Company Registration No: 12525835 (England and Wales)

VIDEO COMMERCE GROUP LIMITED

MANAGEMENT REPORT AND INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 31 JANUARY 2021

(Expressed in Pounds Sterling)

This management report and interim consolidated financial statements represent the consolidated financial statements of Video Commerce Group Limited and its subsidiaries.

VIDEO COMMERCE GROUP LIMITED

COMPANY INFORMATION

Director	Samuel Jones
Company number	12525835
Registered office	Second Floor 201 Haverstock Hill London NW3 4QG
Accountants	FKGB Accounting Limited Second Floor 201 Haverstock Hill London NW3 4QG

VIDEO COMMERCE GROUP LIMITED

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VIDEO COMMERCE GROUP LIMITED

DIRECTOR'S REPORT

The director presents his report and interim consolidated financial statements for the period from 1 November 2020 to 31 January 2021.

Incorporation

The company was incorporated on 19 March 2020.

Director

The director who held office during the period was as follows:

Samuel Jones

Principal activity

The principal activity of the company is operating a 'social commerce' platform, connecting brands, creators and shoppers through short videos and live broadcasts.

Small companies provision statement

This director's report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

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Samuel Jones
Director

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director acknowledges his responsibilities for preparing the Management Report and the interim financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

• select suitable accounting policies and apply them consistently;
• make judgements and accounting estimates that are reasonable and prudent;
• state whether applicable IFRSs have been followed for the company's financial statements, subject to any material departures disclosed and explained in the financial statements;
• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

VIDEO COMMERCE GROUP LIMITED
INTERIM CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE QUARTER ENDED 31 JANUARY 2021
(Expressed in Pounds Sterling)

	Note	2021 £
Expenses		
Administrative expenses		(713,747)
Depreciation and amortization		(53,614)
Operating loss		(767,361)
Finance costs	**3**	(4,443)
Loss before tax		(771,804)
Taxation	**6**	(68)
Loss for the period		(771,872)
Retained earnings brought forward		(523,151)
Retained earnings carried forward		(1,295,023)
Earnings per share attributable to the ordinary equity holders		
Basic (GBX)		(4,916)
Diluted (GBX)		(4,916)

The notes form an integral part of these interim consolidated financial statements.

VIDEO COMMERCE GROUP LIMITED
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in Pounds Sterling)

	Note	As at 31 January 2021	As at 31 October 2020
ASSETS		£	£
Non-current assets			
Intangible assets	**7**	1,309,055	728,817
Property and equipment	**8**	6,457	4,773
		1,315,512	733,590
Current Assets			
Other receivables	**9**	55,421	53,452
Cash		300,263	81,328
		355,684	134,780
LIABILITIES			
Current liabilities			
Trade and other payables	**10**	(862,750)	(390,008)
Loans and borrowings	**13**	(309,808)	(305,647)
		(1,172,558)	(695,655)
Net current liabilities		(816,874)	(560,875)
Total assets less current liabilities		498,638	172,715
Provision for liabilities		-	(907)
Net assets		498,638	171,808
EQUITY			
Share capital	**12**	157	121
Share premium reserve		1,798,478	694,838
Accumulated other comprehensive loss		(4,974)	-
Retained earnings		(1,295,023)	(523,151)
Total equity		498,638	171,808

Approved by the board and authorised for issue on 29 September 2021.

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Samuel Jones
Director

The notes form an integral part of these interim consolidated financial statements.

VIDEO COMMERCE GROUP LIMITED
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 JANUARY 2021
(Expressed in Pounds Sterling)

	Note	2021
Cash flows used in operating activities		**£**
Loss for the period		(771,872)
Adjustments to cash flows from non-cash items		
Depreciation and amortisation		53,614
Deferred income tax recovery		(907)
Finance costs	**3**	4,443
		(714,722)
Working capital adjustments		
Increase in other receivables		(1,969)
Increase in trade and other payables		472,742
Net cash flow used in operating activities		(243,949)
Cash flows used in investing activities		
Acquisitions of property and equipment	**8**	(2,014)
Acquisitions of intangible assets	**7**	(633,522)
Net cash flows used in investing activities		(635,536)
Cash flows from financing activities		
Proceeds from issue of ordinary shares, net of issue costs		1,103,676
Payments to loans and borrowings		(282)
Net cash flows from financing activities		1,103,394
Net increase in cash		223,909
Foreign exchange		(4,974)
Cash at 1 November 2020		81,328
Cash at 31 January 2021		300,263

The notes form an integral part of these interim consolidated financial statements.

