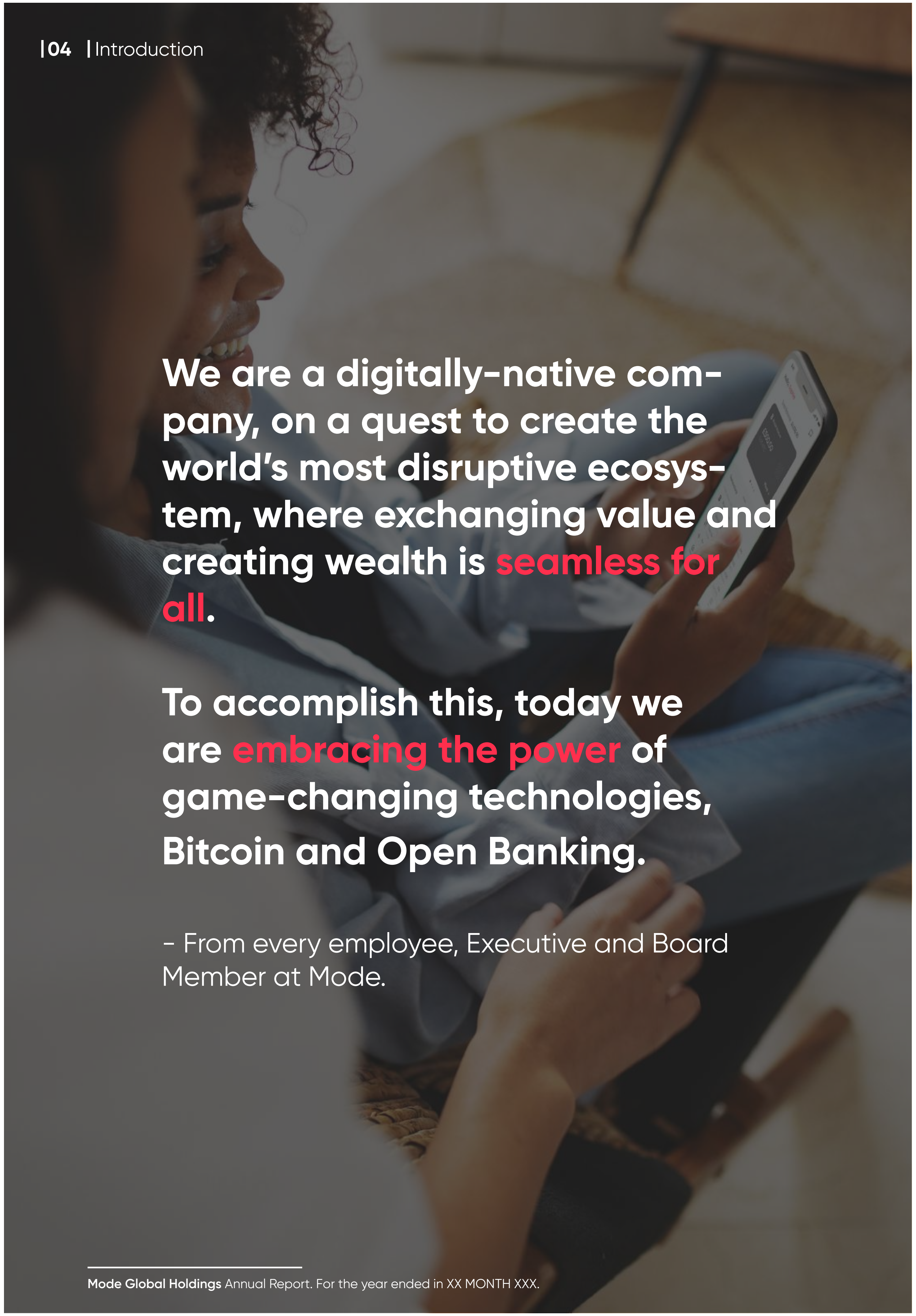
mode | Holdings

2020 Annual Report

Mode (LSE:MODE)

Contents



We are a digitally-native company, on a quest to create the world's most disruptive ecosystem, where exchanging value and creating wealth is seamless for all.

To accomplish this, today we are embracing the power of game-changing technologies, Bitcoin and Open Banking.

- From every employee, Executive and Board Member at Mode.

Company Information

Company Information

Directors:
Jonathan Rowland - (Chairman)
Richard Morecroft
Rita Liu
Gary Wilkinson
Ryan Moore

Registered office:
Finsgate,
5-7 Cranwood Street,
London, EC1V 9EE

Corporate Brokers:
Peterhouse Capital
3rd Floor, 80 Cheapside,
London, EC2V 6EE

Registrar:
Neville Registrars
Neville House,
Steelpark Road,
Halesowen, B62 8HD

Bankers:
National Westminster bank Plc
250 Bishopsgate,
London, EC2M 4AA

Auditors:
Jeffreys Henry LLP
Finsgate
5-7 Cranwood Street
London, EC1V 9EE

Solicitors:
Locke Lord (UK) LLP
Second Floor,
201 Bishopsgate,
London, EC2M 3AB

Company Secretary:
Nathalie Hoon
5-7 Cranwood Street
London, EC1V 9EE

Company Number:
12794676

Website:
https://www.modeplc.com/

For all enquiries, please contact:
info@modeplc.com

Business Review

Our Mission

Mode is a **Fintech Group listed on the London Stock Exchange (LSE) Main Market**. Born in London in 2019 by a group of entrepreneurs and financial professionals, Mode was set up to "challenge the challengers" and build a disruptive, digitally-native financial ecosystem, where exchanging value and creating wealth can be truly seamless and easy for all.

Over the last decade there have been numerous advancements in Fintech that have aimed to transform the way we use financial products today. However, it is clear that the core infrastructure and technology that powers these systems is still reliant on inefficient financial intermediaries that create friction and take a cut out of transactions, increasing the cost for consumers.

These inefficiencies have paved the way for the development of technological protocols promoting efficiency, transparency and democratisation in financial services – **Bitcoin and Open Banking**.

We believe that Bitcoin and Open Banking have the ability to truly transform financial services, as they:

- **Offer access to a decentralised financial system** whose store of value technology, Bitcoin, is digitally codified and whose supply cannot be manipulated. Bitcoin's characteristics are unique in today's world, and it is enabling people to move away from traditional, opaque investment products offering all-time-low returns to transparent, technology-powered, global investments with high rewards, which will become the store of value asset within our digitally-native economy.
- **Facilitate a cheaper, safer and smarter way to exchange value** between people and businesses. Thanks to Open Banking, we are able to transition from slow, fragmented and expensive payments networks to real-time, data-enriched and cheaper bank-to-bank payments with instant authorisation and settlement. As a result, we can eliminate the need for card networks and card payments once and for all, and enable seamless transactions, in traditional and digital currency.

At Mode, our mission is to spearhead these developments and help accelerate the world's transition to a truly digitally-native world, where exchanging value and creating wealth become seamless for all. We are embracing the power of Bitcoin and Open Banking to build products and services that deliver value and efficiency to all participants in the financial system.

Business Review

The Team

Directors

Jonathan Rowland

Chairman

Ryan Moore

Director

Richard Morecroft

Director

Rita Liu

Director

Gary Wilkinson

Director

Executive Team

Ryan Moore

Chief Executive Officer

Rita Liu

Commercial

Richard Morecroft

Operations

Jonathan Conway

Technology

Janis Legler

Product

Ariane Murphy

Investor Relations

Nathalie Hoon

Legal

Richard Stones

Finance

Shelley Schachter-Cahm

Compliance

2020 Highlights in a Snapshot

January
- Launch of Mode App Minimum Viable Product (MVP)

April
- Introduction of Bitcoin Jar (5% APY on Bitcoin)

July
- Launch of free and instant Open Banking top-ups feature

August
- Appointment of Rita Liu as CCO
- Launch of free and instant Bitcoin transfers

October
- Mode IPO (£7.5m raised) – London Stock Exchange Main Market listing
- Adoption of Bitcoin as treasury reserve asset

November
- Purchase of remaining stake in payments subsidiary
- 950% increase in Mode App trading volumes (vs. August 2020)

December
- Mode no #2 in the App Store
- 1,500% surge in Mode App trading volumes (vs. August 2020)

2020 Highlights Explained

Covid-19 caused unprecedented disruption to people and businesses around the world in 2020. Within the UK financial services sector, we saw an acceleration in the appetite for alternative investment products generating above-average returns such as Bitcoin, which offers scarcity and resistance to inflation in times of unprecedented quantitative easing. At Mode, we were able to take advantage of this opportunity and prove that our business model will have a strong future in the post-Covid-19 world.

It also became clear that with the extraordinary shift to digital in every aspect of business, including advertising, loyalty and payments, our upcoming payments solution was more relevant than ever, and will have the potential to reach high levels of adoption, as businesses look for new ways to boost their e-commerce engagement efforts in our new digital-first world.

Additionally, our capacity to quickly adapt to the changes brought about by the pandemic and our use of smart modern technology enabled us to embrace remote working and ensured business continuity as well as business growth. We were able to successfully execute our plans for 2020 and reached the following key milestones:

January – Launch of Mode App MVP

In January 2020, we officially launched the iOS Minimum Viable Product (MVP) of our Mode app on the App Store, which was in a testing phase until the end of the summer of 2020. The launch marked the beginning of our journey to become the go-to financial app for growing wealth and spending smarter, reaching our first 1,000 downloads one month after launch.

April – Introduction of the Bitcoin Jar

At the start of Q2, we rolled out our new interest-generating product for Bitcoin within the app – the Bitcoin Jar. Through the Bitcoin Jar, customers were able to earn a reward rate on their Bitcoin holdings and receive their payments weekly.

July – Launch of Open Banking top-ups

Looking for new ways to improve the customer experience and reduce money transfer friction, in July we became one of the first companies in the cryptocurrency space to introduce Open Banking top-ups, allowing Mode customers to top up their account instantly and seamlessly from high-street banking apps without leaving the Mode app or having to enter any details.

August – Appointment of ex-Alipay executive Rita Liu as Chief Commercial Officer and introduction of instant Bitcoin transfers

In August, we announced the appointment of ex-Alipay UK CEO Rita Liu as Mode's Chief Commercial Officer, serving as a Director on the board. This was an exciting addition to the team as Rita played an instrumental role in building Alipay's operations in Europe, essential for the expansion of our business-focused arm, Mode for Business.

To help us turn Mode into a one-stop shop for easily managing, buying, selling and transferring Bitcoin without cost, in August we also introduced free and instant Bitcoin transfers for Mode customers. This enables Mode customers to send and receive Bitcoin to and from other customers, anytime, anywhere, for free (without paying for Bitcoin blockchain fees).

October – Mode's IPO

October marked a historical moment for Mode as we became one of the world's first companies with a consumer-facing Bitcoin offering to become publicly listed. By conducting an IPO on the London Stock Exchange Main Market – one of the most reputable stock exchanges in the world – we sent a strong message of longevity and credibility to the world.

That same month, we announced that we adopted Bitcoin as a treasury reserve asset, allocating up to 10% of our cash reserves to purchase Bitcoin. We made this decision to demonstrate our endorsement of the potential of Bitcoin as a modern, reliable store of value, and to diversify risk for our investors at a time when extraordinary monetary and fiscal measures could impact the value of country-backed currencies.

November - Purchase of remaining stake in payments subsidiary

In November, Mode officially announced that it had bought-out the 45% minority interest in one of its operating subsidiaries - JGOO Limited (operating as part of Mode for Business) - from Pure NZ Gateway Ltd. The purchase provided us with complete ownership of the technology and rights associated with the business, as well as a direct relationship with our preferred partners, technology giants Tencent and Alipay.

