

Bud Financial Limited
Annual Report and Financial Statements
For the year ended 30 November 2021

Company Registration No. 09651629 (England and Wales)

Bud Financial Limited

Company Information

| | |
|--------------------------|---|
| Directors | E Maslaveckas G Dunning S Fink R S Bhatia |
| Company number | 09651629 |
| Registered office | Ground Floor 25B Vyner Street London E2 9DG |
| Auditor | Moore Kingston Smith LLP Charlotte Building 17 Gresse Street London W1T 1QL |

Bud Financial Limited

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Bud Financial Limited

Strategic Report

For the year ended 30 November 2021

The directors present the strategic report for the year ended 30 November 2021.

Fair review of the business

The principal activity of Bud Financial Limited and its subsidiaries (the 'Group') during the year was, and will continue to be, the development of technological solutions to enable banks and other financial institutions to harness the power of Open Banking and enhance their customers' experience of financial products and services with its data intelligence capabilities.

The Group has had a successful year despite the continued pressures on the economic climate due to Covid-19. The parent company established an overseas subsidiary, Bud APAC Pty Limited, in December 2020 to enable expansion into the Australian and New Zealand markets.

The Group had taken advantage of the government's Future Fund scheme in August 2020 and raised £4.95m under a convertible loan backed by the Future Fund and a number of existing investors to provide necessary working capital. This loan was capitalised and transferred to equity in November 2021, and additional funding was also raised at this time from current investors.

The Group successfully secured additional funding in May 2022 to support its expansion into additional overseas markets.

Trading Performance - Key Performance Indicators and Review

The results and financial statements presented are for the year ended 30 November 2021, with prior year comparatives.

The directors consider annual recurring revenue (ARR), new customer acquisition and existing customer account growth as the key financial metrics against which the performance of the Group is measured. ARR has increased by 120% with growth from existing and new customers.

Sales revenue increased steadily by 170% due to expansion of existing contracts, growth in customer numbers and cross-selling of additional products. Sales revenue is forecast to increase significantly during 2022, as the next funding round is used to develop the product suite, expand into new markets and increase sales within the existing markets of the UK, Australia and New Zealand.

Financial Results

The Group's administrative expenses were reduced slightly through continued cost control and more focused spending. The Group had a net loss for the year of £7.8m (2020: £9.0m) reflective of the growth stage of the Group.

The Group did not pay a dividend for the year ended 30 November 2021 (2020: £nil). Payment of dividends will be reviewed annually.

Prospects

The directors are optimistic about the future growth of the business and continued progress towards profitability. Revenues are currently being generated in the UK and Australian/New Zealand markets, and the Group is in the final stages of establishing a subsidiary each in the Netherlands to launch its expansion into Europe and in the US.

The forthcoming investment will enable the continued growth of the Group's products and services, and support the expansion into Europe and as well as into the US market. The Group has identified significant opportunities and target customers in these regions.

Bud Financial Limited

Strategic Report (Continued)

For the year ended 30 November 2021

Principal risks and uncertainties

The directors have overall responsibility for identifying, evaluating and managing major business risks. They regularly assess the business risks exposure and control including compliance assessments and determine any appropriate action required. Principal business risks reviewed include allocation of responsibilities and control environment, financial control, quality and integrity of personnel, regulatory and compliance controls and IT systems.

On behalf of the board

E Maslaveckas
Director

11 August 2022

Bud Financial Limited

Directors' Report

For the year ended 30 November 2021

The directors present their annual report and financial statements for the year ended 30 November 2021.

Principal activities

The principal activity of the company and group continued to be that of a technology platform provider.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

E Maslaveckas

G Dunning

S Fink

R S Bhatia

R Warlop

(Resigned 20 May 2022)

Auditor

In accordance with the company's articles, a resolution proposing that Moore Kingston Smith LLP be reappointed as auditor of the group will be put at a General Meeting.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

Bud Financial Limited

Directors' Report (Continued)

For the year ended 30 November 2021

Statement of disclosure to auditor

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

On behalf of the board

E Maslaveckas
Director

11 August 2022

Bud Financial Limited

Independent Auditor's Report

To the Members of Bud Financial Limited

Opinion

We have audited the financial statements of Bud Financial Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 November 2021 which comprise the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 November 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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.

