

# **ICONIC LABS PLC**

**UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENT**

**FOR THE SIX MONTHS ENDED 31 DECEMBER 2019**

# ICONIC LABS PLC

## CONTENTS

---

	<b>Page</b>
<b>Group Information</b>	1
<b>Chairman's Statement</b>	2
<b>Consolidated Statement of Comprehensive Income</b>	4
<b>Consolidated Statement of Financial Position</b>	5
<b>Consolidated Statement of Changes in Equity</b>	6
<b>Consolidated Statement of Cash Flows</b>	7
<b>Notes to the Consolidated Financial Statements</b>	8

# ICONIC LABS PLC

## GROUP INFORMATION

---

<b>DIRECTORS</b>	John Quinlan Liam Harrington Samuel Regan-Asante
<b>SECRETARY</b>	MSP Corporate Services Limited
<b>REGISTERED OFFICE</b>	27-28 Eastcastle Street London W1W 8DH
<b>BUSINESS ADDRESS</b>	Waverley House 9 Noel Street London W1F 8GO
<b>REGISTERED NUMBER</b>	10197256 (England and Wales)
<b>INDEPENDENT AUDITOR</b>	Crowe U.K LLP 10 Salisbury Square London EC4Y 8EH
<b>SOLICITORS</b>	DLA Piper UK LLP 3 Noble Street London EC2V 7EE
<b>BROKERS</b>	Shard Capital Partners LLP 23 <sup>rd</sup> Floor 20 Fenchurch Street London EC3M 3BY
<b>REGISTRAR</b>	SLC Registrars Limited Elder House St Georges Business Park Brooklands Road Weybridge Surrey KT12 9TS
<b>PUBLIC RELATIONS</b>	St Brides Partners Limited 3 St Michael's Alley London EC3V 9DS

# ICONIC LABS PLC

## CHAIRMAN'S STATEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

---

I am pleased to introduce the statement and accounts which cover the six-month period to 31 December 2019. The period covers both the continued shutting down of the old Widedcells business as well as setting the operational platform from which we could start building the Iconic Labs business.

Significant progress was made in putting together the core elements from which we can now implement the strategy of building a new media and technology business with a view to ensuring the long term success of the business.

The Group was clearly constrained by capital during this and previous periods, with much needed funds being diverted to legacy issues. However, the work already done in the first half of 2019 led to a sizeable reduction in the losses for the period, from £6,260,394 in the 18 month period ended 30 June 2019 to £848,233 to the period ended 31 December 2019. These losses include funds being spent on legacy debts and also costs related to investing in the start of the new media and technology businesses of Iconic Labs.

Going forward, the plan for the new media and technology business continues to have two related elements: organic growth based upon deploying the team's skills and commercial experience in the sector alongside acquiring publishing platforms which we can leverage to sell those skills.

The Group made its first acquisition in September with the purchase of the intellectual property of Gay Star News (GSN) for £33,000. We have spent limited funds but a significant amount of time redeveloping and redesigning the website and brand and rebuilding the business operations before the business's formal relaunch. The Group is delighted that it now has an asset with millions of users and a significant and substantive brand in a key and growing sector that it can now build on. We feel the relaunched GSN will not only contribute to future revenues but also prove to have been an exceptionally good value acquisition through the increased capital value of the brand and intellectual property.

Building the business through organic growth of revenue contracts continues to be a focus of the business. The Group developed the new corporate website of the company and launched it in November. Investing in essential developments such as the website and sales materials are all direct investments in future revenues. While understandably small revenue of £2,500 was recognised in this period, of greater significance is that work commenced on developing a pipeline that is already starting to result in contracts and partnerships. We have made several announcements in relation to this post the end of the period. Due to the nature of the industry the lead times for contracts and partnerships can be several months and some of the success in the early part of 2020 clearly reflects the hard work put in by the team during the period.

The pattern of building brands, audience and a healthy pipeline of contracts before seeing substantial revenue recognition in the future is something that the team successfully did in their previous business of UNILAD and believe that a similar 'playbook' will work at Iconic Labs.

The Group is fully aware that the convertible facility with European High Growth Opportunities Securitization Fund (EHGOSF) we inherited has led to a capital structure that is a source of frustration to the directors and to shareholders. The Group has sought to address these concerns with a settlement and financing agreement agreed post 31 December 2019 which will see a considerably healthier balance sheet in the future. Further details are as set out in the recent Notice of General Meeting, and the board is very grateful to members for their support of the proposals that we put forward.