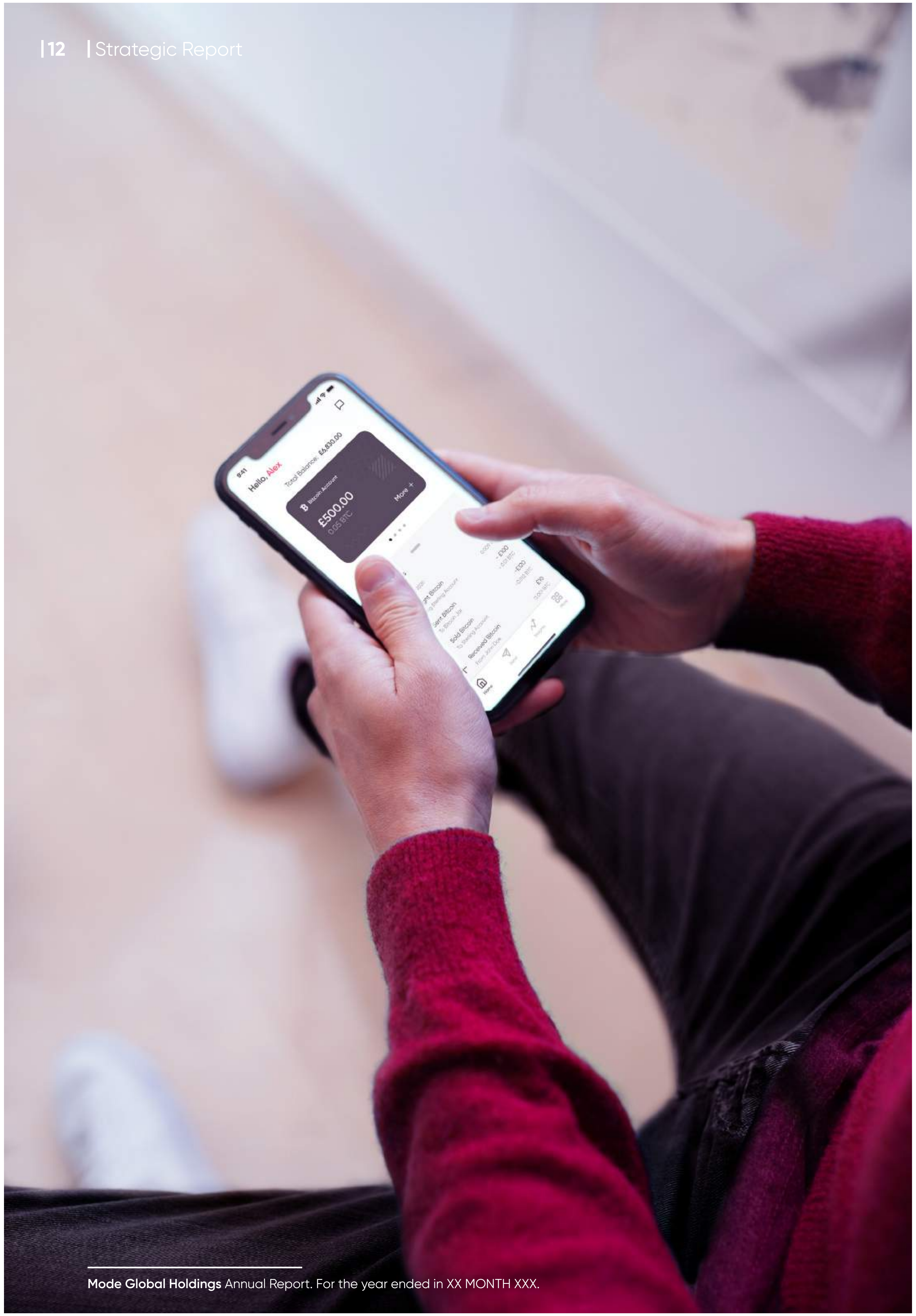
By securing this technology and taking full control of the business, we were able to demonstrate our commitment to underpin the business' future strategy and support our long-term mission of seamlessly connecting consumers and businesses.

November - 950% increase in app trading volumes

Bitcoin's price rallied month on month from August to November, gaining as much as 75%, which resulted in record breaking trading volumes and assets under custody for Mode. Mode app customers traded 950% more Bitcoin in November compared to August and assets under custody increased by 210%.

December – Ranked no #2 in the App Store and hit record trading volume

In December, our numbers grew further allowing us to hit our yearly trading volumes record, 1,500% surge compared to August's numbers. We also reached a record high for active app customers, leading us to No2 in the UK App Store's finance category and being ranked above all high-street banks in the UK. Bitcoin breaking its 2020 all time high record of $20,000 attracted many first-time Bitcoin investors looking for a safe and easy way to get involved in crypto assets.



Mode App: Key Performance Metrics

The Key Performance Indicators (KPIs) displayed below were used to monitor the performance of our Mode App in 2020.

130%

Average month on month trading volume growth

£3,555

Average Bitcoin balance per customer with positive BTC balances (in GBP)*

£2,735

Average trading volume per trading customer (in GBP)*

72%

Of trading customers are repeat buyers (traded more than once)

5 Stars

76% of our reviews on Trustpilot were 5 stars/ Excellent.

*Exchange rate as of 31 December 2020 (1 BTC = ~£21,198)

Please note that these metrics will likely change in the next Annual Report as new products and services are added to the Mode app.

Bitcoin: Trends & Adoption

2020 was the strongest year on record for Bitcoin as it hit historical records and secured adoption by major banks and institutions.

Over two years ago, we chose to embrace Bitcoin as a vehicle for financial empowerment for our consumers and investors. Today, our confidence in its long-term value is stronger than ever as a result of the challenges of Covid-19 and global economic uncertainties.

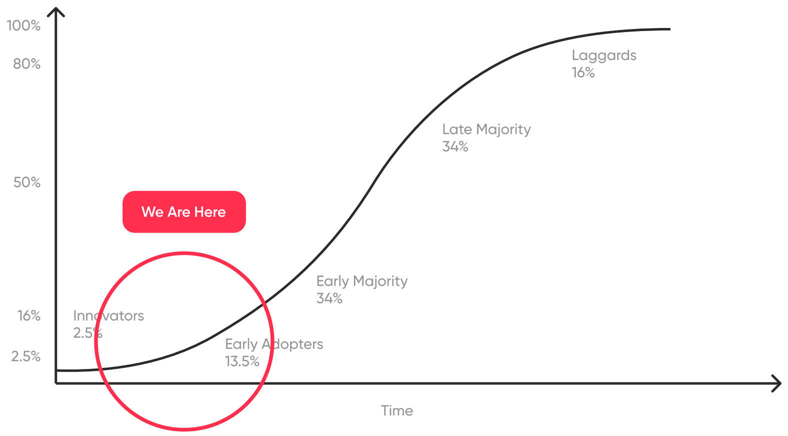
In 2020, Bitcoin became significantly de-risked as an asset class as incumbent financial services players including traditional U.S. banks and payments giants launched cryptocurrency-related services including custody, investment and compliance solutions. Advanced regulatory frameworks were put in place by major regulators around the world, including banking charters for crypto companies. All of these developments resulted in reduced regulatory and technology risk, and thus contributed to Bitcoin's de-risking as an asset class.

Significant quantitative easing by central banks has also highlighted the need for inflation-resistant assets. Over the last decade, many nations have experienced systemic banking crises such as Venezuela (2010), Greece (2013) and Cyprus (2010). This has increased demand for assets whose supply is limited and cannot be manipulated, such as Bitcoin.

In terms of demand, Bitcoin has seen its adoption rate grow faster than mobile phones, the internet and virtual banking. In just 12 years, Bitcoin has transformed from a concept on a whitepaper to a dominant digital asset worth circa $750 billion (as of the time of this report) in market capitalisation, with a large and growing retail and institutional following. We believe that this growth trend will continue to accelerate, and that Bitcoin is just at the beginning of the adoption curve.

At Mode, we intend to take advantage of this structural shift by offering a robust and convenient platform for investors to buy and hold Bitcoin and access it 24/7 using their smartphones. We will continue to leverage our position as a pioneer in the cryptocurrency space and our compliance-first approach to capture the growing demand for the emerging asset class. We also plan to launch new products to make Bitcoin more accessible and bring it to a wider consumer audience.

Cryptocurrency Adoption Curve



Impact of Mode's IPO

In 2020, Mode became one of the first UK companies to list on the London Stock Exchange with a consumer-facing Bitcoin offering, in a move to bring credibility to the crypto space.

Listing on the LSE in October 2020 marked an important step towards cementing our position as a pioneer as well as promoter of transparency and accountability in the UK financial services sector.

As a business offering Bitcoin services, it was important to demonstrate our ability to comply with regulatory requirements and heightened scrutiny from the Financial Conduct Authority (FCA) in order to build trust and credibility in the market. Many stakeholders including regulators, politicians and investors have criticised cryptocurrencies, making it ever more vital to provide a regulated vehicle that customers could trust when buying and holding Bitcoin.

Through the IPO, retail investors were able to gain access to an early stage fintech building innovative and disruptive financial products. In the UK, Mode is currently the only publicly listed fintech with a Bitcoin consumer-facing offering.

Today, Mode is a trustworthy and credible player who has successfully attracted customers who believe in our product today and where it is headed. We are seeing a growing number of retail investors buying into our business and ready to follow us through every stage of growth.

Official Virtual IPO Ring Bell Moment on Zoom

Partner Network

In 2020, Mode established key strategic partnerships with best-in-class providers to deliver high-quality products with quicker time-to-market.

Since inception, our approach at Mode has been to enter strategic partnerships with specialised vendors when appropriate. This has allowed us to launch high-quality products with quick time-to-market and build an infrastructure that satisfies the security, compliance and scalability standards of our stakeholders.

Various failed crypto ventures and the collapse of German payments company Wirecard have proven the importance of having strong and carefully vetted partners for an emerging fintech business. We have a rigid partner selection and due diligence process to ensure our partners provide the best outcome for our customers and other stakeholders, including our regulators, whilst having our own commercial interests in mind.

We are confident that we are utilising industry-leading Software-as-a-Service (SaaS) providers for core business functions such as digital asset custody and liquidity provision, core banking, and compliance. This way, we can focus on building core competencies that seek to achieve competitive advantages in the market and to provide added value internally, particularly within our marketing, business intelligence and operations functions.

Once certain business objectives have been achieved, we aim to build out core functionalities while developing value-added differentiator services and bespoke proprietary systems that further add value to the technology stack and customers.

Our strategic partners are industry-leading in three key aspects:

Technology

Our products and internal platforms are designed to be cloud native, extremely scalable and utilise Zero Trust design for security. The third-party providers that we integrate with have modern Application Programming Interfaces (APIs) with best-in-class capabilities that offer differentiating and greater potential over legacy financial services players. This cloud native and modular architectural approach allows us to remain flexible while ensuring the highest degree of stability and scalability.

Security

In dealing with customer funds and corporate treasury, we provide the highest level of security through our partners who offer asset custody, both for e-money and crypto.

On the e-money side, we have entered a strategic partnership with UK-based E-Money Institution (EMI) Modulr, who provide a regulatory umbrella for e-money accounts, access to Faster Payments and hold funds directly with the Bank of England. Modulr is well-funded and allows us to offer a highly scalable payments infrastructure through their industry-leading, API-first technology stack.

With regards to crypto custody and liquidity provision, we have established key partnerships with leading global companies. For custody, BitGo provides highly secure custody for crypto assets and insurance coverage up to $100m is provided by Lloyds of London for assets held in cold storage. We have integrated BitGo's technology stack in a way that enables instant Bitcoin deposits and withdrawals for customers, with a neo-bank-like experience.

Compliance

At Mode, we aim to be at the forefront of compliance in everything we do. In order to comply with UK regulatory requirements, we have integrated market-leading SaaS providers into our technology infrastructure for onboarding, account verification and transaction monitoring. We utilise providers that are powered by state-of-the-art technology and artificial intelligence to ensure the highest level of convenience, mitigate risk and operational overhead, whilst providing the best customer experience for customers.

Bitcoin Investment Strategy

Mode was the first UK public company to officially announce the adoption of Bitcoin as a treasury reserve asset.

At the core of Mode's business strategy lies protecting shareholders' assets and maximising their value. Rather than allocating all of its reserves into near-zero and even negative yielding, common treasury assets such as cash, savings or bonds, we chose to execute an innovative investment strategy and adopt Bitcoin as a treasury reserve asset.

In October 2020, we announced the decision to **allocate up to ten percent (10%) of our cash reserves to purchase Bitcoin**, making us the first publicly listed company in the UK to officially announce a significant purchase of Bitcoin as part of its treasury investment strategy.

We have always recognised the potential of Bitcoin as a reliable store of value and a highly attractive investment opportunity for companies. Bitcoin was significantly de-risked in 2020, due to a series of events that reduced its regulatory and technology risk (as stated earlier in this report), and provides an asymmetric return profile due to its inherent characteristics of being the only financial asset available whose supply is truly scarce and finite.

Bitcoin's limited supply is fixed by code, cannot be altered and has been historically characterised by its halving cycles. Bitcoin's protocol is programmed to reduce mining rewards by 50% every four years which have historically been followed by bull markets as demand overwhelmed the reduced supply (2013, 2017). The latest halving event happened in May 2020.

If the demand for Bitcoin continues to rise, Bitcoin's price is expected to increase in the coming years, making it a **rewarding use of the firm's treasury funds**. We have reasons to assume that demand will continue to increase as:

- Institutions have been increasingly announcing that they are entering the cryptocurrency space;
- Many family offices and endowments have been building positions;
- Digital wallets and retail investment platforms are adding cryptocurrency services to their offering;
- Publicly listed and private companies have been adding Bitcoin to their balance sheets.

Financial Review

Performance of the business during the period and the position at year end.

Revenue for the year increased significantly from £2k to £450k, with a limited marketing spend of £188k. This was attributable to the launch of our Bitcoin trading functionality, as well as the Global Services payments platform, which saw a significant increase in both payments and marketing activity, as UK merchants took advantage of the online ecommerce payment platform to connect with the sizable Chinese consumer base via WeChat and Alipay.

Trading conditions were strongest in the last quarter of the year as we benefited from Bitcoin's increase in retail and institutional following, the publicity from the IPO in October, as well as from adding Bitcoin to our balance sheet at a similar time to when other large financial institutions were announcing their involvement in cryptocurrencies.

Administrative expenses were £3.7m (2019: £2.3m) increasing by £1.4m (63%) during the period. This was driven by higher people costs (£0.8m), a share option expense of £0.3m and £0.3m of additional fees from the IPO.

The unwinding of the Convertible Loan note and the expected discounted payable interest for the loan note having reduced, resulted in Investment Revenue of £360k.

