fell 66% from £5,451,000 in 2019 to £1,857,000 in 2020; with 'Product and Content Sales' proving more robust (fall of 49% from £974,000 in 2019 to £497,000 in 2020) than 'Tours, Events, Licence and Content Rental Fees' (fall of 70% from £4,477,000 in 2019 to £1,360,000 in 2020).

During the year the Group has focused on the BRICKLIVE Touring model which has remained more resilient than BRICKLIVE shows with 12 tours managing to take place after the emergence of COVID-19 against only two shows. In addition there were 14 tours and one show in the period prior to the emergence of COVID-19, nine of which spanned 2019 and 2020, making 29 events in total.

**Regional analysis**

Whilst the impact of COVID-19 was felt in all markets and sectors in which the Group operates it was felt most acutely in Europe and South America, (experiencing falls of 95% and 100% respectively) with the USA, which was a significant growth market in 2019, proving the most robust of the Groups developed markets (fall of 35%). Growth continued in the Middle East and this market represents a significant opportunity for the Group.

	2020 £'000	2019 £'000	% change
United Kingdom	1,013	2,923	(65%)
Europe	49	930	(95%)
USA	265	406	(35%)
South America	-	46	(100%)
Asia	434	1,111	(61%)
Middle East	96	35	174%
	<b>1,857</b>	<b>5,451</b>	<b>(66%)</b>

**Gross loss**

The Group has maintained the focus on the Touring model, a strategy given more impetus by the social distancing requirements of remaining COVID-19 compliant. Tours typically operate at higher gross profit than shows, but due to the higher operating costs of remaining COVID-19 compliant and reduced revenues associated with lower visitor numbers and restricted opening during the pandemic gross profit per event was significantly reduced.

Whilst the number of events, and thus revenue, was significantly reduced by the impact of COVID-19, as detailed in Note 5 to the consolidated financial statements, a material component of cost of sales comprises depreciation on content assets and the loss on disposal of surplus assets, which are not dependent on the number of events or revenue resulting in a gross loss for the year.



### **Operating expenses**

The Group took a number of steps to reduce operating expenses including:

- furloughing a number of staff in accordance with the Coronavirus Job Retention Scheme ("CJRS"), receiving grants totalling £425,000 (2019: £nil);
- completing cost cutting exercise across all aspects of the Groups activities resulting in 38 job losses and annualised savings of £1,000,000; and
- securing an early surrender of premises used for storage and consolidated all storage into a single site, saving an additional £40,000 per annum.

### **Exceptional items**

Exceptional items as detailed in Note 6 to the consolidated financial statements totalled £4,355,000 (2019: £1,112,000). These relate to IFRS 2 share option and warrant charges, an exceptional bad debt provision, transactional and reorganisational costs, as well as impairment charges as detailed in Note 17 to the consolidated financial statements.

### **Finance costs**

Finance costs principally comprise interest charges and interest on lease liabilities in accordance with IFRS 16.

### **Tax**

The tax charge relates to deferred tax arising on timing differences.

### **Loss per share**

The loss per share increased to 9.8p (2019: loss 3.1p) as set out in Note 12 to the consolidated financial statements.

### **Cash flows**

The Consolidated Statement of Cash Flows is set out on page 47 to these consolidated financial statements.

In addition to the steps taken to contain costs as detailed above the Group also took a number of steps to secure and maintain cash, including:

- obtaining a £500,000 loan from the Chairman, David Ciclitira;
- obtaining a £250,000 unsecured term loan from NatWest with a 12-month repayment holiday;
- refinancing the existing YA II and RiverFort facility with a new £1,500,000 sale and HP agreement with Close Leasing Limited, simultaneously terminating the Equity Sharing Arrangement with YA II and RiverFort as detailed in Note 33 to the consolidated financial statements;
- raising £1,000,000 additional equity capital from share placings in June 2020 and December 2020;
- utilising government schemes to defer tax liabilities;
- agreeing with staff earning over the UK Government's CJRS support threshold, that 25% of their salary in April, 50% in May and 50% in June would be paid in shares; and,
- agreeing to settle liabilities with share-based payments for a number of contractors and suppliers.

### **Statement of Financial Position**

The Consolidated Statement of Financial Position as at 31 December 2020 shows the Group's total net assets having decreased to £5,769,000 (2019: £13,659,000), of the decrease £2,000,000 was a result of terminating the Equity Sharing Arrangement with YA II and RiverFort as detailed in Note 33

to the consolidated financial statements and £3,411,000 was a result of the impairment of goodwill as detailed in Note 17 to the consolidated financial statements.

#### Capital expenditure

The Group maintained its build programme throughout the year, although at reduced capacity due to the need to maintain a COVID-19 complaint workplace, completing four new tours Nick Jr, Paddington Bear, Supersized Creatures and a new Brickosaurs set, this equated to content additions during the year of £921,000 (2019: £1,239,000).

#### Investments and impairment

As detailed in Notes 16, 17 and 18 to the consolidated financial statements the Directors considered the carrying value of investments and goodwill in light of the impact of COVID-19, together with the effects of the measures taken to contain it, in the markets in which the Group operates and have determined the impairment, as described in the following table, was required at 31 December 2020.

Reduction in asset value	Group £'000	Company £'000
Brick Live Far East Limited	2,950	2,950
Brick Live Group (incorporating Bright Bricks Limited)	86	8,475
Parallel Live Group	375	-
<b>Total reduction</b>	<b>3,411</b>	<b>11,425</b>
Net goodwill/investments 1 January 2020	4,307	17,450
<b>Net goodwill/investments 31 December 2020</b>	<b>896</b>	<b>6,025</b>

#### Intangible fixed assets

In December 2020 the Group established its new LCSE division, through an all share acquisition of Live Company Sports and Entertainment Limited, including its 50% interest in K-Pop Europa Limited; the novation of a number of contracts from World Sport South Africa (Pty) Limited and the acquisition of the entire issued capital of E Movement Holdings Ltd. This resulted in additions to intangible fixed assets of £1,450,000.

Additions	Group £'000	Company £'000
Live Company Sports and Entertainment Limited	1,150	1,150
E Movement Holdings Ltd	300	300
Trademarks	1	-
<b>Total increase</b>	<b>1,451</b>	<b>1,450</b>

#### Cash and debt position

At the year end, the Group had total cash balances of £168,000 (2019: £98,000) and total borrowings of £2,045,000 (2019: £995,000) giving a net debt figure of £1,877,000 (2019: £897,000).

During the year, the Group raised new equity in June 2020 and December 2020 and successfully completed the refinancing of the existing YA II and RiverFort facility with a new £1,500,000 sale and HP agreement with Close Leasing Limited, simultaneously terminating the Equity Sharing Arrangement with YA II and RiverFort as detailed in Note 33 to the consolidated financial statements.

As detailed in Note 22, the Group also entered into new loan arrangements with NatWest Bank PLC for £250,000 secured under the Coronavirus Business Interruption Loan Scheme ('CBILS') and with the Chairman, David Ciditira, for £500,000.

#### **Share options and warrants**

During the year 75,000 (2019: 282,018) warrants were issued to investors and service providers resulting in an exceptional charge as detailed in Notes 6 and 30 to the consolidated financial statements.

In addition 16,810,000 (2019: 3,903,840) warrants were issued to investors as part of an equity raise and are therefore outside the scope of IFRS 2 and consequently there is no share-based payment charge in respect of these warrants.

The Company has proposed to holders of certain warrants with an exercise price of 80p that the terms of the Warrant Instrument be varied such that the warrants are repriced at 15p and to holders of certain warrants with an exercise price of 15p such that the warrants are repriced at 10p. Such proposals were approved by the necessary 75% of warrant holders after the balance sheet date.

#### **Going concern**

Based on the Group's balance sheet and a review of its forecast future operating budgets and forecasts, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of signing of these consolidated financial statements. This review of future operating budgets and forecasts included certain reasonable downside scenarios and confirmed that even in the case of such downside scenarios the Group could continue to operate and comply with all covenants in our banking facilities. Accordingly, the Directors have adopted the going concern basis in preparing the Annual Report and consolidated financial statements.

The Directors have assessed the viability of the Group over a five-year period, taking account of the Group's current position and prospects, its strategic plan and the principal risks and how these are managed. Based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over this period.

In making this assessment, the Directors have considered the resilience of the Group in severe but plausible scenarios, taking into account the principal risks and uncertainties facing the Group and the effectiveness of any mitigating actions. The Directors' assessment considered the potential impacts of these scenarios, both individually and in combination, on the Group's business model, future performance, solvency and liquidity over the period. Sensitivity analysis was also used to stress test the Group's strategic plan and to confirm that sufficient headroom would remain available under the Group's credit facilities. The Directors consider that under each of these scenarios, the mitigating actions would be effective and sufficient to ensure the continued viability of the Group. The Directors believe that five years is an appropriate period for this assessment, reflecting the average length of the Group's contract base; key markets; and the nature of its businesses and products.

#### **Summary**

The events of 2020 placed significant stress on the Group and the markets and sectors in which it operates. From a position of continued growth in revenue, gross margin and PXEBITDA in the first three months of the year the Group faced a severe contraction following the emergence of COVID-19 with revenues falling approximately 66%.

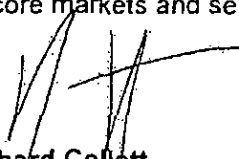
For the latter part of the year the Group focussed on maintaining operations, albeit at a reduced level, and ensuring it was in a position to return to growth at the earliest opportunity. To further accelerate this growth the Group took the strategic decision to establish a new Sports and Entertainment division to broaden its revenue generating opportunities.

Live Company Group plc

**FINANCE DIRECTORS'S REPORT for the year ended 31 December 2020**

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Post balance sheet the Company made a further strategic investment acquiring a minority interest in Start Art Global Limited, further broadening its base and increasing its resilience to uncertainty in its core markets and sectors.



**Richard Collett**  
*Finance Director*  
25 June 2021

## Live Company Group plc Board of Directors

### David Ciclitira (Executive Chairman)

During his 36 year career, through his innovative vision, drive and creativity, David Ciclitira has played a significant role in shaping today's satellite broadcasting and sponsorship landscape. David was one of the four original shareholders of Europe's first satellite television station, Satellite Television plc ("SATV"), which was renamed SKY following the sale in 1983 of 65% of SATV to Rupert Murdoch's News Corporation. David remained with Sky as Deputy Managing Director until the end of 1986 when he left to found the original Parallel Media Group ("PMG").

In 1987 David founded PMG and in 1998, under David's guidance, PMG entered into a joint venture with NBC for the formation of CNBC Sports International Limited, the international sports broadcasting arm of NBC which was broadcast on its CNBC Europe and CNBC Asia platforms. PMG successfully sold its shareholding in CNBC Sports to NBC in 2004. David has revolutionised the sports marketing strategies of some of the world's leading Federations - taking European Tour golf out of Europe and into South Africa and then Asia (including introducing the first professional golf tournament to China at Mission Hills), re-launching the World Cup of Golf and bringing the event under the wing of the Five Tours, representing the World Nordic Ski Championship on behalf of the FIS, overseeing the sponsorship and broadcast strategies of the Davis Cup, raising sponsorship for the first ever Jordan Formula One team with 7Up, representing the commercial rights of the Ladies European Golf Tour, instigating the commercialisation of the English and Italian Rugby Unions, and creating the Tour of China cycling race.

David's reputation as a leading marketer and dynamic entrepreneur in the Asian marketplace led to the establishment of a joint venture with Live Nation to form Live Nation Marketing Partnership Asia Limited ("LNMPA"). In only two years since its inception, under David's guidance, LNMPA raised many USD millions in funding for a new annual Electronic Daisy Carnival festival in Tokyo.

In May 2016, David invested in Brick Live Group and became its Chairman and its majority shareholder. BRICKLIVE 'Built for LEGO Fans' is an interactive LEGO-based fan event that is currently staged in over 20 cities worldwide. In December 2018, David reversed Brick Live Group and its sister company Parallel Live Group (the organiser of US LEGO-based shows) into Live Company Group plc (LVCG), which is admitted to trading on the AIM market of the London Stock Exchange. David is the current largest shareholder and Executive Chairman of LVCG.

This wealth of experience allows David to provide first class leadership skills to LVCG at the same time as being able to drive and accelerate new business opportunities.

### Bryan Lawrie (Non- Executive Director)

Bryan started his career in the London office of PKF, heading up the Business Support service team. This followed with a period of providing CFO services on a portfolio basis and then founding CFO Partners in early 2015. Bryan is an experienced interim CFO, working with CEO's and other Board directors advising on both business and financial strategic matters.

Bryan's previous experience in many CFO roles provides LVCG with a wealth of financial and commercial accounting skills required in a fast-moving organisation. His understanding of working with dynamic business models provides a robust platform to help grow the business.

### Ranjit Murugason (Senior Non-Executive Director)

Ranjit joined the Board of PMG in 2010. Ranjit has over 20 years' experience in strategic advisory, corporate finance and investment banking and capital markets in Europe, Asia, the Middle East and the USA. He is the founder and Managing Director of Urban Strategic, established in London in 2003

and currently headquartered in Singapore. Previously Ranjit served as a Managing Director of the investment banking division of ABN Amro and was a senior advisor to GMR Group, one of India's largest multinational infrastructure businesses.

Ranjit's corporate finance experience provides the Board with first class corporate strategy and structure advice.

#### **Serenella Ciclitira (Non-Executive Director)**

Serenella (also known as Maria Serena Papi) has an Honours Degree in Art History from Trinity College, Dublin and since 2003 has been an Honorary Fellow at the Royal College of Art, London. She has worked extensively with art galleries and artists around the world. Between 1992 and 2000 Serenella was Group Managing Director of the pan-European satellite broadcaster Super Channel (which later became NBC Europe) and from 1998-2016 she was Managing Director of PMG which specialised in sport and music, during this period Serenella was also a Director of CNBC Sport. In 2017 Serenella joined the Board of LVCG. Serenella Ciclitira is David Ciclitira's long term partner.

Serenella's international expertise provides the Group with an effective sounding board when dealing with different cultures around the world. Serenella gives the Board a gender balanced view of matters being discussed.

#### **The Executive Team**

The Executive Team (formerly named Executive Board) was created early in 2019 and is chaired by David Ciclitira, the Group's Executive Chairman and attended by Richard Collett (Finance Director), Tina Anthony MD BRICKLIVE and Sarah Ullman COO. The Executive Team is responsible for day-to-day operations and the development of strategic plans which are considered by the Board. The Executive Team contains additional expertise in production, operations, design services as well global event planning events and ordinarily meets each month. Since the COVID-19 outbreak, the Executive Team has been meeting weekly. It consists of:

<b>Name</b>	<b>Position</b>
David Ciclitira <sup>(1)</sup>	Executive Chairman
Richard Collett	Finance Director
Tina Anthony	Managing Director, BRICKLIVE
Sarah Ullman	Chief Operating Officer

*Notes:*

*(1) Executive Chairman on the Board of Live Company Group plc*

#### **Shareholder Relations**

During the year, we engaged with our shareholders through a number of channels. We began the year with the launch of a Company Newsletter to keep shareholders updated of BRICKLIVE activities, nine Company Newsletters were published in 2020.

