

Registration number: 06458458



LOCATION SCIENCES GROUP PLC

INTERIM UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 2022

LOCATION SCIENCES GROUP PLC

CONTENTS

Chairman's report	3
Consolidated Profit and Loss Account	4
Consolidated Statement of Comprehensive Income	5
Consolidated Balance Sheet	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8 - 9
Notes to the Financial Statements	10 to 13

LOCATION SCIENCES GROUP PLC

CHAIRMAN'S REPORT FOR THE PERIOD ENDED 30 JUNE 2022

Introduction

Following the funding round in May 2021 which introduced new strategic investors to the shareholder register and two new Board members, the executive team successfully exited the location insights space, selling the Group's insights dashboard and certain customer contracts to Digital Envoy, Inc, a leading US IP intelligence business for US\$700,000.

The proceeds from the aforementioned sale and the Group's share placing in May 2021, which raised approximately £3.74 million (before expenses), provided the Group with a solid financial platform from which to increase shareholder value which management and the Board are fully engaged in. As at 30 June 2022, the net current assets of the Company were £4.4 million.

Trading performance

Unaudited revenues for the six months ended 30 June 2022 were £145,430, which included £99,022 of earn-out income from the sale of the Insights business during 2021. Underlying Verify revenues were £46,408 in the period, representing a decrease of 9% compared to H1 2021 revenues of £50,968.

Administration expenses were £489,552 in H1 2022 compared to £429,652 in H1 2021. The increase of 14% in administration expenses is due to the impact of fee shares issued to the non-executive directors in the period and was not a cash cost to the Company. Cash costs have been reduced during the period with a number of staff cuts and overhead reductions being implemented by the Board.

EBITDA loss for the six months to 30 June 2022 was £362,809, representing a decrease of 10% on the EBITDA loss in the six months to 30 June 2021 of £404,628.

Loss before tax for the six months to 30 June 2022 was £492,353, representing an decrease of 7% on the loss before tax in the six months to 30 June 2021 of £527,237.

Outlook

The Board continues to review how best to maximise the value of the Company's assets and will update shareholders in due course.

Simon Wilkinson
Chairman

LOCATION SCIENCES GROUP PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 JUNE 2022

	Note	Six months ended 30 June 2022 Unaudited £	Six months ended 30 June 2021 Unaudited £	Year ended 31 December 2021 Audited £
Revenue	4	145,430	50,968	167,940
Cost of sales		(18,686)	(25,944)	(77,243)
Gross profit		126,743	25,024	90,697
Grant income		-	-	-
Other income		-	-	11,267
Administrative expenses		(489,552)	(429,652)	(801,432)
Amortisation and depreciation		(130,524)	(122,610)	(216,392)
Exceptional administrative expenses		-	-	(283,210)
Operating loss	4	(493,333)	(527,238)	(1,199,070)
Finance income		980	1	2
Finance expense		-	-	-
Loss before tax		(492,353)	(527,237)	(1,199,068)
Taxation		-	71,514	113,871
Loss for the financial year from continuing operations		(492,353)	(455,723)	(1,085,197)
Discontinued Operations				
Loss for the year from discontinued operations		-	(163,613)	(298,161)
Loss for the financial year		(492,353)	(619,336)	(1,383,358)
Earnings per share				
Loss per share - basic and diluted		(0.02p)	(0.06p)	(0.076p)

The above results were derived from continuing operations.

LOCATION SCIENCES GROUP PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2022

	Six months ended 30 June 2022 Unaudited £	Six months ended 30 June 2021 Unaudited £	Year ended 31 December 2021 Audited £
Loss for the year	(492,353)	(619,336)	(1,383,358)
Foreign currency translation losses	-	(4,719)	(4,718)
Total comprehensive income for the year attributable to owners of the company	(492,353)	(624,055)	(1,388,076)

LOCATION SCIENCES GROUP PLC
**(REGISTRATION NUMBER: 06458458)
 CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2022**

