huddled group plc

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2023

HUDDLED GROUP PLC

PREVIOUSLY LET'S EXPLORE GROUP PLC

ANNUAL REPORT AND ACCOUNTS

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Contents

SIR ROBIN MILLER
CHAIRMAN

We have fast growing businesses in a growth sector, and cash on the balance sheet.

The year of 2023 was a year of significant change for the Group. The sale of the Immotion and Uvisan divisions for £20.4m[1] allowed us to not only deliver a significant return of capital to shareholders, it also gave us the opportunity to pivot the business into a fully-fledged e-commerce group.

Building a group of high growth e-commerce businesses

The acquisition of Discount Dragon in October 2023 was a pivotal milestone for the Company. Discount Dragon is a direct-to-consumer e-commerce business, which focuses on the sale of branded FMCG, predominantly dry and tinned groceries and beverages. Its core focus is selling surplus, end of line, mispackaged, and short-dated items at significant discounts to full retail prices. By procuring and reselling surplus goods, Discount Dragon not only offers customers a cheaper alternative, it helps to tackle the issue of waste in the food supply chain.

The market for discounters has, over the last few years, been expanding significantly. According to the Nationwide Spending Report, UK customers spent 41% more with discount retailers in January 2024 compared to the previous year. Additionally, according to Mintel's UK Food and Non-Food Discounters report 2023, 90% of UK consumers now shop with food discount retailers. While much of this market share growth has been achieved through the rapid roll-out of high street stores by major retailers, according to IBISWorld the online grocery market, whilst still fragmented, has continued to grow at 12% per annum from 2018, reaching annual revenues of £20.6bn in 2023. Furthermore, in the twelve-week period to 14 April 2024 Ocado was named as the fastest growing supermarket in the UK which, in our opinion, signals that the demand for home delivered groceries is on the increase.

The rapid growth in both revenue and customer numbers since the acquisition of Discount Dragon gave us the confidence to acquire Food Circle Supermarket in April 2024, a business with significant growth potential in a niche sector and further strengthening our position in the online surplus food space. In the coming weeks we will rebrand this business 'Nutricircle' as we hone its focus further into the nutritional eating market.

As for our Let's Explore business, we are pleased to have agreed a partnership with Wicked Vision Limited ("Wicked Vision"), the key wholesale distributor of our Vodiac products since 2022. The agreement will see a jointly owned business which benefits from the end-to-end revenue and margin from the sales of both Vodiac and Let's Explore products. The partnership will also involve Wicked Vision's team taking operational control on a day-to-day basis, allowing us to focus more of our time on building the Discount Dragon and Nutricircle brands, as well as looking for additional strategic acquisitions.

The dedication of our teams across the Group during the year cannot be overstated, and my thanks go to the wider team for all of their efforts, as we enter the next, exciting phase of our journey.

Looking ahead with confidence

Looking to the year ahead, we are excited to continue to build on the progress made in 2023. FY24 is set to be a year of continued investment in the three pillars the executive team outlined some months ago: the product range, marketing and fulfilment. In the short to medium term this investment will result in losses for the business, but we are confident this investment will drive growth and ultimately deliver a sizeable profitable business in an exciting sector.

We will be looking to improve our stock range both in terms of depth and breadth, giving customers more choice and opportunities to purchase.

On the marketing side we have scaled our marketing effort through our data-driven growth strategy and seen the number of new purchasing customers increase by some 74% against Q4 2023, underpinning our focus on growth and investment in this area.

We have now located a potential new warehouse and we are working to move our operations there as soon as possible. This will allow us to scale our business further and to operate more efficiently.

In addition, we are investing in the further development of our website to ensure it offers both a first-class experience for customers, as well as giving us flexibility in running promotions and enhancing customer spend, thus improving lifetime values.

We have fast growing businesses in a growth sector, and cash on the balance sheet. As such I believe the Group is in a good position to deliver against our plans and drive shareholder value.

Sir Robin Miller
CHAIRMAN
10 MAY 2024

[1] Inclusive of the $1.25m loan note repaid February 2024 and net of transaction costs.

"The year of 2023 was a year of significant change for the Group. It gave us the opportunity to pivot the business into a fully-fledged e-commerce group."

MARTIN HIGGINSON
CHIEF EXECUTIVE OFFICER

Developing the Group into a business that can drive significant further value.

This was a transformational period, in which we pivoted the Group towards growing our presence in the e-commerce market, whilst returning substantial value to shareholders.

A transaction that delivered significant returns to shareholders

Our decision to sell the Immotion business brought in over £20m, creating a substantial profit, and delivering a significant return of £12.7m to shareholders. Following the return of cash to shareholders, we retained sufficient cash to develop the Group into a business that we believe can drive significant further value for shareholders.