Finance Costs fell slightly to £284k (2019: £312k) due to the shorter effective interest period as the convertible loan note passed a trigger event from the IPO on 5th October 2020, converting both the principal and interest into equity.

Cash Balances ended the year at £5.4m (2019: £2.6m). The increase reflects the £7.5m gross funds raised from the listing, further bolstered by the additional equity placing in February 2021 for £6m (see post balance sheet events).

Lastly, Other Comprehensive Income reflects the £455k increase in our Bitcoin investment, an increase of 120%. This was the result of our Bitcoin Investment Strategy to allocate up to 10% of the funds raised at IPO to invest in Bitcoin.

Some of the Key Performance Indicators used to monitor the success of our business are set out on page 12 and 13. These will likely change in the next Annual Report as new products and services are added to the Mode App.

Strategy in 2021

Our strategy for 2021 is focused on continuing to build the products and services that form the Mode Ecosystem, as well as accelerating early customer and merchant growth.

Launch the Mode Ecosystem

At Mode, we are on a mission to build an all-encompassing ecosystem that offers people a one stop shop for growing wealth and spending smarter. For businesses, the ecosystem promises a cheaper, safer and smarter way of accepting payments and boosting loyalty amongst customers.

The key features we are launching in 2021 include:

E-commerce payments

By leveraging the power of Open Banking and the rapid adoption of QR codes as a result of Covid-19, our new e-commerce payments solution facilitates direct and seamless transactions in GBP between businesses and Mode customers that are cheaper and safer, and deliver instant authorisation and settlement.

By building our own payment rail, we are able to bypass the Card Schemes and work with merchants directly, enabling the building of a frictionless ecosystem where the relationship between customers and merchants is facilitated end to end by Mode.

This new solution gives us an edge over the competition, as today most fintechs launch payment cards, a decision that ties them to the interchange fees and limitations imposed by the Card Schemes.

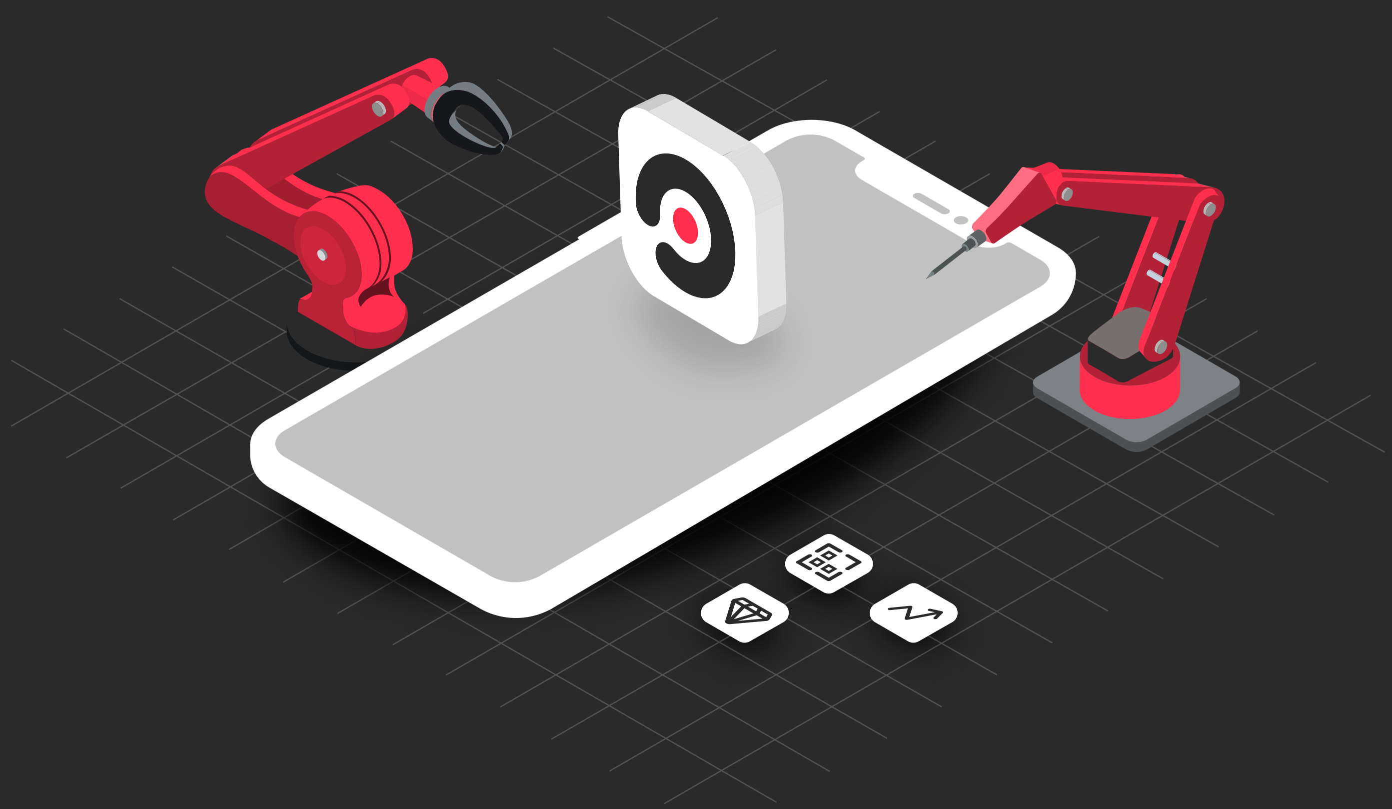
Bitcoin rewards

Our Bitcoin Rewards offering will see customers receive rewards, in the form of Satoshis (the smallest unit of a Bitcoin), for performing certain actions in-app and making online purchases via Mode merchants, enabling us, as Mode, and our businesses to reward customers for their loyalty.

The amount of Bitcoin Rewards customers receive will vary depending on the action performed and the merchant's industry. We will earn an affiliate fee for each eligible merchant transaction, in line with our strategy to monetise our merchant base going forward.

Loyalty & targeted offers

We will build a loyalty and rewards engine that leverages transactional as well as behavioural insights from customers, giving merchants the ability to drive engagement through targeted loyalty and discount offers to existing and new customers.



Strategy in 2021

Accelerate user and merchant growth

We have invested in minimal marketing since the launch of the Mode App, yet have achieved 52,000+ new app customers and 100+ 'Global Services' merchants onboarded as of 04 June 2021. Customer Bitcoin trading volumes reached £19.8m January - May 2021.

In 2021, particularly in the second half, after the payments and rewards features have launched, we will accelerate customer and merchant growth by ramping up our marketing spend and widening our target market to digitally-native millennials and gen-Z, not just Bitcoin investors. We will aim to target app customers through advertising and community building, as well as investing in co-marketing partnerships with merchants.

We will target e-commerce businesses through a robust sales and marketing approach, focusing on large influential merchants to drive scale, network effects and brand recognition, and SMEs to accelerate market penetration. To ensure the highest degree of compatibility with SMEs, we will develop integrations with e-commerce platforms such as Shopify, Woocommerce and Magento, ensuring that the service delivery is as easy as possible, and that adding it to a store's check-out page will only be a few clicks after signing up with Mode. Large merchants usually have their own systems so the integration will be bespoke in most cases.

Our growth strategy will focus on intelligently targeting customers and merchants who can bring value to the ecosystem and can contribute to generating revenue, from a Bitcoin trading as well as payments and rewards perspective, from early on in their journey with Mode.

Build market share in key verticals

Initially, we will focus on building our presence in key e-commerce verticals, including fashion apparel, food, consumer electronics, cosmetics/beauty, jewellery, home apparel, education, sportswear, game/e-sports and travel verticals.

Offline and brick-and-mortar verticals, such as high-street retail, supermarkets, restaurants, stadiums, etc. will become a target once in-store payments are launched. Equally, once the recurring payments feature is available, we will aim to build market share in subscription verticals such as gyms, SaaS providers and entertainment subscriptions.

Diversify revenue streams

In 2020, we generated revenue from Bitcoin trading, the Bitcoin Jar and from Mode's Global Services payments and marketing services (through WeChat and Alipay). With our new payments and loyalty solution, we will operate a diversified revenue model which will bring income from the following additional sources:

Payment transactions - We will charge businesses a percentage fee for every transaction between a customer and a merchant. We will control the entire value chain and therefore will achieve higher profit margins as we do not need to pass any fees onto the Card Schemes.

Bitcoin rewards – We will operate Bitcoin rewards as a revenue share/affiliate marketing programme. This means that we will charge businesses a commission (in percentage terms) for every sale where cashback is offered.

Beyond 2021, we will look to further diversify our revenue streams and bring income from a wider range of other high-value, stable sources, including:

From consumers:

- Consumer credit/lending
- Premium subscriptions - access to lower trading fees, higher reward rates and offers etc.

From businesses:

- Payments (in-store payments)
- Business lending
- Ongoing membership fee (basic and premium) - varying access to insights and targeting, customer support and technical assistance.

Increase Global Services sales

Through our partnerships with Tencent and Alipay, we are able to connect UK businesses with a growing consumer base from China through the payment methods they are most familiar with - WeChat Pay and Alipay. In 2021, we will focus on growing our Mode Global services merchant base through direct sales and partnerships. We will also leverage the merchant base of the Mode app, expected to grow at a faster pace, to cross-sell our global payments and marketing services. With the expected economic recovery and rebound of tourism during 2021, we anticipate an increase in our payments and marketing revenue in 2021.

Attract international investors

Beyond product development and sales, our goal is to increase brand visibility for the Mode brand internationally, to help boost liquidity and build a strong and diversified shareholder register supporting the growth of the business.

We aim to join the OTCQB Venture Market in the US in order for our shares to be cross-traded publicly and become more widely accessible to US investors. The listing will allow us to capture the growing appetite from US investors to invest in public fintech companies with a cryptocurrency offering. We will aim to upgrade to OTCQX Best Market in due course in order to capitalise on wider PR and marketing opportunities, as well as list on other exchanges around the world.

Secure FCA licences and registrations

It is our goal to provide regulated products for our customers and merchants so that they can feel safe using our services. We are currently in the process of applying for both an Electronic Money Institution (EMI) licence (for e-money purposes), as well as a registration under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended (MLRs), (compulsory for crypto asset businesses conducting activities in the UK within the scope of the MLRs), from the Financial Conduct Authority (FCA). We are in advanced stages of our applications and in continual conversations with the FCA to ensure our business remains compliant.

Approach to Risk

In 2020, we focused on improving our approach to risk management and how we track and mitigate risk.

We implemented measures to reduce technology and information security risk and growing the technology team to prepare for the growth expected in 2021. Covid-19 has seen an unprecedented impact on how our business operates and we have adapted well to working 100% from home. This global situation has brought about greater focus on ensuring we plan and manage for business continuity and we have continued to develop our risk management framework through the Risk Register which is continually updated and managed by the Executive team. This is facilitated through a regular cadence of meetings and decision points to ensure management remains informed and has all the information they require to make decisions quickly.

Risk focused approach - Embedding in our culture

The day-to-day focus on risk is already embedded in our approach and culture. However, our objective is to enhance our understanding and management of risk and control across the business by:

- recording risk, mitigations and actions plans in the Risk Register;
- embedding risk and control in all our thinking and in decisions;
- identifying the most significant risks within from operations, taking appropriate actions to address and mitigate them;
- challenging our strategic planning from a risk and control perspective.

The Board oversees and reviews our approach to risk and control, with responsibility for risk management sitting at all levels across Mode – including the Board, the Executive Committee and all members of the teams. During 2021, we will continue to improve our management of risk at Mode with the development of an enhanced risk management framework and improvements in action plans.

Types of risk

Our approach covers different types of risk, including:

- Business strategy risk
- Product risk
- Regulatory risk
- Operational risk
- Technological risk

Additionally, we track emerging risks which while not seen as impacting the business yet are changing rapidly.

Approach to Risk

Type of Risk	Details
Business strategy risk	Mode's business strategy risk can be summarised as the potential impact of strategic decisions (which can include providing new products and services) or a defective or inappropriate strategy, including a lack of response to a situation. At Mode, we take a proactive and agile approach to strategic risk management. Using risk prioritisation processes allows us to direct our resources toward the risks with the biggest potential impacts. Through continual research and iterative processes, we ensure decisions are made that allow the business to adjust and respond to changes as necessary. This includes changes in the legal or regulatory landscape, market adoption and competition. This approach means we can be flexible and responsive whilst continuing to deliver our business aims and objectives.
Product risk	Launching any product or service creates the potential for losses, born from a variety of issues including poor planning and non-adherence to regulations or standards. We deal with product risk through a combination of research, effective planning, consultation with experts, e.g. legal opinions, and an incremental and feature-led roll out. Through extensive engagement with relevant experts and customer groups, we have developed a product roadmap and delivery schedule that is informed, measured, and flexible. This allows us to minimise the risk of any losses, from inception to live, whilst allowing the business to quickly respond to opportunity, adapt to market conditions and quickly rectify issues. Our products and services reflect our desire to treat customers fairly and are developed under the FCA's Treating Customers Fairly (TCF) principles to ensure we provide positive customer outcomes and minimise the risks of breaching regulations and standards.