1 General information

The company is a private company limited by share capital incorporated in England and Wales.

The address of its registered office is:
C/O Fkgb, 2nd Floor
201 Haverstock Hill
London
NW3 4QG

2 Accounting policies

2.1 Summary of significant accounting policies and key accounting estimates

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

2.2 Basis of preparation

These interim consolidated financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These interim consolidated financial statements should be read in conjunction with the Company's financial statements for the period from March 19, 2020 to October 31, 2020 which is included in the March 10, 2021 filing statements.

The interim consolidated financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value. All items other than those carried at fair value through profit or loss are subject to impairment. The interim consolidated financial statements are prepared on an accruals basis and on the assumption that the entity is a going concern and will continue to operate in the foreseeable future. The financial statements are presented in Pound Sterling (GBP), which is the company's functional and presentational currency. All transactions undertaken by the company are denominated in GBP.

The interim consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiaries OOOOO Limited and Shangai Oufan Network Technology Co., Ltd. All significant intercompany transactions and balances have been eliminated on consolidation.

2.3 Group accounts not prepared

The exemption afforded by the Companies Act to small companies with regards to preparing consolidated accounts has been taken.

2.4 Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge, where applicable, is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

2.5 **Property and equipment**

Property and equipment are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

2.6 **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	**Depreciation method and rate**
Computer equipment	25% straight line

2.7 **Amortisation**

The intangible assets comprise costs incurred to internally develop a computer software used in the business along with the related cost of domain names.

Asset class	**Useful life**
Internally developed software	5 years
Domain names	4 years

2.8 **Investments**

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

2.9 **Cash**

Cash comprises cash on hand and call deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. For the purpose of the statement of cash flows, bank overdrafts are included in cash. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

2.10 **Trade receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

2.11 **Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

2.12 **Loans and borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of profit or loss over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

2.13 **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

(Expressed in Pounds Sterling)

2.14 **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Finance costs

	Quarter ended 31 January 2021 £
Interest expense on finance liabilities	4,443

4 Staff costs

The aggregate payroll costs (including director's remuneration) were as follows:

	Quarter ended 31 January 2021 £
Wages and salaries	187,754
Social security costs	21,913
Pension costs, defined contribution scheme	5,070
	214,737

The average number of persons employed by the company (including directors) during the period, analysed by category was as follows:

	Quarter ended 31 January 2021
Administration and support	12

5 Director's remuneration

The director's remuneration for the period was as follows:

	Quarter ended January 2021 £
Remuneration	35,000

(Expressed in Pounds Sterling)

6 Taxation

There are £1,221,254 of unused tax losses for which no deferred tax asset is recognised in the interim statement of financial position.

7 Intangible assets

	Domain names	Other intangible assets	Total
		£	£
Cost or valuation			
At 1 November 2020	-	728,817	728,817
Additions	160,768	472,754	633,522
At 31 January 2021	160,768	1,201,571	1,362,339
Amortisation			
At 1 November 2020	-	-	-
Charge for the period	5,024	48,260	53,284
At 31 January 2021	5,024	48,260	53,284
Carrying amount			
At 31 January 2021	155,744	1,153,311	1,309,055
At 31 October 2020	-	728,817	728,817

8 Property and equipment

	Furniture, fittings and equipment	Total
	£	£
Cost or valuation		
At 1 November 2020	4,938	4,938
Additions	2,014	2,014
At 31 January 2021	6,952	6,952
Depreciation		
At 1 November 2020	165	165
Charge for the period	330	330
At 31 January 2021	495	495
Carrying amount		
At 31 January 2021	6,457	6,457
As at 31 October 2020	4,773	4,773

(Expressed in Pounds Sterling)

9 Other receivables

	At 31 January 2021	At 31 October 2020
	£	£
Other receivables	21,970	50,648
Prepayments	4,304	2,804
Social security and other taxes	29,147	-
	55,421	53,452

10 Trade and other payables

	At 31 January 2021	At 31 October 2020
	£	£
Current liabilities		
Trade payables	263,129	56,224
Amounts due to related parties	387,110	287,210
Social security and other taxes	46,274	3,237
Outstanding defined contribution pension costs	15,458	4,684
Other payables	116,331	(3,195)
Accrued expenses	34,448	41,848
	862,750	390,008

11 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £5,070.