Our transition to high growth

Having looked at several potential businesses, we entered into a due diligence process on Discount Dragon and completed the acquisition of the business in October 2023. Since acquisition, we have overseen the rapid growth of revenue and customers numbers, underpinning our decision to focus our efforts on building out a portfolio of e-commerce businesses. The focus during 2024 will be scaling the Discount Dragon business further and driving it towards profitability.

We believe Discount Dragon is well positioned to benefit from three key market trends: the growth in popularity of discount retailers, the desire for home delivered goods, and consumers becoming increasingly conscious of the environmental impact of food waste.

In Q4 2023 Discount Dragon's revenue increased sharply by 37.3% to £1.8m. This growth continued into 2024 with Q1 2024 unaudited revenues being 21.3% up on Q4 2023 at £2.1m. Average order value in Q1 2024 reduced slightly to circa £32.80, as a result of testing introductory discounts for new customers. These incentives have since been amended and the minimum order value on the website has been increased to £30 (inclusive of VAT) and as a result we have seen unaudited AOV rebound to more than £36 in April 2024.

Driving growth for the long term

As outlined when we acquired the business there are three interdependent foundation stones on which we need to build: customer acquisition and retention, breadth and depth of stock, and fulfilment.

Customer acquisition and retention

We have invested heavily in both the team and technology to help us drive this area. Our business intelligence platform delivers real time data thus allowing us to hone our customer communication strategy with a view to improving both retention and the lifetime value of our customers.

We are encouraged by the performance of our acquisition marketing, adding some 20.6k new customers in Q1 2024. This has given us the confidence to test other acquisition channels such as teleshopping and print advertising.

We are pleased to have come to an agreement with ITV's ShopOnTV, a late-night teleshopping show on ITV1. Following successful airings in April 2024, it has been agreed that Discount Dragon will now become a regular weekly feature on the show.

In the initial trial, viewers were educated about the offers available along with the Group's core values around surplus stock and waste. Viewers of the ITV1 channel will now be able to tune in weekly to see a selection of special offers, alongside product displays and features of the current stock range. We will continue to strive for excellence in this area as we use data and insights to repeatedly drive people to our site.

Stock

With the benefit of the Group balance sheet, our stock buying has improved considerably over the last six months and we have developed a number of important new supplier relationships. We have a considerably greater range now being offered to customers and will seek to grow this further and maintain consistency across key categories. Growth in sales has allowed us to buy deeper which in turn can help us improve margins. We believe a wider range and greater depth of stock will have a positive impact on both AOV and the frequency at which our customers return.

"We have invested heavily in both the team and technology to help us drive customer acquisition and retention"

Warehouse capacity

With a rapidly growing customer base comes fulfilment challenges, but our team has risen to these challenges. With our current growth trajectory we are cognisant of the need for a move to a new warehouse facility and to this end we have identified a potential option which we hope to relocate to as soon as possible. We are being assisted by a specialist consultancy who are helping us in design and internal logistics to ensure a smooth transition as well as optimising the new setup.

Broadening our group of e-commerce brands

The acquisition of Food Circle Supermarket Limited ("Food Circle"), post-period end, was a further step in building a portfolio of e-commerce brands and further underpins our focus on the online surplus food market. Food Circle is an online, direct-to-consumer retailer specialising in discounted goods for the health and nutrition market, such as high-protein bars, whey powders, and other energy products. Food Circle serves customers across the UK and stocks well-known brands within this market, including Huel, Nakd, Grenade and Optimum Nutrition, amongst others. A rebranding of the business to 'Nutricircle' is underway, which we feel better reflects its offering.

Founded in 2018 by Paul Simpson and James Barthorpe, who remain in their roles with the business, Food Circle has seen strong growth since inception and delivered £1.4m of revenue and a small net loss for the year ended 31 December 2023 (unaudited). Food Circle's trading to date is underpinned by strong market drivers in health foods, the demand for direct delivery, and a group of highly loyal customers.

Additional capital will be provided to further develop the business, and potential warehousing and marketing synergies make this a perfect fit for the Group. Early signs are very encouraging with sales showing a notable increase since acquisition. We are confident this will be highly accretive, and that the team running it will be a great addition to our organisation.

Driving growth in Let's Explore

Let's Explore delivered revenues of £0.8m for FY23 (FY22: £0.8m). This was generated from two primary sources, firstly a wholesale agreement on Vodiac with Wicked Vision, and secondly a direct-to-consumer sales strategy on the Let's Explore range, predominantly through Amazon.