Note	30 June 2022 Unaudited £	30 June 2021 Unaudited £	31 December 2021 Audited £
Non-current assets			
Intangible assets	406,967	1,153,954	537,491
Property, plant and equipment	-	3,198	-
		<u>1,157,152</u>	<u>537,491</u>
Current assets			
Trade and other receivables	259,564	505,232	331,559
Current tax asset	113,871	71,514	113,871
Cash and cash equivalents	4,227,685	4,333,115	4,378,825
	<u>4,601,120</u>	<u>4,909,861</u>	<u>4,824,255</u>
Current liabilities			
Trade and other payables	(202,088)	(148,577)	(183,175)
	<u>(202,088)</u>	<u>(148,577)</u>	<u>(183,175)</u>
Net current assets	<u>4,399,032</u>	<u>4,761,284</u>	<u>4,641,080</u>
Net assets	<u>4,805,999</u>	<u>5,918,436</u>	<u>5,178,571</u>
Capital and reserves			
Called up share capital	5 16,340,507	16,298,007	16,298,007
Share premium reserve	20,088,118	21,170,312	20,034,993
Merger relief reserve	11,605,556	11,605,556	11,605,556
Capital reserve	209,791	209,791	209,791
Other reserves	(9,225,108)	(9,225,108)	(9,225,108)
Equity Reserve	1,135,319	-	1,135,319
Retained earnings	<u>(35,348,184)</u>	<u>(34,140,122)</u>	<u>(34,879,987)</u>
Total equity	<u>4,805,999</u>	<u>5,918,436</u>	<u>5,178,571</u>

The unaudited interim financial statements on pages 4 to 14 were authorised for issue by the board of Board on 26 September 2022 and were signed on its behalf by:

Simon Wilkinson
 Director

LOCATION SCIENCES GROUP PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2022
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY

	Share capital £	Share premium £	Merger relief reserve £	Capital reserve £	Reverse acquisition reserve £	Equity reserve £	Retained earnings £	Total £
At 1 January 2021	14,280,258	19,315,231	11,605,556	209,791	(9,225,108)	-	(33,540,223)	2,645,505
Loss for the period	-	-	-	-	-	-	(619,336)	(619,336)
Other comprehensive income	-	-	-	-	-	-	(4,719)	(4,719)
Issue of shares	2,017,749	1,855,081	-	-	-	-	-	3,872,830
Share based payments	-	-	-	-	-	-	24,156	24,156
At 30 June 2021	16,298,007	21,170,312	11,605,556	209,791	(9,225,108)	-	(34,140,122)	5,918,436
At 1 January 2021	14,280,258	19,315,231	11,605,556	209,791	(9,225,108)	-	(33,540,223)	2,645,505
Loss in year	-	-	-	-	-	-	(1,383,358)	(1,383,358)
Other Comprehensive Income	-	-	-	-	-	-	(4,718)	(4,718)
Issues of shares	2,017,749	1,855,081	-	-	-	-	-	3,872,830
Warrants issued	-	(1,135,319)	-	-	-	1,135,319	-	-
Share based payments	-	-	-	-	-	-	48,312	48,312
At 31 December 2021	16,298,007	20,034,993	11,605,556	209,791	(9,225,108)	1,135,319	(34,879,987)	5,178,571
At 1 January 2022	16,298,007	20,034,993	11,605,556	209,791	(9,225,108)	1,135,319	(34,879,987)	5,178,571
Loss for the period	-	-	-	-	-	-	(492,353)	(492,353)
Other comprehensive income	-	-	-	-	-	-	-	-
Issue of shares	42,500	53,125	-	-	-	-	-	95,625
Share based payments	-	-	-	-	-	-	24,156	24,156
At 30 June 2022	16,340,507	20,088,118	11,605,556	209,791	(9,225,108)	1,135,319	(35,348,184)	4,805,999

The notes on pages 10 to 13 form an integral part of these financial statements.

