

Registration number: 06458458



LOCATION SCIENCES GROUP PLC

INTERIM UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 2021

LOCATION SCIENCES GROUP PLC

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LOCATION SCIENCES GROUP PLC

CHAIRMAN'S REPORT FOR THE PERIOD ENDED 30 JUNE 2021

Introduction

On 11 February 2021, the Company announced that, in part as a consequence of COVID-19, the Company and in particular Verify, would continue to face a number of trading challenges. This was despite the relative strength of the Company's working capital position. Included within that announcement, the Board advised Shareholders that it was exploring a number of options for the Company and its businesses and that further announcements would be made as and when appropriate.

Since the announcement on 11 February 2021, and following numerous discussions, both internally and with third parties, surrounding the business review, the Board concluded that given the market outlook for each of the Company's business units, it was essential that Location Sciences secured additional financial resources.

In May 2021 the Company successfully secured approximately £4 million in new investment and support, from investors including Mahmud Kamani, Founder & Group Executive Chairman at Boohoo Group plc and Richard Hughes, founder at Zeus Capital, In addition, the Board was strengthened through the appointments of Simon Wilkinson as Non-Executive Chairman and Dr Nigel Burton as Non-Executive Director.

The addition of these new supportive shareholders and the experience and relationships of the new directors, together with the additional resources from the Placing and Subscription, has considerably enhanced the opportunities available to the Company.

Trading performance

Unaudited underlying revenues for the six months ended 30 June 2021 were £277,954, a reduction of 57% compared to H1 2020 revenues of £650,385. We would note, that in H1 2020 Insight revenues were increased by £195,513 due to the X-Mode contract securitisation.

Verify and Insight revenues were £50,968 and £226,986 respectively for H1 2021 compared with £157,526 and £492,859 in H1 2020.

The cost cutting measures implemented in 2020 reduced administration expenses by 21% from £785,066 in H1 2020 to £622,684 in H1 2021.

EBITDA loss for the six months to 30 June 2021 was £486,500, representing an increase of 45% on the EBITDA loss in the six months to 30 June 2020 of £334,630.

Loss before tax for the six months to 30 June 2021 was £690,850, representing an increase of 8% on the loss before tax in the six months to 30 June 2020 of £639,152.

Cash resources

In May 2021, the Company raised approximately £3.6 million (net of expenses) through an equity placing, subscription and broker option which comprised the issue and allotment of 2,017,750,000 ordinary shares in the Company.

As a consequence, the Company's cash resources as of 30 June 2021 were significantly enhanced at £4,333,115 compared to £1,652,969 as at 30 June 2020.

The Company had no debt at 30 June 2021 (£nil 30 June 2020).

LOCATION SCIENCES GROUP PLC

CHAIRMAN'S REPORT FOR THE PERIOD ENDED 30 JUNE 2021 CONTINUED

Outlook

As noted on 21 June 2021, following the successful fundraising and Board changes, the new Board continues to review how best to maximise the value of the Company's two core business units, namely location verification and data and insights. Whilst discussions continue, both internally and externally, the Board has taken steps to reduce operating costs further. These reductions will begin to be realised in the second half of 2021 and together with our cash resources provide a solid platform from which to leverage the opportunities available to us.

I look forward to updating shareholders in due course.

Simon Wilkinson
Chairman

LOCATION SCIENCES GROUP PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 JUNE 2021

	Note	Six months ended 30 June 2021 Unaudited £	Six months ended 30 June 2020 Unaudited £	Year ended 31 December 2020 Audited £
Revenue	4	277,954	650,385	1,080,742
Cost of sales		(141,770)	(219,287)	(358,196)
Gross profit		136,184	431,098	722,546
Grant income		-	10,000	-
Other income		-	9,338	30,119
Administrative expenses		(622,684)	(785,066)	(1,535,906)
Amortisation and depreciation		(204,351)	(301,807)	(616,778)
Operating loss	4	(690,851)	(636,437)	(1,400,019)
Finance income		1	95	98
Finance expense		-	(2,810)	(5,619)
Loss before tax		(690,850)	(639,152)	(1,405,540)
Taxation		71,514	60,000	166,272
Loss for the financial year attributable to owners of the company		(619,336)	(579,152)	(1,239,268)
Earnings per share				
Loss per share - basic and diluted		(0.06p)	(0.12p)	(0.24p)

The above results were derived from continuing operations.