As referenced in our trading update in January 2024, sales of our Vodiac product have been encouraging with circa 30,000 headsets sold in 2023 via our wholesale partner, Wicked Vision. Sales have been generated mainly via TV shopping channels, including QVC in both the UK and USA, TSC in Canada and TVSN in Australia.

The new Let's Explore range launched in Q4 2023 and has proven very popular with consumers achieving an 'Excellent' rating on TrustPilot. Sales of over 8,000 units were achieved in Q4 2023 across the UK and USA, predominantly through Amazon in the weeks running up to Christmas.

As we focus more of our time and effort on the growing online surplus FMCG sector, and having built a suite of products customers clearly love, we wanted to explore how we could scale the Let's Explore business more quickly and efficiently.

Following discussions with Wicked Vision, we have agreed to issue them equity in the Let's Explore business. As noted above, all revenue and contribution from the sale of Vodiac and Let's Explore products will accrue to the jointly-owned entity. Wicked Vision's team will manage the business and will also turn their attention to promoting the Let's Explore range of products whilst continuing to sell Vodiac.

In return for their wholesale margin being transferred and taking on day-to-day management of the business, Wicked Vision will be issued an initial 25% equity interest in Let's Explore Limited, a subsidiary of Huddled, and will see their shareholding increase to 50% once Huddled has recouped circa £400,000, being the value of the working capital in the business at the time the deal was completed.

Delivering on the sizeable opportunity

The opportunities within the surplus FMCG market, the continued search for value among consumers, and the demand for e-commerce and direct delivery services, provide both Discount Dragon and Food Circle with a significant opportunity to drive growth and take market share.

As we move into 2024, we can see the levers that need to be pulled to capitalise on the opportunities available to us. Through our strong balance sheet, this year will be one of investment in our three foundation stones as we take the brands to more customers across the UK and scale our businesses towards profitability.

Financial Review

The split between continuing and discontinued operations in the period is summarised below. The results of Immotion and Uvisan are included within discontinued operations in the period, as they were in the published 2022 results.

	Discount Dragon £'000	Let's Explore £'000	Head Office £'000	Continuing Operations £'000	Discontinued Operations £'000	Total Operations £'000
Revenue	1,631	792	-	2,423	1,626	4,049
Cost of sales	(1,541)	(927)	-	(2,468)	(924)	(3,392)
Gross profit/(loss)	90	(135)	-	(45)	702	657
Adjusted EBITDA[1]	(130)	(337)	(866)	(1,333)	312	(1,021)
Profit/(loss) after tax	(210)	(521)	(1,556)	(2,287)	15,268	12,981

[1]Adjusted EBITDA is stated before finance income and costs, taxation, depreciation, amortisation, share based payments, profit on asset disposals and one-off costs. Adjusted EBITDA a non-GAAP metric.

Revenue from continuing operations increased to £2,423,000 from £796,000 in 2022. The increase in revenue was driven by Discount Dragon, which generated revenue of £1,631,000 subsequent to its acquisition in October 2023, with Let's Explore's revenue being flat year-on-year (£792,000 in 2023 vs £796,000 in 2022).

Discount Dragon made a small gross profit of £90,000 in the period. Cost of sales of £1,541,000 included cost of goods sold, fulfilment costs including warehouse payroll costs, and marketing costs. As the business scales we would expect to see these costs, excluding marketing costs, fall as a percentage of revenue.

Let's Explore produced a gross loss of £135,000 (2022: £69,000 loss). The division suffered from the increased cost of social media marketing felt across the industry in Q4 2023, which impacted direct-to-consumer margins and units sold, leaving us with inventory of circa 14,000 Let's Explore packs at the period end. Sales via business-to-business channels produced a positive contribution to divisional overheads.

Head office costs were mitigated in the period through income of £244,000 received for the provision of transitional finance and other services to the disposed Immotion and Uvisan subsidiaries.

Also included within the head office segment was £337,000 finance income received on its cash deposits and the accrued loan note interest payable by the buyer of the Immotion business.

One-off costs in the period of £675,000 reflected the range of corporate transactions which took place in the year: the disposal of Immotion, the acquisition of Discount Dragon, capital reduction and share buybacks and other restructuring costs.

Included within discontinued operations is a £15,206,000 profit on the disposal of the Immotion and Uvisan businesses.

Balance Sheet

Net assets increased to £10,302,000 at the period end (2022: £5,321,000).

Intangible assets increased to £3,935,000 (2022: £214,000) as a result of the Discount Dragon acquisition (the carrying value of the Immotion and Uvisan businesses were included in assets held for sale in the prior period).

Inventories increased to £724,000 (2022: £67,000), mainly driven by Discount Dragon's presence on the balance sheet at the end of the period though Let's Explore stock on hand also increased.