LOCATION SCIENCES GROUP PLC
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2022

Note	Six months ended 30 June 2022 Unaudited £	Six months ended 30 June 2021 Unaudited £	Year ended 31 December 2021 Audited £
Cash flows from operating activities			
Loss for the year from continuing activities	(492,353)	(455,723)	(1,085,197)
Loss for the year from discontinued activities	-	(163,613)	(298,161)
Adjustments to cash flows from non-cash items:			
Depreciation and amortisation	130,524	204,351	508,862
Impairment charge	-	-	283,210
Foreign exchange (gains) / losses	-	(4,719)	(4,718)
Finance income	(980)	(1)	(2)
Finance costs	-	-	-
Share based payment transactions	24,156	24,156	48,312
Income tax expense	-	(71,514)	(113,871)
Up lift in fair value of directors' fees	10,625	195,500	195,500
Shares issued other than for cash	85,000	120,000	120,000
	(243,028)	(151,563)	(636,705)
Working capital adjustments			
Decrease in trade debtors	71,995	(90,128)	88,225
Increase in trade creditors	18,913	(62,480)	(33,114)
Cash used in operations	(152,120)	(304,171)	(581,594)
Income taxes received	-	166,272	166,272
Net cash used in operating activities	(152,120)	(137,899)	(415,322)
Cash flows from investing activities			
Interest received	980	1	2
Disposals of discontinued operations	-	-	450,138
Acquisitions of tangible assets	-	-	-
Acquisition of intangible assets	-	(214,435)	(341,441)
Net cash used in investing activities	980	(214,434)	(108,699)
Cash flows from financing activities			
Proceeds from issue of ordinary shares, net of issue costs	-	3,557,330	3,557,330
Net cash generated from financing activities	-	3,557,330	3,557,330
Net (decrease)/increase/ in cash and cash equivalents	(151,140)	3,204,997	3,250,707
Cash and cash equivalents at beginning of period	4,378,825	1,128,118	1,128,118
Cash and cash equivalents at end of period	4,227,685	4,333,115	4,378,825

	Six months ended 30 June 2022 Unaudited £	Six months ended 30 June 2021 Unaudited £	Year ended 31 December 2021 Audited £
Note			
Non-cash financing activities			
Share warrants exercised in period	-	-	10,000
Fees settled by share issues	-	265,500	120,000
Directors' fees settled by share issues	95,625	280,500	163,625

LOCATION SCIENCES GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022
1 General information

Location Sciences Group PLC and its subsidiary Location Sciences AI Limited (together the “Group”) provide location verification services, utilising sophisticated machine learning and pattern recognition technologies. Verify detects location ad-fraud and checks the accuracy and quality of location signals used to improve the performance of digital advertising.

The Company is a public limited company which is quoted on the AIM market of the London Stock Exchange and is incorporated and domiciled in the United Kingdom.

2 Basis of preparation

The financial information has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union, IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The accounting policies adopted are consistent with those of the financial statements for the year ended 31 December 2021, as described in those financial statements.

The figures for the six-month periods ended 30 June 2022 and 30 June 2021 have not been audited. The figures for the year ended 31 December 2021 have been extracted from, but do not constitute, the consolidated financial statements of Location Sciences Group PLC for that year. Those financial statements have been delivered to the Registrar of Companies and included an unqualified auditors’ report and did not contain a statement under Section 498(2) or Section 498(3) Companies Act 2006.

3 Loss per share

	Six months ended 30 June 2022 Unaudited £	Six months ended 30 June 2021 Unaudited £	Year ended 31 December 2021 Audited £
Loss attributable to shareholders	(492,353)	(619,336)	(1,383,358)
	No.	No.	No.
Weighted average number of shares (basic)	2,611,934,620	990,887,398	1,814,571,645

The calculation of basic loss per share of 0.02p (June 2021: 0.06p; December 2021: 0.076p) is based on loss after taxation and the weighted average number of ordinary shares in issue during the period.

LOCATION SCIENCES GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022
4 Segmental analysis

Operating segments are based on internal reports about components of the Company, which are regularly reviewed and used by the Board of Directors being the Chief Operating Decision Maker ("CODM") for strategic decision making and resource allocation, in order to allocate resources to the segment and to assess its performance.

During the first half of 2022 the Group has operated through its trading company Location Sciences AI Limited. The business provides location verification services, utilising sophisticated machine learning and pattern recognition technologies. Verify detects location ad-fraud and checks the accuracy and quality of location signals used to improve the performance of digital advertising.

It should be noted that a segmental analysis of the Consolidated Statement of Financial Position is not part of routine management reporting and, consequently, no segmental analysis of assets is shown here.