Type of Risk	Details
Regulatory risk	Regulatory risk is the effect of failure to comply with laws and regulations and any changes therein. The UK regulation under the FCA is mature and well understood. The FCA's recent steps to mandate the registration of cryptoasset businesses under Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended (MLRs) show a proactive approach, providing greater clarity to Mode. As previously mentioned, we are active in having conversations with the regulator and continue dialogue to ensure our business remains compliant. Our partnership with Modulr allows us to work together to anticipate changes, adapting the business as required to minimise impacts.
Operational risk	Operational risk covers the uncertainties and difficulties we face on a day-to-day basis. We have created an efficient governance and management structure to ensure we can systematically monitor, manage and control factors affecting our operation. This structure is agile and responsive to new challenges with decisions made quickly to minimise disruption and ensure business continuity. As the business grows, our operational structure and governance are adapting to increased demand and new challenges. We employ experienced people to anticipate these changes, preparing through scenario planning and practice, ensuring resilience is in place. We actively manage the risk that our operations adversely impact customers or our competitive position to ensure positive outcomes for our customers and the business. We are always learning and therefore improving our approach in ensuring we have a robust and efficient operation.

Approach to Risk

Type of Risk	Details
Technological risk	Technology risk is the potential for any technology failure or cyber incident to disrupt the business. At Mode, technology is at the core of our operations, so we manage technology risks proactively and appropriately. Our approach focuses on de-risking several areas including: • internal system failures • external third-party failures • security breaches • malicious attacks We take a proactive and continual approach to mitigate these risks through cutting-edge and intelligent design, systems redundancy, continual security/penetration testing and activity monitoring. This continual approach is adapted to respond to new products, scale and new threats. As a holder of digital assets, we have developed strong security procedures and protocols to minimise the chances of breaches. As previously mentioned, we partner with best-in-class digital asset custodians who are insured for loss of assets in cold storage. Our operational and financial governance processes ensure minimal exposure to losses through an unlikely breach, whether that be external or internal. Our staff are trained to combat social engineering bases attacks, and our customer-facing technology requires multi-layer authentication in order to combat fraud.

Responsibility for preparing the Annual Report and Accounts

Under section 172 of the Companies Act 2006, the Board is required to consider the interests of stakeholders across the business in our decision making.

The requirements of section 172 are for the Directors to:

- Consider the likely consequences of any decision in the long term,
- Act fairly between the members of the Company,
- Maintain a reputation for high standards of business conduct,
- Consider the interests of the Company's employees,
- Foster the Company's relationships with suppliers, customers and others, and
- Consider the impact of the Company's operations on the community and the environment

The Board has demonstrated our commitment to the ongoing consideration for stakeholder interests through this report including on the pages 36 and 37 and in the Corporate Governance and Stakeholder sections. The Board is responsible for maintaining adequate accounting records and seeks to ensure compliance with statutory and regulatory obligations. An explanation from the Directors about their responsibility for preparing the financial statements is on page 43 in the Statement of Directors' Responsibilities. The Company's external auditors explain their responsibilities on pages 51 and 52.

On Behalf of the Board

Jonathan Rowland
Chairman

Corporate Governance

Corporate governance statement

Our Board has a collective objective of promoting the long-term success of Mode for its shareholders and provides dedicated leadership in the development and promotion of the business' strategy, and the monitoring of its implementation, on an ongoing basis. A key part of our Board's role is ensuring that we have the appropriate people, financial and other resources to achieve our aims.

As a company with a Standard Listing, we are not required to comply with the provisions of the UK Corporate Governance Code. The directors have decided, so far as is practicable given our size and nature, to voluntarily adopt and comply with the QCA Corporate Governance Code. Our Board maintains governance structures that are fit for purpose and support good decision making.

Board activity

Our Board's meeting schedule for 2021 has been approved and our Board will meet formally at least four times during the year with additional ad hoc meetings called as and when appropriate, as was the case in 2020. Our Board's activities throughout the year are underpinned by our external reporting calendar and our internal business planning processes. A rolling annual agenda ensures that all important topics receive sufficient attention. Standing agenda items provide an anchor to the strategy and provide our Board with a consistent view of progress during the year.

At each Board meeting the standing agenda includes:

- quorum;
- approval of minutes (circulated to all directors in advance for comment) and review of outstanding actions;
- corporate governance and Committee reports;
- reports from the Chairman, including key business developments;
- and financial and operational review.

The agendas and accompanying papers are distributed to Board members in advance of each Board meeting. These include reports from Executive Directors, and other members of the Executive team, as appropriate. All directors have direct access to the Executive team and other senior management should they require additional information on any of the items to be discussed.

Expertise and experience of the directors

Our Board is satisfied that the directors, both individually and collectively, have the range of strategic and commercial experience, knowledge, diversity of experience and dedication necessary, to lead Mode. Our Board is responsible for the appointment, removal and re-election of directors and when such a decision is required it will take account of our need for a balance of market, operational and financial experience.

Appointment of directors

Mode's Articles of Association contain detailed rules for the appointment and retirement of directors. There is a formal procedure in place to select and appoint new directors to our Board. These directors are

Corporate Governance

required to retire at the next Annual General Meeting (AGM), but can offer themselves for re-election by shareholders. Under the Articles, all directors are required to submit themselves for re-election at intervals not exceeding three years.

All of the directors shall retire and, being eligible, each offers themself for reappointment by the shareholders at the AGM.

Independence of the Non-Executive Directors

As at the date of this report, our Board comprised the Chairman, the Executive Directors and the Non-Executive Directors. We have not appointed a senior independent director. These appointments are reflective of our size and nature as a company, and the size and composition of our Board. We are looking to appoint independent Non-Executive Directors in the future.

Circumstances likely to impair, or which could appear to impair, a director's independence include whether a director participates in our share option scheme. As an early stage company, we have granted options to Non-Executive Directors under Mode's share option scheme. Our Board does not consider that the granting of options to Non-Executive Directors, or the continued vesting of options already granted, impairs the independence of those directors concerned.

Committees and Policies

Our Board has delegated certain responsibilities to members of the Executive team which can be exercised through committees, approved policies and guidance for certain functions of the business, including:

- Audit Committee
- Disclosure Committee
- Remuneration Policy
- Share Dealing Policy
- Internal Policies - Anti Bribery and Corruption (ABC), Whistleblowing, Anti-Fraud, Know Your Customer (KYC) and Anti Money Laundering (AML)
- Diversity and Inclusion Guidance

The matters reserved for the Board and its Committees include:

- Group strategy, which is reviewed by the Board and management regularly during the year;
- Group's Budget approval;
- risk management approach and risk mitigation;
- direct shareholder communications;
- Board membership and other appointments;
- Corporate governance matters; and
- Remuneration of directors and the Executive team.

The Board as a whole will review the Board's size, structure and composition and scale and structure of the directors' fees, taking into account the interest of shareholders and our performance as a company.

Audit Committee

The Audit Committee, which comprises Gary Wilkinson and Rita Liu, are responsible, amongst other things, for monitoring Mode's financial reporting, external and internal audits and controls, including reviewing and monitoring the integrity of our annual and half yearly financial statements, reviewing and monitoring the extent of non-audit work undertaken by external auditors, advising on the appointment of external auditors, overseeing our relationship with external auditors, reviewing the effectiveness of the external audit process and reviewing the effectiveness of our internal control review function. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The Audit Committee gives due consideration to laws and regulations, the applicable provisions of the UK Corporate Governance Code and the requirements of the FCA's Listing Rules.

Disclosure Committee

Our Board has delegated to the Disclosure Committee responsibility for overseeing the disclosure of information by the Company to meet its obligations under the Market Abuse Regulation, the FCA's Listing Rules and the Disclosure and Transparency Rules. The Disclosure Committee is chaired by the Company Secretary or the Chairman and comprises the Chairman, the Company Secretary/General Counsel (Nathalie Hoon), the Chief Operations Officer (Richard Morecroft) and the Chief Investor Relations Officer (Ariane Murphy).

Remuneration Policy

Refer to the Directors' Remuneration Report on page 45.

Share Dealing Policy

We have adopted a share dealing policy which sets out the requirements and procedures for dealings in any of our listed securities. The share dealing policy applies widely to all directors of Mode and our subsidiaries, certain employees' and persons closely associated with them. The policy complies with the Market Abuse Regulations, which came into effect on 10 July 2016 and was transposed into UK law on 31 December 2020.

Internal Policies

We have an Employee handbook in place which details our expectations of employees and promotes an open culture. This is supported by policies covering Anti Bribery and Corruption (ABC), Whistleblowing, Anti-Fraud, Know Your Customer (KYC) and Anti Money Laundering (AML). Training and testing is undertaken to ensure the team are aware and compliant with these policies.

Diversity and Inclusion Guidance

Specifically in terms of Diversity & Inclusion, we believe in building accessibility, transparency and credibility around digital assets, and we've made it our mission to propel an unprecedented wave of democratisation and inclusion.

We strongly believe that creating a diverse team and a culture of inclusion is absolutely essential to our business success. We simply cannot build a product that is accessible for all without ensuring that our team is both representative of our customers and the general population as a whole, and that everyone at Mode feels comfortable speaking up, contributing to the discussion, and bringing their whole, authentic selves to work.

Corporate Governance

We are, and always have been, committed to baking inclusion into our processes and ways of working, and promoting equality of opportunity in everything we do. Whilst we recognise that we've made strong progress in some areas (for example, our gender split across the business is slightly ahead of our sector average, and our gender split within the Executive team sits well above average), we know that we still have work to do.

It goes without saying that we do not accept discrimination, harassment or bullying of any kind.

Risk management and control

The Board is responsible for promoting our company's long-term success for the benefit of shareholders, as well as taking account of other stakeholders including employees and customers. This includes ensuring that an appropriate approach to risk is embedded throughout the Group, taking into account both opportunities and threats. To discharge this responsibility, the Board has established processes for risk management and internal control and reserves for itself the setting of our risk appetite as a business.

The Board retains ultimate responsibility for our approach to risk and control, but has delegated in-depth monitoring of the establishment and operation of prudent and effective controls to the Chief Operations Officer.

Members of the Executive team are responsible for the application of internal control and risk management, for implementing and monitoring the operation of the systems of internal control and for providing assurance to the Chief Operations Officer and the Board.

Stakeholders

The Board believes that maintaining strong stakeholder relationships is essential to our long-term, sustainable success, and is committed to effective engagement with all stakeholders within Mode.

Our shareholders

We are committed to establishing a strategy and business model which promotes long-term value for shareholders.

The Board also aims to be transparent and have open engagement with our shareholders. This enables the Board to clearly communicate its strategy, provide updates on business performance and receive regular feedback. It also gives the opportunity to respond to questions and suggestions.

At Mode, we provide regular updates via RNS and RNS Reach, as well as social media publications. The Chief Investor Relations Officer provides regular reports to the Board on shareholder interactions. Shareholder communications, such as our trading results, half-year results, Annual Reports, notices of general meetings and other information, are provided on our investor website at www.modeplc.com. Shareholders can sign up via our website to receive automated email alerts when news and updates are published.

Our people

Our team consists of a talented group of individuals who have strong alignment with our mission and share the same drive and passion as our customers. The Board regularly receives reports on HR-related matters and the individual directors spend time with employees across all departments. We recognise that our people are a key driver of our success, and therefore our HR and People focus for 2020 has been to establish strong HR foundations for the future of Mode, whilst also responding to the challenges that Covid-19 presented.

During 2020, and continuing, we have:

- looked to support our people with their wellbeing during the Covid-19 pandemic and lockdowns, including holding twice-weekly company meetings, virtual team events, creating the Mode internal newsletter, and introducing a Social Committee to help combat loneliness and isolation;
- launched our Mode Employee Handbook to document how we work, our expectations and to set out what it means to be part of the Mode Team.
- formalised our approach to HR, People and Culture;
- introduced enhanced background checking measures for all new joiners and conducted retrospective background checking for our existing team, to help to build trust and demonstrate our commitment to security and compliance. We have also introduced a clear escalation and risk assessment process and review for any failed checks;
- worked to improve candidate experience during the recruitment process including introducing training to better support our hiring managers.

Looking forward, we will:

- increase focus on performance management and development, making sure that everyone in the business understands their roles and responsibilities and what success looks like, and gets regular feedback on their performance;
- launch our Company Values which will act as the architecture and framework for steering behaviour and decision-making within Mode, enabling us to better screen for cultural alignment during recruitment and helping us maintain our culture as we grow;
- improve the mechanisms by which we listen to, and seek feedback from our people through pulse surveys, to better inform our People and HR planning, and so we can continue to improve our people's experience at Mode.

Our customers

Providing attractive products to our customers remains a key part of the Board's strategy. The Board is committed to maintaining an open dialogue with our customer base, including obtaining its feedback on our products and ensuring we treat customers fairly and provide effective customer service as well as support. The results of engagement with our customers are fed back to the directors to inform their strategic review and decision making.

We provide information and support to customers in an accessible format, including, for instance, through blog posts, email, FAQs, push notifications and in-app

Corporate Governance

messages. We very actively engage with customers as well as the wider community. We facilitate performance reporting to customers so that they may monitor their investments.

Our business partners

We work with a number of "best in class" business partners, which support us with a variety of specialist services. We seek to maintain a good business relationship with these partners, who are well-respected experts in their field.