Included within receivables was the £1,030,000 loan note due from the buyer of the Immotion business (repayment of which was received by the Company in February 2024).

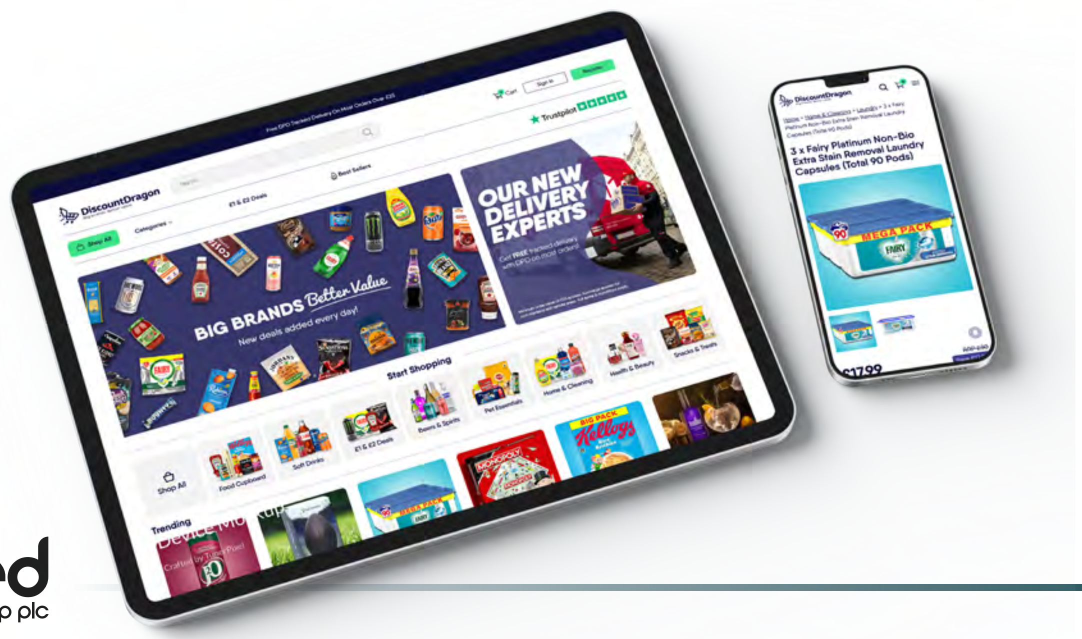
Cash increased to £4,268,000 (2022: £51,000) following the sale of the Immotion business and subsequent return of capital to shareholders.

There were also notable changes to the capital and reserves of the Company in the year. A capital reduction was required to facilitate the share buyback programme and resulted in £20,572,000 being transferred from share premium to retained earnings. A capital redemption reserve was created in the period, being the nominal value of shares cancelled following the buybacks. The acquisition of Discount Dragon also resulted in the creation of two new reserves: a merger reserve and an equity reserve. The former being the premium above the nominal value of the shares issued for the initial consideration; the latter being a provision for the deferred equity consideration yet to be issued.

