

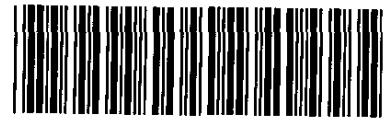
DRIVETRIBE Limited

Annual report and financial statements

Registered number 10456128

31 December 2019

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Directors' report

The company's principal activity is the operating of DriveTribe, the social media network for car enthusiasts, launched by Jeremy Clarkson, Richard Hammond and James May in November 2016. DriveTribe provides a content management and community engagement platform that enables amateur content producers to set up Tribes to share and showcase their motoring passions and content production skills. The platform attracts an average monthly audience in excess of 10 million active users, while its extended reach via social media and partner platforms ensures between 75 to 100 million people read or watch DriveTribe content every month.

The group launched Foodtribe in October 2019, an additional website and app. It is already enjoying commercial success and attracting a different demographic to the platform. This diversification of audience and customers should enable the business to withstand any difficulties being faced by our existing clients in the automotive manufactures and related sectors caused by COVID-19.

The Group took on new investment of £2.5m in May 2019 with the potential for a second tranche of investment if certain milestones were achieved. As part of this new investment the Group's debt was converted to equity. The Group recently completed the second tranche of investment of £2.5m in January 2020 having successfully achieved the required milestones.

Directors

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

Andrew Wilman

Richard Hammond

Dylan Murphy (appointed 14 May 2019, resigned 11 September 2020)

Jonathan Morris (appointed 24 August 2020)

Proposed dividend

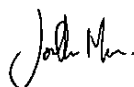
The directors do not recommend the payment of a dividend.

Political contributions

The Company made no political donations or incurred any political expenditure during the period.

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

By order of the board



Jonathan Morris
Director

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

2 October 2020

Statement of directors' responsibilities in respect of the annual report and the financial statements

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

Company Law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

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

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

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2019

	Note	2019 £000	2018 £000
Revenue	1	1,860	1,061
Cost of sales		(818)	(653)
Gross profit		1,042	408
Administrative expenses		6,962	(3,835)
Operating profit/(loss)		8,004	(3,427)
Other interest receivable and similar income		-	-
Interest payable and similar expenses		-	-
Profit/(Loss) before taxation		8,004	(3,427)
Tax on profit/loss	5	112	185
Profit/ (Loss) for the financial period		8,116	(3,242)
Other comprehensive income			
Other comprehensive income			-
Total comprehensive profit/(loss) for the period		8,116	(3,242)

Balance Sheet at 31 December 2019

	<i>Note</i>	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Tangible assets	6	53		37	
			53		37
Current assets					
Debtors (including £nil due after more than one year)	7	497		705	
Cash at bank and in hand		276		567	
Creditors: amounts falling due within one year	8	773 (534)		1,272 (9,133)	
Net current assets/(liabilities)			239		(7,861)
Total assets less current liabilities			292		(7,824)
Creditors: amounts falling due after more than one year			-		-
Net assets/(liabilities)			292		(7,824)
Capital and reserves					
Called up share capital	11		-		-
Share Premium			-		-
Profit and loss account			292		(7,824)
Shareholders' funds			292		(7,824)

For the period ended 31 December 2019 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the company to obtain an audit of its accounts for the period in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements were approved by the board of directors on 2 October 2020 and were signed on its behalf by:



Jonathan Morris
Director
Company registered number: 10456128

Statement of Changes in Equity

	Called up Share capital £000	Share Premium £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2018	-	-	(4,547)	(4,583)
Total comprehensive income for the period				
Profit or loss	-	-	(3,242)	(3,350)
Total comprehensive income for the period	-	-	(7,789)	(7,824)
Transactions with owners, recorded directly in equity	-	-	-	-
Equity-settled share based payment transactions			108	108
Total contributions by and distributions to owners	-	-	108	108
Balance at 31 December 2018	-	-	(7,681)	(7,681)
Balance at 1 January 2019				
Total comprehensive income for the period				
Profit or loss	-	-	8,116	8,116
Total comprehensive income for the period	-	-	8,116	8,116
Transactions with owners, recorded directly in equity				
Equity-settled share based payment transactions	-	-	47	47
Total contributions by and distributions to owners	-	-	-	-
Balance at 31 December 2019	-	-	482	482

Notes

(forming part of the financial statements)

1 Accounting Policies

DriveTribe Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 10456128 and the registered address is The Light Box Unit 202, 111 Power Road, Chiswick, W4 5PY, United Kingdom.