It is also unfortunate but important that we recognise and take account of the current Coronavirus Covid-19 pandemic. Although it is still too soon to tell the exact effects of the virus on the Iconic Labs business, there has been a widespread cessation in current and new advertising campaigns and production during the current period of uncertainty which will clearly have an impact on branded content and campaign revenue. This will continue for at least as long as the country remains in lockdown, which renders the practical activity of producing content impossible. Whether there will be any meaningful impact on the core programmatic advertising revenue remains to be seen.

# ICONIC LABS PLC

## CHAIRMAN'S STATEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

---

More generally, however, as more people spend time at home the Group remains confident that it will see a long term increase in demand for its online publishing content and platforms like GSN. While this is an unprecedented time for everyone, the Group believes that many content and technological trends may accelerate as a result, and the Group aims to be best positioned to benefit from the long term trends through the skillset and experience of the senior management team and the foundations they have put in place.

### **Going Concern Assessment**

The directors have carefully considered the financial position of the Group with particular attention to the economic and social effects of the current Covid-19 pandemic. They have concluded that as a result of the £5 million facility in place with the European High Growth Opportunities Securitisation Fund, together with conservative assumptions as to revenues based on core programmatic advertising sales, that the Group remains a going concern.

Finally, we hope that all of you and your families are staying safe during this period and our thoughts go out to all of those who are suffering hardship or have lost family members and loved ones.

# ICONIC LABS PLC

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2019 (unaudited)

	Notes	Six months ended 31 December 2019 £	Six months ended 31 December 2018 £	18 month period ended 30 June 2019 (audited) £
Revenue		2,500	-	-
Cost of sales		(81,468)	-	-
<b>Gross loss</b>		<b>(78,968)</b>	-	-
Administrative expenses		(681,227)	-	(327,902)
<b>Operating loss</b>		<b>(760,195)</b>	-	(327,902)
Finance costs		(1,935)	-	(1,818,613)
<b>Loss before taxation</b>		<b>(762,130)</b>	-	(2,146,515)
Taxation		-	-	-
Loss for the period from continuing operations		(762,130)	-	(2,146,515)
Loss for the period from discontinued operations		(86,103)	(1,178,036)	(4,113,879)
<b>Loss for the period</b>		<b>(848,233)</b>	(1,178,036)	(6,260,394)
<b>Total comprehensive expense for the period</b>		<b>(848,233)</b>	(1,178,036)	(6,260,394)
Basic and diluted loss per ordinary share (pence)	3			
- from continuing operations		(0.05)	-	(0.75)
- from discontinued operations		(0.01)	(0.85)	(1.44)

ICONIC LABS PLC (REGISTERED NUMBER: 10197256)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 31 DECEMBER 2019 (unaudited)

	Notes	31 December 2019 £	31 December 2018 £	30 June 2019 (audited) £
<b>Non-current assets</b>				
Property, plant and equipment		5,841	291,065	7,093
Intangible assets	4	39,600	93,201	-
		<u>45,441</u>	<u>384,266</u>	<u>7,093</u>
<b>Current assets</b>				
Trade and other receivables		168,353	700	-
VAT recoverable		44,800	15,922	15,922
Cash and cash equivalents		26,914	80,326	15,597
		<u>240,067</u>	<u>96,948</u>	<u>31,519</u>
<b>Total assets</b>		<u><b>285,508</b></u>	<u><b>481,214</b></u>	<u><b>38,612</b></u>
<b>Equity</b>				
<b>Shareholders' equity</b>				
Share capital	5	4,092,825	378,382	3,498,257
Share premium		5,124,900	5,124,900	5,124,900
Retained deficit		(11,288,503)	(7,397,377)	(10,440,270)
<b>Total equity</b>		<u><b>(2,070,778)</b></u>	<u><b>(1,894,095)</b></u>	<u><b>(1,817,113)</b></u>
<b>Non-current liabilities</b>				
Lease liabilities		-	40,670	11,141
<b>Current liabilities</b>				
Trade and other payables	6	1,610,533	1,526,335	1,736,306
Loans and borrowings		650,432	669,769	-
Lease liabilities		55,321	138,535	68,278
Provisions		40,000	-	40,000
		<u>2,356,286</u>	<u>2,334,639</u>	<u>1,844,584</u>
<b>Total liabilities</b>		<u><b>2,356,286</b></u>	<u><b>2,375,309</b></u>	<u><b>1,855,725</b></u>
<b>Total equity and liabilities</b>		<u><b>285,508</b></u>	<u><b>481,214</b></u>	<u><b>38,612</b></u>
<b>Net asset value per share (pence)</b>		<u><b>(0.13)</b></u>	<u><b>(1.25)</b></u>	<u><b>(0.13)</b></u>