Cash Flow

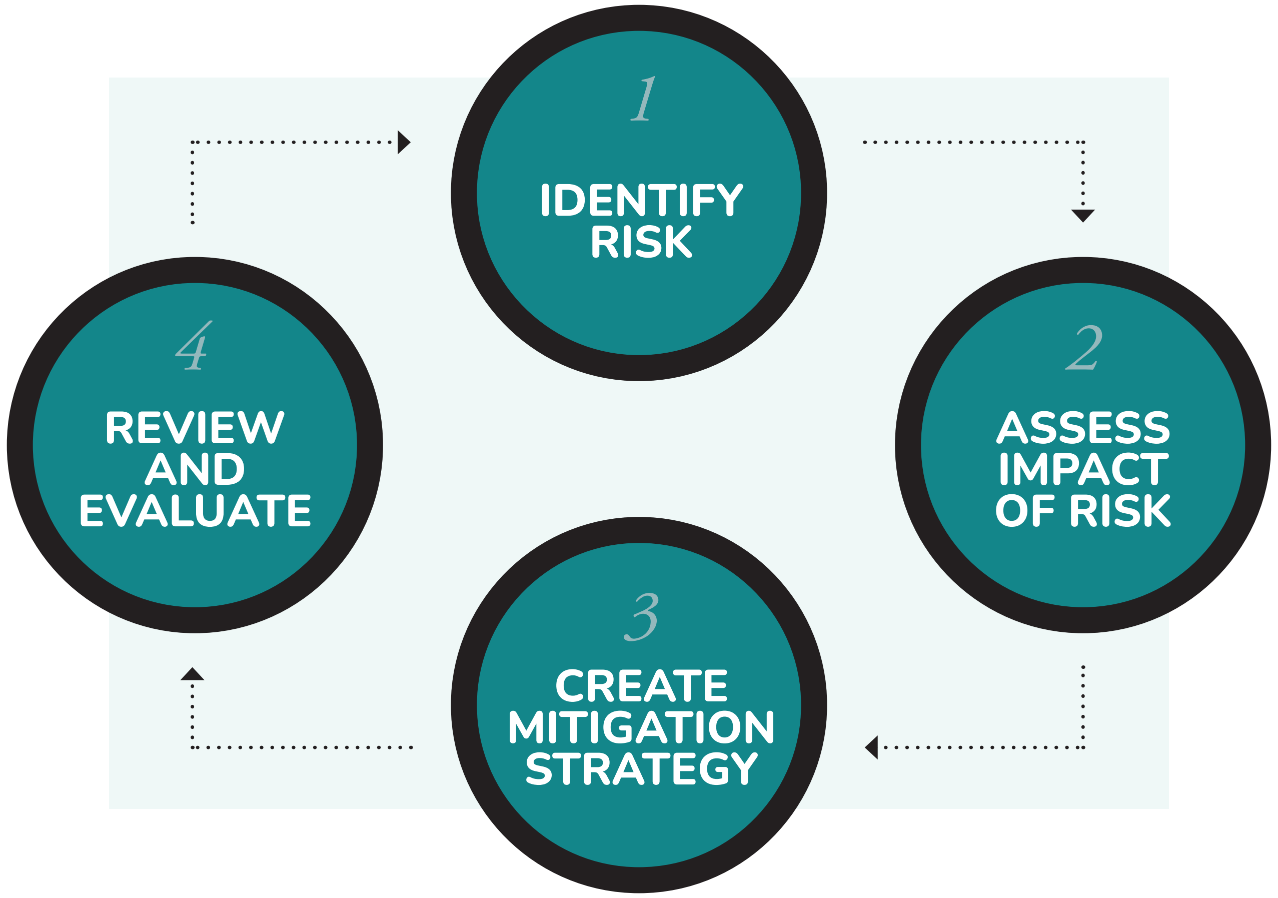
Net cash increased £3,939,000 in the period to £4,268,000. Operating cash outflows before and after changes in working capital were £2,454,000 and £3,201,000 respectively. Other major movements were the £19,818,000 cash inflow from the disposal of subsidiaries and the £12,680,000 returned to shareholders through the share buyback programme.

Martin Higginson
CHIEF EXECUTIVE OFFICER
10 MAY 2024



Risk Management

Risk management is ultimately the responsibility of the Board but is overseen by the Audit Committee. The Group's key risks are recorded in a risk register and those risks together with their respective mitigants, controls and corrective actions are reviewed by the Audit Committee. The Group's process for managing risks is as follows:



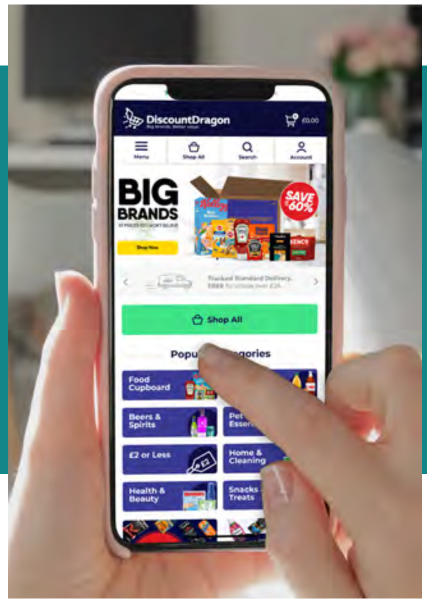
The risks shown to the right are those which the Board considers, as at the date of this report, are the most critical to the continued operation of the Group.

The risks described do not represent the totality of the risks facing the Group and should not be relied on as such by any person considering any investment decision in relation to the Company's ordinary shares.