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 group's and parent 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.

Other information

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

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

We have nothing to report in this regard.

Bud Financial Limited

Independent Auditor's Report (Continued)

To the Members of Bud Financial Limited

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and 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, 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 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.

Bud Financial Limited

Independent Auditor's Report (Continued)

To the Members of Bud Financial Limited

Auditor's responsibilities for the audit of the financial statements

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

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.

Bud Financial Limited

Independent Auditor's Report (Continued)

To the Members of Bud Financial Limited

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

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.

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, UK financial reporting standards as issued by the Financial Reporting Council, 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.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 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 the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Rebecca Shields (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

18 August 2022

Chartered Accountants
Statutory Auditor

Charlotte Building
17 Gresse Street
London
W1T 1QL

Bud Financial Limited

Group Statement of Comprehensive Income

For the year ended 30 November 2021

| | | 2021 £ | 2020 £ |
|--|--------------|--------------------|--------------------|
| | Notes | | |
| Turnover | 3 | 1,481,703 | 553,620 |
| Cost of sales | | (720,936) | (300,667) |
| | | <hr/> | <hr/> |
| Gross profit | | 760,767 | 252,953 |
| Administrative expenses | | (9,457,004) | (10,205,453) |
| | | <hr/> | <hr/> |
| Operating loss | | (8,696,237) | (9,952,500) |
| Interest receivable and similar income | 7 | 227 | 18,113 |
| Interest payable and similar expenses | 8 | (366,707) | (128,022) |
| | | <hr/> | <hr/> |
| Loss before taxation | | (9,062,717) | (10,062,409) |
| Tax on loss | 9 | 1,233,438 | 1,082,097 |
| | | <hr/> | <hr/> |
| Loss for the financial year | | <u>(7,829,279)</u> | <u>(8,980,312)</u> |

Loss for the financial year is all attributable to the owners of the parent company.

Bud Financial Limited

Group Balance Sheet

As at 30 November 2021

| | Notes | 2021 | | 2020 | |
|--|-------|--------------------|---------------------|------------------|---------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 10 | | 88,828 | | 105,659 |
| Current assets | | | | | |
| Debtors | 13 | 1,939,586 | | 1,301,909 | |
| Cash at bank and in hand | | 791,607 | | 5,038,997 | |
| | | <u>2,731,193</u> | | <u>6,340,906</u> | |
| Creditors: amounts falling due within one year | 14 | <u>(2,174,320)</u> | | <u>(707,707)</u> | |
| Net current assets | | | 556,873 | | 5,633,199 |
| Total assets less current liabilities | | | <u>645,701</u> | | <u>5,738,858</u> |
| Creditors: amounts falling due after more than one year | 15 | | - | | (5,078,121) |
| Net assets | | | <u>645,701</u> | | <u>660,737</u> |
| Capital and reserves | | | | | |
| Called up share capital | 19 | | 1,800 | | 1,496 |
| Share premium account | | | 24,780,927 | | 17,771,691 |
| Profit and loss reserves | | | <u>(24,137,026)</u> | | <u>(17,112,450)</u> |
| Total equity | | | <u>645,701</u> | | <u>660,737</u> |

The financial statements were approved by the board of directors and authorised for issue on 11 August 2022 and are signed on its behalf by:

E Maslaveckas
Director

Bud Financial Limited

Company Balance Sheet

As at 30 November 2021

| | | 2021 | | 2020 | |
|--|-------|--------------------|---------------------|------------------|---------------------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 10 | | 87,260 | | 105,659 |
| Investments | 11 | | 56 | | - |
| | | | <u>87,316</u> | | <u>105,659</u> |
| Current assets | | | | | |
| Debtors | 13 | 1,938,833 | | 1,301,909 | |
| Cash at bank and in hand | | 781,554 | | 5,038,997 | |
| | | <u>2,720,387</u> | | <u>6,340,906</u> | |
| Creditors: amounts falling due within one year | 14 | <u>(2,106,330)</u> | | <u>(707,707)</u> | |
| Net current assets | | | <u>614,057</u> | | <u>5,633,199</u> |
| Total assets less current liabilities | | | <u>701,373</u> | | <u>5,738,858</u> |
| Creditors: amounts falling due after more than one year | 15 | | - | | (5,078,121) |
| Net assets | | | <u>701,373</u> | | <u>660,737</u> |
| Capital and reserves | | | | | |
| Called up share capital | 19 | | 1,800 | | 1,496 |
| Share premium account | | | 24,780,927 | | 17,771,691 |
| Profit and loss reserves | | | <u>(24,081,354)</u> | | <u>(17,112,450)</u> |
| Total equity | | | <u>701,373</u> | | <u>660,737</u> |

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £7,773,607 (2020 - £8,980,312 loss).

The financial statements were approved by the board of directors and authorised for issue on 11 August 2022 and are signed on its behalf by:

E Maslaveckas
Director

Company Registration No. 09651629

Bud Financial Limited

Group Statement of Changes in Equity

For the year ended 30 November 2021

| | Share capital | Share premium/loss account | Profit and reserves | Total |
|--|---------------|----------------------------------|------------------------|-------------|
| Notes | £ | £ | £ | £ |
| Balance at 1 December 2019 | 1,496 | 17,771,691 | (10,386,138) | 7,387,049 |
| Year ended 30 November 2020: | | | | |
| Loss and total comprehensive income for the year | - | - | (8,980,312) | (8,980,312) |
| Credit to equity for equity settled share-based payments | - | - | 2,254,000 | 2,254,000 |
| Balance at 30 November 2020 | 1,496 | 17,771,691 | (17,112,450) | 660,737 |
| Year ended 30 November 2021: | | | | |
| Loss and total comprehensive income for the year | - | - | (7,829,279) | (7,829,279) |
| Issue of share capital | 304 | 7,009,236 | - | 7,009,539 |
| Credit to equity for equity settled share-based payments | - | - | 804,703 | 804,703 |
| Balance at 30 November 2021 | 1,800 | 24,780,927 | (24,137,026) | 645,701 |

Bud Financial Limited

Company Statement of Changes in Equity

For the year ended 30 November 2021

| | Share capital | Share premium | Profit and loss reserves | Total |
|--|---------------|---------------|--------------------------|-------------|
| Notes | £ | £ | £ | £ |
| Balance at 1 December 2019 | 1,496 | 17,771,691 | (10,386,138) | 7,387,049 |
| Year ended 30 November 2020: | | | | |
| Loss and total comprehensive income for the year | - | - | (8,980,312) | (8,980,312) |
| Credit to equity for equity settled share-based payments | 18 | - | 2,254,000 | 2,254,000 |
| Balance at 30 November 2020 | 1,496 | 17,771,691 | (17,112,450) | 660,737 |
| Year ended 30 November 2021: | | | | |
| Loss and total comprehensive income for the year | - | - | (7,773,607) | (7,773,607) |
| Issue of share capital | 19 | 304 | 7,009,236 | 7,009,539 |
| Credit to equity for equity settled share-based payments | 18 | - | 804,703 | 804,703 |
| Balance at 30 November 2021 | 1,800 | 24,780,927 | (24,081,354) | 701,373 |

Bud Financial Limited

Group Statement of Cash Flows

For the year ended 30 November 2021

| | Notes | 2021 £ | £ | 2020 £ | £ |
|---|-------|---------------------|---|--------------------|---|
| Cash flows from operating activities | | | | | |
| Cash absorbed by operations | 23 | (11,895,644) | | (6,740,120) | |
| Income taxes refunded | | 1,082,097 | | 984,218 | |
| Net cash outflow from operating activities | | (10,813,547) | | (5,755,902) | |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (76,070) | | (30,729) | |
| Interest received | | 227 | | 18,113 | |
| Net cash used in investing activities | | (75,843) | | (12,616) | |
| Financing activities | | | | | |
| Proceeds from issue of shares | | 6,642,000 | | - | |
| Issue of convertible loans | | - | | 4,950,099 | |
| Net cash generated from financing activities | | 6,642,000 | | 4,950,099 | |
| Net decrease in cash and cash equivalents | | (4,247,390) | | (818,419) | |
| Cash and cash equivalents at beginning of year | | 5,038,997 | | 5,857,416 | |
| Cash and cash equivalents at end of year | | 791,607 | | 5,038,997 | |

Bud Financial Limited

Notes to the Financial Statements

For the year ended 30 November 2021

1 Accounting policies

Company information

Bud Financial Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Ground Floor, 25B Vyner Street, London, England, E2 9DG.