The Company held a number of video conference calls during 2020 including a teach in with the BRICKLIVE sales team. In July 2020 the Annual General Meeting was held in London, but unfortunately due to COVID-19 this had to be a closed event. Finally, we continually update the LVCG website where shareholders can find the latest information.

## **Chairman's Corporate Governance Statement**

Dear Shareholders

As Chairman I am committed to ensuring that good corporate governance is adhered to and recognise that it underpins the foundations of business. The Board is committed to fit-for-purpose corporate governance across the business, from executive level and throughout the business. The Company made the decision to adopt the Quoted Companies Alliance Corporate Governance Code 2018 ("the QCA code"). The QCA Code and the principles contained within this code are valued by the Company and seen as essential building blocks for the underlying development of the business. As Chairman it is my duty to ensure that excellent standards of governance are maintained and cascaded down throughout the organisation.

The Board is fully committed to investing in the management systems and appropriate controls to ensure that the Group's high standard of corporate governance is reflective of the quality of its operations and service.

The Directors recognise the importance of sound corporate governance commensurate with the size and nature of the Company and the interests of its shareholders. The Corporate Governance Code does not apply to companies admitted to trading on AIM and there is no formal alternative for AIM companies.

The Quoted Companies Alliance (QCA) has published a corporate governance code for small and mid-sized quoted companies, which includes a standard of minimum best practice for AIM companies, and recommendations for reporting corporate governance matters (the "QCA Code"). The Directors comply with the QCA Code to the extent they consider it appropriate and having regard to the size and resources of the Company.

## **Corporate Governance Report**

The Directors recognise the importance of good corporate governance and apply the QCA Code. The QCA Code was developed by the QCA in consultation with a number of significant institutional small company investors, as an alternative corporate governance code applicable to AIM companies. The correct application of the QCA Code requires us to apply the principles set out in the QCA Code and also to publish certain related disclosures; these may appear in our Annual Report, be included on our website or we can adopt a combination of the two approaches. Recommended locations for each disclosure are specified in the QCA Code.

The corporate governance framework which the Group operates is based upon practices which the Board considers appropriate for the size, risks and operations of the business.

### **Principle One: Business Model and Strategy**

The purpose of the Group is to conceptualise, acquire rights, commercialise and deliver shows, events and exhibitions.

The Group has licensee partners and venue operators to promote and operate BRICKLIVE shows, events and exhibitions globally, providing both content and technical support to partners for a licence and content fee.

In December 2020 the Group formed a new division LCSE which focuses on sport, lifestyle and entertainment events.

The Group has partners throughout the world including Asia, Europe, North America, Middle East and Africa, and is constantly seeking to expand its global network of partners.

The key to the Company's success is to establish strong relationships with reliable licensee partners who have a track record of staging events, and to supply the best quality content to our licensee partners.

**Principle Two: Understanding Shareholder Needs and Expectations**

The Board is committed to communicating effectively with its shareholders.

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders on a regular basis. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Group.

In addition, all shareholders are encouraged to attend the Company's Annual General Meeting (during non-pandemic times) and any other General Meetings that are held throughout the year. Investors also have access to current information on the Company through its website, [www.livecompanygroup.com](http://www.livecompanygroup.com).

**Principle Three: Stakeholder Responsibilities**

The Board recognises the long-term success of the Group is reliant upon the efforts of the employees, contractors, suppliers and licensee partners. The Board has put in place a range of processes and systems to ensure the Board has oversight and contact with key management.

**Employees:** Good communication is essential and the management team holds weekly calls to discuss material matters affecting the operations of the business.

**Contractors and suppliers:** the Group engages a number of freelancers to support the team of permanent staff, enabling the business to scale up or down the level of support required at any time. Freelancers are considered an important resource of the business.

**Shareholders:** the Group communicates regularly with its shareholders, providing information updates using regulatory and non-regulatory news releases, the monthly Group Newsletter, keeping the investor section of the website up to date, and posting regular news updates from shows on the Company's social media channels.

**Principle Four: Risk Management**

The Group has an established Audit Committee, chaired by Ranjit Murugason. The Audit Committee has responsibility for ensuring the effectiveness of risk management and internal controls on behalf of the Board. During the annual audit process, specific risks are identified and evaluated in detail.

A whistle blowing policy is in place to enable employees to report to the Board, in confidence, any risks or threats to the operations of the business.

The principal risks of the business are set out on pages 9 to 11. The Audit Committee reviews and assesses these risks on an annual basis.

**Principle Five: A Well-Functioning Board of Directors**

The time commitment formally required by the Group is an overriding principle that each Director will devote as much time as is required to carry out the roles and responsibilities that the Director has agreed to take on.

Following the resignation of three Directors in February 2021 and as referred to in the announcement on 4 May 2021 the Company has commenced the search for a new senior independent Director; this appointment will not be by the 30 June but the Company hopes to announce the appointment of a new independent Non-Executive Director shortly. As said in that announcement, the Company



also intends to conduct a full board review with the intention of making further changes during the latter half of 2021, being conscious that due to the recent related party transaction involving the investment into START Art, Ranjit Murugason is no longer considered an independent director and Bryan Lawrie is not considered to be independent due to having been the Company's former CFO.

David Ciclitira occupies the dual role of Executive Director and Chairman of the Board. Given the stage of the Company's development, David Ciclitira's experience in event marketing and promotion, and his familiarity with the Company's projects, the Company believes that it is appropriate for the roles to be combined. The Company will keep this under review as the Company develops with a view to splitting the roles when the Company can justify the need for and benefit from a separate Chief Executive.

Biographical details of the Directors are set out within the governance report on pages 21 and 22.

The Executive Chairman and Non Executive Directors are engaged under service contracts requiring between three and twelve months' notice by either party.

The Board encourages the ownership of shares in the Company by Executive and Non-Executive Directors alike and in normal circumstances does not expect Directors to undertake dealings of a short-term nature.

The Board considers ownership of Company shares by Non-Executive Directors as a positive alignment of their interest with shareholders. The Board will periodically review the shareholdings of the Non-Executive Directors and will seek guidance from its advisors if, at any time, it is concerned that the shareholding of any Non-Executive Director may, or could appear to, conflict with their duties as an independent Non-Executive Director of the Company or their independence itself. Directors' emoluments, including Directors' interest in share options over the Company's share capital, are set out in the Directors' Report.

The Board has established a Compliance Committee, Audit Committee, Remuneration Committee and a Nomination Committee.

#### **Principle Six: Appropriate Skills and Experience of the Directors and a Group Company Secretary**

The Board currently consists of four Directors.

The Board considers that David Ciclitira, who acts as Executive Chairman is best placed to lead and deliver the Group's strategy. David founded the Group in its current form in 2017, and has the necessary skills, expertise and global network of contacts to lead the Group through its next phase of expansion.

The Board of Directors have a diversified skillset, experience and qualities resulting in a well-balanced Board to deliver the strategy of the Group. The Group will ensure, where necessary, that all Directors receive the necessary training to keep their skillset up to date.

All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures and applicable rules and regulations are observed.

#### **Principle Seven: Evaluation of Board Performance**

The Board carries out an annual evaluation of its performance and effectiveness.

The Group carried out its second Board evaluation in 2020.

#### Principle Eight: Corporate Culture

The Group recognises its responsibility to be socially responsible and (where possible) contribute to social value, community development, local employment, apprenticeships, and training schemes. The Group endeavours to follow sustainable and responsible management practices in protecting the long-term interests of the business, its employees and community stakeholders.

**Ethics and human rights:** The Group aims to conduct its business with honesty and integrity, respecting human rights and the interests of its employees, partners and third parties. The Group advocates high ethical standards in carrying out its business activities and has policies for dealing with gifts, bribery, corruption, whistleblowing and inside information. The Group does not make political donations, and any charitable donations are made where legal and ethical according to local law and practices.

**Relationships with suppliers, partners and contractors:** The Group expects its suppliers and partners to adhere to business principles consistent with its own and to implement appropriate policies and codes of conduct. The Group is committed to maintaining positive relationships with its suppliers, partners and contractors.

**Child safety and health and safety:** we are fully aware of our, and our partners' health and safety and child safety responsibilities. All of our partners are obliged to comply with all local health and safety legislation to ensure the safety of all children attending BRICKLIVE events. Due to the effects of COVID-19 there were limited BRICKLIVE shows during 2020.

**Our people:** The Group has a dynamic team, which is highly valued. The Group has adopted a share incentive scheme for staff to ensure they can participate in the long-term success of the Group.

**Local communities:** the Group is committed to being a responsible neighbour, with investment in local communities and charitable causes where appropriate.

The Company has adopted a share dealing code for the Directors and applicable employees of the Group for the purpose of ensuring compliance by such persons with the provisions of the AIM rules relating to share dealings in the Company's securities. This particularly applies to the provisions of Rule 21 of the AIM Rules and the Market Abuse Regulation. The Directors consider the share dealing code is appropriate for a Company whose shares are admitted to trading on AIM.

#### Principle Nine: Maintenance of Governance Structures and Processes

The Chairman has overall responsibility for corporate governance and promoting high standards throughout the Group. He chairs the Board and leads in the development of strategy and setting objectives, oversees communication between the Company and its shareholders. The corporate governance framework which the Group operates is based upon practices which the Board considers appropriate for the size, risks and operations of the business. The Board meetings occur at least four times a year and in 2020 there were twelve Board meetings.

The Board is amongst other things, responsible for:

- establishing and maintaining the Group's system of internal controls;
- setting strategic objectives and policies for the Group;
- setting annual budgets and monitoring performance against budget;
- the preparation and approval of the Group's annual report and accounts and interim results;
- ensuring the financing needs of the Group are met;
- approving the key terms of any significant contracts and significant expenditure;
- employee welfare; and

- shareholder communications.

The Non-Executive Directors provide a robust sounding board and challenge management where necessary.

It is crucial to ensure the Company is compliant with AIM Rule 31 and that the Company must have in place sufficient procedures, resources and controls to enable it to comply with the AIM Rules Compliance Committee and the AIM Rules Compliance Policy. The AIM Rules Compliance Committee comprises Sarah Ullman, Ranjit Murugason and David Ciclitira (Chair).

The Compliance Committee was formed towards the end of 2019. It is responsible for overseeing compliance with AIM Rules and will include weekly meetings with the Nomad. The Committee will review the Insider Company List and will ensure this is maintained and kept up to date, where appropriate.

The Audit Committee monitors the integrity of financial statements, oversees risk management and internal controls, and reviews the independence of the external auditors. The members of the Audit Committee are: Ranjit Murugason (Chair), David Ciclitira and Serenella Ciclitira. The Audit Committee meetings occur at least twice each financial year and in 2020 met three times. In 2020, the Committee:

- Approved audited and interim financial statements; including key judgements and policies to ensure they are fair, balanced and understandable for our shareholders;
- Reviewed and recommended the reappointment of our external Auditor, Moore Kingston Smith LLP, including fee structure; and
- Carried out a comprehensive review of the Company's Financial Position and Prospects Procedures manual.

The Remuneration Committee sets and reviews the remuneration of Executive Directors and is responsible for the implementation of any share-based incentive schemes, including the setting of targets and performance frameworks relating to any such share-based incentive schemes. The members of the Remuneration Committee are: Ranjit Murugason (Chair) and Bryan Lawrie. The Remuneration Committee meetings occur at least twice each financial year and in 2020 met twice.

In 2020, the Remuneration Committee considered the remuneration package for the Executive Team and determined the awarding of share options. They will continue to monitor the pay and benefits of all Executives.

The Nomination Committee is responsible for succession planning and reviewing the Board composition to ensure the Board has an effective blend of skills and experience. The members of the Nomination Committee are: David Ciclitira (Chair), Ranjit Murugason and Serenella Ciclitira. The Nomination Committee meetings occurs as and when required and in 2020 met once.

In 2020, the Nomination Committee reviewed the composition of the Board and continually monitored the requirement of the QCA Code to which the Company adheres with regards to the balance of the Board.

The Executive Team retains full control of the Group's operational management but has delegated day to day control to Executive Directors. A full description of the Executive Team is found on page 22.

**Principle Ten: Shareholder Communication**

The Board is committed to communicating effectively with its shareholders and responds quickly to queries received. The Chairman is primarily responsible for communicating with shareholders and speaks regularly with the Company's major shareholders to ensure that their views are communicated to the Board. The Board attempts to ensure that, where possible, all Directors are present at Company AGMs to meet with and listen to the views of shareholders. To the extent that voting decisions are not in line with expectations, the Board will engage with shareholders to understand and address any issues.

**Sustainability Agenda**

We are committed to reviewing our environmental policy with regards to plastic consumption. We are proud to produce fantastic models that can be enjoyed by all, the models have a ten year life span although individual bricks can be used for a significantly longer period and be deemed 'bricks for life'.

All 'loose' plastic bricks which can no longer be used in our famous brick pits will be recycled in our fantastic models to avoid unnecessary disposal.

We are proud to be creating touring assets which can be exhibited in zoos across the world. Some of our tours comprise of endangered and/or extinct animals which are not always available to discover in zoos.

Through the promotion of e-Fest and the Cape Town e-Prix the Groups LCSE division actively supports the move to carbon free transport and promotion of electric vehicles.

We are a global brand providing content around the world and are therefore conscious of our carbon footprint, which is why we will seek to deliver as many tours and models using sea freight, where practical and possible. Furthermore, we are establishing touring asset collections which will remain in certain geographic regions around the world to ensure transport distances are minimised.

This report was approved by the Board of Directors on 25 June 2021 and signed on its behalf by



**David Ciclitira**  
*Chairman*  
25 June 2021

## **DIRECTORS' REPORT**

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In accordance with section 414c (11) of the Companies Act 2006, the Directors have chosen to include information about the future developments and principal risks and uncertainties in the Strategic Report.

### **Principal activities**

The principal activity of the Group is to create and provide content for BRICKLIVE shows and events worldwide and provide access to international sports and entertainment events via its LCSE division.

### **Branches in the EU**

The Group has no branches in the EU.

### **Dividend**

No dividend is recommended in respect of the year ended 31 December 2020 (2019 - £Nil).

### **Directors**

The Directors during the year and their periods of office were as follows.

David Ciclitira	-	Executive Chairman
Bryan Lawrie	-	Non-Executive Director
Simon Horgan	-	Non-Executive Director (resigned 17 February 2021)
Ranjit Murugason	-	Non-Executive Director
Trudy Norris-Grey	-	Non-Executive Director (resigned 14 February 2021)
Serenella Ciclitira	-	Non-Executive Director
Mark Freebairn	-	Non-Executive Director (resigned 14 February 2021)

### **Directors' interests in shares**

The beneficial interests in the Ordinary share capital of the Company of the Directors in office at 31 December 2020 were as follows:

Director	2020 1p Ordinary shares	2019 1p Ordinary shares
David Ciclitira (and owned companies)*	34,084,874	27,397,373
Serenella Ciclitira*	1,562	1,562
Ranjit Murugason	1,320,317	1,220,317
Bryan Lawrie	90,384	15,384
Simon Horgan (held through Horgan Investments Limited)	3,152,330	3,252,330
Trudy Norris-Grey	850,432	-
Mark Freebairn	471,919	455,252

\*connected persons

The number of 1p Ordinary shares or beneficial interest in the 1p Ordinary shares held by David Ciclitira are as follows:

Holder	2020 1p Ordinary shares	2019 1p Ordinary shares	Beneficial interest
David Ciclitira.	33,761,908	27,074,407	Held by D Ciclitira directly
Zedra Trustees (Jersey) Limited	206,532	206,532	A discretionary trust, of which D Ciclitira is a potential beneficiary
Luna Trading Limited	116,434	116,434	A Company held by a discretionary trust, of which D Ciclitira is a potential beneficiary
Serenella Ciclitira	1,562	1,562	Held indirectly by Serenella Ciclitira (long term partner of D Ciclitira)
	<b>34,086,436</b>	<b>27,398,935</b>	

The above table constitutes the David Ciclitira Concert Party.