Contributions totalling £15,458 were payable to the scheme at the end of the period and are included in creditors.

12 Share capital

Allotted, called up and fully paid shares		At 31 January 2021
	No.	£
Ordinary shares of £0.01 each	15,657	156.57

(Expressed in Pounds Sterling)

13 Loans and borrowings

	At 31 January 2021 £	At 31 October 2020 £
Bank overdrafts	-	72
Convertible debt	179,351	175,118
Other borrowings	130,457	130,457
	309,808	305,647

Convertible loans carry an annual interest rate of 10%, payable in arrears, with a maturity date of 31 March 2021.

14 Related party transactions

Summary of transactions with other related parties

Included in current liabilities is an amount of £387,110 owed to Aquarius Accessories (HK) Limited, a 19.16% shareholder of the company.

Loans from related parties	At 31 January 2021 £	At 31 October 2020 £
Advanced	387,110	287,210

Terms of loans from related parties

This amount is unsecured, interest free, and repayable on demand.

15 Financial instruments

Financial risk management

The Company's Treasury function seeks to reduce exposures to capital risk, liquidity risk, credit risk, interest rate risk and foreign currency risk, to ensure liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Company does not engage in speculative trading in financial instruments and transacts only in relation to underlying business requirements.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company manages its exposure to liquidity risk by continuously monitoring short- and long-term forecasts and actual cash flows and ensuring that it has the necessary banking and reserve borrowing facilities available if needed to meet the requirements of the business. The policy is to maintain a prudent level of cash together with committed facilities if required to meet liquidity needs as they arise.

Capital risk

The Company's 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 through an appropriate balance of debt and equity funding, whilst maintaining a strong credit rating and sufficient headroom. The Company will make adjustment to its capital structure in light of changes to economic conditions and the Company's strategic objectives.

Credit risk

Credit risk is the risk that a counterparty may default on its obligations to the Company in relation to lending, hedging, settlement and other financial activities. The Company's credit risk is primarily attributable to its other receivables and financial counterparties. The amounts included in the Statement of Financial Position are net of any allowances for doubtful receivables. Allowances for impairments are considered where necessary and made where there is an identified loss event which, based on previous experience and expectations, is evidence of a reduction in the recoverability of cash flows. The Company when trading begins is expected to have a low retail credit risk due to transactions being principally of high volume, low value and short maturity. The Company has no significant concentration of credit risk, as exposure will be spread over a large number of counterparties and customers.

Interest rate risk

The company is exposed to cash flow interest rate risk on credit facilities to the extent that they are utilised. At the year end there are no long term liabilities and therefore the company is not considered to be highly exposed to interest rate risk.

Foreign currency risk

The Company operates internationally and is therefore exposed to foreign currency transaction risk, primarily on costs denominated in US dollars, Chinese Yen, BRL and EUR. The Company's presentational currency is pound sterling, therefore the Company is also exposed to foreign currency translation risks due to movements in foreign exchange rates on the translation of non-sterling assets and liabilities.

16 Non adjusting events after the financial period

On 19 February 2021, the convertible loan was settled at a conversion price of CAD $848.35. The principal was settled in 353 £0.01 ordinary shares issued with the interest to be paid in cash.

On 22 February 2021, the company received investment of USD $3m in return for 3,179 £0.01 ordinary shares issued.

On 27 May 2021, the company received investment of USD $3.5m in return for 1,982 £0.01 ordinary shares issued.

On July 19, 2021, the company completed its previously announced qualifying transaction with Evermount Ventures Inc., which changed its name to "OOOOO Entertainment Commerce Limited" ("OOOOO"). OOOOO implemented a dual class voting structure, including reclassifying its common shares as subordinate voting shares (the "subordinate voting shares") and implementing a new class of multiple voting shares (the "multiple voting shares") . Pursuant to the transaction, OOOOO Entertainment Commerce issued: (i) 35,108,195 subordinate voting shares to the company's shareholders (except for Samuel Jones) in exchange for each ordinary share of the company held by such shareholders; and (ii) 17,332,771 multiple voting share to Samuel Jones in exchange for each ordinary share of the company held by Samuel Jones. Samuel Jones is the sole holder of the multiple voting shares.