The group consists of Bud Financial Limited and Bud APAC Pty Limited.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Bud Financial Limited together with all entities controlled by the parent company (its subsidiaries).

All financial statements are made up to 30 November 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2021

1 Accounting policies

(Continued)

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.4 Going concern

Given the equity financing obtained after the balance sheet date, at the time of approving the financial statements the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|------------------|-----------------------|
| Office equipment | 3 years straight line |
|------------------|-----------------------|

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2021

1 Accounting policies

(Continued)

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

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

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

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

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2021

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Cash and cash equivalents

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

1.10 Financial instruments

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

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

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2021

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2021

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.11 Compound instruments

The component parts of compound instruments issued by the group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

1.12 Equity instruments

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

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2021

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

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

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

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

1.15 Retirement benefits

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

1.16 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2021

1 Accounting policies

(Continued)

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

| | 2021 | 2020 |
|---|------------------|----------------|
| | £ | £ |
| Turnover analysed by class of business | | |
| Technology services | 1,481,703 | 553,620 |
| | <u>1,481,703</u> | <u>553,620</u> |
| | 2021 | 2020 |
| | £ | £ |
| Turnover analysed by geographical market | | |
| United Kingdom | 1,443,323 | 480,000 |
| Rest of the world | 38,380 | 73,620 |
| | <u>1,481,703</u> | <u>553,620</u> |
| | 2021 | 2020 |
| | £ | £ |
| Other significant revenue | | |
| Interest income | 227 | 18,113 |
| | <u>227</u> | <u>18,113</u> |

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2021

4 Auditor's remuneration

| | 2021 | 2020 |
|--|-------------------|-------------------|
| | £ | £ |
| Fees payable to the company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the group and company | 19,500 | 18,500 |
| | <u> </u> | <u> </u> |

5 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

| | Group 2021 Number | 2020 Number | Company 2021 Number | 2020 Number |
|--|-------------------------|-------------------|---------------------------|-------------------|
| | 85 | 73 | 82 | 73 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

Their aggregate remuneration comprised:

| | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|-----------------------|--------------------|------------------|----------------------|------------------|
| Wages and salaries | 6,889,254 | 7,336,860 | 6,699,650 | 7,336,860 |
| Social security costs | 723,172 | 615,577 | 723,172 | 615,577 |
| Pension costs | 261,038 | 219,242 | 254,741 | 219,242 |
| | <u>7,750,667</u> | <u>8,171,679</u> | <u>7,677,563</u> | <u>8,171,679</u> |

6 Directors' remuneration

| | 2021 | 2020 |
|--------------------------------------|-------------------|-------------------|
| | £ | £ |
| Remuneration for qualifying services | 295,001 | 210,017 |
| | <u> </u> | <u> </u> |

Remuneration disclosed above includes the following amounts paid to the highest paid director:

| | 2021 | 2020 |
|--------------------------------------|-------------------|-------------------|
| | £ | £ |
| Remuneration for qualifying services | 131,594 | 122,853 |
| | <u> </u> | <u> </u> |

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2021

7 Interest receivable and similar income

| | 2021 | 2020 |
|---------------------------|------|--------|
| | £ | £ |
| Interest income | | |
| Interest on bank deposits | 227 | 18,113 |

Investment income includes the following:

| | | |
|--|-----|--------|
| Interest on financial assets not measured at fair value through profit or loss | 227 | 18,113 |
|--|-----|--------|

8 Interest payable and similar expenses

| | 2021 | 2020 |
|--|---------|---------|
| | £ | £ |
| Interest on financial liabilities measured at amortised cost: | | |
| Interest on convertible loan notes | 366,707 | 128,022 |