# ICONIC LABS PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 DECEMBER 2019 (unaudited)

	Share capital £	Share premium £	Merger reserve £	Translation reserve £	Share-based payments reserve £	Retained deficit £	Total equity £
<b>Balance at 1 July 2018</b>	333,798	5,244,484	(185,728)	(38,572)	341,184	(6,336,225)	<b>(641,059)</b>
<b>Changes in equity</b>							
<b>Transactions with owners:</b>							
Issue of share capital	44,584	(119,584)	-	-	-	-	<b>(75,000)</b>
Transfers	-	-	185,728	38,572	(341,184)	116,884	-
<b>Total transactions with owners:</b>	<b>44,584</b>	<b>(119,584)</b>	<b>185,728</b>	<b>38,572</b>	<b>(341,184)</b>	<b>116,884</b>	<b>(75,000)</b>
Total comprehensive expense	-	-	-	-	-	(1,178,036)	<b>(1,178,036)</b>
<b>Balance at 31 December 2018</b>	<b>378,382</b>	<b>5,124,900</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,397,377)</b>	<b>(1,894,095)</b>
<b>Changes in equity</b>							
<b>Transactions with owners:</b>							
Issue of share capital	3,119,875	-	-	-	-	-	<b>3,119,875</b>
<b>Total transactions with owners:</b>	<b>3,119,875</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,119,875</b>
Total comprehensive expense	-	-	-	-	-	(3,042,893)	<b>(3,042,893)</b>
<b>Balance at 30 June 2019</b>	<b>3,498,257</b>	<b>5,124,900</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,440,270)</b>	<b>(1,817,113)</b>
<b>Changes in equity</b>							
<b>Transactions with owners:</b>							
Issue of share capital	594,568	-	-	-	-	-	<b>594,568</b>
<b>Total transactions with owners:</b>	<b>594,568</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>594,568</b>
Total comprehensive expense	-	-	-	-	-	(848,233)	<b>(848,233)</b>
<b>Balance at 31 December 2019</b>	<b>4,092,825</b>	<b>5,124,900</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,288,503)</b>	<b>(2,070,778)</b>



## ICONIC LABS PLC

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 DECEMBER 2019 (unaudited)

	Six months ended 31 December 2019 £	Six months ended 31 December 2018 £	18 month period ended 30 June 2019 (audited) £
<b>Cash flows from operating activities</b>			
Total comprehensive loss for the period	(848,233)	(1,178,036)	(6,260,394)
Loss for the period from discontinued operations	86,103	1,178,036	4,137,879
<b>Adjustments for</b>			
Depreciation	1,252	-	417
Finance costs	1,935	-	1,818,613
Increase in trade and other receivables	(197,231)	-	-
(Decrease)/increase in trade and other payables	(125,773)	-	66,000
<b>Operating cashflows used by continuing activities</b>	<b>(1,081,947)</b>	-	(237,485)
Operating cashflows used by discontinued operations	(86,103)	(1,253,170)	(3,241,618)
<b>Net cash used in operating activities</b>	<b>(1,168,050)</b>	(1,253,170)	(3,479,103)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	-	-	(7,510)
Purchase of intangible assets	(39,600)	-	-
<b>Investing cash flows used by operating activities</b>	<b>(39,600)</b>	-	(7,510)
Investing cash flows used by discontinued operations	-	-	(23,919)
<b>Net cash used in investing activities</b>	<b>(39,600)</b>	-	(31,429)
<b>Cash flows from financing activities</b>			
Interest paid	(1,935)	-	(604,050)
Repayment of finance leases	(24,098)	-	(88,747)
Issue of share capital	-	-	2,060,950
Costs of issuing shares	-	-	(230,575)
Issue of loan notes	1,245,000	-	2,700,000
<b>Financing cash flows from financing activities</b>	<b>1,218,967</b>	-	3,837,578
Financing cash flows used by discontinued operations	-	(395,416)	(429,490)
<b>Net cash from/(used in) financing activities</b>	<b>1,218,967</b>	(395,416)	3,408,088
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>11,317</b>	(1,648,586)	(102,444)
<b>Cash and cash equivalents at beginning of period</b>	<b>15,597</b>	1,728,912	118,041
<b>Cash and cash equivalents at end of period</b>	<b>26,914</b>	80,326	15,597

# ICONIC LABS PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2019 (unaudited)

---

### 1. Basis of preparation

The Company is registered in England and Wales. The consolidated interim financial statements for the six months ended 31 December 2019 comprise those of the Company and subsidiaries. The Group is primarily involved in media and technology.