#### Substantial shareholdings

The following investors notified the Directors that they currently hold or are beneficially interested in 3% or more of the Company's 146,001,763 1p Ordinary shares in issue as at 31 May 2021.

	No. of 1p Ordinary shares	% of issued share capital
David Ciclitira Concert Party*	36,086,436	24.72
Brick Live Lab Limited**	9,832,060	6.73
CIDEA Limited**	333,333	0.23
Monecor (London) Limited	13,995,000	9.59
	<b>60,246,829</b>	<b>41.27</b>

\* David Ciclitira interest includes Ordinary Shares held directly by him, Ordinary Shares held through his connected entities including Zedra Trustees (Jersey) Limited and Luna Trading Limited and Ordinary Shares held by Serenella Ciclitira.

\*\* Brick Live Lab Limited and CIDEA Limited are controlled by Mr Hyun Seok Kim.

**Current Director Shareholdings**

Set out below are the Directors' interests in the Ordinary share capital of the Company at 31 May 2021 together with details of options and warrants as set out in Notes 27 and 30.

	No. of 1p Ordinary shares	% of issued share capital	No. of warrants	No. of options
David Ciclitira (and owned companies)*	36,084,874	24.72	480,765	1,341,891
Serenella Ciclitira*	1,562	0.00	-	-
Ranjit Murugason	1,320,317	0.90	-	-
Bryan Lawrie	90,384	0.06	-	335,472
	<b>37,497,137</b>	<b>25.68</b>	<b>480,765</b>	<b>1,677,363</b>

\* connected persons

**Directors' Liability Insurance**

During the year, Directors' and officers' liability insurance was maintained for Directors and other officers of the Company as permitted by the Companies Act 2006.

**Material Interests**

So far as the Board is aware, no director had any material interest in a contract of significance (other than their service contract) with the company or any of its subsidiary companies during the period.

**Post balance sheet events**

Post balance sheet events have been detailed in the Strategic Report and in Note 35.

**Disclosure of Information to Auditor**

In the case of each of the Directors who are Directors of the Company at the date when this report is approved:

- So far as they are individually aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each of the Directors 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 the information.

**Auditor**

The Company re-appointed Moore Kingston Smith LLP as auditors for the Company for the financial year 2020. A resolution to re-appoint Moore Kingston Smith LLP will be put to the shareholders at the next Annual General Meeting.

On behalf of the Board



**David Ciclitira**  
Chairman  
25 June 2021

Section 172(1) of the Companies Act 2006 requires the Directors of the Company to act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) The likely consequences of any decision in the long-term;
- b) The interests of the Company's employees;
- c) The need to foster the Company's business relationships with suppliers, customers and others;
- d) The impact of the Company's operations on the community and the environment;
- e) The desirability of the Company maintaining a reputation for high standards of business conduct; and
- f) The need to act fairly as between members of the Company.

The Board of Directors is collectively responsible for the decisions made towards the long-term success of the Company and how the strategic, operational and risk management decisions have been implemented throughout the business is detailed in the Strategic Report on pages 7 to 14.

### **Employees**

Our employees are one of the primary assets of our business, and the Board recognises that our employees are the key resource that enables delivering the Group's strategy and goals.

Annual pay and benefit reviews are carried out to determine whether all levels of employees are benefitted equally and to retain and encourage skills vital for the business. The Remuneration Committee oversees and makes recommendations of executive remuneration and option awards.

The Board periodically reviews the health and safety measures implemented in the business premises and improvements are recommended for better practices.

A number of staff have worked remotely during the year.

### **Suppliers, Customers and Regulatory Authorities**

The Board acknowledges that a strong business relationship with suppliers and customers is a vital part of the growth. Whilst day-to-day business operations considering suppliers and customers are delegated to the executive management, the Board sets directions and evaluates policies with regard to new business ventures and investing in research and development. The Board upholds ethical business behaviour and encourages management to seek comparable business practices from all suppliers and customers doing business with the Company.

We value the feedback we receive from our stakeholders and we take every opportunity to ensure that, where possible, their wishes are duly considered. The Board is aware of its regulatory requirements and receives training and advice when required. In 2020 the directors received a refresher update on the requirements under the UK Market Abuse regulations and disclosure of information to the Market.

### **Maintaining High Standards of Business Conduct**

The Company is incorporated in the UK and governed by the Companies Act 2006. The Company has adopted the Quoted Companies Alliance Corporate Governance Code 2018 (the "QCA Code") and the Board recognises the importance of maintaining a good level of corporate governance, which, together with the requirements to comply with the AIM Rules, ensures that the interests of the Company's stakeholders are safeguarded.

Anti-corruption and anti-bribery training are compulsory for all staff and contractors, and the anti-bribery statement and policy is contained in the Company's Employee Manual. The Company's



expectation of honest, fair and professional behaviour is reflected by this and there is zero tolerance for bribery and unethical behaviour by anyone relating to the Company.

The importance of making all staff feel safe in their environment is maintained and a whistleblowing policy is in place to enable staff to confidentially raise any concerns freely and to discuss any issues that arise. Strong financial controls are in place and are well documented. The risk framework and key business risks reviewed by the Audit Committee which in turn reports to the Board.

Additionally the Board upholds high standards of care towards the community and environment.

### **Shareholders**

The Board recognises the significance of transparent and effective communications with its investors and places equal importance on all shareholders. As an AIM listed company, there is a need to provide fair and balanced information in a way that is understandable to all stakeholders and particularly our shareholders. The primary communication tool with our shareholders is through the Regulatory News Service ("RNS"), on regulatory matters and matters of material substance. The Company's website provides details of the business, investor presentations and details of the Board and Committees, changes to major shareholder information, QCA Code disclosure and updates under AIM Rule 26. Changes are promptly published on the website to enable the shareholders to be kept abreast of Company's affairs. The Company's Annual Report and Notice of Annual General Meetings (AGM) are available to all shareholders. The Interim Report and other investor presentations are also available and can be downloaded from our website.

Typically, pre COVID-19, the chair of the Audit Committee and the chair of the Remuneration and Nominations Committee attend the AGM and are available to answer any questions. There are also opportunities throughout the year for shareholders to engage with the Board and members of the Executive Team, through general meetings, investor events and the Company's Q&A sessions.

The Board is mindful that with the global COVID-19 pandemic, face-to-face meetings with shareholders have not been possible during 2020. The Company has endeavoured to maintain communication with investors remotely and believes that engagement has been carried out efficiently during these challenging times.

**Live Company Group plc**  
**DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the Directors to prepare Group and Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange, the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have also elected to prepare the parent Company financial statements in accordance with those standards. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the Group financial statements have been prepared in accordance with IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

*The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 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 Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

We have audited the financial statements of Live Company Group Plc (the 'parent Company' and its subsidiaries (the 'Group')) for the year ended 31 December 2020, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included review of the forecasts prepared by the Group for at least twelve months from the date of approval of the audit report, conducting appropriate sensitivity analysis on the forecasts, challenging management as to the assumptions used in the forecasts, and consideration of the post-year end performance of the Group including review of available banking and loan facilities.

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

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

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing

the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Audit area and description	Audit approach
<p><b>Carrying value of Goodwill and related cost of investment</b></p> <p>The consolidated financial statements include goodwill of £0.896m in respect of the acquisition of Parallel Live Group (£0.896m), acquisition of the remaining shares in Brick Live Far East £nil) and the acquisition of Bright Bricks (£nil).</p>	<p>We assessed the Directors' assertion that an impairment of £3.411m was required in respect of goodwill arising on these acquisitions at 31 December 2020 by reference to the trading performance and cash and profit forecasts of the acquired entities.</p> <p>We critically assessed and challenged the assumptions made by the Directors in their preparation of the cash flow and profit forecasts including an assessment against current year trading to date.</p>
<p><b>Assessment of the accounting treatment of options and warrants issued</b></p> <p>The company issued share options during the year under a Share Option Plan adopted in April 2019 and also issued warrants in the year in connection with an equity fund raise.</p>	<p>We re-performed the Black-Scholes option pricing model calculation of the share option and warrants charge prepared by the Directors under IFRS 2.</p> <p>We critically assessed and challenged the variables used by the Directors in their Black-Scholes option pricing calculation.</p> <p>We critically assessed the Directors' assertion that the warrants issued as part of the equity fund raise were issued to equity holders in their capacity as equity holders and were therefore outside the scope of the requirements of IFRS 2.</p>
<p><b>Termination of Equity Share Agreement and purchase of shares by Live Company Group EBT Limited</b></p> <p>The company entered into a subscription agreement and an Equity Share Agreement (ESA) in the prior year.</p> <p>In the current year the ESA was terminated by the company. As part of the termination Live Company Group EBT Ltd purchased the shares held under the ESA.</p>	<p>We critically assessed and challenged the accounting treatment used by the Directors in the company and consolidated financial statements and analysed the accounting treatment in accordance with relevant IFRSs.</p>

Audit area and description	Audit approach
<b>Sale and leaseback of inventories</b> During the year the Group entered into a sale and leaseback Agreement with Close Leasing Limited in respect of £1.5m of brick stock.	We have critically assessed and challenged the Directors assertion that the sale and HP Agreement transaction does not meet the criteria to be recognised as revenue in accordance with IFRS 15, "Revenue from Contracts with Customers" and therefore in accordance with the requirements of IFRS 16, "Leases" in respect of sale and leaseback arrangements, has not been derecognised as inventory and accounted for as a right of use asset.
<b>Going concern</b> Although the group had net current assets at 31 December 2020, the Group's activities have been significantly impacted by the COVID-19 pandemic and the measures taken to contain it. The Group has incurred a further significant loss in the period to the date of approval of the financial statements and has limited cash funds currently available. These factors indicate the existence of uncertainties at the date of signing the consolidated financial statements as to whether the Group can continue to operate as a going concern.	The Directors have prepared cash flow forecasts for the period to 31 December 2025.  We have critically assessed and challenged the assumptions included in these cash flow forecasts and performed appropriate sensitivity analysis on the forecasts.  We have critically assessed the Directors' ability to raise further funds either by way of debt finance or equity fundraise or by the provision of additional support to the Group.  We have critically assessed the disclosures included in note 1.1 to the consolidated financial statements.

#### Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and evaluate the effect of misstatements both individually and on the financial statements as a whole.

In the light of reduced revenues due to the COVID-19 pandemic, we considered gross assets to be the main focus for readers of the financial statements, and this influenced our judgement of materiality. Based on our professional judgement we determined materiality for the Group to be £111,000 based on a percentage of gross assets.

We agreed to report to the Audit Committee all audit differences in excess of the threshold that we had calculated as clearly trivial to the financial statements, and any other differences that, in our view, warranted reporting on qualitative grounds. We also reported disclosure matters that we identified when assessing the overall presentation of the financial statements.

#### An overview of the scope of our audit

Our audit of the Group and parent Company financial statements was scoped by obtaining an understanding of the Group and parent Company and their environment, including Group wide

controls, and assessing the risks of material misstatement at the Group and parent Company level. The whole of the Group is audited by one audit team, led by the Senior Statutory Auditor. Our approach in respect of key audit matters is set out in the table in the Key Audit Matters section.

The audit is performed centrally and comprises all of the companies within the Group, significant components of which were visited by the audit team.

#### **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 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 parent Company 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 its 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 where 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 34, 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.

**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 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.

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are [the Companies Act 2006, International Financial Reporting Standards as adopted by the EU, the rules of the Alternative Investment Market, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Live Company Group plc

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF LIVE COMPANY GROUP PLC**

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**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 for no purpose other than to draw to the attention of the Company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the Company and Company's members as a body, for our work, for this report, or for the opinions we have formed.

*Moore Kingston Smith LLP*

25 June 2021

**Matthew Banton (Senior Statutory Auditor)**  
for and on behalf of Moore Kingston Smith LLP, Statutory  
Auditor

Devonshire House  
60 Goswell Road  
London EC1M 7AD

Live Company Group plc

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2020**

		Year to 31 December	
		2020	2019
	Note	£'000	£'000
<b>Continuing operations</b>			
Revenue	4	1,857	5,451
Cost of sales		(2,556)	(2,360)
<b>Gross (loss)/profit</b>		<b>(699)</b>	<b>3,091</b>
<b>Administrative expenses</b>			
Foreign exchange		(17)	(40)
Depreciation and amortisation of non-financial assets		(119)	(78)
Other administrative expenses		(3,077)	(3,584)
<b>Total administrative expenses</b>		<b>(3,213)</b>	<b>(3,702)</b>
Share of result of associate	18	-	86
<b>Operating loss before exceptional items</b>	5	<b>(3,912)</b>	<b>(525)</b>
Exceptional items	6	(4,355)	(1,112)
<b>Operating loss after exceptional items</b>		<b>(8,267)</b>	<b>(1,637)</b>
Finance costs	10	(110)	(207)
<b>Loss for the year before tax</b>		<b>(8,377)</b>	<b>(1,844)</b>
Taxation	11	144	(341)
<b>Loss for the year</b>		<b>(8,233)</b>	<b>(2,185)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year attributable to the equity holders of the parent Company</b>		<b>(8,233)</b>	<b>(2,185)</b>
Loss per share – continuing and total operations -basic and diluted	12	(9.8p)	(3.1p)

Live Company Group plc

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION as at 31 December 2020

	Note	Consolidated		Company	
		2020	2019	2020	2019
		£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Property, plant and equipment	13	4,144	4,152	-	-
Intangible assets	15	1,516	76	1,450	-
Right of use assets	14	231	292	-	-
Trade and other receivables	20	-	2,000	-	2,000
Investments	16	-	-	6,025	17,450
Goodwill	17	896	4,307	-	-
Investments in associates and joint ventures	18	-	86	-	-
<b>Total non-current assets</b>		<b>6,787</b>	<b>10,913</b>	<b>7,475</b>	<b>19,450</b>
<b>Current assets</b>					
Inventories	19	4,831	6,252	-	-
Trade and other receivables	20	404	808	1,460	2,521
Cash and cash equivalents	21	168	98	191	119
<b>Total current assets</b>		<b>5,403</b>	<b>7,158</b>	<b>1,651</b>	<b>2,640</b>
<b>Total assets</b>		<b>12,190</b>	<b>18,071</b>	<b>9,126</b>	<b>22,090</b>
<b>Current liabilities</b>					
Borrowings	22	615	532	167	532
Trade and other payables	23	2,364	1,617	1,037	357
Lease liabilities	25	60	79	-	-
Accruals and deferred income	23	1,120	947	343	292
<b>Total current liabilities</b>		<b>4,159</b>	<b>3,175</b>	<b>1,547</b>	<b>1,181</b>
<b>Net current assets</b>		<b>1,244</b>	<b>3,983</b>	<b>104</b>	<b>1,459</b>
<b>Non-current liabilities</b>					
Deferred tax	26	644	550	288	-
Borrowings	22	1,430	463	83	463
Lease liabilities	25	188	224	-	-
<b>Total non-current liabilities</b>		<b>2,262</b>	<b>1,237</b>	<b>371</b>	<b>463</b>
<b>Net assets</b>		<b>5,769</b>	<b>13,659</b>	<b>7,208</b>	<b>20,446</b>
<b>Equity</b>					
Share capital	27	5,165	4,878	5,165	4,878
Share premium	28	25,004	23,480	25,004	23,480
Other reserves		(23,697)	(23,697)	557	557
Own shares reserve		(2,151)	-	-	-
Merger reserve		14,472	14,067	14,472	14,067
Capital redemption reserve		5,034	5,034	5,034	5,034
Share option reserve	30	496	218	496	218
Retained earnings		(18,554)	(10,321)	(43,520)	(27,788)
<b>Equity attributable to equity holders of the parent</b>		<b>5,769</b>	<b>13,659</b>	<b>7,208</b>	<b>20,446</b>

Live Company Group plc

**CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION as at 31 December 2020**

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As permitted by section 408 of the Companies Act 2006 the parent company's profit and loss account has not been included in these financial statements. The parent company loss for the year, amounted to £15,732,000 (2019: £2,205,000 loss).