Martin Higginson
CHIEF EXECUTIVE OFFICER
10 MAY 2024

Risk	*Potential Impact*	*Mitigation and Control*
Failure to implement the Group's strategy	The Group's inability to successfully execute its strategy may negatively affect its business, financial position, profitability, and overall performance. There can be no assurance that the Group will be able to maintain or grow its financial performance to anticipated future levels.	The Board holds regular meetings and maintains constant communication with senior management to monitor and refine the Group's progress. KPIs are distributed on a daily basis to senior management to enable them to monitor performance.
Competition	The Group operates in highly competitive markets and may be impacted by competitors that possess strong brand recognition, greater financial resources, and/or economies of scale. These advantages could provide such competitors with a competitive advantage over the Group.	The Group plans to create barriers to entry by building a strong brand identity and a loyal customer base. By developing a reputation for delivering high-quality products at competitive prices, and engaging in effective marketing, the Group will, we anticipate, differentiate itself from competitors. Leveraging customer data will enable personalised marketing, tailored offerings, and exceptional service, fostering customer satisfaction and repeat business.
Economic climate	Along with other discount retailers, Discount Dragon has experienced strong and increasing demand during the period. Should inflationary pressures in the economy continue to ease, the demand for Discount Dragon's offering may decline, which could have a significant impact on the Group's performance.	The Board believes that there will always be a demand for high-quality products offered at competitive prices and delivered in a timely manner. The Group continuously monitors the sales performance and profitability of its product range. It is constantly working to expand the range of products available on Discount Dragon's website, with the goal of encouraging customers to shop with the company on a regular basis.
Inability to identify suitable new warehouse	The Group is currently searching for a new warehouse that the Board believes will enable the company to operate more efficiently and increase its capacity to fulfil orders. If the Group is unable to secure a suitable warehouse in a timely manner, its ability to scale its operations may be affected.	The Group is currently working with specialists to design an optimised warehouse design and identify appropriate and affordable facilities. In parallel, the Group is investigating options to extend the capacity of its current facility as a contingency plan.
Insufficient cash to deliver the Group's strategy	The Group is currently loss making. Furthermore, investment in new warehouse facilities and additional working capital will be required in order to deliver the Group's plan. If the cash required to take the business into profitability exceeds the Group's cash reserves, the Company may need to raise additional funds.	Performance of the business is closely monitored on a daily basis with the information being acted upon with a view to optimising margins. The Group closely monitors cash reserves, regularly comparing them to forecasts. Timely adjustments are made to spending plans as required.

The Group aims to operate ethically and be socially responsible in its actions.



Business Conduct, Ethics and Anti-Corruption

It is the Group's policy to conduct business in an honest way and without the use of corrupt practices or acts of bribery to obtain an unfair advantage.

The Group operates an Anti-Bribery and Anti-Corruption Policy which is given to all staff. The Group has a zero-tolerance approach to bribery and corruption and any breach of the policy results in disciplinary action which may include dismissal.

Health & Safety

The safety of the Group's staff and customers is of paramount importance. Appropriate steps are taken to ensure that the Group's workplaces and products do not put staff or customers at risk.

Relationship with Stakeholders

Section 172 of the Companies Act 2006 requires that the Directors act in a way that they consider, in good faith, would most likely promote the long-term success of the business, taking into consideration the interests of its shareholders and other stakeholders.

The table opposite sets out our key stakeholder groups, their interests and how the Group engages with them.

Stakeholder	*Why we engage*	*How we engage*
Our shareholders	We maintain and value regular dialogue with our shareholders throughout the year and place great importance on our relationship with them. We know that our investors expect a comprehensive insight into the financial performance of the Group, and awareness of long-term strategy and direction. As such, we aim to provide high levels of transparency and clarity of our results and long-term strategy and to build trust in our future plans.	- Annual Report - Company website - Shareholder circulars - AGM - RNS announcements - Press releases - We have commissioned regular shareholder register analysis to enable us to monitor changes to the shareholder base
Our employees	Without our employees we would not have a business. Effective employee engagement leads to a happier, healthier workforce who are invested in the success of the Group. We strive to address any employee concerns regarding working conditions, health and safety, training and development, as well as workforce diversity. Engagement with our employees starts from the top and is driven effectively throughout the Group.	- Evaluation and feedback processes for employees and management - Competitive rewards packages - Encouraging employee training and development - Board level access and a relatively flat organisational structure
Regulatory bodies	The Group's operations are subject to a wide range of laws, regulations, and listing requirements including data protection, tax, employment, environmental and health and safety legislation, along with contractual terms.	- Direct contact with regulators - Compliance updates at board meetings - Consistent risk review - Liaison with professional advisors
Our customers	Our relationship with our customers is collaborative and we are in constant dialogue to provide support as required. We listen to and engage with our customers on a regular basis to ensure that we understand their needs and can provide solutions that address them. We work hard to ensure that customer concerns are dealt with in a timely and professional manner.	- Continual dialogue and review of feedback from customers via email, social media and TrustPilot
Our suppliers	We have a number of key suppliers with whom we have built strong relationships. We establish effective engagement channels to ensure our relationships remain collaborative and forward focused, and to foster relationships of mutual trust and loyalty.	- Taking a collaborative approach to problem solving with our suppliers - Clear parameters are given, backed-up by written agreements where required, to ensure the Group and supplier's actions are co-ordinated

The Board

The Board is comprised of three Executive Directors and two Non-Executive Directors. Both of the Non-Executive Directors are deemed to be independent.