These financial statements present information about the Company as an individual undertaking and not about its group.

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

The Company's ultimate parent undertaking, Digital Tribe Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Digital Tribe Holdings Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from The Light Box Unit 202, 111 Power Road, Chiswick, W4 5PY, United Kingdom. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Digital Tribe Holdings Limited include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*; and,
- Certain disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 16.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

Notes (continued)

1 Accounting policies (continued)

1.2 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Group currently meets its day to day working capital requirements from equity funding and related party loans. It has no bank overdraft or loan facilities. Subsequent to the year end, the Group has continued to utilise its cash balances to meet operational expenses and as at 29 September 2020 had a cash balance of £2,230,000.

As a result of the impact that the Covid-19 global pandemic has had on the Group's revenues and expected growth in the business, the Directors have undertaken a rigorous assessment of the Group's ability to continue as a going concern, including preparing a base case financial forecast and a severe but plausible worst case scenario. These cash flow forecasts consider a period of 28 months from the date of approval of these financial statements.

In the base case financial forecast, the Group does not require further funding in the form of equity or related party loans before it becomes cash generative. These forecasts assume that revenue will not return to 2019 levels until 2021 and that the Group will receive research and development tax credits from HMRC in cash of £300,000 in December 2020 and a further £200,000 in December 2021.

In order to stress-test the financial position of the Group, the Directors have also considered a severe but plausible downside scenario. In this scenario, the Group is assumed to continue trading at current levels of revenue and expenditure. Whilst in this scenario the Group will be able to continue trading for a period of at least 12 months from the date of signing of the accounts, it will not have sufficient cash resources to continue trading for a period significantly longer than that. The Directors have identified several mitigating actions available to them, should this scenario occur, which include, reducing the fixed cost base (which would require a change in the Group's strategy to focus on exclusively social media content) and seeking further investment or funding from existing shareholders. At the date of approving these financial statements such further funding has not been agreed with the shareholders. While the Directors have reason to believe further funding may be available, the absence of an agreement to provide such funding constitutes a material uncertainty. In addition, while the Directors consider that a change in the Group's strategy as described above would lead to substantial reductions in the Group's cost base, the achievability of such a plan and its impact on the Group's cost base and the Group's ability to generate revenues are uncertain. This also constitutes a material uncertainty.

Consequently the Directors have concluded that it remains appropriate to prepare the financial statements on a going concern basis but that in the severe but plausible downside scenario, there are material uncertainties related to events or conditions that may cause significant doubt on the Group's ability to continue as a going concern and therefore to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

1.3 Foreign currency

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

Notes (continued)

1 Accounting policies (continued)

1.4 Basic financial instruments

Trade and other debtors / creditors

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

Interest-bearing borrowings classified as basic financial instruments

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

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Plant and equipment 2 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.6 Impairment excluding stocks, and deferred tax assets

Financial assets (including trade and other debtors)

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

Notes (continued)

1 Accounting policies (continued)

1.7 Employee benefits

Defined contribution plans and other long term employee benefits

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

Share-based payment transactions

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

Where the Company is part of a group share-based payment plan, it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The basis of such allocation is disclosed in note 10.

1.8 Expenses

Operating lease

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

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable.

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

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

1.9 Taxation

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

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

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

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

Notes (continued)

2 Expenses

Included in profit/loss are the following:

	2019 £000	2018 £000
Research and development expensed as incurred	40	58
Payments under non-cancellable operating leases (see note 12)	241	432
Depreciation (see note 6)	39	51
	<u>280</u>	<u>541</u>

3 Staff numbers and costs

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

	Number of employees	Number of employees
	2019	2018
Management and Operations	5	5
Technology and Product	1	-
Audience and Growth	9	15
Commercial	10	5
	<u>25</u>	<u>25</u>

The aggregate payroll costs of these persons were as follows:

	2019 £000	2018 £000
Wages and salaries	1,755	1,614
Social security costs	220	170
Contributions to defined contribution plans	76	48
Share based payments	47	108
	<u>2,098</u>	<u>1,940</u>

Notes (continued)

4 Directors' remuneration

	2019 £000	2018 £000
Directors' remuneration	-	-
Share based payments	-	-
Company contributions to money purchase pension plans	-	-
Compensation for loss of office	-	-
	<u>-</u>	<u>-</u>