The financial statements were approved and authorised for issue by the Board of Directors on 25 June 2021 and were signed on its behalf by:



**David Ciclitira**

*Chairman*

Company Registration No. 00630968

## Live Company Group plc

**CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY for the year ended 31 December 2020**

	Ordinary Share Capital £'000	Share Premium £'000	Reverse acquisition reserve £'000	Forex reserve £'000	Own shares reserve £'000	Merger reserve £'000	Capital Redemption reserve £'000	Share option reserve £'000	Retained Earnings £'000	Total £'000
<b>Consolidated</b>										
<i>As at 31 December 2019</i>	4,878	23,480	(24,268)	571	-	14,067	5,034	218	(10,321)	13,659
Loss for the period	-	-	-	-	-	-	-	-	(8,233)	(8,233)
Shares issued for cash	160	840	-	-	-	-	-	-	-	1,000
Shares issued on acquisition of subsidiary and novation of contracts	60	135	-	-	-	405	-	-	-	600
Debt to share conversion	67	633	-	-	-	-	-	-	-	700
Own share reserves	-	-	-	-	(2,151)	-	-	-	-	(2,151)
Warrant charge	-	-	-	-	-	-	-	56	-	56
Options charge	-	-	-	-	-	-	-	222	-	222
Share issue costs	-	(84)	-	-	-	-	-	-	-	(84)
<b>At 31 December 2020</b>	<b>5,165</b>	<b>25,004</b>	<b>(24,268)</b>	<b>571</b>	<b>(2,151)</b>	<b>14,472</b>	<b>5,034</b>	<b>496</b>	<b>(18,554)</b>	<b>5,769</b>
<b>Company</b>										
<i>As at 31 December 2019</i>	4,878	23,480	-	557	-	14,067	5,034	218	(27,788)	20,446
Loss for the period	-	-	-	-	-	-	-	-	(15,732)	(15,732)
Shares issued for cash	160	840	-	-	-	-	-	-	-	1,000
Shares issued on acquisition of subsidiary and novation of contracts	60	135	-	-	-	405	-	-	-	600
Debt to share conversion	67	633	-	-	-	-	-	-	-	700
Warrant charge	-	-	-	-	-	-	-	56	-	56
Options charge	-	-	-	-	-	-	-	222	-	222
Share issue costs	-	(84)	-	-	-	-	-	-	-	(84)
<b>At 31 December 2020</b>	<b>5,165</b>	<b>25,004</b>	<b>-</b>	<b>557</b>	<b>-</b>	<b>14,472</b>	<b>5,034</b>	<b>496</b>	<b>(43,520)</b>	<b>7,208</b>

## Live Company Group plc

**CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY** for the year ended 31 December 2020

	Ordinary Share Capital	Share Premium	Reverse acquisition reserve	Forex reserve	Merger reserve	Capital Redemption reserve	Share option reserve	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Consolidated</b>									
As at 31 December 2018	4,754	18,470	(24,268)	571	14,067	5,034	-	(8,001)	10,627
Loss for the period	-	-	-	-	-	-	-	(2,185)	(2,185)
Changes in fair value from bricks used in product sales	-	-	-	-	-	-	-	(135)	(135)
Shares issued for cash	31	1,999	-	-	-	-	-	-	2,030
Debt to share conversion	26	1,181	-	-	-	-	-	-	1,207
Equity Share Arrangement	67	1,933	-	-	-	-	-	-	2,000
Warrant charge	-	-	-	-	-	-	51	-	51
Options charge	-	-	-	-	-	-	167	-	167
Share issue costs	-	(103)	-	-	-	-	-	-	(103)
<b>At 31 December 2019</b>	<b>4,878</b>	<b>23,480</b>	<b>(24,268)</b>	<b>571</b>	<b>14,067</b>	<b>5,034</b>	<b>218</b>	<b>(10,321)</b>	<b>13,659</b>
<b>Company</b>									
As at 31 December 2018	4,754	18,470	-	557	14,067	5,034	-	(25,583)	17,299
Loss for the period	-	-	-	-	-	-	-	(2,205)	(2,205)
Shares issued for cash	31	1,999	-	-	-	-	-	-	2,030
Debt to share conversion	26	1,181	-	-	-	-	-	-	1,207
Equity Share Arrangement	67	1,933	-	-	-	-	-	-	2,000
Warrant charge	-	-	-	-	-	-	51	-	51
Options charge	-	-	-	-	-	-	167	-	167
Share issue costs	-	(103)	-	-	-	-	-	-	(103)
<b>At 31 December 2019</b>	<b>4,878</b>	<b>23,480</b>	<b>-</b>	<b>557</b>	<b>14,067</b>	<b>5,034</b>	<b>218</b>	<b>(27,788)</b>	<b>20,446</b>

Live Company Group plc

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS for the year ended 31 December 2020

	Consolidated		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>				
Operating loss	(3,912)	(525)	(1,122)	(2,027)
Share of result of associate	-	(86)	-	-
Depreciation	751	647	-	-
Amortisation of trademarks	11	7	-	-
Depreciation of right of use assets	61	16	-	-
Loss on disposal of property, plant and equipment	(192)	-	-	-
Corporation tax paid	209	(134)	-	-
Net cash flow from exceptional items	(819)	-	(626)	-
Decrease in inventories	1,421	239	-	-
Decrease/(increase) in receivables	404	(116)	1,061	(10)
Increase/(decrease) in payables	732	(589)	631	322
<b>Cash used in operations</b>	<b>(950)</b>	<b>(541)</b>	<b>(56)</b>	<b>(1,715)</b>
<b>Cash flow from investing activities</b>				
Acquisition of intangible fixed assets	(51)	(33)	(50)	-
Acquisition of property, plant and equipment	(935)	(1,265)	-	-
Disposal of property, plant and equipment	-	17	-	-
<b>Net cash used in investing activities</b>	<b>(986)</b>	<b>(1,281)</b>	<b>(50)</b>	<b>-</b>
<b>Cash flow from financing activities</b>				
Issue of equity	1,000	2,030	1,000	2,030
Repayment of lease liabilities	(55)	(5)	-	-
Proceeds from borrowings	2,250	300	250	300
Loans repaid	(995)	(305)	(995)	(305)
Interest paid	(110)	(117)	7	(90)
Share issue costs	(84)	(103)	(84)	(103)
<b>Net cash generated from financing activities</b>	<b>2,006</b>	<b>1,800</b>	<b>178</b>	<b>1,832</b>
<b>Net cash inflow/(outflow)</b>	<b>70</b>	<b>(22)</b>	<b>72</b>	<b>117</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>98</b>	<b>120</b>	<b>119</b>	<b>2</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>70</b>	<b>(22)</b>	<b>72</b>	<b>117</b>
<b>Cash and cash equivalents at end of the year</b>	<b>168</b>	<b>98</b>	<b>191</b>	<b>119</b>

The termination of the ESA and associated ESA payment of £2,000,000 as detailed in Note 33 and the conversion of David Ciclitira's loan of £205,000 as detailed in Note 22 are non-cash transactions.

## 1. Basis of preparation

These financial statements have been prepared on the historical cost basis as modified by use of the fair-value basis where required and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS as at 31 December 2020.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements which are disclosed in Note 3 to these consolidated financial statements.

### 1.1 Going concern

These financial statements have been prepared on a going concern basis. The Consolidated Statement of Comprehensive Income shows a loss of £8,233,000 for the year ended 31 December 2020 (2019: £2,185,000 loss). In assessing going concern the Directors have considered the Group's cash flows, solvency and liquidity positions.

Based on the Group's balance sheet and a review of its forecast future operating budgets and forecasts, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of signing of these consolidated financial statements. This review of future operating budgets and forecasts included certain reasonable downside scenarios and confirmed that even in the case of such downside scenarios the Group could continue to operate and comply with all covenants in our banking facilities. Accordingly, the Directors have adopted the going concern basis in preparing the Annual Report and consolidated financial statements.

The Directors have assessed the viability of the Group over a five-year period, taking account of the Group's current position and prospects, its strategic plan and the principal risks and how these are managed. Based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over this period.

In making this assessment, the Directors have considered the resilience of the Group in severe but plausible scenarios, taking into account the principal risks and uncertainties facing the Group and the effectiveness of any mitigating actions. The Directors' assessment considered the potential impacts of these scenarios, both individually and in combination, on the Group's business model, future performance, solvency and liquidity over the period. Sensitivity analysis was also used to stress test the Group's strategic plan and to confirm that sufficient headroom would remain available under the Group's credit facilities. The Directors consider that under each of these scenarios, the mitigating actions would be effective and sufficient to ensure the continued viability of the Group. The Directors believe that five years is an appropriate period for this assessment, reflecting the average length of the Group's contract base; key markets; and the nature of its businesses and products.

Trading has remained extremely difficult thus far in 2021 with COVID-19 restrictions limiting the number and size of events and as a result the Group has continued to make losses in the current trading period. However restrictions are now easing and there are positive signs of business returning.

Consequently, the Directors have prepared these consolidated financial statements on the going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future.



## 1.2 Adoption of standards effective in 2020

The following new and revised Standards and Interpretations have been issued and are effective for the current financial period of the Company:

- Definition of Material – amendments to IAS 1 and IAS 9;
- Definition of a Business- amendments to IFRS3;
- Interest Rate Benchmark Reform – amendments to IFRS9, IAS39 and IFRS 7; and
- Revised Conceptual Framework for Financial Reporting.

## 1.3 IFRS in issue but not applied in the current financial statements

The following IFRS and IFRIC Interpretations have been issued but have not been applied by the Company in preparing these financial statements as they are not as yet effective and, in some cases, had not yet been adopted by the EU. The Company intends to adopt these Standards and Interpretations when they become effective, rather than adopt them early:

- IFRS 17 Insurance Contracts;
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current;
- Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before intended use;
- Amendments to IFRS 3 - Reference to the Conceptual Framework;
- Amendments to IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract;
- Annual Improvements to IFRS Standards 2018–2020;
- Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture; and
- Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 & IAS 39 - Interest Rate Benchmark Reform – Phase 2.

The directors do not expect that the adoption the Standards listed above will have a material impact on the Company in future periods.

A number of IFRS and IFRIC Interpretations are also currently in issue which are not relevant for the Company's activities and which have not therefore been adopted in preparing these financial statements.

Other new and amended Standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Company as they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies.

## 2. Accounting policies

### 2.1. Basis of consolidation

The consolidated financial statements incorporate:

- the results of LVCG, Brick Live Group Limited ("Brick Live Group"), Parallel Live Group Limited ("Parallel Live Group"), Bright Bricks Limited ("Bright Bricks Group"), Live Company Sports and Entertainment Limited ("LCSE") and E Movement Holdings Ltd ("EMHL") for the year ended 31 December 2020.
- the assets and liabilities of LVCG, Brick Live Group, Parallel Live Group, Bright Bricks Group, LCSE, EMHL and their subsidiary companies at 31 December 2020.

### **Business combinations**

The information contained in this note sets out how the Group typically accounts for Business Combinations, which is effectively using the purchase method explained in IFRS 3, "Business Combinations".

Subsidiary undertakings are all entities over which the Group has the power to govern the financial and operating policies of the subsidiary and therefore exercises control. The existence and effect of both current voting rights and potential voting rights that are currently exercisable or convertible are considered when assessing whether control of an entity is exercised. Subsidiaries are consolidated from the date at which the Group obtains the relevant level of control and are de-consolidated from the date at which control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The amendments to IFRS 3, "Business Combinations" have clarified the definition of a business and have permitted a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The Group has assessed the acquisitions detailed in Note 29 on the basis of this amendment.

The cost of an acquisition is measured as an aggregate of the consideration transferred, measured at the acquisition date fair-value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Subsequent changes in the proportion of the non-controlling interests, which do not result in de-recognition of the subsidiary, are accounted for in equity. Costs incurred in connection with acquisitions are recognised as exceptional costs in the income statement, as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair-value of the Group's previously held equity interest in the acquiree is re-measured to fair-value at the acquisition date through profit or loss. Goodwill is initially measured at cost being the excess of the consideration transferred over the Group's share of net identifiable assets acquired and liabilities assumed.

If this consideration is lower than the fair-value of net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any recognised impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to either the acquired business or to each of the Group's cash generating units that are expected to benefit from the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms a part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit until retained.

Formal impairment reviews were completed at 30 June 2020 and 31 December 2020 given the indicators of impairment existing at both dates.

**Brick Live Group**

In 2017 the reverse acquisition of LVCG by the Brick Live Group resulted in goodwill arising of £4,581,000. This goodwill was fully impaired in the year ended 31 December 2017.

**Bright Bricks Group**

In October 2018, the Group acquired Bright Bricks Group, resulting in goodwill arising of £86,000.

Following the outbreak of COVID-19 the Directors are uncertain of future cashflows and an updated discounted cash flow calculation has been produced with reduced cash flows expected for 2021, this has the impact of reducing the value of the goodwill to £nil at 31 December 2020.

**Parallel Live Group**

In December 2017, the Group acquired Parallel Live Group, resulting in goodwill arising of £1,271,000.

Following the outbreak of COVID-19 the Directors are uncertain of future cashflows and an updated discounted cash flow calculation has been produced with reduced cash flows expected for 2021, this has the impact of reducing the value of the goodwill by £375,000 at 31 December 2020.

**Brick Live Far East Limited ("BLFE")**

In December 2017, the Company became the 100% owner of BLFE. Goodwill of £2,950,000 arose on the acquisition. BLFE is a company registered in Hong Kong which owns a 49% stake in the Brick Live Group's China associate company, Brick Live Centre Education Development (Beijing) Company Limited.