The three Executive Directors are full time and are contracted to work for a minimum of forty hours per week. The two Non-Executive Directors are expected to devote such time as is necessary for proper performance of their duties.

The Board are of the view that the Directors have the necessary mix of experience, skills and personal qualities to enable the Group to deliver its strategy, although there is currently no gender diversity. The Board's composition is kept under continuous review.

The Directors are encouraged to undertake any activities or further training they deem necessary in order to keep their skills and knowledge relevant to the business.

Details of the current Directors, their roles and background are as follows:

SIR ROBIN MILLER

NON-EXECUTIVE CHAIRMAN

Sir Robin Miller was formerly Chief Executive (1985-98 and 2001-03) and Chairman (1998- 2001) of Emap plc, a leading media group in consumer and trade publishing, commercial radio, music TV channels and events. In 2003, Sir Robin became senior media adviser to HgCapital, and was involved in the successful disposal of Boosey & Hawkes and Clarion Events Limited. He was previously a non-executive Director of Channel Four Television (1999-2006) and was Chairman of their New Business Board.

He was non-executive Chairman of the HMV Group (2004-2005), senior non-executive Director at Mecom Group pic (2005-2009), Chairman of Entertainment Rights plc (2008- 2009) and Setanta Sports Holdings Limited in 2009. He was also formerly a non-executive Director of Premier Sports Holdings and non-executive Chairman of DigitalBox plc. Sir Robin is currently non-executive Chairman of Tristar Communications Limited, and a Director of Widford Press Limited.

MARTIN HIGGINSON

CO-FOUNDER AND CHIEF EXECUTIVE OFFICER

Martin is a seasoned Technology, Media and Telecoms (TMT) entrepreneur. He has set up sold and listed multiple businesses. His first business, a BMX magazine, was sold to IPC Magazines in 1982. Following three years with IPC he left to set up his own publishing and telecoms business Megafone. This was subsequently sold to Scottish Power Plc. During his time with Scottish Power he joined its subsidiary, Scottish Telecom, as Managing Director of the Internet and Interactive division, including Internet ISP Demon Internet.

Following the flotation of Thus Plc (formerly Scottish Telecom) Martin moved on to establish Monstermob Group Plc which listed on AIM in 2003. Over a three year period it grew to become a Top 50 AIM listed business with a market capitalisation of £192m. This business was sold to Zed Worldwide in late 2006.

Martin has subsequently founded a range of businesses including Cityblock Plc, a luxury student accommodation business which was privatised and sold to management in 2009; NetPlayTV Plc, an interactive TV gaming business which boasted exclusive partnerships with Virgin Media, Channel Five, and ITV; and Digitalbox Plc, a digital media business. Digitalbox was ranked in The Sunday Times Tech Track 100 in both 2015 and 2016 and listed on AIM in February 2019, and M Capital Investment Partners, his private investment vehicle.

Martin has previously held Non-Executive Director positions with Digitalbox Plc, Legend Plc and Cupid Plc.

DAVID MARKS

CO-FOUNDER AND GROUP MANAGING DIRECTOR

David began his career with Arthur Andersen in its corporate recovery & restructuring department, during which time he was involved in some of the largest and most complex restructuring assignments in the UK.

David then pursued a career in corporate finance and M&A, initially with UBS and latterly with Deutsche Bank. In 2001, David was appointed as a Partner responsible for making private equity investment at Nikko Principal Investments Limited, the European Principal Finance arm of Nikko Cordial, one of Japan's largest securities businesses. David subsequently joined AIM-listed Monstermob Group Plc, initially as a Non-Executive Director and subsequently as Group Finance Director. He steered the company as it rapidly expanded internationally across Europe, USA and Asia.

David has also been involved in a number of early-stage ventures as both an investor and board member with Martin Higginson, including the Immotion VR business which he and Martin co-founded and was sold by the Group in February 2023 and Digitalbox Group which was a member of The Sunday Times Tech Track 100 in both 2015 and 2016, out of which were spun a number of successful businesses including Entertainment Daily (digital publishing) and Content Click (digital marketing). David has an honours degree in Law from the University of Glasgow and is a member of the Institute of Chartered Accountants of Scotland.

DANIEL WORTLEY

GROUP FINANCE DIRECTOR & COMPANY SECRETARY

Prior to joining the board as Group Finance Director in March 2023, Daniel held the position of Group Head of Finance from the Group's inception and subsequent IPO in July 2018.

Daniel has over 20 years' experience in senior finance roles including UK Financial Controller and Group Accountant at Monstermob Group plc and Group Financial Controller at NetPlay TV plc. Daniel is a member of the Chartered Institute of Management Accountants and has a degree in Economics from Lancaster University.