	Number of directors 2019	Number of directors 2018
Retirement benefits are accruing to the following number of directors under: Money purchase schemes	-	-
	<u>-</u>	<u>-</u>
The number of directors who exercised share options was	-	-
The number of directors in respect of whose qualifying services shares were received or receivable under long term incentive schemes was	-	-
	<u>-</u>	<u>-</u>

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

5 Taxation

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

	2019 £000	2018 £000
<i>Current tax</i>		
Current tax on income for the period	-	-
Research and development tax credit	(112)	(185)
	<u>(112)</u>	<u>(185)</u>
Total current tax	(112)	(185)
Total deferred tax	-	-
	<u>-</u>	<u>-</u>
Total tax	<u>(112)</u>	<u>(185)</u>

Notes (continued)

Reconciliation of effective tax rate

	2019 £000	2018 £000
Loss for the period	8,116	(3,242)
Total tax expense	112	185
Loss excluding taxation	8,004	(3,427)
Tax using the UK corporation tax rate of 19%	1,521	(651)
Expenses not deductible for tax purposes	13,571	26
Income not taxable for tax purposes	(1,949)	-
Research and development tax credit	(112)	(185)
Current period losses for which no deferred tax asset was recognised	414	625
Total tax expense included in profit or loss	(112)	(185)

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

6 Tangible fixed assets

	Plant and Equipment £000
Cost	
Balance at 1 January 2019	138
Additions	57
Disposals	(7)
Balance at 31 December 2019	188
Depreciation and impairment	
Balance at 1 January 2019	101
Depreciation charge for the period	39
Disposals	(5)
Balance at 31 December 2019	135
Net book value	
At 1 January 2019	37
At 31 December 2019	53

Notes (continued)

7 Debtors

	2019 £000	2018 £000
Trade receivables	342	405
Amounts owed by group undertakings	-	-
Other debtors	20	244
Prepayments and accrued income	135	39
Taxation	-	-
Work in progress	-	17
	<u>497</u>	<u>705</u>
Due within one year	497	705
Due after more than one year	-	-
	<u>497</u>	<u>705</u>

8 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	108	109
Amounts owed to group undertakings	-	8,497
Taxation and social security	86	77
Accruals and deferred income	327	401
Pensions payable	13	12
	<u>534</u>	<u>9,133</u>

9 Deferred tax assets and liabilities

No deferred tax assets or liabilities have been recognised by the Company. The Company has total unrecognised gross tax losses of £9,845,000 (2018: £7,970,000).

Notes (continued)

10 Employee benefits

Defined contribution plans

The Company operates a defined contribution pension plan.

The total expense relating to these plans in the current period was £74,000 (2018: £48,000). At year-end there was an amount payable to the pension scheme of £13,000 (2018: £12,000).

Other long-term benefits

Share based payments

The board has authorised the Group to issue share options to employees for reward. As at 31 December 2019 options over 5,446,300 (2018: 565,200) shares had been awarded. The option scheme and awards are designed to be in accordance with EMI rules.

Generally, awards vest over three years, in one-third tranches. The options are exercisable only in the event of a sale or floatation of the business. The details for the Company are the same as disclosed in the Group financial statements.

The company is a member of a group share-based payment plan, and it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The allocation is on an employee by employee basis with the expense sitting in the company that employs them.

11 Capital and reserves

Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1 ordinary shares of £1 each	1	1
	<hr/>	<hr/>
	1	1
	<hr/>	<hr/>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

12 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2019 £000	2018 £000
Less than one year	241	180
Between one and five years	-	-
	<hr/>	<hr/>
	241	180
	<hr/>	<hr/>

During the year £241,000 was recognised as an expense in the profit and loss account in respect of operating leases (2018: £432,000).

Notes (continued)

13 Commitments

Capital commitments

The Company had no contractual commitments to purchase tangible fixed assets at the balance sheet date.

14 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Digital Tribe Holdings Limited. The ultimate controlling party is Digital Tribe Holdings Limited.

No other group financial statements include the results of the Company. The consolidated financial statements of this groups are available to the public and may be obtained from The Light Box Unit 202, 111 Power Road, Chiswick, W4 5PY, United Kingdom.

15 Subsequent events

In January 2020, the Company's parent company, Digital Tribe Holdings Limited, raised additional equity fundraising, details of which can be found in the parent company's financial statements.

16 Accounting estimates and judgements

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

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