LOCATION SCIENCES GROUP PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2021

	Six months ended 30 June 2021 Unaudited £	Six months ended 30 June 2020 Unaudited £	Year ended 31 December 2020 Audited £
Loss for the year	(619,336)	(579,152)	(1,239,268)
Foreign currency translation losses	(4,719)	(7,006)	(10,475)
Total comprehensive income for the year attributable to owners of the company	(624,055)	(586,158)	(1,249,743)

LOCATION SCIENCES GROUP PLC
**(REGISTRATION NUMBER: 06458458)
 CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2021**

	30 June 2021 Unaudited £	30 June 2020 Unaudited £	31 December 2020 Audited £
Note			
Non-current assets			
Intangible assets	1,153,954	1,156,227	1,141,792
Property, plant and equipment	3,198	56,668	5,828
	<u>1,157,152</u>	<u>1,212,895</u>	<u>1,147,620</u>
Current assets			
Trade and other receivables	505,232	556,769	415,104
Current tax asset	71,514	60,000	166,272
Cash and cash equivalents	4,333,115	1,652,969	1,128,118
	<u>4,909,861</u>	<u>2,269,738</u>	<u>1,709,494</u>
Current liabilities			
Trade and other payables	(148,577)	(234,388)	(211,607)
Current portion of borrowings	-	(24,118)	-
	<u>(148,577)</u>	<u>(258,506)</u>	<u>(211,607)</u>
Net current assets	<u>4,761,284</u>	<u>2,011,232</u>	<u>1,497,887</u>
Net assets	<u>5,918,436</u>	<u>3,224,127</u>	<u>2,645,507</u>
Capital and reserves			
Called up share capital	5 16,298,007	14,263,288	14,280,258
Share premium reserve	21,170,312	19,250,749	19,315,231
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)	(9,204,463)	(9,225,108)
Retained earnings	(34,140,122)	(32,900,794)	(33,540,223)
Total equity	<u>5,918,436</u>	<u>3,224,127</u>	<u>2,645,507</u>

The unaudited interim financial statements on pages 5 to 14 were authorised for issue by the board of Board on 27 September 2021 and were signed on its behalf by:

Mark Slade
 Director

LOCATION SCIENCES GROUP PLC
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2021
 EQUITY ATTRIBUTABLE TO THE PARENT COMPANY**

	Share capital £	Share premium £	Merger relief reserve £	Capital reserve £	Other reserves £	Retained earnings £	Total £
At 1 January 2020	14,008,033	18,508,593	11,605,556	209,791	(9,225,108)	(32,338,792)	2,768,073
Loss for the period	-	-	-	-	-	(579,152)	(579,152)
Other comprehensive income	-	-	-	-	-	(7,006)	(7,006)
Issue of shares	255,255	742,156	-	-	-	-	997,411
Share based payments	-	-	-	-	-	24,156	24,156
Shares to be issued	-	-	-	-	20,645	-	20,645
At 30 June 2020	14,263,288	19,250,749	11,605,556	209,791	(9,204,463)	(32,900,794)	3,224,127
At 1 January 2020	14,008,033	18,508,593	11,605,556	209,791	(9,225,108)	(32,338,792)	2,768,073
Loss in year	-	-	-	-	-	(1,239,268)	(1,239,268)
Other Comprehensive Income	-	-	-	-	-	(10,475)	(10,475)
Issues of shares	272,225	806,638	-	-	-	-	1,078,863
Share based payments	-	-	-	-	-	48,312	48,312
At 31 December 2020	14,280,258	19,315,231	11,605,556	209,791	(9,225,108)	(33,540,223)	2,645,505
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

The notes on pages 10 to 14 form an integral part of these financial statements.

LOCATION SCIENCES GROUP PLC
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2021

Note	Six months ended 30 June 2021 Unaudited £	Six months ended 30 June 2020 Unaudited £	Year ended 31 December 2020 Audited £
Cash flows from operating activities			
Loss for the year	(619,336)	(579,152)	(1,239,268)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	204,351	301,807	616,778
Foreign exchange (gains) / losses	(4,719)	(7,006)	(10,475)
Finance income	(1)	(95)	(98)
Finance costs	-	2,810	5,619
Share based payment transactions	24,156	24,156	48,312
Income tax expense	(71,514)	(60,000)	(166,272)
Up lift in fair value of directors' fees	195,500	-	-
Shares issued other than for cash	120,000	97,568	158,362
	(151,563)	(219,912)	(587,042)
Working capital adjustments			
Decrease in trade debtors	(90,128)	(149,448)	(7,783)
Decrease in trade creditors	(62,480)	(114,691)	(137,472)
Cash used in operations	(304,171)	(484,051)	(732,297)
Income taxes received	166,272	166,909	166,909
Net cash used in operating activities	(137,899)	(317,142)	(565,391)
Cash flows from investing activities			
Interest received	1	95	98
Acquisitions of tangible assets	-	(1,277)	(1,278)
Acquisition of intangible assets	(214,435)	(221,324)	(471,019)
Net cash used in investing activities	(214,434)	(222,506)	(472,199)
Cash flows from financing activities			
Proceeds from issue of ordinary shares, net of issue costs	3,557,330	920,488	920,504
IFRS 16 liability repayment	-	(53,610)	(80,537)
Net cash generated from financing activities	3,557,330	866,878	839,967
Net increase/(decrease) in cash and cash equivalents	3,204,997	327,230	(197,621)
Cash and cash equivalents at beginning of period	1,128,118	1,325,739	1,325,739
Cash and cash equivalents at end of period	4,333,115	1,652,969	1,128,118
Non-cash financing activities			
Fees settled by share issues	265,500	76,923	76,923
Directors fees settled by share issues	280,500	20,645	81,452