#### **Statement of compliance**

This consolidated interim financial report has been prepared in accordance with the measurement principles of IFRS adopted in the EU. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial performance and position of the Group since the last annual consolidated financial statements for the period ended 30 June 2019. This consolidated interim financial report does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards. The financial statements are unaudited and do not constitute statutory accounts as defined in section 434(3) of the Companies Act 2006.

In preparing the unaudited consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the sources of estimation uncertainty were consistent as those applied to the 2019 audited financial statements.

A copy of the audited annual report for the period ended 30 June 2019 has been delivered to the Registrar of Companies. The auditor's report on these accounts was qualified. The qualification detailed in the auditor's report is as follows:

*During the period between November 2018 a number of staff and directors left the Group and by March 2019 none of the original Board or key management are left in the Group. Compounding the inevitable loss of knowledge through these departures, the new Board have been unable to locate certain accounting records in both the UK and its overseas subsidiaries. The Board engaged a professional outsourced service provider to reconstruct to the maximum extent possible the accounting records. As a result of undertaking these procedures, the Board have identified that of the total expenditure charged to the Statement of Comprehensive Income, excluding impairments and loan note conversion costs, there is approximately £1.7m of expenditure for which underlying documentation cannot be located. Of the £1.7m approximately £1.5m relates to administrative expenditure and £0.2m staff costs. The Board have also concluded that they are satisfied that the risk of there being an unrecorded actual or contingent liability arising from the former business of the group's discontinued activities is very low.*

*During the period under review one of the group's undertakings promoted an insurance product and it is unclear on what basis that product was, if at all, distributed and, as a consequence, whether the group or its relevant undertaking required authorisation from the relevant regulatory authority. The new Board have from their own enquiries concluded that very few insurance related products were distributed by the group and to the extent that they were, an appropriate intermediary was used.*

*As a consequence of the absence of accounting records and management who would be able to resolve queries, we have been unable to obtain the information and explanation necessary for our audit in respect of;*

- expenditure and the completeness of actual and contingent liabilities arising solely from the former business of the group's discontinued activities; and*
- liabilities which may arise from the possibility that one of the group's subsidiaries may have conducted insurance business and, as a consequence, may not have complied with local laws and regulations in relation to what may be a regulated activity.*

*The lack of evidence also impacts on our ability to conclude on the completeness of related party transactions*

*which arose during the period up to instatement of the current board and new management team. There were no alternative audit procedures we could undertake in respect of this expenditure and therefore our audit opinion is qualified due the limitation on the scope of our audit.*

*The absence of a complete set of board minutes and board committee meetings has limited the scope of our work in relation to our review of the Strategic Report, Directors Report, directors Remuneration Report and Corporate Governance Report.*

This consolidated interim financial report was approved by the Board of Directors on 30 March 2020.

# ICONIC LABS PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2019 (unaudited)

---

### 1. Basis of preparation – continued

#### ***New standards and interpretations adopted***

These interim financial statements are the first under which the Group is adopting IFRS 16 'Leases', which is effective for periods commencing after 1 January 2019.

IFRS 16 was adopted on 1 July 2019 without restatement of comparative figures. The Group has a small number of operating leases concerning office premises and plant and equipment. IFRS 16 provides an exemption for short term operating leases and leases of low value. The Group will take advantage of the exemption rather than establishing a right to use asset.

As at the balance sheet date the Group already recognises a small number of finance leases but has not identified any material operating leases which would need to be represented under IFRS 16. As the Group rolls out its new business plan, any new leases entered into will be evaluated and accounted for under the criteria set out in IFRS 16.

#### ***Significant accounting policies***

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial statements for the period ended 30 June 2019, with the following exceptions:

#### **Intangibles assets**

Intangible assets, relating to the purchase of intellectual property for websites launched by the Group, are initially recognised at cost.

The Group considers the assets to have indefinite useful lives and therefore the Group are not amortising the asset. Instead, at each reporting period end date, the Group reviews the carrying amounts of its intangible 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).