Our business partners are critical to the success of Mode so we maintain good relationships with them all, built on mutual interest and trust, ensuring both parties continue to benefit from our success.

The selection of partners is done in a fair and transparent manner, the process driven by the need to ensure that we receive the services requested under a fair and competitive commercial agreement. Where possible, we engage multiple potential partners in our selection process, with both commercial and technical evaluation undertaken.

Importantly, our business partners must share our values and ambitions, supporting our missions and goals.

Financial Conduct Authority (FCA)

When considering proposed changes to our product offerings in the UK, the Board and Executive Committee carefully considered the views of the FCA, in addition to customer feedback, to ensure any new features or products fall within all applicable regulations, as well as being beneficial to our customers.

The Board ensures it is kept apprised of key legal and regulatory changes affecting the business to inform its strategy and decision making.

Directors' Report

The Directors present their report and the audited financial statements for Mode Global Holdings PLC for the year ended 31 December 2020.

The preparation of these financial statements is in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU and that apply to financial years commencing on or after 1 January 2020. The Group financial statements consolidate the financial statements of the Company and its subsidiaries. The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

Principal Activities

Mode Global Holdings PLC (MGH) is a holding company. It is the parent company of Mode Global Limited, a UK based company which was formed on 9th September 2015, JGOO limited, which was formed on 26th July 2016, and Fibermode Limited which was incorporated on 28th November 2018.

MGH's principal activity is being the parent company of a group of technology start-ups, including cryptocurrency and digital wallet (Mode), electronic payments, Greyfoxx (Mode for Business), and JGOO (Mode Global Services).

Business review and future developments

The review of the period's operations, future developments and key risks is contained in the Strategic Report. The directors do not recommend a final ordinary dividend for the period (2019: £nil).

Directors and directors' interests

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

- **Jonathan Rowland** (appointed 5th August 2020)
- **Ryan Moore** (appointed 25th September 2020)
- **Richard Morecroft** (appointed 5th August 2020)
- **Gary Wilkinson** (appointed 25th September 2020)
- **Rita Liu** (appointed 25th September 2020)

With regard to the appointment and replacement of directors, the Company is governed by its articles of association, the Companies Act and related legislation. The articles themselves may be amended by special resolution of the shareholders.

Directors' interests

The directors held the following beneficial interests in the shares of Mode Global Holdings PLC at 31st December 2020:

	Ordinary shares of 0.01p each	Issued share capital %
Jonathan Rowland (1)	18,973,559	23.6%
Ryan Moore (2)	6,506,094	8.1%

(1) As at 09 April 2021, Jonathan Rowland transferred his shares to JR Spac 1 Limited, a company wholly owned by Jonathan Rowland.
(2) Ryan Moore is a beneficial shareholder of Mode Global Holdings as a shareholder in both Keve Family Ltd Partnership and Tulham LLC.

The remuneration of the directors in Mode Global Holdings PLC who held office during the year to 31 December 2020 was as follows:

2020	Salaries (£)	Fees (£)	Long-Term Incentives (1)	Total
Executive Directors				
Jonathan Rowland	£25,321		£28,301	£53,622
Richard Morecroft	£25,000	£100,000	£84,902	£209,902

2020	Remuneration (£)	Fees (£)	Long-Term Incentives (1)	Total
Non-Executive Directors				
Gary Wilkinson		£27,372	£7,075	£34,447
Ryan Moore		£13,333	£7,075	£20,408
Rita Liu (2)	£95,538		£64,625	£160,163

(1) The Directors listed above were awarded unapproved share options as part of the Long-Term Incentives strategy. These were granted shortly after listing in October 2020. The values shown above are calculated based on their fair market value on grant of £0.18.
(2) Rita Liu is employed and paid by JGOO Limited.

Mode Global Holdings Plc Annual Report. For the year ended 31 December 2020.

Directors' Report

Events after the reporting date

Events after the reporting period are described in note 21 to the financial statements.

Financial risk management

Details of financial risk management are provided in note 3 to the financial statements.

Carbon emissions

The Group is mindful of carbon emissions and looks to obtain clean energy sources wherever possible. A low staff headcount and staff currently working from home allow the Group to maintain low emissions of less than 40,000kWH of energy consumed.

Political and charitable contributions

The Group made a £5,000 donation to registered charity, Imperial Health.

Substantial shareholdings

The Company has been advised of the following interests in more than 3% of its ordinary share capital as at 31st December 2020:

	%
Jonathan Rowland	23.6%
Ruskin Capital Ltd	13.9%
Roy Nominees Ltd	13.0%
Bonderman Family LP	4.4%
Tulham LLC	4.4%
Goldman Sachs Securities Nominees LTD	4.1%
Keve Family Ltd Partnership	3.7%
Yvonne Kelsey	3.3%
Pershing Nominees Ltd	3.0%
	73.4%

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with company law, which requires the directors to prepare group and parent company financial statements for each financial year. Under that law the directors have elected to prepare the Group consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and have elected to prepare the parent company financial statements under United Kingdom Generally Accepted Accounting Practice.

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 and of the profit or loss of the Group and the parent company for that period.

In preparing each of the Group and parent company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs as adopted by the EU, or whether UK Accounting Standards have been followed, subject to any material departures disclosed and explained; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also generally responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Information published on the website is accessible in many countries and legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. Each of the directors confirms that, to the best of their knowledge:

The Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Directors' Report

Statement of Disclosure to the Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

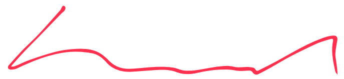
Auditors' appointment

Jeffreys Henry LLP has expressed its willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

Subsequent events

The events after the reporting date can be found in note 22.

Signed by order of the Board



Jonathan Rowland
Chairman

Directors' Remuneration Report

The information included in this report is not subject to audit other than where specifically indicated.

Remuneration policy

Mode has implemented a Remuneration policy to steer the board of directors in determining and providing oversight of the remuneration of the Company's Board, directors, and employees, ensuring that the Company is able to attract, retain and motivate suitably skilled personnel.

The Remuneration policy aims to ensure that remuneration across the Company is competitive, fair, aligned to the Company values and rewards the right behaviours that deliver value to the business.

The Remuneration policy covers the following aspects

- the determination of board members and (where appropriate) other senior management remuneration, ensuring that such remuneration promotes long-term success, is aligned with Company purpose and values; is compliant with all legal and regulatory requirements and is aligned to the company risk policies and appetites
- within the terms of the policy, and in consultation with the Chairman as appropriate, help determine the total individual remuneration package of each board member;
- the design of all long-term incentive plans within the Company; and
- determining the Company's overall philosophy and approach to remuneration for all staff, ensuring that it supports and takes into account the strategic objectives, purpose and values of the Company.

Directors' interests

The directors' interests in the share capital of the Company are set out in the Directors' report.

Directors' emoluments

The directors' salaries, fees and long-term incentive plans are also set out in the Directors' report.

Shareholder approval

At the next annual general meeting of the Company, a resolution approving this report is to be proposed as an ordinary resolution.

Independent Auditor's Report To The Members Of Mode Global Holdings PLC

Opinion

We have audited the financial statements of Mode Global Holdings Plc (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2020 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, company statement of financial position, company statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework (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 of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the group financial statement, Article 4 of the IAS Regulation.

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 Company 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 as applied to listed public interest entities, 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included reviews of expected cash flows for a period of 12 months, to determine expected cash burn, which was

Independent Auditor's Report To The Members Of Mode Global Holdings PLC

compared to the liquid assets held in the entity.

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 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.

Our approach to the audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation of five reporting units, comprising the Group's operating businesses and holding companies.

We performed audits of the complete financial information of Mode Global Holdings Plc, Mode Global Limited, JGOO Limited, Fibermode Limited and Greyfoxx Limited reporting units, which were individually financially significant and accounted for 100% of the Group's revenue and 100% of the Group's absolute profit before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units). The Group engagement team performed all audit procedures.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Carrying value of investments and recoverability of group receivables – Company Risk The amount owed to the Company at the year end by the subsidiary Mode Global Limited was £6,339k. The carrying values of investments in group companies was £27,490k.	We carried out a review of the investments held in the subsidiaries. Management's impairment workings were reviewed and the underlying assumptions audited. We reviewed management's basis for impairment across the Company and agree with their approach. As part of the review of management's forecasts, consideration was given to the capability of the subsidiary to repay the amount within a 12-month period.
Treatment of cryptocurrency balances (treasury & customer) The Group has several holdings of Cryptocurrency, for which the appropriate accounting treatment and presentation will be reviewed. Customer balances are recognised on the balance sheet where an entity has the ability to direct the use of the asset. As the assets are not held for trade they are held as intangible assets under the revaluation model.	The rights of the entity to direct the use of the asset have been reviewed to confirm the treatment is appropriate. Fair values were agreed to open market valuations and movements recognised through OCI vouched. Disclosures have been reviewed for sufficiency.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£178,000 (2019: £106,000)	£114,000 (2019: NA first year)
How we determined it	5% of net loss (2019: 5% net loss)	1% of gross assets (2019: NA first year)
Rationale for benchmark applied	We believe that net loss is a primary measure used by shareholders in assessing the performance of the Group, whilst the subsidiaries are in varied states of development and trading.	We believe that gross assets are a primary measure used by shareholders in assessing the performance of the Company, given that it is largely a holding company for the trading subsidiaries.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £1,000 and £114,000.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £8,900 for the Group (2019: £5,300) and £5,700 for the Parent (2019: NA) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the 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 parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 and the part of the directors' remuneration report to be audited 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 set out on page 43, 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.

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 mate-

Independent Auditor's Report To The Members Of Mode Global Holdings PLC

rial 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.

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 extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- Obtaining confirmation of compliance from the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were reappointed as auditors by the company at a General Meeting on 03 September 2020 to audit the financial statements for the period ending 31 December 2020. Our total uninterrupted period of engagement is 5 years, covering the periods ending 31 December 2016 to 31 December 2020.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

In addition to the audit, the firm acted as reporting accountant to Mode Global Holdings Plc for the transaction. Tax compliance services were provided in the period before the listing, and terminated as required by the Ethical Standards.

Our audit opinion is consistent with the additional report to the audit committee.

Use of this report

This report is made solely to the company's members, as a body, in accordance with

Independent Auditor's Report To The Members Of Mode Global Holdings PLC

Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone 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.

Sanjay Parmar (Senior Statutory Auditor)

For and on behalf of Jeffreys Henry LLP,
Statutory Auditor
Finsgate
5-7 Cranwood Street
London EC1V 9EE

16 June 2021

Group Financial Statements

Consolidated Statement of Income

	Notes	2020 £'000	2019 £'000
Continuing operations			
Revenue	4	450	2
Cost of sales		(507)	(39)
Gross profit		**(57)**	**(37)**
Administrative expenses	5	(3,731)	(2,258)
Operating Loss		**(3,788)**	**(2,295)**
Investment Revenue	6	360	
Finance costs	6	(284)	(312)
Loss before taxation		**(3,712)**	**(2,607)**
Taxation	8	156	-
Loss for the period		**(3,556)**	**(2,607)**

Attributable to:			
Non- Controlling interest		(338)	(322)
Equity shareholders of the parent		(3,218)	(2,285)
		(3,556)	**(2,607)**
Basic and diluted loss per share (pence)	9	(6)	(4)

All amounts relate to continuing activities.

Consolidated Statement of Comprehensive Income

	2020 £'000	2019 £'000
Loss for the period	(3,556)	-
Other Comprehensive Income:		
Reclassified to profit or loss when specific conditions are met		
Revaluation Reserve	455	-
Total Comprehensive Loss for the year	**(3,101)**	**(2,607)**
Attributable to:		
Non- Controlling interest	(338)	(322)
Equity shareholders of the parent	(2,763)	(2,285)
Total Comprehensive Loss for the year	**(3,101)**	**(2,607)**

The notes on pages 62 to 84 form an integral part of this consolidated financial information (with front end section in).