9 Taxation

| | 2021 | 2020 |
|--|-------------|-------------|
| | £ | £ |
| Current tax | | |
| UK corporation tax on profits for the current period | (1,233,438) | (1,082,097) |

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

| | 2021 | 2020 |
|---|-------------|--------------|
| | £ | £ |
| Loss before taxation | (9,062,717) | (10,062,409) |
| <i>Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)</i> | (1,721,916) | (1,911,858) |
| Tax effect of expenses that are not deductible in determining taxable profit | 118 | 8,938 |
| Research and development tax credit | 1,233,438 | 1,082,097 |
| Other permanent differences | (897,972) | (696,924) |
| Share based payment charge | 152,894 | 435,650 |
| Taxation credit | (1,233,438) | (1,082,097) |

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2021

10 Tangible fixed assets

| Group | Office equipment £ | Other equipment £ | Total £ |
|------------------------------------|--------------------------|-------------------------|-----------------------|
| Cost | | | |
| At 1 December 2020 | 316,208 | 5,833 | 322,041 |
| Additions | 74,361 | 1,709 | 76,070 |
| Disposals | (12,037) | (6,500) | (18,537) |
| | <u>378,532</u> | <u>1,042</u> | <u>379,574</u> |
| At 30 November 2021 | 378,532 | 1,042 | 379,574 |
| Depreciation and impairment | | | |
| At 1 December 2020 | 215,756 | 626 | 216,382 |
| Depreciation charged in the year | 83,248 | 5,402 | 88,650 |
| Eliminated in respect of disposals | (8,953) | (5,333) | (14,286) |
| | <u>290,051</u> | <u>695</u> | <u>290,746</u> |
| At 30 November 2021 | 290,051 | 695 | 290,746 |
| Carrying amount | | | |
| At 30 November 2021 | <u>88,481</u> | <u>347</u> | <u>88,828</u> |
| At 30 November 2020 | <u>100,452</u> | <u>5,207</u> | <u>105,659</u> |
| | <u><u>100,452</u></u> | <u><u>5,207</u></u> | <u><u>105,659</u></u> |
| Company | | | |
| | Office equipment £ | Other equipment £ | Total £ |
| Cost | | | |
| At 1 December 2020 | 316,208 | 5,833 | 322,041 |
| Additions | 72,664 | 1,709 | 74,373 |
| Disposals | (12,037) | (6,500) | (18,537) |
| | <u>376,835</u> | <u>1,042</u> | <u>377,877</u> |
| At 30 November 2021 | 376,835 | 1,042 | 377,877 |
| Depreciation and impairment | | | |
| At 1 December 2020 | 215,756 | 626 | 216,382 |
| Depreciation charged in the year | 83,119 | 5,402 | 88,521 |
| Eliminated in respect of disposals | (8,953) | (5,333) | (14,286) |
| | <u>289,922</u> | <u>695</u> | <u>290,617</u> |
| At 30 November 2021 | 289,922 | 695 | 290,617 |
| Carrying amount | | | |
| At 30 November 2021 | <u>86,913</u> | <u>347</u> | <u>87,260</u> |
| At 30 November 2020 | <u>100,452</u> | <u>5,207</u> | <u>105,659</u> |
| | <u><u>100,452</u></u> | <u><u>5,207</u></u> | <u><u>105,659</u></u> |

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2021

11 Fixed asset investments

| | Notes | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|-----------------------------|-------|--------------------|-----------|----------------------|-----------|
| Investments in subsidiaries | 12 | - | - | 56 | - |

Movements in fixed asset investments

| Company | Shares in subsidiaries £ |
|--------------------------|--------------------------------|
| Cost or valuation | |
| At 1 December 2020 | - |
| Additions | 56 |
| At 30 November 2021 | 56 |
| Carrying amount | |
| At 30 November 2021 | 56 |
| At 30 November 2020 | - |

12 Subsidiaries

Details of the company's subsidiaries at 30 November 2021 are as follows:

| Name of undertaking | Registered office | Class of shares held | % Held Direct |
|----------------------|--|-------------------------|------------------|
| Bud APAC Pty Limited | Level 16, Tower 2, Darling Park, 201 Sussex Street, Sydney, NSW, Australia | Ordinary shares | 100.00 |