Following the outbreak of COVID-19 the Directors are uncertain of future cashflows and an updated discounted cash flow calculation has been produced with reduced cash flows expected for 2021, this has the impact of reducing the value of the goodwill to £nil at 31 December 2020.

**Live Company Sports and Entertainment ("LCSE")**

In December 2020 the Group established its new LCSE division, through an all share acquisition of Live Company Sports and Entertainment Limited, including its 50% interest in K-Pop Europa Limited; the novation of a number of contracts from World Sport South Africa (Pty) Limited and the acquisition of the entire issued capital of E Movement Holdings Ltd.

The substance of these transactions is the acquisition of a series of contracts rather than a business combination as defined in IFRS 3, "Business Combinations". The transactions have therefore been accounted for as additions to intangible fixed assets of £1,450,000 with no goodwill arising.

**Intercompany balances**

All intercompany balances are eliminated on consolidation.

**Subsidiary companies audit exemption**

The company's active subsidiaries Bright Bricks Limited, Brick Live Group Limited, Brick Live International Limited, Brick Live Touring Limited and Parallel Live Group Limited are exempt

from the requirements of the Companies Act 2006 relating to the audit of their individual accounts by virtue of section 479A of the Companies Act 2006.

**2.2. Intangible fixed assets**

Trademarks are registered in each of the geographical territories for the BRICKLIVE brand. Trademarks are amortised on a straight line basis over their estimated useful lives, which is on average 10 years.

Acquired contracts are amortised over the period of the rights acquired, where contracts are renewable and are likely to be renewed for a further period such further period, but no subsequent periods, is considered to be part of the period of the rights acquired.

**2.3. Investment in associates and joint ventures**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control over those policies. The Group uses the equity method of accounting for its associate.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group uses the equity method of accounting for its joint ventures.

**2.4. Property, plant and equipment**

All property, plant and equipment assets are stated at cost less accumulated depreciation. Content is capitalised in the periods in which they are purchased or completed and valued at the lower of cost and net realisable value.

Depreciation is provided on content assets over eight years on a straight-line basis to reflect their useful life. Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

Depreciation on other fixtures, fittings and office equipment is provided at 20% on a straight-line basis. Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

**2.5. Leases**

Following adoption of IFRS 16, "Leases" a right of use asset, being the present value of the operating lease payments over the remaining life of the lease, has been recognised within non-current assets. The right to use assets and corresponding lease liability have been calculated using a discount rate of 9% which the Directors consider to be appropriate, based on the Group's current borrowing structure. The depreciation of the assets and interest charge are recognised in the Statement of Comprehensive Income in the year and the buildings maturity analysis of lease liabilities at 31 December 2020 is detailed in Note 25.

**2.6. Impairment of assets**

The carrying amounts of the Group's assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the

asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

## 2.7. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using a weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. The majority of inventories are measured at fair value following the acquisition of Bright Bricks Group in October 2018 as detailed in Note 19.

## 2.8. Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### Financial assets

The Group classifies its financial assets as either financial assets measured at amortised cost, fair value through profit and loss or fair value through Other Comprehensive Income (OCI).

Financial assets at fair value through OCI consist of equity investments in other companies or limited partnerships where the Group does not exercise either control or significant influence.

Financial assets at fair value through OCI are shown at fair value at each reporting date with changes in fair value being shown in OCI. In cases where the Group can reliably estimate fair value, fair value will be determined in reference to practical completion of each development project.

All assets for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Financial instruments are derecognised on the trade date when the Group is no longer a party to the contractual provisions of the instrument.

## 2.9. Share based payments

The Company issues equity settled share-based payment transactions to certain employees and service providers. Equity settled share-based payment transactions with employees are measured at the fair value at the date of grant. The calculation of fair value at the date of grant

requires the use of management's best estimate of volatility, risk free rate and expected time to exercise the options.

Equity settled share based payment transactions with service providers are measured at the fair value of the goods or services received, except where the fair value cannot be reliably estimated, in which case they are measured at the fair value of the equity instrument granted, measured at the date the entity obtains the goods or the counterparty renders the service.

**2.10. Trade and other receivables**

Trade and other receivables are stated at their amortised cost. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

A loss allowance is recognised on initial recognition of financial assets held at amortised cost, based on expected credit losses, and is re-measured annually with changes appearing in profit or loss. Where there has been a significant increase in credit risk of the financial instrument since initial recognition, the loss allowance is measured based on lifetime expected losses. In all other cases, the loss allowance is measured based on 12-month expected losses. For assets with a maturity of 12 months or less, including trade receivables, the 12-month expected loss allowance is equal to the lifetime expected loss allowance.

**2.11. Cash and cash equivalents**

Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**2.12. Trade and other payables**

Trade and other payables are stated at their amortised cost.

**2.13. Interest-bearing borrowings (other than compound financial instruments)**

Interest-bearing borrowings are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

**2.14. Revenue recognition**

Revenue is the value of goods and services provided by the Group to customers, net of VAT and discounts. Revenue includes licence fees, revenue from the sale of products, rental fees, sale of content (brick-based statues), brick lease fees and ticket sales from self-promoted events.

Revenue from contracts is recognised in accordance with IFRS 15 as follows:

- i. Identify the contract with the customer;
- ii. Identify separate performance obligations in the contract;
- iii. Determine the transaction price;
- iv. Allocate the transaction price to separate performance obligations; and
- v. Recognise revenue when the entity satisfies a performance obligation.

Revenue recognised as above is measured on the following basis:

- i. Annual licence fees – on a straight-line basis in accordance with the terms of the agreement, unless it is non-refundable in which case fees are recognised on the contractual invoice date;
- ii. Event licence fees and revenue shares – in accordance with the terms of the agreement;

- iii. Content fees – on delivery of the specific content to the client in accordance with the terms of the agreement;
- iv. Tour and show rental fees – in accordance with the terms of the agreement;
- v. Brick lease fees – on a straight-line basis in accordance with the terms of the agreement;
- vi. Ticket sales from self-promoted events – on the date of the event; and
- vii. Sales of products - in accordance with contract.

#### 2.15. Deferred taxation

Deferred tax is provided in full using the balance sheet liability method. Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the Statement of Financial Position.

The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

The Group does not recognise deferred tax liabilities, or deferred tax assets, on temporary differences associated with investments in subsidiaries, as it is not considered probable that the temporary differences will reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amounts of the deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered.

#### 2.16. Segmental reporting

The Group has two operating segments, namely: tours, events, shows, licences and content rental fees; and product and content sales. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services (see Note 4).

For management purposes, the Group uses the same measurement policies as those used in its consolidated financial statements, except for certain items not included in determining the operating profit of the operating segments, such as exceptional costs.

In addition, corporate assets and expenses which are not directly attributable to the business activities of any operating segment are not allocated to a segment. This primarily applies to the Group's headquarters.

#### 2.17. Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated at the rates of exchange ruling at the reporting date. Transactions in foreign currencies are translated at the rate ruling at the date of the transaction. Differences on exchange arising on translation of subsidiaries are charged directly to other comprehensive income. All other exchange differences have been charged to the profit or loss in the period under review.

#### 2.18. Exceptional items

Exceptional items are those costs incurred by the Group which are considered by the Directors to be material in size and are unusual and infrequent in occurrence which require separate disclosure within the financial statements. See Note 7 for details of exceptional items ensuing in the year.

### 2.19. Government grants and assistance

Government grants and assistance are recognised in the related expense line in the consolidated statement of comprehensive income on a systematic basis over the period in which the entity recognises the expense, for which the grant is intended to compensate.

Therefore, grants in recognition of specific expenses are recognised in the related expense line in the same period.

### 3. Accounting estimates and judgements

The preparation of these consolidated financial statements in accordance with generally accepted accounting practice, being International Financial Reporting Standards as adopted by the European Union, requires the Directors to make estimates and judgements that affect the reported amount of assets, liabilities, income and expenditure and the disclosures made in these consolidated financial statements. Such estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events.

The significant judgements made by management in applying the Group's accounting policies as set out above, and the key sources of estimation which management consider may have a significant risk of causing a material adjustment to the reported amounts in the year, were:

#### Impairment of investments and goodwill

The Directors have carried out impairment reviews of the Group's goodwill, investments and the share of net assets of associates as detailed in Notes 16, 17 and 18.

#### Depreciation and amortisation

Depreciation and amortisation rates have been set to accurately reflect the reduction in value of property, plant and equipment assets over their economic life, less their expected residual value. This requires judgement by the Directors, who have set the depreciation rates as detailed in Notes 2.2 and 2.4 to these consolidated financial statements based on their knowledge of the industry and typically how long each asset type retains its value.

#### Revenue recognition with customers

Revenue from contracts with customers is recognised in accordance with IFRS 15. This requires judgement as revenue transactions are subject to a variety of contract terms, albeit under the general guidelines of the accounting policies for revenue recognition as explained in Note 2.14 to these consolidated financial statements.

#### Share option and warrants

The Black-Scholes model is used to calculate the appropriate charge of the share options and warrants. The use of this model to calculate the charge involves a number of estimates and judgements to establish the appropriate inputs to be entered into the model, covering areas such as the use of an appropriate interest rate and dividend rate, exercise restrictions and behavioural considerations. A significant element of judgement is therefore involved in the calculation of the charge.

#### Contingent consideration

Contingent consideration recorded as a financial liability at fair value. The amount of contingent consideration to be paid is based on the occurrence of future events, such as the achievement of certain development, regulatory and sales milestones. Accordingly, the estimate of fair value contains uncertainties as it involves judgment about the likelihood and timing of achieving these milestones as well as the discount rate used. Changes in fair value of the contingent



consideration obligation result from changes to the assumptions used to estimate the probability of success for each milestone, the anticipated timing of achieving the milestones and the discount period and rate to be applied.

#### 4. Segment reporting

As described in Note 2.16 to these consolidated financial statements, the Directors consider that the Group's internal financial reporting is organised along product and service lines and therefore segmental information has been presented about the Group's business segments. The segmental analysis of the Group's business is derived from its principal activities, as set out below.

##### Reportable segments

The reportable segment results for the year ended 31 December 2020 are as follows:

	Product and content sales £'000	Tours, events, licenses and content rental fees £'000	Unallocated £'000	Total £'000
Revenue	497	1,360	-	1,857
Cost of sales	684	1,872	-	2,556
Administrative expenses	561	1,535	1,117	3,213
Finance costs	-	-	110	110
Exceptional items	-	-	4,355	4,355
Taxation	-	-	(144)	(144)
Segment loss the year	(748)	(2,047)	(5,438)	(8,233)

The reportable segment results for the year ended 31 December 2019 were as follows:

	Product and content sales £'000	Tours, events, licenses and content rental fees £'000	Unallocated £'000	Total £'000
Revenue	974	4,477	-	5,451
Cost of sales	421	1,939	-	2,360
Administrative expenses	413	1,898	1,391	3,702
Share of associate	-	-	(86)	(86)
Finance costs	-	-	207	207
Exceptional items	-	-	1,112	1,112
Taxation	-	-	341	341
Segment profit/(loss) for the year	140	640	(2,965)	(2,185)

Administrative expenses are apportioned to each trading segment in proportion to the revenue earned.

Segment assets consist primarily of property, plant and equipment, intangible assets, investments, goodwill, trade and other receivables and cash and cash equivalents.

Unallocated assets comprise deferred taxation, financial assets held at fair value through profit or loss, and derivatives. Segment liabilities comprise operating liabilities; liabilities such as deferred taxation are not allocated to individual business segments.

Segment assets and liabilities as at 31 December 2020 are as follows:

	Product and content sales £'000	Tours, events, shows, licences and content rental fees £'000	Unallocated £'000	Total £'000
Assets	-	10,868	1,322	12,190
Liabilities	-	5,776	645	6,421

Segment assets and liabilities as at 31 December 2019 were as follows:

	Product and content sales £'000	Tours, events, shows, licences and content rental fees £'000	Unallocated £'000	Total £'000
Assets	-	11,549	6,522	18,071
Liabilities	-	2,867	1,545	4,412

#### Geographical information

The Group's business segments operated in six principal geographical areas in the year, although they are managed on a worldwide basis from the Group's head office in the United Kingdom.

A geographical analysis of the Group's continuing revenue and non-current assets is given below. Revenue is allocated based on the location of the customer; non-current assets are allocated based on the physical location of the asset.

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	2020 £'000	2019 £'000
<b>Revenue</b>		
United Kingdom	1,013	2,923
Europe	49	930
USA	265	406
South America	-	46
Asia	434	1,111
Middle East	96	35
	<b>1,857</b>	<b>5,451</b>

	2020 £'000	2019 £'000
<b>Non-current assets</b>		
United Kingdom	4,445	4,661
Europe	-	986
USA	394	467
South America	31	-
Asia	711	407
Middle East	310	-
Unallocated	896	4,392
	<b>6,787</b>	<b>10,913</b>

**Major customers**

Included within Tours, events, licenses and content rental fees are revenues of £225,000 (2019: £532,000) which arose from sales to the Groups largest customer. No single customer in 2020 or 2019 accounted for more than 10% of revenue.

**5. Operating loss before exceptional items**

	2020 £'000	2019 £'000
<b>This is stated after charging:</b>		
Content depreciation (included within cost of sales)	705	589
Loss on disposal of content assets (included within cost of sales)	192	17
Other depreciation and amortisation (included within administrative expenses)	57	63
Depreciation on right of use assets	61	16
Net foreign exchange losses	17	40

**6. Exceptional items**

The exceptional items consist of the following:

	2020 £'000	2019 £'000
Share options and warrants charge	278	218
Transactional and reorganisational costs	2,676	612
Impairment of associate and intangible assets	1,401	-
Exceptional bad debt	-	282
	<b>4,355</b>	<b>1,112</b>

## 2020 Exceptional items

### Share option and warrant charge

The Group uses the Black–Scholes model to value its share option and warrants. Certain judgement is required in terms of selecting the risk-free interest rate and standard deviation rate used. The charge for the current year is £278,000 which may increase or decrease with changes to these rates.

### Transactional and reorganisational costs

Transactional costs relate to various debt and equity raises completed during the year as detailed in Note 22 as well as costs associated with terminating the ESA as detailed in Note 33.

### Impairment of associate and intangible assets

The Directors have considered the carrying value of goodwill, investments and the share of net assets of associates in light of the impact of COVID-19, together with the effects of the measures taken to contain it in the markets in which the Group operates and have determined the impairment, as detailed in Notes 16, 17 and 18 is required.

Included in the Consolidated Statement of Financial Position at 31 December 2019 was £86,700 being the Groups share of the net assets of Brick Live Centre Education Development (Beijing) Company Limited a company incorporated in China in which the Group indirectly holds a 49% interest through its 100% holding in Brick Live Far East Limited. Due to the impact of COVID-19 on the recoverability of this balance, the Directors have provided in full against this amount.

## 2019 Exceptional items

### Share option and warrant charge

The Group uses the Black–Scholes model to value its share option and warrants. Certain judgement is required in terms of selecting the risk-free interest rate and standard deviation rate used. The charge for the prior year is £218,000 which may increase or decrease with changes to these rates.

### Transactional and reorganisational costs

Transaction costs relate to the remainder of the strategic acquisition and reorganisation costs of Bright Bricks Group and the various fundraises completed during the prior year.