Group Financial Statements

Consolidated Statement of Financial Position

	Notes	2020 £'000	2019 £'000
Assets			
Non-current Assets			
Property, plant and equipment	**11**	14	8
Intangible Non-Current Assets			
Software	**10**	75	8
Intangible Current Assets			
Treasury BTC	**10**	832	-
Customer BTC		4,336	-
Current Assets			
Trade and other receivables	**12**	302	231
Cash and cash equivalents	**13**	5,365	2,077
Total Assets		**10,924**	**2,324**

Equity and Liabilities			
Equity attributable to equity holders of the Group			
Share Capital - Ordinary shares	**15**	806	**-**
Share Premium account	**15**	11,090	1,004
Profit and Loss Account		(6,878)	(2,987)
Group Reorganisation Reserve		454	-
Revaluation Reserve		455	-
Share Option Reserve	**16**	315	-
Non-Controlling interest		-	(260)
Convertible loan note		-	533
Total Equity		**6,242**	**(1,710)**

Table continues on the next page

	Notes	2020 £'000	2019 £'000
Non-current Liabilities			
Non-current convertible loans note		-	3,510
Intangible Liabilities			
Customer BTC		4,336	-
Current Liabilities			
Current trade and other payables	**14**	346	357
Current convertible loan notes		-	167
Total Liabilities		**4,682**	**4,034**
Total Equity and Liabilities		**10,924**	**2,324**

These financial statements were approved and authorised for issue by the Board of Directors on 16 June 2021 and were signed on its behalf by:

Jonathan Rowland
Chairman

Group Financial Statements

Consolidated Statement of Changes in Equity

	Notes	Share capital	Share premium	Accumulated deficit	Non-Controlling Interest	Other Reserves	Convertible loan note	Total equity
MGL as at 1 January 2019		**-**	**1,004**	**(702)**	**62**	**-**	**-**	**364**
Loss for the year		-	-	(2,285)	(322)	-	-	**(2,607)**
Issue of convertible loan note		-	-	-	-	-	533	**533**
As at 31 December 2019		**-**	**1,004**	**(2,987)**	**(260)**	**-**	**533**	**(1,710)**
MGH Plc as at 1 January 2020		**-**	**-**	**-**	**-**	**-**	**-**	**-**
Mode Global Limited balances brought forward		**-**	**1,004**	**(2,987)**	**(260)**	**-**	**533**	**(1,710)**
Share for Share exchange	**15**	550	(1,004)	-	-	454	-	**-**
Shares issued (incl Placing)	**15**	150	6,973	-	-	-	-	**7,123**
Share Option Reserve	**16**	-	-	-	-	315	-	**315**
CLN Conversion	**15**	106	4,117	-	-	-	(533)	**3,690**
Acquisition of NCI	**19**	-	-	(673)	598	-	-	**(75)**
Total Comprehensive Loss for the year		-	-	(3,218)	(338)	455	-	**(3,101)**
As at 31 December 2020		**806**	**11,090**	**(6,878)**	**-**	**1,224**	**-**	**6,242**

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Cashflows

	2020 £'000	2019 £'000
Cash flows from operating activities		
Operating loss	(3,788)	(2,295)
Increase in receivables	(71)	(105)
(Decrease)/increase in payables	(11)	191
Adjustment for:		
Depreciation and amortisation	11	2
Exchange rate movement on Convertible Loan Notes	73	-
Share based payment	315	-
Net cash generated from operations	**(3,471)**	**(2,207)**
Cash flows from investing activities		
Purchase of Property, plant & equipment	(9)	(9)
Purchase of BTC Treasury	(377)	-
Purchase of Non-Controlling Interest in JGOO	(75)	-
Purchase of intangible assets	(75)	(9)
Net cash outflow from financing activities	**(536)**	**(18)**
Cash flows from financing activities		
Tax	156	-
Issue of shares	7,123	-
Issue of convertible loan note	**-**	**3,921**
Net cash from financing activities	**7,279**	**3921**
Net increase in cash and cash equivalents	**3,272**	**1696**
Cash and cash equivalents at the beginning of the period	2,077	404
Effect of exchange rate changes on cash and cash equivalents	16	(23)
Cash and cash equivalents at end of period	**5,365**	**2,077**
Represented by: Bank balances and cash	**5,365**	**2,077**

The accompanying notes are an integral part of these financial statements.

Notes to the Group Financial Statements for the year ended 31 December 2020

1. General information

Mode Global Holdings is the holding company for a group of companies that trade under the name 'Mode Global'. Mode Global Holdings was incorporated on 5 August 2020 under the laws of England with a registered number of 12794676. Mode Global Holdings is in the financial services business. Its business address is Finsgate, 5-7 Cranwood Street, London, United Kingdom, EC1V 9EE.

Mode Global Holdings wholly owns Mode Global Limited ("Mode Global"), which in turn owns 100% of JGOO Limited ("JGOO®") and 100% of Greyfoxx Limited ("Greyfoxx"). Greyfoxx wholly owns Fibermode Limited ("MODE®"). Mode Global Holdings, together with its subsidiaries, are referred to herein as the "Group". All the limited companies are incorporated and domiciled in England. The registered company numbers of these companies are 09768854 (Mode Global Limited) 10805100 (JGOO Limited), 12123111 (Greyfoxx Limited) and 11085143 (Fibermode Limited).

Name	Country of incorporation	Holding	Ownership	Nature of Business
Mode Global Limited	United Kingdom	Direct	100%	Holding Company
JGOO Limited	United Kingdom	Indirect	100%	Global Payments Platform
Fibermode Limited	United Kingdom	Indirect	100%	Mode Digital Wallet (including Cryptocurrency)
Greyfoxx Limited	United Kingdom	Indirect	100%	Mode for Business
Fibere Limited	United Kingdom	Indirect	100%	Dormant

MODE provides customers the ability to manage their traditional (fiat) money and their digital assets (cryptocurrency) using the same mobile (or web) application. Through MODE's mobile interface, customers have an all-encompassing view of their traditional fiat and cryptocurrency balances and will be able to initiate various transactions in both.

JGOO is a payment processing, marketing and advertising company. It aims to provide the next generation of a social media and mobile payments platform, enabling consumers, merchants, and brands to make and receive payments without the need for card platforms, using their mobile phones to make and accept payments. JGOO's initial focus has been on enabling British brands to engage with Chinese shoppers, both face-to face and online, but will widen its markets in the future.

Greyfoxx is shortly expecting to become a Financial Conduct Authority (FCA) authorised electronic money institution, subject to meeting various conditions set out by the FCA. Once operational, Greyfoxx will be able to provide e-money services to both JGOO and MODE.

Fibere Limited is dormant as at 31 December 2020.

The Group's principal activity is to invest in fintech companies. Its core platform, 'Mode', is a financial services ecosystem which aims to become a fully regulated, UK-based institution, providing the full scope of banking and financial services to the holders of both traditional and crypto-assets.

The consolidated financial statements comprised of the Company and its subsidiaries (together referred to as "the Group") as at 31 December 2020 and for the period to 31 December 2020.

2. Accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of preparation

This financial information has been prepared in accordance with IFRS, including IFRS Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Board (IASB) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial information has been prepared under the historical cost convention.

The principal accounting policies adopted are set out below and these policies have been consistently applied.

The preparation of financial statements, in compliance with adopted IFRSs, requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed below.

Basis of consolidation

The consolidated financial statements include the results of the Group as if they

Mode Global Holdings Plc Annual Report. For the year ended 31 December 2020.

formed a single entity for the full period or, in the case of acquisitions, from the date control is transferred to the Group. The Company controls an entity when the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, whereby it is classified as a subsidiary. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Subsidiaries are all entities over which Mode Global Holdings plc has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. All subsidiaries have a reporting date of 31 December.

The Company acquired its 100 per cent interest in Mode Global Limited in 2020 by way of a share for share exchange on 10th September 2020. This is a business combination involving entities under common control and the consolidated financial statements are issued in the name of the Group. The share for share exchange between Mode Global Holdings and Mode Global Limited and its subsidiaries resulted in the elimination of the parent's investment in the subsidiaries, and the recognition of a group reorganisation reserve. Prior year represents a continuation of Mode Global Limited with the addition of Mode Global Holdings.

Changes in accounting policies and disclosures

The Group has applied any applicable new standards, amendments to standards, and interpretations that are mandatory, for the financial year beginning on or after 1 January 2020.

Standards, amendments and interpretations that are not yet effective and have not been early adopted are as follows:

Standard	Impact on initial application	Effective date
IFRS 10 and 28 (Amendments)	Sale or Contribution of Assets between Investor or its Associate or Joint Venture	Postponed
IFRS 17	Insurance Contracts including Amendments to IFRS 17: Insurance Contracts	1 January 2023
Amendments to IFRS 3	Business combinations – Reference to Conceptual Framework	1 January 2022
IFRS 16 (Amendments)	Property, plant and equipment	1 January 2022
IAS 37 (Amendments)	Provisions, contingent liabilities and contingent assets	*1 January 2022

* Subject to endorsement

There are no other IFRS or IFRIC interpretations that are effective for the first time in this financial year that would be expected to have a material impact on the Group.

Going concern

The consolidated financial statements are prepared on the going concern basis. As expected for any start-up, the Group has incurred significant operating losses and negative cashflows.

With the listing to the main market on October 5th 2020 raising £7.5m in funds and a subsequent market placing on 26th February 2021 for £6m, the Directors are confident that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. The financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

The directors are aware of the risks and uncertainties facing the business, but the assumptions used are the directors' best estimates of the future development of the business.

Foreign currency

The functional currency of the Group is Sterling Pound (£) and its subsidiary is also in £. The presentational currency of the Company is £ because a significant amount of its transactions is in £.

Transactions entered by the Group's entities in a currency other than the reporting currency are recorded at the rates ruling when the transaction occurs. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Exchange differences arising on the re-translation of outstanding monetary assets and liabilities are also recognised in the income statement.

Share capital

For the recent listing to the main market on the London Stock Exchange on October 5th 2020, the following transactions occurred:

- On the 5th of August the Company issued two ordinary shares of £0.0001 at par.
- On the18th August 2020 the Company issued 198 ordinary shares of £0.0001 at par.
- On the 1st September 2020 the Ordinary shares of £0.0001 were consolidated into £0.01 shares.
- On the 10th September 2020 54,979,579 ordinary shares of £0.01 were issued as a share-for-share exchange to acquire 100% of the share capital of Mode Global Limited, valued at £27.5m, accounted for in a Merger Relief Reserve.
- On the 25th September 2020 the Company assumed ownership of the CLNs, converting to 10,557,424 Ordinary Shares of £0.01 on Listing.
- On Listing on the 5th October 2020, a further 15,000,000 ordinary shares of £0.01 were issued at £0.50.

Furthermore, on 27th October 2020 and 5th November 2020, 10,265,000 share options were granted, to be vested across the period to 5th October 2024.

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights.

The costs directly associated with the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Revenue recognition

Digital Wallet - Fibermode

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business. VAT is not charged on Fibermode's invoices.

Revenue represents commission on customer trading activities and includes interest received on Bitcoin holdings lent out to a third-party Network. Commission is recognised on the day the trade completes.

Global Services - JGOO

Revenue is recognised in according with the requirements of IFRS 15 'Revenue from Contracts with Customers'. The Company recognises revenue to depict the transfer of services to customers in an amount that reflects the consideration to which the entity expects to be entitled, in exchange for those services. This core principle is delivered in a five-step model framework:

1. Identify the contract(s) with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised on service contracts at the point at which the service has been completed, or for contracts covering a period of time, monthly over the period of the contract. Revenues exclude intra-group sales and value added taxes and represent funds received on a gross basis, as the transaction revenue is received by JGOO as the principal in respect of completing the payment transaction. We control the service of completing payments on our payments platform and bear primary responsibility for the fulfilment of the payment service. JGOO has full discretion in determining fees charged to UK merchants, which is independent of the revenue we receive from Alipay and WeChat Pay. We therefore bear the risk when completing transactions and report these items as separate transactions.

Employee benefits

(i) Short-term benefits
Wages, salaries, paid annual leave and sick leave and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

(ii) Defined contribution plan
As at year ended 31 December 2020, the Company had a defined contribution pension scheme for employees with Scottish Widows. For this defined contribution plan, the Company pays contributions to a privately administered pension insurance plan on a mandatory basis. The contributions are recognised as an employee benefit expense when they are due.

Operating leases

The Group has elected not to recognise right-of-use assets and lease liabilities for its leases, all of which qualify as short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities.

The Group is entitled to a tax deduction on the exercise of certain employee share options. A share-based payment expense is recorded in the income statement over the period from the grant date to the vesting date of the relevant options. As there is a temporary difference between the accounting and tax bases, a deferred tax asset may be recorded. The deferred tax asset arising on share option awards is calculated as the estimated amount of tax deduction to be obtained in the future (based on the Group's share price at the balance sheet date) pro-rated to the extent that the services of the employee have been rendered over the vesting period. If this amount exceeds the cumulative amount of the remuneration expense at the statutory rate, the excess is recorded directly in equity, against retained earnings. Similarly, current tax relief in excess of the cumulative amount of the Share-based payments expense at the statutory rate is also recorded in retained earnings.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call, together with other short term highly liquid investments which are not subject to significant changes in value and have original maturities of less than three months.

Equity

Please see note 18 below to review the composition of and relevant narrative for each section of Total Equity.

Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds. Dividends on ordinary shares are recognised as liabilities when approved for distribution.

Share-based payments

The Company operates an unapproved share-based compensation plan, under which the company receives services from employees as consideration for equity instruments (options) of Mode Global Holdings plc. The awards were granted, on two separate dates being October 27th 2020 and 4th November 2020, by Mode Global Holdings plc, and the fair value of the employee services received in exchange for the grant of the options is recognised as an expense under IFRS 2. Credit is recognised directly in equity (Share Option Reserve). The total amount to be expensed was determined by reference to the fair value of the total options granted using the Black Scholes model – see note 15.

No options were able to be exercised prior to April 2021, however given that we are still within a closed period, the first exercise date will be June 17th 2021 (subject to the financial statements being published on June 17th 2021).

The latest date that the options can be exercised is the tenth anniversary of the Grant Date, and if not exercised before then the options would automatically lapse.

Intangible assets

Intangible assets are reported separately between Bitcoin assets (both Customer holdings and Treasury holdings) and acquired software and websites.