13 Debtors

| | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|---|--------------------|-----------|----------------------|-----------|
| Amounts falling due within one year: | | | | |
| Trade debtors | 33,782 | - | 33,782 | - |
| Unpaid share capital | 399,855 | - | 399,855 | - |
| Corporation tax recoverable | 1,233,438 | 1,082,097 | 1,233,438 | 1,082,097 |
| Other debtors | 115,473 | 144,400 | 114,720 | 144,400 |
| Prepayments and accrued income | 157,038 | 75,412 | 157,038 | 75,412 |
| | 1,939,586 | 1,301,909 | 1,938,833 | 1,301,909 |

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2021

14 Creditors: amounts falling due within one year

| | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|------------------------------------|--------------------|----------------|----------------------|----------------|
| Trade creditors | 152,581 | 219,802 | 152,016 | 219,802 |
| Amounts owed to group undertakings | - | - | 35,750 | - |
| Other taxation and social security | 1,320,392 | 166,879 | 1,314,459 | 166,879 |
| Other creditors | 54,398 | 45,948 | 51,337 | 45,948 |
| Accruals and deferred income | 646,949 | 275,078 | 552,768 | 275,078 |
| | <u>2,174,320</u> | <u>707,707</u> | <u>2,106,330</u> | <u>707,707</u> |

15 Creditors: amounts falling due after more than one year

| | Notes | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|-------------------|-------|--------------------|------------------|----------------------|------------------|
| Convertible loans | 16 | - | 5,078,121 | - | 5,078,121 |
| | | <u>-</u> | <u>5,078,121</u> | <u>-</u> | <u>5,078,121</u> |

16 Convertible loan notes

| | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|---|--------------------|------------------|----------------------|------------------|
| Liability component of convertible loan notes | - | 5,078,121 | - | 5,078,121 |
| | <u>-</u> | <u>5,078,121</u> | <u>-</u> | <u>5,078,121</u> |

The net proceeds received from the issue of the convertible loan notes have been split between the financial liability element and an equity component, representing the fair value of the embedded option to convert the financial liability into equity.

The liability component is measured at amortised cost, and the difference between the carrying amount of the liability at the date of issue and the amount reported in the Balance Sheet represents the effective interest rate less interest paid to that date.

The effective rate of interest is 8%.

The equity component of the convertible loan notes has been credited to the equity reserve.

17 Retirement benefit schemes

| | 2021 £ | 2020 £ |
|---|----------------|----------------|
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 261,038 | 219,242 |
| | <u>261,038</u> | <u>219,242</u> |

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2021

17 Retirement benefit schemes

(Continued)

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

| Company | Number of share options | | Weighted average exercise price | |
|---------------------------------|-------------------------|----------------|---------------------------------|--------------|
| | 2021 Number | 2020 Number | 2021 £ | 2020 £ |
| Outstanding at 1 December 2020 | 179,514 | 139,312 | 30.89 | 30.89 |
| Granted | 19,542 | 61,811 | 17.84 | 30.83 |
| Forfeited | (9,358) | (21,609) | 30.89 | 8.54 |
| Outstanding at 30 November 2021 | <u>189,698</u> | <u>179,514</u> | <u>24.55</u> | <u>30.89</u> |
| Exercisable at 30 November 2021 | <u>114,366</u> | <u>95,845</u> | <u>-</u> | <u>-</u> |

The options outstanding at 30 November 2021 had an exercise price ranging from £1.56 to £18.53, and a remaining contractual life of between 6 months and 3 years.

At the balance sheet date, directors hold 64,139 (2020: 52,808) share options that were in issue during the period. The average weighted market value of these options at the grant date was £30.89 and they have an average weighted exercise price of £4.56.

Company

The weighted average fair value of options granted during the year was £24.55 (2020: £29.33). Fair value was measured using the Black-Scholes option pricing model.