### Exceptional bad debt provision

A three-year contract is in place with Brick Live Centre Education Development (Beijing) Company Limited for a minimum of 20 shows. Due to the uncertainty of recovering this balance, the Directors have provided in full against these receivable license fee balances.

## 7. Auditor's remuneration

	2020 £'000	2019 £'000
Fees payable to the auditor, Moore Kingston Smith LLP, for the audit of the annual accounts of the Group and the Company	76	87
Taxation compliance	8	8
	<u>84</u>	<u>95</u>

**8. Employees**

	2020 No.	2019 No.
<b>Group</b>		
The average number of employees (including Directors not under employment contracts) during the year was:		
Administration	5	22
Production	44	40
Sales	3	4
	<u>52</u>	<u>66</u>

	2020 £'000	2019 £'000
The aggregate payroll costs including Directors not under employment contracts) were:		
Wages, salaries and fees	1,825	2,566
Social security costs	133	177
Pension costs	22	31
	<u>1,980</u>	<u>2,774</u>

**9. Remuneration of Directors and key management personnel**

In the opinion of the Board, only the Directors of the Company and the other members of the Executive Team, as detailed in the Corporate Governance Report, are regarded as key management personnel. The remuneration of key management personnel during 2020 was, in aggregate, £508,000 (2019: £859,000).

Directors' remuneration and fees, including Non-Executive Directors, during the year were as follows:

	2020 £'000	2019 £'000
David Ciclitira	330	451
Andy Smith (resigned 2 September 2019)	-	74
Bryan Lawrie	76	144
Serenella Ciclitira*	10	20
Ranjit Murugason*	20	125
Trudy Norris-Grey (resigned 14 February 2021)	52	20
Simon Horgan (resigned 17 February 2021)*	10	20
Mark Freebairn (resigned 14 February 2021)*	10	5
	<u>508</u>	<u>859</u>

\*The Non-Executive Directors waived their fees for Q2 and Q3.

	2020 £'000	2019 £'000
<b>David Ciclitira</b>		
UK Chairman's fees	25	25
International consultancy fees	250	250
Additional contracted work during the year	55	176
	<u>330</u>	<u>451</u>

David Ciclitira invoiced a further £178,000 (2019: £nil) for further additional contracted work during the year which was subsequently paid but then waived by credit note. This balance is included in the unpaid balances due to related parties at 31 December 2020 as detailed in

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Note 32. Post year end this was subsequently offset against the outstanding loan balance due to David Ciclitira detailed in Note 22.

**Ranjit Murugason**

	2020	2019
	£'000	£'000
Non-Executive fees	20	30
Fees in connection with fundraise in February 2019	-	45
Bright Bricks integration and Singapore company closure fees	-	50
	<u>20</u>	<u>125</u>

The remuneration for Ranjit Murugason in the prior year was satisfied by the issue of new Ordinary shares as detailed in Note 27.

**Andrew Smith**

	2020	2019
	£'000	£'000
As Chief Strategic Officer	-	38
As Executive Chairman of Bright Bricks Group	-	36
	<u>-</u>	<u>74</u>

Andrew Smith received a further £32,000 for the remainder of the prior year after his resignation.

**Bryan Lawrie**

	2020	2019
	£'000	£'000
Fees as Chief Financial Officer	71	144
Non-Executive fees	5	-
	<u>76</u>	<u>144</u>

Fees paid to Bryan Lawrie as Chief Financial Officer were paid to CFO Partners Limited.

Further information on related party transactions are set out in Note 32.

**10. Finance costs**

	2020	2019
	£'000	£'000
Loan interest	59	185
Interest expense on lease liabilities	24	7
Other	27	15
	<u>110</u>	<u>207</u>

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11. Taxation

	2020 £'000	2019 £'000
<b>Current tax</b>		
UK Corporation tax in respect of current year	-	-
Current taxation	-	-
Adjustments in respect of prior years	(238)	(86)
<b>Total tax (credit) charge for the year</b>	<b>(238)</b>	<b>(86)</b>
<b>Deferred taxation</b>		
Original and reversal of timing differences	28	427
Effect of change in tax rates	66	-
<b>Total deferred taxation charge</b>	<b>94</b>	<b>427</b>
<b>Tax charge on loss on ordinary activities</b>	<b>(144)</b>	<b>341</b>
	<b>2020 £'000</b>	<b>2019 £'000</b>
Loss on ordinary activities before tax	(8,388)	(1,844)
Loss on ordinary activities at the standard rate of corporation tax of 19% (2019: 19%)	(1,594)	(350)
Effect of disallowable expenditure	932	-
Tax losses carried forward	662	350
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

12. Earnings per share

The basic earnings per share is calculated by dividing the (loss)/profit attributable to equity shareholders by the weighted average number of shares in issue during the year. In calculating the diluted earnings per share, any outstanding share options, warrants and convertible loans are taken into account where the impact of these is dilutive.

	2020	2019
Loss for the year after tax (£'000)	(8,233)	(2,185)
Weighted average number of shares in issue	83,678,936	70,171,496
Basic and diluted earnings per share *	(9.8p)	(3.1p)

\* Diluted earnings per share in both 2020 and 2019 are the same as basic earnings per share, as there are no dilutive options in issue during these years.

**13. Property, plant and equipment**

Group	Content		Other		Total	
	2020	2019	2020	2019	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
Cost at start of year	5,015	3,801	176	152	5,191	3,953
Additions for year	921	1,239	14	24	935	1,263
Disposals	(380)	(25)	(15)	-	(395)	(25)
<b>Cost at end of year</b>	<b>5,556</b>	<b>5,015</b>	<b>175</b>	<b>176</b>	<b>5,731</b>	<b>5,191</b>
<b>Depreciation</b>						
Cumulative depreciation at start of year	970	389	69	13	1,039	402
Charge for year	705	589	46	56	751	645
Eliminated on disposal	(188)	(8)	(15)	-	(203)	(8)
<b>Cumulative depreciation at end of year</b>	<b>1,487</b>	<b>970</b>	<b>100</b>	<b>69</b>	<b>1,587</b>	<b>1,039</b>
<b>Net book value at end of year</b>	<b>4,069</b>	<b>4,045</b>	<b>75</b>	<b>107</b>	<b>4,144</b>	<b>4,152</b>
<b>Net book value at start of year</b>	<b>4,045</b>	<b>3,412</b>	<b>107</b>	<b>139</b>	<b>4,152</b>	<b>3,551</b>

The Company had no property, plant and equipment assets in either 2020 or 2019.

**14. Right of use Assets**

Buildings	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Cost</b>				
Cost at start of year	308	-	-	-
Additions for year	-	308	-	-
<b>Cost at end of year</b>	<b>308</b>	<b>308</b>	<b>-</b>	<b>-</b>
<b>Depreciation</b>				
Cumulative depreciation at start of year	16	-	-	-
Charge for year	61	16	-	-
<b>Cumulative depreciation at end of year</b>	<b>77</b>	<b>16</b>	<b>-</b>	<b>-</b>
<b>Net book value at end of year</b>	<b>231</b>	<b>292</b>	<b>-</b>	<b>-</b>
<b>Net book value at start of year</b>	<b>292</b>	<b>-</b>	<b>-</b>	<b>-</b>



## 15. Intangible assets

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Cost</b>				
Cost at start of year	88	55	-	-
Additions for year	1,451	33	1,450	-
<b>Cost at end of year</b>	<b>1,539</b>	<b>88</b>	<b>1,450</b>	<b>-</b>
<b>Amortisation</b>				
Cumulative amortisation at start of year	12	5	-	-
Charge for year	11	7	-	-
<b>Cumulative amortisation at end of year</b>	<b>23</b>	<b>12</b>	<b>-</b>	<b>-</b>
<b>Net book value at end of year</b>	<b>1,516</b>	<b>76</b>	<b>1,450</b>	<b>-</b>
<b>Net book value at start of year</b>	<b>76</b>	<b>50</b>	<b>-</b>	<b>-</b>

**Trademarks**

Trademarks are obtained for each show in each jurisdiction around the world. Trademarks are amortised over their estimated useful lives, which is on average 10 years. The carrying value of trademarks at 31 December 2020 is £66,000 (2019; £76,000).

**LCSE**

In December 2020 the Company acquired the entire issued share capital of Live Company Sports and Entertainment Limited together with its wholly owned subsidiary Live Company Sports and Entertainment (Pty) Limited and 50% interest in K-Pop Europa Limited for £650,000 and purchased certain contracts from World Sport South Africa (Pty) Limited for £500,000 to create a new Sports and Entertainment division (RNS Number : 3562H 03 December 2020).

In December 2020 the Company acquired the entire issued share capital of E Movement Holdings Ltd for £300,000 (RNS Number : 3562H 03 December 2020).

The substance of these transactions is the acquisition of a series of contracts rather than a business combination as defined in IFRS 3 "Business Combinations". The transactions have therefore been accounted for as additions to intangible fixed assets of £1,450,000. The acquired contracts are amortised over the period of the rights acquired, where contracts are renewable and are likely to be renewed for a further period such further period, but no subsequent periods, is considered to be part of the period of the rights acquired.

**Tournament rights**

Tournament rights are the rights to promote European Tour golf events acquired in September 2006. These intangible assets are carried at cost less amortisation. Amortisation was initially calculated to write off the assets over their expected useful life of 20 years however, the Directors undertook an impairment review regarding the value of the Tournament rights in 2018 which resulted in a write down to £nil to reflect the fact that the ongoing business of the Group is not expected to generate revenues from these rights in the foreseeable future.

## 16. Investments

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Cost</b>				
Cost at start of the year	-	-	17,450	17,450
Additions for the year	-	-	-	-
Cost at end of year	-	-	17,450	17,450
<b>Impairment</b>				
At start of the year	-	-	-	-
Impairment in the year	-	-	11,425	-
Cumulative impairment at end of year	-	-	11,425	-
<b>Net book value at end of the year</b>	-	-	6,025	17,450
<b>Net book value at start of year</b>	-	-	17,450	17,450

In light of the impact of COVID-19, together with the effects of the measures taken to contain it in the markets in which the Group operates, the Directors considered the carrying value of investments at 30 June 2020 (as detailed in Note 3 to the results for the six months ended 30 June 2020) and again at 31 December 2020.

As a cash generating unit the carrying value was assessed based on a discounted cashflow over five years at the Groups current cost of capital, considered by the Directors to be 9%, and it was determined the impairment, as described in the table below, was required.

	At start of year	Additions	Impairment	At end of year
	£'000	£'000	£'000	£'000
Brick Live Far East Limited	2,950	-	(2,950)	-
Brick Live Group (incorporating Bright Bricks Limited)	13,500	-	(8,475)	5,025
Parallel Live Group	1,000	-	-	1,000
	17,450	-	(11,425)	6,025

## 17. Goodwill

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Cost at start and end of year</b>	8,888	8,888	-	-
<b>Impairment</b>				
At start of the year	4,581	4,581	-	-
Impairment in the year	3,411	-	-	-
Cumulative impairment at end of year	7,992	4,581	-	-
<b>Net book value at end of year</b>	896	4,307	-	-
<b>Net book value at start of year</b>	4,307	4,307	-	-

As detailed in Note 3 to the results for the six months ended 30 June 2020 the Directors considered the carrying value of goodwill in light of the impact of COVID-19, together with the effects of the measures taken to contain it in the markets in which the Group operates.

As a cash generating unit the carrying value was assessed based on a discounted cashflow over five years at the Groups current cost of capital, considered by the Directors to be 9%, and it was determined the impairment, as described in the table below, was required.

The Directors further considered the carrying value of goodwill at 31 December 2020 and determined no further impairment was required.

	At start of year	Additions	Impairment	At end of year
	£'000	£'000	£'000	£'000
Brick Live Far East Limited	2,950	-	(2,950)	-
Brick Live Group (incorporating Bright Bricks Limited)	86	-	(86)	-
Parallel Live Group	1,271	-	(375)	896
	<b>4,307</b>	<b>-</b>	<b>(3,411)</b>	<b>896</b>

#### 18. Investments in Associates and Joint Ventures

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Cost</b>				
Cost at start of year	197	111	-	-
Additions in the year	-	86	-	-
<b>Cost at end of year</b>	<b>197</b>	<b>197</b>	<b>-</b>	<b>-</b>
<b>Impairment</b>				
At start of year	111	111	-	-
Impairment in the year	86	-	-	-
<b>At end of year</b>	<b>197</b>	<b>111</b>	<b>-</b>	<b>-</b>
<b>Net book value at end of year</b>	<b>-</b>	<b>86</b>	<b>-</b>	<b>-</b>
<b>Net book value at start of year</b>	<b>86</b>	<b>-</b>	<b>-</b>	<b>-</b>

In July 2017, BLFE entered into a long-term agreement with Fortune Access, to create a limited liability foreign enterprise company in China called BRICKLIVE China. BLFE agreed to invest 980,000 RMB (approximately £111,000) for a 49% shareholding in BRICKLIVE China.

Based on the performance in the year ended 31 December 2018 the investment in the associate was impaired by £111,000.

At 31 December 2019, the share of the associate's net profits amounted to £86,000 which was added to the carrying value of the investment. As detailed in Note 3 to the results for the six months ended 30 June 2020 the Directors considered the carrying value of the share of net assets in light of the impact of COVID-19, together with the effects of the measures taken to contain it, in the markets in which the Group operates, and determined this should be impaired to £nil.

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The Directors further considered the carrying value of the investment at 31 December 2020 and determined no further adjustment to the carrying value was required.

**The results of the Associate in the year are:**

	2020 £'000	2019 £'000
Revenue	128	1,819
(Loss)/profit before tax	(500)	220
Taxation	-	(17)
(Loss)/profit after tax	(500)	203
Current assets	287	573
Non-current assets	693	1,317
Current liabilities	(912)	(1,549)
Non-current liabilities	-	-
	68	341

**Parallel Three Six Zero Inc**

In September 2018, Parallel Live Group signed a joint venture agreement with US-based company Three Six Zero, forming the new company Parallel Three Six Zero Inc. It has been granted exclusive rights by Parallel Live Group to promote BRICKLIVE events in North America and Canada with Brick Live International Limited as its content provider.

Trading in the joint venture commenced in January 2019. The Group accounts for the joint venture under the equity method of accounting.

**The results of the Joint Venture in the year are:**

	2020 £'000	2019 £'000
Revenue	-	113
Loss before tax	(1)	(26)
Taxation	-	-
Loss after tax	(1)	(26)
Current assets	-	-
Non-current assets	-	-
Current liabilities	(27)	(26)
Non-current liabilities	-	-
	(27)	(26)

**BRICKLIVE (South Africa) Limited**

In November 2019, Brick Live International Limited signed an agreement with World Sport South Africa (Pty) Limited, a company incorporated in South Africa, to create BRICKLIVE (South Africa) Limited to be owned 50.1% by BLI and 49.9% by WSSA.

Following the acquisition of Live Company Sports and Entertainment and purchase of certain contracts from WSSA in December 2020 (RNS Number : 3562H 03 December 2020) this agreement was terminated without trading ever commencing.