LOCATION SCIENCES GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021
1 General information

Location Sciences Group PLC and its subsidiary Location Sciences AI Limited (together the “Group”) specialise in providing two core solutions to its customers, namely: 1) Location data and insights - this is a SaaS solution where customers query Location Sciences’ UK data lake for, inter alia, advertising, location planning, attribution, competitor analysis and forward looking financial metrics; and 2) Location verification - 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 2020, as described in those financial statements.

The figures for the six-month periods ended 30 June 2021 and 30 June 2020 have not been audited. The figures for the year ended 31 December 2020 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, with an emphasis of matter paragraph in relation to going concern 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 2021 Unaudited £	Six months ended 30 June 2020 Unaudited £	Year ended 31 December 2020 Audited £
Loss attributable to shareholders	(619,336)	(579,152)	(1,239,268)
	No.	No.	No.
Weighted average number of shares (basic)	990,887,398	465,892,712	513,986,630

The calculation of basic loss per share of 0.06p (June 2020: 0.12p; December 2020: 0.24p) 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 2021
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 2021 the Group has operated through its trading company Location Sciences AI Limited. The business has two core solutions to its customers, namely: 1) Location data and insights - this is a SaaS solution where customers query Location Sciences' UK data lake for, inter alia, advertising, location planning, attribution, competitor analysis and forward looking financial metrics; and 2) Location verification - 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. The US subsidiary is not yet trading at a materially significant level and thus geographical reporting is not reported.

An analysis of operating revenue is as follows:

	Six months ended 30 June 2021 Unaudited £	Six months ended 30 June 2020 Unaudited £	Year ended 31 December 2020 Audited £
Location data and insights	226,986	492,859	762,170
Verify	50,968	157,526	318,572
	277,954	650,385	1,080,742

An analysis of EBITDA is as follows:

	Six months ended 30 June 2021 Unaudited £	Six months ended 30 June 2020 Unaudited £	Year ended 31 December 2020 Audited £
Location data and insights	(397,291)	(253,581)	(552,365)
Verify	(89,209)	(81,049)	(230,877)
	(486,500)	(334,630)	(783,242)

LOCATION SCIENCES GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021
4 Segmental analysis (continued)

An analysis of loss before tax is as follows:

	Six months ended 30 June 2021 Unaudited £	Six months ended 30 June 2020 Unaudited £	Year ended 31 December 2020 Audited £
Location data and insights	(564,170)	(430,741)	(970,849)
Verify	(126,680)	(208,411)	(405,796)
	<hr/> (690,850)	<hr/> (639,152)	<hr/> (1,405,540) <hr/>

5 Share capital

	30 June 2021 Unaudited £	30 June 2020 Unaudited £	31 December 2020 Audited £
2,605,087,398 ordinary shares of 0.1p (June 2020 - 570,368,300 of 0.1p, December 2020 - 587,337,398 of 0.1p) each	2,605,087	570,369	587,337
1,040,712,398 deferred shares of 0.99p each (June 2020: 0.99p, December 2020: 0.99p)	10,303,053	10,303,053	10,303,054
376,651,734 New Deferred shares of 0.9p (June 2020: 0.9p, December 2020: 0.9p)	3,389,866	3,389,866	3,389,866
	<hr/> 16,298,007	<hr/> 14,263,288	<hr/> 14,280,258 <hr/>

LOCATION SCIENCES GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021
5 Share capital (continued)
Share issue

On 25 May 2021 1,842,500,000 ordinary shares of 0.1p were issued at 0.2p pursuant to a placing, subscription and broker option with a nominal value of £1,842,500 for aggregate consideration of £3,685,000 before costs of the placing, subscription and broker option, with an additional 132,750,000 ordinary shares issued at 0.2p to settle professional fees in relation to the placing, subscription and broker option. At the same time 42,500,000 ordinary shares were issued at the market value on day of admission of the shares at 0.66p to the non-executive directors in lieu of their first-year fees.

At the same time various warrants were issued to certain parties as detailed in the section below.

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.

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

LOCATION SCIENCES GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

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

The pre-existing share warrants held by Mike Staten were surrendered on 25 May 2021 in consideration for the issue of 5 million Ordinary Shares at 0.20p

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/>