Software

Software has a finite life and is therefore carried at cost less accumulated amortisation. Amortisation is calculated using a straight-line method to allocate the cost of software and websites over their estimated useful lives of three years.

Cryptocurrency assets

The bitcoin cryptocurrency assets (under IAS 38) for Treasury are recorded as Intangible assets and can be measured at either cost or revaluation. The Group has elected to measure them at revaluation, as there is now an active market for these assets across many digital exchanges (Coinbase, Kraken etc), and under IFRS 13 recognises the bitcoin assets at Fair Value, reflected in both the revaluation reserve and in Other Comprehensive Income. The assets are held for investment purposes and therefore cannot be recognised as inventory as they are not being held for sale in the ordinary course of business.

Intangible Liabilities

Intangible liabilities are made up of customer cryptocurrency assets and are held at Fair value.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less subsequent accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to write off their cost over their estimated useful lives at the following annual rates:

Computer equipment: 33% straight-line
Plant and machinery: 33% straight-line

Financial assets and liabilities

Recognition and initial measurement

The Group initially recognises loans and advances, trade and other receivables/payables, and borrowings plus or minus transactions costs, when and only when the Group becomes party to the contractual provisions of the instruments..

Financial assets at amortised cost

The Group's financial assets at amortised cost comprise trade and other receivables. These represent debt instruments with fixed or determinable payments that represent principal or interest and where the intention is to hold to collect these contractual cash flows. They are initially recognised at fair value, included in current and non-current assets, depending on the nature of the transaction, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Financial liabilities at amortised cost

Financial liabilities at amortised cost comprise trade and other payables. They are classified as current and non-current liabilities depending on the nature of the transaction, and are subsequently measured at amortised cost using the effective interest method.

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Government grants

The Group has received government assistance income in the period as a result of the Covid-19 pandemic. Government grants are recognised where there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attached to them. Government grants that compensate the Group for expenses incurred are recognised in the income statement, as a deduction against the related expense, over the periods necessary to match them with the related costs.

During 2020 the Group received government grants totalling £49,338 for furloughed staff as a result of the Coronavirus Job Retention Scheme. This was offset against staff costs within administrative expenses.

Convertible debt

The proceeds received on the issue of the Group's convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost, until extinguished on conversion or maturity of the bond. The remainder of the proceeds are allocated to the conversion option and are recognised in the "Convertible debt reserve" within shareholders' equity, net of income tax effects.

Summary of critical accounting estimates and judgements

The preparation of financial information, in conformity with IFRS, requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the accounting policies which are detailed above. These judgements are continually evaluated by the directors and management, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key estimates and underlying assumptions concerning the future, and other key estimated uncertainties at the date of the financial statements, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

The estimates and judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Accounting for cryptocurrencies

The Group's cryptocurrencies are accounted for as Intangible Assets using the revaluation model. The valuation of cryptocurrencies is a key source of estimation due to the volatility of prices in the market. However, the risk here is mitigated by a corresponding liability to the customer. Treasury assets held are marked at Fair Value using the closing market price at 31 December 2020. The gain is shown under the Revaluation Reserve and subsequently within Other Comprehensive Income.

Share-based payments

The basis for the share-based payments expense for 2020 has been set out in note 15. In accounting for the fair value of options and warrants, the Company makes assumptions regarding share price volatility, risk free rate, and expected life, in order to determine the amount of associated expense to recognise.

3. Financial risk management

Financial instruments

Financial assets	31-Dec-20 £'000	31-Dec-19 £'000
Cash and cash equivalents	5,365	2,077
Treasury BTC	832	-
Trade receivables – net of provision	234	231
Other receivables	14	8
Financial assets	**6,445**	**2,316**

Mode Global Holdings Plc Annual Report. For the year ended 31 December 2020.

Financial liabilities	31-Dec-20 £	31-Dec-19 £
Trade payables	89	229
Other Payables	106	35
Accruals	151	93
Trade and other payables	346	357
Loans and borrowings	-	-
Loan	-	3,677
Loans and borrowings	-	3,677
Financial liabilities	**346**	**4,034**

Fair value hierarchy

All the financial assets and financial liabilities recognised in the financial statements which are short-term in nature are shown at the carrying value, which also approximates the fair values for short-term financial instruments. Therefore, no separate disclosure for fair value hierarchy is required. The disclosure on fair value hierarchy does not apply to the financial leases.

The Group's activities expose it to a variety of financial risks, mainly credit risk, liquidity risk and interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise this risk, the Group endeavours only to deal with companies which are demonstrably creditworthy.

The aggregate financial exposure is continuously monitored. The maximum exposure to credit risk is the value of the Group's outstanding bank balances. The Group's exposure to credit risk on cash and cash equivalents is considered to be low as the bank accounts are with banks with high credit ratings.

Liquidity risk

The Group currently holds cash balances to provide funding for normal trading activity and is managed centrally. Trade and other payables are monitored as part of normal

management operations. The convertible loan note principal and interest was converted to Equity upon the listing on the October 5th 2020.

The below, for 2020, is predominantly made up of accrued costs and tax liabilities relating to payroll:

2020	Within 1 year £'000	1-2 years £'000	2-5 years £'000
Trade and other payables	346	-	-
Total	**346**	**-**	**-**

2019	Within 1 year £'000	1-2 years £'000	2-5 years £'000
Trade and other payables	357	-	-
Convertible loan note	167	195	3,315
Total	**524**	**195**	**3,315**

Market risk - interest rate risk

The Group carries no interest rate risk at the respective year ends.

Capital risk management

The Group's capital management objectives are to ensure that the Group continues to operate as a going concern, and provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

To meet these objectives, the Company reviews the budgets and forecasts on a regular basis to ensure there is sufficient capital to meet the needs of the Company through to profitability, and achieve a positive cash flow.

All working capital requirements are financed from existing cash resources.

4. Segment information

The Group's Revenue is made up of the trading and interest commission on cryptocurrency assets (Fibermode), as well as bespoke payment and marketing solutions on its Global Services platform (JGOO). The Group currently only operates in the UK and so for now the presentation of a geographical split is not applicable.

31-Dec-20

	Global Services £'000	Cryptocurrency Assets £'000	Other £'000	Total £'000
Revenue	(353)	(97)	-	(450)
Cost of sales	325	182	-	507
Gross Profit / (Loss)	**28**	**(85)**	**-**	**(57)**
Administrative expenses	934	1,319	1,477	3,731
Operating Profit/(Loss)	**(907)**	**(1,404)**	**(1,477)**	**(3,788)**
Assets	**152**	**4,540**	**6,232**	**10,924**
Liabilities	1,684	6,655	(3,656)	4,682
Equity	(1,532)	(2,115)	9,889	6,242
Total Liabilities & Equity	**152**	**4,540**	**6,232**	**10,924**

31-Dec-19

	Global Services £'000	Cryptocurrency Assets £'000	Other £'000	Total £'000
Revenue	(2)	-	-	(2)
Cost of sales	-	39	-	39
Gross Profit / (Loss)	**2**	**(39)**	**-**	**(37)**
Administrative expenses	706	761	792	2,258
Operating Profit/(Loss)	**(704)**	**(800)**	**(792)**	**(2,295)**
Assets	**116**	**75**	**2,133**	**2,324**
Liabilities	745	890	2,399	4,034
Equity	(629)	(815)	(266)	(1,710)
Total Liabilities & Equity	**116**	**75**	**2,133**	**2,324**

5. Loss from operations

	Year to 31 December 2020 £'000	Year to 31 December 2019 £'000
Operating loss is stated after charging:		
Directors Fees	259	323
Consulting and advisory fees	393	321
Premises	23	153
Software costs	300	156
Advertising	188	137
Legal and professional fees	361	400
Audit fees*	50	10
Other administrative expenses	2,157	759
Total administrative expenses	**3,731**	**2,258**

* Fees paid to auditors for non-audit services not disclosed.

6. Convertible Loan Note

The amounts shown for both Investment Revenue and Finance Costs relate to the Convertible Loan Note issued in 2019 and converted to equity in 2020. The Investment Revenue is the gain on early settlement of the outstanding debt. The Finance Costs relate to the effective interest charges on the Loan Notes up until the trigger event of the Initial Public Offering – See also Note 17.

7. Employment costs & directors

The average number of employees (including directors) during the period was made up as follows:

	Year ended 31-Dec-20 Number	Year ended 31-Dec-19 Number
Directors (including non-executive directors)	5	6
Administrative	26	11
Total	**31**	**17**

The cost of employees (including directors) during the period includes the effect of government grants and was made up as follows:

	Year ended 31-Dec-20 £'000	Year ended 31-Dec-19 £'000
Salaries and wages (including directors)	1,281	524
Social security costs	137	52
Pension Costs	19	0
Share Based Remuneration	315	0
Staff costs	**1,752**	**576**

The compensation of key management personnel, principally directors of Mode Global Holdings PLC, for the period were as follows:

	Year ended 31-Dec-20 £'000	Year ended 31-Dec-19 £'000
Salaries/fees	308	316
Social security costs	19	7
Share Based Remuneration	192	-
Total	**519**	**323**

The above remuneration (including share-based payments) of directors includes the following amounts paid to the highest paid Director:

	Year ended 31-Dec-20 £	Year ended 31-Dec-19 £
Salaries/fees	209,902	105,834

8. Taxation

	Year ended 31-Dec-20 £'000	Year ended 31-Dec-19 £'000
Total current tax (relief for R&D)	(156)	-
Factors affecting the tax charge for the period		
Loss on ordinary activities before taxation	(3,712)	(2,607)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2019: 19%)	(705)	(495)
Effects of:		
Non-deductible expenses	103	36
Depreciation	2	-
Research & Development tax credits	(156)	-
Tax credit carried forward	600	459
Current tax credit for the period	**(156)**	**-**

Changes in tax rates

The UK small company's corporation tax rate has been maintained at 19% for the two periods. Accordingly, the deferred tax asset has been calculated based on the rate of 19% at the balance sheet date. Future enacted tax rates of 19% will apply from 1 April 2020 and 25% from 1 April 2021. No liability to UK corporation tax arose on ordinary activities for the current period.

The Group has estimated tax losses of £5,874,000 (2019: £2,716,000) available for carry forward against future trading profits. The tax losses have resulted in a deferred tax asset of approximately £1,116,000 (2019: £516,000) which has not been recognised in the financial statements due to the uncertainty of the recoverability of the amount.

9. Earnings per share (EPS)

	Year ended 31-Dec-20	Year ended 31-Dec-19
Basic and diluted		
Loss for the period and earnings used in basic & diluted EPS (£)	(3,556,780)	(2,284,956)
Weighted average number of shares used in basic and diluted EPS	61,071,349	54,979,579
Loss per share (p)	(6)	(4)

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Company by the number of ordinary shares in issue at the end of the period. The weighted average number of shares for 2019 has been restated to be comparable to 2020 due to the listing of Mode Global Holdings on the London Stock Exchange on October 5th 2020.

10. Intangible assets

	2020 £'000	2019 £'000
At period start (1 January)	**8**	**-**
Additions	452	9
Revaluation	455	-
Amortisation	(7)	(1)
At period end (31 December)	**908**	**8**

The intangible asset additions comprise of Bitcoin (£377k) and Software (£75k). The revaluation relates solely to the Bitcoin purchases revalued to the relevant exchange price as at 31st December 2020.

11. Tangible assets

	2020 £'000	2019 £'000
At period start (1 January)	**8**	**-**
Additions	9	9
Revaluation	-	-
Amortisation	(3)	(1)
At period end (31 December)	**14**	**8**

Tangible Assets are comprised of computer equipment.

12. Trade and other receivables

	31-Dec-20 £'000	31-Dec-19 £'000
Trade receivables	1	1
Other receivables	211	117
VAT Receivable	68	113
Prepayments	22	-
	302	**231**

13. Cash and cash equivalents

Where cash at bank earns interest, the interest accrues at floating rates based on daily bank deposit rates. The fair value of the cash and cash equivalents is as disclosed below. For the purpose of the cash flow statement, cash and cash equivalents comprise of the amounts shown below.

	31-Dec-20 £'000	31-Dec-19 £'000
Cash at bank and in hand	5,365	2,077

14. Trade and other payables

	31-Dec-20 £'000	31-Dec-19 £'000
Trade payables	89	229
Other payables	106	35
Accruals	151	93
	346	**357**

15. Share capital

	Ordinary shares Number	Nominal value/share £	Share capital £	Share premium £	Total consideration £
At 31 December 2019	**1,190,364**	**0.0001**	**119.04**	**1,004,112**	**1,004,231**
Consolidation of Shares to 1p nominal	11,904	0.01	119	-	-
Share for Share exchange allocates 4620 shares in MGH Plc for every 1 share in Mode Global Limited	54,979,579	0.01	549,796	(1,004,112)	(454,316)
CLN Conversion Shares	10,557,424	0.01	105,574	4,117,400	4,222,974
Ordinary Shares issued pursuant to Placing	15,000,000	0.01	150,000	6,973,118	7,123,118
At 31 December 2020	**80,537,003**	**0.01**	**805,370**	**11,090,518**	**11,896,007**

All shares of the Company rank pari passu in all respects.