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19. Inventories

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Inventories of bricks	4,633	6,100	-	-
Work in progress	198	152	-	-
	<u>4,831</u>	<u>6,252</u>	<u>-</u>	<u>-</u>

Included in inventories is £3,983,000 (2019: £5,323,000) of stock acquired on acquisition of Bright Bricks Group and included at fair value at that date.

Included in inventories is £1,500,000 (2019: £nil) subject to a sale and HP Agreement entered into with Close Leasing Limited, (see Note 22).

20. Trade and other receivables – current assets

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade receivables	123	455	-	-
Amounts owed by subsidiaries	-	-	1,226	2,512
Other receivables	64	265	78	9
Prepayments and accrued income	217	88	156	-
	<u>404</u>	<u>808</u>	<u>1,460</u>	<u>2,521</u>

Trade and other receivables – non current assets

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Other receivables	-	2,000	-	2,000
	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>

Included in non current assets in other receivables is a £nil (2019: £2,000,000) Equity Share Agreement (ESA) debtor as set out in Note 33.

Amounts owed by subsidiaries are considered interest free and repayable on demand.

21. Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Cash at bank	<u>168</u>	<u>98</u>	<u>191</u>	<u>119</u>

## 22. Borrowings

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Loan due within one year	615	532	167	532
Loan due after one year	1,430	463	83	463
	<u>2,045</u>	<u>995</u>	<u>250</u>	<u>995</u>

In April 2020 the Group entered into a £250,000 CBILS loan agreement with NatWest Bank Plc (RNS Number : 4000L 30 April 2020), which remained outstanding at the balance sheet date; and a £500,000 loan agreement with David Ciclitira (RNS Number : 6990J 15 April 2020), £205,000 of which was converted into equity in June 2020 (RNS Number : 1520R 26 June 2020) leaving £295,000 outstanding at the balance sheet date. After the balance sheet date the loan was partly repaid by the offset of the credit note detailed in Note 9 and the conversion of £30,000 to equity at 5p per share as detailed in Note 36 leaving a balance of £90,823 outstanding. The loan from David Ciclitira bears interest at 16.2% and is secured by a second fixed and floating charge over the Groups assets with priority given to the security held by Close Leasing Limited as detailed below.

In August 2020 (RNS Number : 2514W 17 August 2020) the Group entered into an agreement with Close Leasing Limited whereby stock totalling £1,500,000 included under Inventories in the Statement of Financial Position in these consolidated financial statements was sold to Close Leasing Limited and purchased back under the terms of a Hire Purchase Facility (HP Agreement) provided in conjunction with the CBILS.

The substance of the transaction meant that no performance obligation arose and control of the stock did not pass to Close Leasing Limited thus in accordance with IFRS 15, "Revenue from Contracts with Customers" no revenue was recognised on the transaction and thus in accordance with IFRS 16, "Leases" no right of use asset was created. The obligation under the HP Agreement is thus included in borrowings in accordance with IFRS 9, "Financial Instruments".

The HP Agreement was for a term of five years at an effective interest rate of 5.14% secured against the £1,500,000 of stock subject to the agreement and a fixed and floating charge over the Groups other assets.

The proceeds from the facility were used to repay the outstanding YA II and RiverFort borrowing in full (2020: £nil; 2019: £995,000) and to terminate the ESA described in Note 33.

**23. Trade and other payables**

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade payables	574	720	112	198
Amounts owed to subsidiaries	-	-	66	66
Other payables	866	210	835	83
Other taxation and social security	924	687	24	10
Accruals and deferred income	1,120	947	343	291
	<b>3,484</b>	<b>2,564</b>	<b>1,380</b>	<b>648</b>

Amounts owed to subsidiaries are unsecured, interest free and repayable on demand.

Other payables include £800,000 (2019: £nil) of deferred consideration as detailed in Note 29.

**24. Financial risks**

*The Group and Company operations expose them to a number of financial risks. The Directors aim to protect the Group and Company against the potential adverse effects of these financial risks.*

**Financial assets**

Financial assets include cash and trade and other receivables, excluding prepayments.

These amounts, where appropriate, have been shown separately on the face of the Statement of Financial Position. Funds not immediately required for the Group and Company's operations are invested in bank deposits. It is the Directors' opinion that the carrying values of cash, trade receivables and investments approximate to their fair values.

**Financial liabilities**

Financial liabilities include current and non-current borrowings and trade and other payables (excluding taxation and social security and deferred income).

All amounts are carried at amortised cost. These amounts have been disclosed in the notes to the financial statements. It is the Directors' opinion that the carrying values of financial liabilities approximate to their fair-value.

**Liquidity risk**

The Group and Company's surplus liquid resources are maintained on short-term interest-bearing deposits. The Group and Company plans to continue to meet operating and other loan commitments as they fall due. Liquidity risk is managed through cash flow forecasts and regular planning.

Set out below are liquidity risk comparative tables as at 31 December 2020 and 31 December 2019.

## Remaining contractual maturities year ended 31 December 2020

Group	Within 3 months £'000	> 3 months < 1 year £'000	> one year < 5 years £'000	Total carrying amount £'000
Bank loans and borrowings	8	607	1,430	2,045
Trade and other payables*	1,440	-	-	1,440
Lease liabilities	15	45	188	248
	<b>1,463</b>	<b>652</b>	<b>1,618</b>	<b>3,733</b>

Company	Within 3 months £'000	> 3 months < 1 year £'000	> one year < 5 years £'000	Total carrying amount £'000
Bank loans and borrowings	-	167	83	250
Trade and other payables*	1,013	-	-	1,013
	<b>1,013</b>	<b>167</b>	<b>83</b>	<b>1,263</b>

## Remaining contractual maturities year ended 31 December 2019

Group	Within 3 months £'000	> 3 months < 1 year £'000	> one year < 5 years £'000	Total carrying amount £'000
Bank loans and borrowings	-	532	463	995
Trade and other payables	930	-	-	930
Leases	20	59	223	302
	<b>950</b>	<b>591</b>	<b>686</b>	<b>2,227</b>

Company	Within 3 months £'000	> 3 months < 1 year £'000	> one year < 5 years £'000	Total carrying amount £'000
Bank loans and borrowings	-	532	463	995
Trade and other payables	347	-	-	347
	<b>347</b>	<b>532</b>	<b>463</b>	<b>1,342</b>

The trade and other payables above exclude taxation and accruals and deferred income.



**Credit risk**

Financial assets past due but not impaired as at 31 December 2020:

	Not impaired and not past due  £'000	Not impaired but past due by the following amounts			
		>30 days £'000	>60 days £'000	>90 days £'000	>120 days £'000
Group: Trade and other receivables	113	25	-	-	49
Company: Trade and other receivables	1,304	-	-	-	-

Financial assets past due but not impaired as at 31 December 2019:

	Not impaired and not past due  £'000	Not impaired but past due by the following amounts			
		>30 days £'000	>60 days £'000	>90 days £'000	>120 days £'000
Group: Trade and other receivables	2,720	-	-	-	-
Company: Trade and other receivables	4,521	-	-	-	-

The trade and other receivables above exclude prepayments and accrued income.

Group trade and other receivables excluding prepayments and accrued income as at 31 December 2020 were £187,000 (2019: £2,720,000), all of which are not impaired. All remaining trade and other receivables as at 31 December 2020 are collected and/or collectable and are considered of low credit risk. All bank deposits are maintained in the United Kingdom and are low credit risk.

**Market risk****a. Interest rate risk**

The Group had two outstanding loans (one with NatWest Bank PLC and one with David Ciclitira) and the HP Agreement with Close Leasing Limited at the year end (2019: two with Riverfort). The interest rates in respect of the HP Agreement and loan from David Ciclitira are fixed and in respect of the loan from NatWest Bank PLC is calculated in relation to bank Base Rate, there are no early redemption penalties associated with the NatWest Bank PLC loan and the risk is therefore considered to be insignificant.

**b. Foreign currency risk**

Although the Company is based in the United Kingdom, a significant part of the Group's and Company's operations are overseas, and the operating or functional currency of a large part of the global business is in US Dollars or Euros. As a result, the Group's sterling accounts can be affected by movements in the US Dollar/Sterling and the Euro/Sterling exchange rates.

Live Company Group plc

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2020

The foreign assets and liabilities of the Group and Company are closely matched as at 31 December 2020. The table below sets out the carrying amounts of assets and liabilities for the Group in their presentational currency (i.e. Sterling) and a total impact for each 10% fluctuation in exchange rates. Based on the carrying amounts of foreign assets and liabilities as at 31 December 2020, for each 10% fluctuation in exchange rates, net assets are expected to be impacted by £16,000 (2019: £6,000)

**Year ended 31 December 2020**

Carrying amount (sterling equivalent)

	£ '000	\$ '000	€ '000	Total £'000	Forex Risk (-10%) £'000	10% £'000
<b>Financial assets</b>						
Cash	164	3	1	168	-	-
Trade and other receivables	331	27	45	404	7	(7)
	<b>495</b>	<b>30</b>	<b>46</b>	<b>572</b>	<b>7</b>	<b>(7)</b>
<b>Financial liabilities</b>						
Borrowings	2,045	-	-	2,045	-	-
Trade payables	349	67	158	574	23	(23)
Other payables	866	-	-	866	-	-
Lease liabilities	248	-	-	248	-	-
Other taxation and social security	924	-	-	924	-	-
Accruals and deferred income	1,120	-	-	1,120	-	-
	<b>5,552</b>	<b>67</b>	<b>158</b>	<b>5,777</b>	<b>23</b>	<b>(23)</b>
<b>Net Impact</b>					<b>16</b>	<b>(16)</b>

**Year ended 31 December 2019**

Carrying amount (sterling equivalent)

	£ '000	\$ '000	€ '000	Total £'000	Forex Risk (-10%) £'000	10% £'000
<b>Financial assets</b>						
Cash	74	1	23	98	2	(2)
Trade and other receivables	2,559	62	186	2,807	25	(25)
	<b>2,633</b>	<b>63</b>	<b>209</b>	<b>2,905</b>	<b>27</b>	<b>(27)</b>
<b>Financial liabilities</b>						
Borrowings	995	-	-	995	-	-
Trade payables	512	164	44	720	(21)	21
Other payables	210	-	-	210	-	-
Lease liabilities	303	-	-	303	-	-
Other taxation and social security	687	-	-	687	-	-
Accruals and deferred income	947	-	-	947	-	-
	<b>3,654</b>	<b>164</b>	<b>44</b>	<b>3,862</b>	<b>(21)</b>	<b>21</b>
<b>Net Impact</b>					<b>6</b>	<b>(6)</b>

## 25. Lease liabilities

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Current	60	79	-	-
Non-current	188	224	-	-
	<b>248</b>	<b>303</b>	<b>-</b>	<b>-</b>

In 2019, a right of use asset, being the present value of the operating lease payments over the remaining life of the lease, was recognised. The right of use assets and corresponding lease liability have been calculated using a discount rate of 9%. The depreciation of the assets and interest charge are recognised in the Statement of Comprehensive Income in the year and the buildings maturity analysis of lease commitments at 31 December 2020 is detailed below.

Lease payments relate to leases of property. The Group does not have an option to purchase the leased property at the expiry of the lease period.

Payments recognised as an expense	2020 £'000	2019 £'000
Minimum lease payments	-	-
Lease depreciation	62	16
Interest	24	7
	<b>298</b>	<b>378</b>

Non-cancellable lease commitments	2020 £'000	2019 £'000
Not later than 1 year	79	80
Later than 1 year and not later than 5 years	219	298
Later than 5 years	-	-
	<b>298</b>	<b>378</b>

## 26. Deferred tax

	2020 £'000	2019 £'000
At start of year	550	123
Charged to profit or loss	94	427
At end of year	<b>644</b>	<b>550</b>

Due to the availability of UK tax losses, subject to agreement with the HMRC, there is an estimated deferred tax asset of £2,648,000 (2019: £2,382,000). This is not recognised due to the uncertainty of the timing of future taxable profits against which these losses could be utilised.

**27. Share capital**

The issued share capital is set out in the table below:

	2020		2019	
	No. of shares	£'000	No. of shares	£'000
<b>Issued and fully paid</b>				
Ordinary shares of 1p	108,138,544	1,081	79,500,419	794
Deferred shares of 51.8p	2,047,523	1,061	2,047,523	1,061
Deferred Ordinary shares of 0.5p	199,831,545	999	199,831,545	999
Deferred B shares of £19.60	103,260	2,024	103,260	2,024
<b>Total</b>		<b>5,165</b>		<b>4,878</b>

The changes in the year to 1p Ordinary shares, relating to the various capital transactions during the year were as follows:

	2020	
	No. of shares	£'000
<b>Ordinary shares of 1p</b>		
<b>At start of year</b>	<b>79,500,419</b>	<b>794</b>
Settlement of director fees (RNS Number : 1029A 17 January 2020)	116,667	1
Settlement of advisor fees (RNS Number : 6990J 15 April 2020)	233,333	2
Settlement of salary and contractor fees (RNS Number : 9396L 05 May 2020)	1,196,866	12
Share Placing (RNS Number : 1520R 26 June 2020)	4,000,000	40
Loan conversion (RNS Number : 1520R 26 June 2020)	2,050,000	21
Settlement of salary and contractor fees (RNS Number : 5485T 21 July 2020)	835,182	8
Settlement of salary and contractor fees (RNS Number : 9339Z 24 September 2020)	1,396,077	14
Share placing and subscription (RNS Number : 3562H 03 December 2020)	18,810,000	189
<b>At end of year</b>	<b>108,138,544</b>	<b>1,081</b>

	2019	
	No. of shares	£'000
<b>Ordinary shares of 1p</b>		
<b>At start of year</b>	<b>67,094,595</b>	<b>671</b>
Share placing (RNS Number : 5610P 11 February 2019)	2,084,616	21
Settlement of Ranjit Murugason fees (RNS Number : 5610P 11 February 2019)	69,230	1
Settlement of Ranjit Murugason fees (RNS Number : 8050U 02 April 2019)	153,846	2
Share subscription (RNS Number : 6771A 31 May 2019)	1,038,457	10
Share subscription (RNS Number : 1083K 23 August 2019)	46,152	-
Share placing (RNS Number : 4454U 25 November 2019)	2,346,856	23
Share subscription (ESA) December 2019 (RNS Number : 9028W 16 December 2019)	6,666,667	66
	<b>79,500,419</b>	<b>794</b>

The number of additional shares authorised for issue is 30,104,523 (2019: 25,947,917), on 21 May 2021 the members of the Company in general meeting authorised the issue of up to 55,000,900 additional shares of which 36,000,000 have been issued (RNS Number : 4906Z 21 May 2021).

#### Deferred shares

The Company has 2,047,523 Deferred shares of 51.8p each and 199,831,545 Deferred Ordinary shares of 0.5p each (together the "Deferred shares") in issue. The Company also has 103,260 Deferred B shares in issue.

The Deferred shares have the following rights and restrictions. They shall:

- a. Not entitle their holders to receive any dividend or other distribution;
- b. Not entitle their holders to receive notice of or to attend, speak or vote at any General Meeting of the Company by virtue of or in respect of their holding of such Deferred shares and;
- c. Entitle their holders on a return of assets on a winding-up of the Company or otherwise only to the repayment of the capital paid up on such Deferred shares and only after repayment of the capital paid up on each Ordinary share in the capital of the Company and the payment of a further £100,000 on each such Ordinary share.