# ICONIC LABS PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2019 (unaudited)

### 1. Basis of preparation – 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 is estimated to be less than its carrying amount, the carrying amount of the asset 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.

### 2. Operating segments

The Group is involved in media and technology and is considered to operate in a single geographical and business segment.

### 3. Basic and diluted loss per share

#### Basic

The calculation of loss per share for the six months to 31 December 2019 is based on the loss for the period attributable to ordinary shareholders of £848,233 divided by a weighted average number of ordinary shares in issue.

The weighted average number of shares used for the six months ended 31 December 2019 was 1,572,502,947 (June 2019 – 285,186,811) (December 2018 – 138,969,546).

### 4. Intangible assets

	<b>Six months ended 31 December 2019</b>	Six months ended 31 December 2018	18 month period ended 30 June 2019 (audited)
	£	£	£
<b>Cost</b>			
At start of period	-	-	-
Additions	<b>39,600</b>	-	-
At end of period	<b>39,600</b>	-	-
<b>Amortisation</b>			
At start of period	-	-	-
Charge for the period	-	-	-
At end of period	-	-	-
Net book value	<b>39,600</b>	-	-

The intangible assets held by the Group increased solely as a result of purchasing intellectual property, it was not acquired via a business combination.

## ICONIC LABS PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE SIX MONTHS ENDED 31 DECEMBER 2019 (unaudited)

#### 5. Share capital

Allotted, issued and fully paid:	31 December 2019	31 December 2018	30 June 2019 (audited)
Number:      Class:	£	£	£
1,637,129,905      Ordinary	4,092,825	378,382	3,498,257
Nominal value: £0.0025	<u>4,092,825</u>	<u>378,382</u>	<u>3,498,257</u>

At 1 July 2019, the Company had 1,399,302,698 Ordinary shares of £0.0025 each in issue.

On 20 August 2019, 237,827,207 Ordinary shares of £0.0025 each were allotted and issued against loan notes. The shares were issued at par.

The Ordinary shares carry no rights to fixed income.

#### 6. Trade and other payables

	31 December 2019	31 December 2018	30 June 2019 (audited)
	£	£	£
Trade payables	686,452	1,130,461	609,558
Other payables	833,625	25,521	831,587
Accruals	54,000	35,400	77,100
Tax and social security	36,456	334,953	218,061
	<u>1,610,533</u>	<u>1,526,335</u>	<u>1,736,306</u>

#### 7. Financial instruments

	Net cash at 1 July 2018	Cash flow	Loan notes issued in the period	Repayment of borrowings	Loan notes converted in the period	Other non cash items	Net cash at 31 December 2018
	£	£	£	£	£	£	£
Cash at bank and in hand	1,728,912	(1,648,586)	-	-	-	-	80,326
Borrowings	(1,169,390)	-	(669,769)	705,290	50,000	234,895	(848,974)
<b>Total financial liabilities</b>	<u>559,522</u>	<u>(1,648,586)</u>	<u>(669,769)</u>	<u>705,290</u>	<u>50,000</u>	<u>234,895</u>	<u>(768,648)</u>
	Net cash at 1 July 2019	Cash flow	Loan notes issued in the period	Repayment of borrowings	Loan notes converted in the period	Other non cash items	Net cash at 31 December 2019
	£	£	£	£	£	£	£
Cash at bank and in hand	15,597	11,317	-	-	-	-	26,914
Borrowings	(79,419)	-	(1,245,000)	24,098	594,568	-	(705,753)
<b>Total financial liabilities</b>	<u>(63,822)</u>	<u>11,317</u>	<u>(1,245,000)</u>	<u>24,098</u>	<u>594,568</u>	<u>-</u>	<u>(678,839)</u>

## ICONIC LABS PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE SIX MONTHS ENDED 31 DECEMBER 2019 (unaudited)

---

#### **8. Post balance sheet events**

On 14 January 2020, the Group created a 50/50 joint venture marketing services company with Bacchus Creative Entertainment called Coalition Media Limited.

On 5 March 2020, the company requested the suspension of the listing of the company's ordinary shares from the main market of the London Stock Exchange as it had come to the company's attention that not all appropriate filings had been made with the FCA in respect of a number of ordinary share issued. On 25 March 2020, the FCA approved a new Prospectus of the company. Following the publication of the Prospectus, the ordinary shares of the company were restored to the main market of the London Stock Exchange. The Prospectus is available on the company's website, [www.iconiclabs.co.uk](http://www.iconiclabs.co.uk).