Inputs were as follows:

| | 2021 | 2020 |
|---------------------------------|-------|-------|
| Weighted average share price | 24.55 | 30.89 |
| Weighted average exercise price | 5.81 | 1.56 |
| Expected volatility | 0.50 | 0.54 |
| Expected life | 3.00 | 3.00 |
| Risk free rate | 0.48 | -0.03 |

| | Group | | Company | |
|--|----------------|------------------|----------------|------------------|
| | 2021 £ | 2020 £ | 2021 £ | 2020 £ |
| Expenses recognised in the year | | | | |
| Arising from equity settled share based payment transactions | <u>804,703</u> | <u>2,254,000</u> | <u>804,703</u> | <u>2,254,000</u> |

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2021

19 Share capital

| Group and company | 2021 | 2020 | 2021 | 2020 |
|--|----------------|----------------|--------------|--------------|
| Ordinary share capital | Number | Number | £ | £ |
| Issued and not fully paid | | | | |
| Ordinary A shares of 0.1p each | 500,019 | 500,019 | 500 | 500 |
| Ordinary B shares of 0.1p each | 318,811 | 312,560 | 319 | 312 |
| | <u>818,830</u> | <u>812,579</u> | <u>819</u> | <u>812</u> |
| | | | | |
| | 2021 | 2020 | 2021 | 2020 |
| Preference share capital | Number | Number | £ | £ |
| Issued and fully paid | | | | |
| Preference C shares of 0.1p each | 165,518 | 165,518 | 166 | 166 |
| Preference D shares of 0.1p each | 375,123 | 375,123 | 375 | 375 |
| Preference D2 shares of 0.1p each | 143,146 | 143,146 | 143 | 143 |
| Preference D3 shares of 0.1p each | 297,076 | - | 297 | - |
| | <u>980,863</u> | <u>683,787</u> | <u>981</u> | <u>684</u> |
| Preference shares classified as equity | | | <u>981</u> | <u>684</u> |
| | | | | |
| Total equity share capital | | | <u>1,800</u> | <u>1,496</u> |

During the year, 6,251 Ordinary B shares of 0.1p each were granted to an employee on exercise of their share options held.

Also during the year, 297,076 Preference D3 shares of 0.1p each were issued. These shares rank pari passu with the Preference D2 shares.

20 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | Group | 2020 | Company | 2020 |
|-----------------|----------|--------------|----------|--------------|
| | 2021 | | 2021 | |
| | £ | £ | £ | £ |
| Within one year | - | 2,651 | - | 2,651 |
| | <u>-</u> | <u>2,651</u> | <u>-</u> | <u>2,651</u> |
| | | | | |
| | <u>-</u> | <u>2,651</u> | <u>-</u> | <u>2,651</u> |

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2021

21 Events after the reporting date

On 12 May 2022 the Group acquired equity financing from a number of external investors in the form of a subscription for E preference shares.

22 Controlling party

The ultimate controlling party is E Maslaveckas.

23 Cash absorbed by group operations

| | 2021 | 2020 |
|--|---------------------|--------------------|
| | £ | £ |
| Loss for the year after tax | (7,829,279) | (8,980,312) |
| Adjustments for: | | |
| Taxation credited | (1,082,097) | (984,218) |
| Finance costs | 366,707 | 128,022 |
| Investment income | (227) | (18,113) |
| Loss on disposal of tangible fixed assets | 5,084 | 9,978 |
| Depreciation and impairment of tangible fixed assets | 88,650 | 101,825 |
| Equity settled share based payment expense | 804,703 | 2,254,000 |
| Movements in working capital: | | |
| (Increase)/decrease in debtors | (637,677) | 554,044 |
| (Decrease)/increase in creditors | (3,611,508) | 194,654 |
| Cash absorbed by operations | <u>(11,895,644)</u> | <u>(6,740,120)</u> |

24 Analysis of changes in net funds/(debt) - group

| | 1 December 2020 | Cash flows | 30 November 2021 |
|--------------------------|--------------------|----------------|---------------------|
| | £ | £ | £ |
| Cash at bank and in hand | 5,038,997 | (4,247,390) | 791,607 |
| Convertible loan notes | (5,078,121) | 5,078,121 | - |
| | <u>(39,124)</u> | <u>830,731</u> | <u>791,607</u> |

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