The holders of the Deferred shares shall not be entitled to any further participation in the assets or profits of the Company. Notwithstanding any other provision of these Articles and unless specifically required by the provisions of the Act, the Company shall not be required to issue any certificates in respect of the Deferred shares. The Company shall have irrevocable authority at any time:

- a. to appoint a person on behalf of any holder of Deferred shares to enter into an agreement to transfer, and to execute a transfer of, the Deferred shares, for no consideration, to such person (whether or not an officer of the Company) as the Directors may determine as the custodian thereof;
- b. to purchase all the Deferred shares then in issue in consideration of an aggregate payment of one penny for all of such shares then redeemed and upon giving 28 days' prior notice to the holders of Deferred shares as to be redeemed fixing a time and place for redemption; and
- c. in the event of any transfer, purchase or redemption to retain any share certificate relating to such shares. If any Deferred shares are purchased or redeemed as aforesaid, the relevant amount of authorised but unissued share capital arising may be redesignated by the Directors as Ordinary share capital.

Neither the passing by the Company of any special resolution for the cancellation of the Deferred shares for no consideration by means of a reduction of capital requiring the confirmation of the Court nor the obtaining by the Company nor the making by the Court of any Order confirming any such 103 reduction of capital nor the becoming effective of any such Order shall constitute a variation, modification or abrogation of the rights attaching to the Deferred shares and accordingly the Deferred shares may at any time be cancelled for no consideration by means of a reduction of capital effected in accordance with the Act without sanction or consent on the part of the holders of the Deferred shares.

**28. Share premium**

	2020	2019
	£'000	£'000
At start of year	23,480	18,470
Premium arising on issue of equity shares	840	3,932
Shares issued on acquisition of subsidiary and novation of contracts	135	-
Debt to share conversion	633	1,181
Share issue costs	(84)	(103)
At end of year	<u>25,004</u>	<u>23,480</u>

**29. Acquisitions**

In December 2020 the Company acquired the entire issued share capital of Live Company Sports and Entertainment Limited together with its wholly owned subsidiary Live Company Sports and Entertainment (Pty) Limited and 50% interest in K-Pop Europa Limited for £650,000 and purchased certain contracts from World Sport South Africa (Pty) Limited for £500,000 to create a new Sports and Entertainment division (RNS Number : 3562H 03 December 2020). Live Company Sports and Entertainment Limited was 100% owned by David Ciclitira prior to the acquisition.

In December 2020 the Company acquired the entire issued share capital of E Movement Holdings Ltd for £300,000 (RNS Number : 3562H 03 December 2020). E Movement Holdings Ltd was 33.34% owned by David Ciclitira prior to the acquisition.

These transactions have been treated as the acquisition of contracts as detailed in Note 2.1.

Acquisitions	Purchase price
	£'000
Live Company Sports and Entertainment Limited	650
Live Company Sports and Entertainment Pty Limited	-
K-Pop Europa Limited (JV)	-
Novation of contracts	500
E Movement Holdings Ltd	300
	<u>1,450</u>
Satisfied by:	
Cash	50
Deferred consideration	800
Equity instruments (6,000,000 Ordinary shares of parent Company)	600
	<u>1,450</u>

The 600,000 Ordinary shares of the parent Company issued in consideration of the acquisition of LCSE and the novation of contracts are included in the share placing and subscription announced in December 2020 as detailed in Note 27.

The Company made no acquisitions in 2019.

## 30. Share option reserve

	2020 £'000	2019 £'000
At start of year	218	-
Share option charge	222	167
Warrant charge	56	51
At end of year	496	218

The Group adopted a share option scheme on 2 April 2019 for certain directors and senior management. Options are generally exercisable at a price equal to the market price of the Plc shares on the day immediately prior to the date of the grant. Options are forfeited if the employee leaves the Group before the options vest.

The Share Option Plan provides for the grant of both tax-approved Enterprise Management Incentives (EMI) Options and unapproved options.

No options were issued in 2020 (2019: 3,086,346 at an average exercise price of 65p).

The inputs into the share option pricing model for the options granted in April 2019 are as follows:

Weighted average exercise price	65p
Expected volatility	63%
Expected life	3 years
Risk free interest rate	1.6%
Expected dividends	0.00

The charge for the year ended 31 December 2020 for the options issued in April 2019 totals £222,200 (2019: £166,700).

Details of the share options outstanding during the year are as follows. There are no share options exercisable at the balance sheet date.

	2020		2019	
	Number	Weighted average exercise price (p)	Number	Weighted average exercise price (p)
Outstanding at the beginning of the year	3,086,346	65	-	-
Granted during the year	-	-	3,086,346	65
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	3,086,346	65	3,086,346	65

### Warrants

75,000 (2019: 282,018) warrants were issued during the year at a weighted average exercise price of 15p\*\* (2019: 74.66p).

	31 December 2020		31 December 2019	
Share warrants	Number	Exercise price (p)	Number	Exercise price (p)
Investor (exercisable up to 17 October 2022)	356,923	38.79p	356,923	38.79p
Investor (exercisable up to 16 December 2023)	232,018	38.79p	232,018	38.79p
Adviser (exercisable up to 25 February 2021)	50,000	80.00p*	50,000	80.00p
Adviser (exercisable up to 25 June 2022)	75,000	15.00p**		

\*In June 2020 it was proposed to reprice these to 15p (RNS Number : 1520R 26 June 2020).

\*\*In December 2020 it was proposed to reprice these to 10p (RNS Number : 3562H 03 December 2020).

The inputs into the warrant pricing model for the warrants issued in the year are:

Weighted average exercise price	15p
Expected volatility	79%
Expected life	2 years
Risk free interest rate	1.1%
Expected dividends	0.00

The charge for the year ended 31 December 2020 for the warrants in issue totals £55,500 (2019: £51,100).

A further 16,810,000 (2019: 3,903,840) warrants were issued to investors as part of an equity raise and are therefore outside the scope of IFRS 2 "Share-based payment" and consequently there is no share-based payment charge in respect of these warrants.

### 31. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders. The Group had net assets of £5.8m at 31 December 2020 (2019: £13.7m). The Group's capital management strategy is to retain sufficient working capital for day to day operating requirements and to ensure sufficient funding is available to meet commitments as they fall due and to support growth. There are no externally imposed capital requirements.

	2020	2019
	£'000	£'000
Loan facility	(2,045)	(995)
<b>Total debt</b>	<b>(2,045)</b>	<b>(995)</b>
Cash	168	98
<b>Net debt</b>	<b>(1,877)</b>	<b>(897)</b>

In order to maintain or adjust the capital structure the Group may issue new shares or sell assets to reduce debt.



**32. Related party transactions**

Details of the Directors' remuneration and consultancy fees are disclosed in Note 9.

**David Ciclitira**

<b>David Ciclitira injected funds into the Company during the year as follows:</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Fees settled in shares (RNS Number : 9396L 05 May 2020)	28	-
Loan conversion (RNS Number : 1520R 26 June 2020)	205	-
Acquisition of LCSE settled in shares (RNS Number : 3562H 03 December 2020)	450	-
Purchase of 400,000 Ordinary shares of 1p each	-	260
Purchase of Venturi Formula E Car	-	25
	<b>683</b>	<b>285</b>

**Loan advanced**

Loan facility (RNS Number : 6990J 15 April 2020).	500	-
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<b>Total funds injected</b>	<b>1,183</b>	<b>285</b>
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<b>David Ciclitira received payments during the year as set out below:</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Business expenses and healthcare costs.	13	26
Rental arrangements (London and Italy) (RNS Number : 0451O 30 September 2019).	-	33
Fee in relation to the settlement of James Golf creditors (Admission Document)	-	123
Rental arrangements for use of Venturi Formula E Car as described in Note 33 to the annual report for the year ended 31 December 2019.	17	-
Fees and interest in relation to the provision of loan facility detailed in Note 22.	101	-
Fees in relation to providing personal guarantee (RNS Number : 2514W 17 August 2020)	28	-
Consideration for the purchase of 100% of the issued share capital of LCSE (RNS Number : 3562H 03 December 2020)*	450	-
Consideration for the purchase of 33% of the issued share capital of E Movement Holdings Ltd (RNS Number : 3562H 03 December 2020)**	-	-
Fee in relation to the assumption of historic liabilities (RNS Number : 6990J 15 April 2020)	29	-
	<b>638</b>	<b>182</b>

**Loan repaid**

Loan conversion (RNS Number : 1520R 26 June 2020)	205	-
Repayment of short-term loans as described in Note 31 to the annual report for the year ended 31 December 2018	-	126
	<b>205</b>	<b>126</b>

<b>Total payments received</b>	<b>843</b>	<b>308</b>
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\*£450,000 of the total consideration for the purchase of Live Company Sports and Entertainment Limited was settled by the issue of 4,500,000 Ordinary shares in the parent Company, the balance of £200,000 has been deferred and will be settled by the issue of a further 2,000,000 shares based on certain criteria.

\*\*The total consideration of £100,000 for the purchase of David Ciclitira's 33.34% holding in E Movement Holdings Ltd has been deferred and will be settled in cash based on certain criteria.

Unpaid balances due to related parties at 31 December	2020 £'000	2019 £'000
David Ciclitira*	318	7
Serenella Ciclitira	8	-
Ranjit Murugason	20	30
Bryan Lawrie	11	12
Trudy Norris-Grey	(15)	18
Mark Freebairn	10	5
Simon Horgan	10	-
	<b>362</b>	<b>72</b>

\*Includes total deferred consideration of £300,000 in relation to the acquisition of David Ciclitira's interest in LCSE and E Movement Holdings Ltd, and the outstanding loan balance of £295,000 as detailed in Note 22 and the credit note as detailed in Note 9.

### 33. Equity Share Arrangement

In December 2019, the Company entered into a subscription agreement with YA II PN, Limited. ("YA II") and RiverFort Global Opportunities PCC Limited ("RiverFort") together the "Investors" whereby the Investors agreed to make an equity investment of £2m, before expenses, through the subscription for, and issue of 6,666,667 new Ordinary shares of 1 pence each in the capital of the Company at a price of 30p per share. Under an equity sharing agreement also entered into by the Company with the Investors (the "ESA"), an amount equal to the gross proceeds of the Subscription following its completion, will then be returned by the Company to the Investors (the "ESA Payment"), with the Company to receive back the ESA Payment, subject to certain pricing adjustments on a pro rata monthly basis.

In August 2020 (RNS Number : 2514W 17 August 2020) the Group entered into a £1,500,000 CBILS borrowing agreement with Close Leasing Limited, the proceeds from the facility were used to repay the outstanding YA II and RiverFort borrowing and to terminate the ESA agreement.

In addition to an early termination fee of £143,000 payable by the Group, Live Company Group EBT Limited purchased 5,726,480 shares previously held by YA II and RiverFort (representing 6.51% of the Company's issued share capital at the time) into trust, at a cost of £57,000.

These payments together with the Group's expected share of the ESA Payment (£2,000,000 at the time of the agreement and included in non-current receivables in the Groups unaudited consolidated statement of financial position at 30 June 2020) which following the termination will no longer be receivable will be considered part of the consideration for the share purchase at a group level and is included in the Group retained earnings in the Consolidated Statement of Financial Position.

**34. Subsidiaries**

At 31 December 2020, the Company had the following (direct and indirect) subsidiaries:

<b>Held directly</b>	<b>Company number</b>	<b>Place of incorporation</b>	<b>% owned</b>	<b>Principal activities</b>
Brick Live Group Limited	10151705	UK	100%	Holding Company
Brick Live Touring Limited	11253539	UK	100%	Dormant
Parallel Live Group Limited	09932658	UK	100%	Holding Company US activities
Bright Bricks 2020 Limited	12333294	UK	100%	Dormant
Championship (Singapore) Pte Limited	201427355K	Singapore	95%	Dormant
Live Company Sports and Entertainment Limited	12328268	UK	100%	Holding Company
E Movement Holdings Ltd	12502990	UK	100%	Holding Company
<b>Held indirectly</b>				
Brick Live International Limited	10257756	UK	100%	Sales of products, licensed events and zoos
Brick Live Far East Limited	10308158	UK	100%	Dormant and being dissolved
Brick Live Far East Limited	2460460	Hong Kong	100%	Owner of Associate investment in China
Parallel Live (NY) LLC	6339763	USA	100%	Dormant
Bright Bricks Limited	07227540	UK	100%	Specialist production company
Bright Bricks Consumer Limited	10653625	UK	100%	Dormant and dissolved on 16 March 2021
E Movement Holdings (Pty) Limited	2021/354354 /07	South Africa	100%	Formula E events
Live Company Sports and Entertainment (Pty) Limited	2020/765082 /07	South Africa	100%	Sports and entertainment events

The following subsidiaries were dissolved in the year:

<b>Held directly</b>	<b>Company number</b>	<b>Place of incorporation</b>	<b>% owned</b>	<b>Principal activities</b>
<b>Held indirectly</b>				
Brick Live Hong Kong Limited	2460469	Hong Kong	100%	Dissolved
Parallel Media Group Asia	201131009R	Singapore	100%	Dissolved

The registered office of the subsidiaries incorporated in England and Wales is 3 Park Court, Pyrford Road, West Byfleet, Surrey, KT14 6SD.

The registered office of the overseas subsidiaries are as follows:-

Championship (Singapore) Pte Limited, 62 Neil Road, Singapore (088833).

Brick Live Far East Limited, RM 1307A 13/F, Two Harbourfront, 22 Tak Fung Street, Hughom, Hong Kong.

*E Movement Holdings (Pty) Limited, 9 Viscount Crescent, Baronetcy Estate, Platteklouf, Western Cape, 7500, South Africa.*

Live Company Sports and Entertainment (Pty) Limited, Noland House, River Park, Mowbray, Western Cape, South Africa.

### 35. Post balance sheet events

#### START Art

As announced on 4 May 2021 (RNS Number : 3348X 04 May 2021) the Company has acquired a non controlling minority interest of 16.3% in Start Art Global Limited ('START Art'), an online art and digital art sales and news platform, for £1,000,000 funded from the proceeds of a £1,500,000 share placing completed on 24 May 2021. Prior to the transaction 100% of the issued share capital of START Art was owned by David Ciclitira and Ranjit Murugason.

#### Loan from David Ciclitira

As announced on 1 June 2021 (RNS Number : 4199A 01 June 2021) the terms of the loan advanced by David Ciclitira to Brick Live International Limited on 15 April 2020 have been varied to extend the term of the loan and convert an additional £30,000 to equity at 5p per share. Following the conversion, and the offset of a further £178,000 against the credit note detailed in Note 9, a balance of £90,823 remained outstanding.

#### Warrant repricing

As announced on 28 June 2020 (RNS Number : 1520R 26 June 2020) in accordance with the terms of the warrant instrument and following the passing of special resolution 4 at the general meeting held 29 January 2021 and special resolution 5 at the general meeting held 21 May 2021:

- 3,953,840 warrants with an exercise price of 80p were repriced at an exercise price of 15p; and,
- 4,075,000 warrants with an exercise price of 15p were repriced at an exercise price of 10p.