An analysis of operating revenue is as follows:

	Six months ended 30 June 2022 Unaudited £	Six months ended 30 June 2021 Unaudited £	Year ended 31 December 2021 Audited £
Location data and insights*	-	226,986	373,448
Verify	145,430	50,968	167,940
	145,430	277,954	541,388

*disclosed within discontinued operations

An analysis of EBITDA is as follows:

	Six months ended 30 June 2022 Unaudited £	Six months ended 30 June 2021 Unaudited £	Year ended 31 December 2021 Audited £
Location data and insights	-	(397,291)	(299,972)
Verify	362,809	(89,209)	(682,706)
	362,809	(486,500)	(982,678)

LOCATION SCIENCES GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022
4 Segmental analysis (continued)

An analysis of loss before tax is as follows:

	Six months ended 30 June 2022 Unaudited £	Six months ended 30 June 2021 Unaudited £	Year ended 31 December 2021 Audited £
Location data and insights	-	(236,847)	(298,161)
Verify	(492,353)	(454,003)	(1,199,098)
	(492,353)	(690,850)	(1,497,229)

5 Share capital

	30 June 2022 Unaudited £	30 June 2021 Unaudited £	31 December 2021 Audited £
2,647,587,398 ordinary shares of 0.1p (June 2021 - 2,605,087,398 of 0.1p, December 2021 2,605,087,398 of 0.1p) each	2,647,587	2,605,087	2,605,087
1,040,712,398 deferred shares of 0.99p each	10,303,054	10,303,054	10,303,054
376,651,734 New Deferred shares of 0.9p each	3,389,866	3,389,866	3,389,866
	16,340,507	16,298,007	16,298,007

Share issue

On 1 June 2022 42,500,000 ordinary shares of 0.1p were issued at 0.2p per ordinary share to the non-executive directors in settlement of their second-year fees.

Share rights

Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

Deferred shares have attached to them no voting, dividend or capital distribution (including on winding up) rights; they do not confer any rights of redemption.

LOCATION SCIENCES GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022
5 Share capital (continued)
Warrants in Issue

1) Promoter Warrants - non-transferable warrants to subscribe for up to 1,500,000,000 Ordinary Shares, exercisable at the 0.20p for five years from 25 May 2021, were issued to certain members of the Concert Party in consideration of those persons assembling and co-ordinating the Concert Party's investment in the Company in May 2021 and facilitating the appointment of Simon Wilkinson as Non-Executive Chairman.

Name	Number of Ordinary Shares subject to Promoter Warrants
Richard Hughes	500,000,000
Mahmud Kamani	500,000,000
Simon Wilkinson	500,000,000

2) Cornerstone Investor Warrants - non-transferable warrants to subscribe for up to 250,000,000 Ordinary Shares, exercisable at 0.20p for five years from 25 May 2021, were issued to the Cornerstone Investors of the May 2021 placing.

Name	Number of Ordinary Shares subject to Cornerstone Investor Warrants
Ben Turner	50,000,000
Donna Turner	75,000,000
James Pope	50,000,000
Maxine Pope	75,000,000

3) Broker Warrants - transferable warrants to subscribe for up to 100,000,000 Ordinary Shares, exercisable at the 0.20p for five years from 25 May 2021 were issued as shown below.

Name	Number of Ordinary Shares subject to Broker Warrants
Turner Pope	58,750,000
Dr Nigel Burton	25,000,000
Mark Slade	10,000,000
David Rae	6,250,000

4) Director Warrants - non-transferable warrants to subscribe for, in aggregate, 120,000,000 Ordinary Shares were issued to the Executive Directors and the Non-Executive Directors, exercisable at 0.20p for five years from 25 May 2021, provided that the Ordinary Shares have traded at a Volume Weighted Average Price (VWAP) at or above 0.30p for 20 consecutive Business Days, or on a change of control of the Company.

Name	Number of Ordinary Shares subject to Broker Warrants
Mark Slade	30,000,000
David Rae	30,000,000
Simon Wilkinson	30,000,000
Dr Nigel Burton	30,000,000

6 Availability of half-year report

Copies of the half-year report are available on request from the Company's registered office at First Floor, St James House, St James Square, Cheltenham, Gloucestershire GL50 3PR and can also be viewed at:

<https://www.locationsciencesgroup.ai/investor-relations/reports-presentations/>