16. Share-based remuneration

The parent operates an unapproved share option plan for all employees of the Group. In accordance with standard vesting terms, the full award will vest four years after the start of the vesting date (5th October 2021), with 20% vesting on the initial IPO date and a further 5% of the options vested on each three-month anniversary. If the options remain unexercised after a period of ten years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

The details of the movements in the share scheme are as follows:

	Unapproved Options Number	£
Granted during the period	9,213,434	0.5
Exercised during the period	-	-
Forfeited during the period	**-**	**-**
Outstanding as at 31 December 2020	9,213,434	0.5

No options were exercisable at the end of the period. No share-based payments were settled during the period and therefore the method of settlement is not applicable.

The weighted average fair values of the options granted under the unapproved options scheme were £0.18 per option using the Black Scholes model.

The significant inputs into the model are as follows:

	£
Current Price (£) on date issued	0.5
Option Exercise Price (£)	0.5
Expected Life of Options in years	4
Volatility	59%
Dividend Yield	-
Risk free interest rate	0.72%
Adjustment for sub-optimal exercise factor	20%

The expected volatility was determined using the trading prices for MGH plc from the period it listed until February 16th 2021 to allow for sufficient time to provide enough scope. The reason for only considering MGH is that there were no other similar companies listed in the UK with comparable operations to MGH.

17. Convertible debt

The company issued 197 5% convertible loan notes for $4,925,000 on 20th February 2019 and 26 5% convertible loan notes for $260,000 on 4th April 2019, both having a term of three years. The notes convert automatically in the event of an IPO, change of control, or a relevant fundraising (being not less than $1,000,000 before expenses).

During 2020 the trigger event in regard to the IPO occurred on 5th October 2020 at which point the principal and interest converted to Equity and therefore no debt was outstanding at the year end.

	Up to 1 year	Between 1 and 2 years	Between 2 & 5 years	Total
At 31 December 2020				
Convertible debt	-	-	-	-
Unsecured loans	-	-	-	-
	-	-	-	-
At 31 December 2019	**166,908**	**195,359**	**3,314,186**	**3,676,453**
Convertible debt	-	-	-	-
	166,908	**195,359**	**3,314,186**	**3,676,453**

18. Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium	Amount subscribed for share capital in excess of nominal value.
Retained earnings	Retained earnings represent all other net gains and losses and transactions with shareholders (example dividends) not recognised elsewhere.
Revaluation Reserve	Revaluation Reserve is the excess over nominal value for the purchased Intangible Bitcoin Assets
Group Reorganisation Reserve	The consolidation of Mode Global Limited and its subsidiaries resulted in the elimination of the parent's investment in the subsidiaries, and the recognition of a group reorganisation reserve
Share Based Payment Reserve	Cumulative estimated expense amount based on the price of MGH's share options
Convertible loan note	Equity component of the convertible loan.

The Other Reserves noted on the Statement of Changes in Equity are comprised of the Group Reorganisation Reserve, Share Based Payments Reserve and the Revaluation Reserve.

19. Acquisition on Non-Controlling Interest

On 31st October 2020, Mode Global Limited acquired Pure NZ Gateway Limited's 45% interest in the share capital of JGOO Limited, which subsequently became a wholly-owned subsidiary of Mode Global Limited. The consideration of £75,000 was paid and is shown in the statement of changes in equity as an equity transaction and does not impact the income statement.

20. Capital commitments

The Company has no capital commitments at the years ended 31 December 2020 and 31 December 2019.

21. Related Party Transactions

During the period the Company entered into the following transactions with related parties:

Director	Company	Transactions	31-Dec-20 £'000	31-Dec-19 £'000
Richard Morecroft	Digital Works Consulting	Director Fees	100	106
		Consultancy Fees	-	19
Jonathan Rowland	Ruskin Capital Ltd	Share Purchase	750	-
Ryan Moore	Tulham LLC	CLN converted	508	-
Ryan Moore	Keve Limited Partnership	Share Purchase	1,500	-

Ruskin Capital Limited is owned by David Rowland, the father of Jonathan Rowland.

22. Events after the reporting date

Fund raise

A successful £6,000,000 capital raising was completed by way of a placement of 10,909,091 new ordinary shares at a price of £0.55p each (the "Placing Price").

The Placing Price represents a premium of 10 per cent over Mode's October 2020 IPO price of £0.50p and a discount of 12% to the closing mid-price of the Company's shares on 25th February 2021 (being the latest practicable date prior to the publication of the announcement).

Additional Bitcoin purchases

Mode continues to add Bitcoin Assets to its Balance Sheet as a treasury reserve asset and will continue to account for this under the revaluation method.

Personnel update

As announced on the issued RNS dated 12th May 2021, Ryan Moore (previously Non-Executive Director) has been appointed as the Company's Chief Executive Officer (CEO) effective immediately. Founder Jonathan Rowland remains as Chairman, working closely with Ryan to shape Mode's growth trajectory for the years ahead.

23. Ultimate controlling party

There is no ultimate controlling party of the Company.

Company Financial Statements

Company Statement of Financial Position

	Notes	2020 £'000
Assets		
Non-current Assets		
Net amounts due from subsidiaries		6,339
Investment in group companies	3.3	27,490
Current Assets		
Trade and other receivables		1
Cash and cash equivalents	3.6	5,054
Total Assets		**38,884**
Equity and Liabilities		
Equity attributable to equity holders of the Group		
Share Capital - Ordinary shares	3.4	806
Share Premium account	3.4	11,091
Profit and Loss Account		(278)
Merger Relief Reserve	3.7	26,940
Share Option Reserve	3.8	315
Total Equity		**38,874**
Current Liabilities		
Current trade and other payables		10
Total Liabilities		**10**
Total Equity and Liabilities		**38,884**

The Company profit and loss account has been approved by the directors, and the use of the exemption under s408 of the Companies Act has been applied to publish an individual profit & loss statement.

These financial statements were approved and authorised for issue by the board of directors on 16 June 2021 and were signed on its behalf by:

Jonathan Rowland
Chairman

Consolidated Statement of Changes in Equity

	Notes	Share capital £'000	Merger Relief Reserve £'000	Share premium £'000	Accumulated deficit £'000	SBP Reserve £'000	Total equity £'000
Incorporation on 5 August 2020	-	-	-	-	-	-	-
Share for Share exchange	3.4	550	26,940	-	-	-	**27,490**
Shares issued (including placing)	3.4	150	-	6,974	-	-	**7,124**
Share Option Reserve	3.8	-	-	-	-	315	**315**
CLN Conversion	3.4	106	-	4,117	-	-	**4,223**
Loss for Year	-	-	-	-	(278)	-	**(278)**
As at 31 December 2020		**806**	**26,940**	**11,091**	**(278)**	**315**	**38,874**

Share capital is the amount subscribed for shares at nominal value.

Merger relief reserve is the excess over the nominal value for shares issued as part of a share-for-share exchange.

The accompanying notes are an integral part of these financial statements.

Notes to the Company Financial Statements for the year ended 31 December 2020

1. General information

Mode Global Holdings Plc is an investment company incorporated in the United Kingdom. The address of the registered office is Finsgate, 5-7 Cranwood Street, London, United Kingdom, EC1V 9EE. The Company was incorporated and registered in England and Wales on 5th August 2020 as a public limited company.

As at 31 December 2020 the Company had shareholdings in five entities, a direct holding in Mode Global Limited, and indirect holdings in JGOO Limited 100%, Greyfoxx Limited 100%, Fibermode Limited (100%) & Fibere Limited.

2. Accounting policies

Basis of preparation

The financial statements of the parent company have bene prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS101") and the requirements of the Companies Act 2006 in accordance with applicable accounting standards.

These policies have been consistently applied.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ;member; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f), and 135(c) to 135(e) of IAS 36 Impairment of Assets.

The Company has also taken advantage of the exemption under Section 408 of the Companies Act 2006 from presenting its own profit and loss account.

The preparation of financial statements, in conformity with FRS101, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the Company statement of financial position. Although these estimates are based on management's experience and knowledge of current events and actions, actual results may ultimately differ from these estimates.

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

Changes in accounting policies and disclosures

(a) New, amended standards, interpretations not adopted by the Company

Standard	Impact on initial application	Effective date
IFRS 10 and 28 (Amendments)	Sale or Contribution of Assets between Investor or its Associate or Joint Venture	Postponed
IFRS 17	Insurance Contracts including Amendments to IFRS 17: Insurance Contracts	1 January 2023
Amendments to IFRS 3	Business combinations – Reference to Conceptual Framework	1 January 2022
IFRS 16 (Amendments)	Property, plant and equipment	1 January 2022
IAS 37 (Amendments)	Provisions, contingent liabilities and contingent assets	*1 January 2022

* Subject to endorsement

Management has not yet fully assessed the impact of this standard, but does not believe it will have a material impact on the financial statements.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in the statement of comprehensive income using the expected credit loss method. The carrying amount of these assets approximates their fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates their fair value.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at their fair value and are subsequently measured at their amortised cost using the effective interest rate method. Due to the short-term nature of these balances, the carrying amount of trade payables approximates to their fair value.

Impairment

The Company assesses, on a forward-looking basis, the expected credit losses associated with any debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised against the initial recognition of the receivables.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Investments in subsidiaries

The Company's investment in its subsidiaries is carried at cost less provision for any impairment. Investments denominated in foreign currency are recorded using the rate of exchange at the date of acquisition. The carrying value is tested for impairment when there is an indication that the value of the investment might be impaired. When carrying out impairment tests these would be based upon future cash flow forecasts, and these forecasts would be based upon management judgement.

Critical accounting estimates and judgments

The Company makes certain judgements and estimates which affect the reported amount of assets and liabilities. Critical judgements and the assumptions used in calculating estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Company's accounting policies, which are described above, the directors do not believe that they have had to make any assumptions or judgements that would have a material effect on the amounts recognised in the financial information.

Financial risk management

The Company's activities may expose it to some financial risks. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Capital risk

The Company takes great care to protect its capital investments. Significant due diligence is undertaken prior to making any investment. Investments are closely monitored.

Impairment

In the Company's accounts, intragroup receivables are carried at cost. An impairment review is conducted annually and the directors do not believe any impairment has occurred in 2020. The directors believe that these amounts are recoverable as the future revenue streams of the subsidiaries will be of sufficient value and are therefore not impaired.

3. Notes to the financial statements

3.1 Personnel

There was no benefits, emoluments, or remuneration payable during the period for key management personnel, excluding the non-executive director listed below in note 3.5.

3.2 Capital risk management

The directors' objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. At the date of this financial information, the Company had been financed by the introduction of capital. In the future, the capital structure of the Company is to consist of borrowings and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

3.3 Investments in subsidiary undertakings

On 10th September 2020 the Company acquired 100% of the share capital of Mode Global Limited in a share-for-share exchange. Details can be found below under share capital.

The principal undertakings in which the Company has an interest at the period-end is as follows:

Name	Country of incorporation	Holding	Ownership	Nature of Business
Mode Global Limited	United Kingdom	Direct	100%	Holding Company
JGOO Limited	United Kingdom	Indirect	100%	Global Payments Platform
Fibermode Limited	United Kingdom	Indirect	100%	Mode Digital Wallet (including Cryptocurrency)
Greyfoxx Limited	United Kingdom	Indirect	100%	Mode for Business
Fibere Limited	United Kingdom	Indirect	100%	Dormant

On 31st October 2020, Mode Global Limited acquired an additional 45% interest in the share capital of JGOO Limited, which became the wholly-owned subsidiary of Mode Global Limited (See note 17 in the consolidated financial statements' notes).

3.4 Share capital

For details of the share capital see note 15 of the consolidated financial statements.

3.5 Related party transactions

During the year ended 31 December 2020, the following related party transactions occurred: -

Director	Company	Transactions	2020
Ryan Moore (3.72%)	Keve Family Ltd Partnership	Share Purchase	£3,000,000
			2020 Fees
Ryan Moore		Directors Fees	£13,333

3.6 Cash and cash equivalents

	31 December 2020 £'000
Cash at the bank and in hand	5,054

3.7 Merger relief reserve

The merger relief reserve was created to recognise the excess over par value of the shares issued as part of the share-for-share exchange with the previous shareholders of Mode Global Limited.

3.8 Share-based payment reserve

The Company operates a non-approved share-based compensation plan, under which the Company receives services from employees as consideration for equity instruments (options) of Mode Global Holdings plc. The awards were granted on two separate dates, being October 27th 2020 and 4th November 2020, by Mode Global Holdings plc, and the fair value of the employee services received in exchange for the grant of the options is recognised as an expense under IFRS 2. A credit is recognised directly in equity (Share Option Reserve). The total amount to be expensed was determined by reference to the fair value of the total options granted using the Black Scholes model.

No options can be exercised prior to April 2021, however given that this was within a closed period, the first exercise date will be 17th June 2021 (subject to accounts being published on June 17th 2021).

The maximum date that the options can be exercised is the tenth anniversary of the Grant Date, and if not exercised before then the options would automatically lapse.

3.9 Contingent liabilities

The Company has no contingent liabilities in respect of legal claims arising from the ordinary course of business.

3.10 Capital commitments

There was no capital expenditure contracted for at the end of the reporting period but not yet incurred.

3.11 Ultimate controlling party

There is no ultimate controlling party of the Company.


HUNTER
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Holdings