NICHOLAS LEE

NON-EXECUTIVE DIRECTOR

Nicholas has extensive investment banking and capital markets experience and is actively involved in public markets. Having read Engineering at St. John's College, Cambridge, he commenced his career at Coopers & Lybrand where he qualified as a chartered accountant. He joined Dresdner Kleinwort, where he worked in the corporate finance department advising a range of companies across a number of different sectors.

When he left in 2009, he was a Managing Director and Head of Investment Banking for Dresdner Kleinwort's hedge fund/alternative asset manager clients. He now holds a number of directorships of public companies with a particular focus on technology and financial sectors.

Board Meetings

The Board typically meets every month to discuss significant matters including strategic decisions and performance. The Company's day-to-day operations are managed by the Executive Directors. Any Director needing independent professional advice in the furtherance of his duties may obtain this advice at the expense of the Company.

The Company Secretary is responsible for taking minutes and circulating them shortly thereafter. The Company Secretary is also responsible for coordinating Board meetings and circulating board papers in advance.

The Board has established Audit, Nomination and Remuneration Committees with formally delegated duties and responsibilities, details of which are provided on the following pages.

Audit Committee

The Audit Committee is chaired by Nicholas Lee and meets at least twice per year. Sir Robin Miller also serves on the Audit Committee. The Audit Committee's responsibilities include:

(i) ensuring that appropriate financial reporting procedures are properly maintained and reported on;

(ii) meeting with the Group's auditors to discuss matters of relevance, including risk issues;

(iii) ensuring the internal controls of the Group are properly maintained;

(iv) reviewing the financial statements prior to issue to the shareholders;

(v) reviewing reports from the Group's auditors;

(vi) reviewing and approving the scope and content of the Group's annual risk assessment programme and the annual audit; and

(vii) monitoring the independence of the external auditors.

The Group's Finance Director and the external auditors attend meetings of the Audit Committee by invitation. The Committee also holds separate meetings with the auditors as appropriate.

The Group does not have an internal audit function as this is not considered appropriate given the scale of the Group's operations. However, the Group operates internal peer review with the scope of evaluating and testing the Group's internal control procedures to standardise processes around best practice. Any significant issues are reported to the Chair of the Audit Committee and shared with the external auditors as appropriate.

Nomination Committee

The Nomination Committee is chaired by Sir Robin Miller and has been established to identify and nominate, for the approval of the Board, candidates to fill Board vacancies as and when they arise. The Nomination Committee will meet as required. Nicholas Lee also serves on the Nomination Committee.

Remuneration Committee

The Remuneration Committee is chaired by Sir Robin Miller and meets at least once per year. Nicholas Lee also serves on the Remuneration Committee. The Remuneration Committee's responsibilities include reviewing the performance of the Executive Directors, setting their remuneration levels, determining the payment of bonuses and considering the grant of options under the share option schemes.

Members of the Remuneration Committee do not participate in decisions concerning their own remuneration.

Whilst the Quoted Companies Alliance Corporate Governance Code suggests that the Chairman of the Board should not also chair the Remuneration Committee, given that Sir Robin Miller is only one of two independent Non-Executive Directors, it is considered appropriate by the Group for him to serve in this position at present, though this will be kept under review.

Attendance

Directors' attendance at meetings of the Board and its Committees during 2023 were as follows:

	Board	Audit	Renumeration
Martin Higginson	16 / 21	-	-
David Marks	16 / 21	-	-
Rod Findley*	1 / 21	-	-
Daniel Wortley**	16 / 21	2 / 2	-
Sir Robin Miller	14 / 21	2 / 2	2 / 2
Nicholas Lee	11 / 21	2 / 2	2 / 2

*Resigned 1 March 2023
**Appointed 1 March 2023

No formal meetings of the Nomination Committee took place during the year.

The Board keep under review the effectiveness of its performance, the performance of the Committees and the performance of individual Directors. It is the view of the Board that no changes to the composition of the Board are required at the current time.

Compliance with Corporate Governance Codes

As an AIM-quoted company, the Company is required to apply a recognised corporate governance code and demonstrate how it complies with that code and where it departs from it.

The Directors of the Company have taken the decision to apply the Quoted Companies' Alliance Corporate Governance Code (the "QCA Code").

As far as the Directors are aware, the Company is fully compliant with the principles of the QCA Code other than the Chairman of the Board also chairs the Remuneration Committee.

Full details of the QCA Code's ten principles and the steps the Company takes to adhere to them can be found at:
https://huddled.com/investors/#corporate-governance

Financial Controls

The Board has overall responsibility for the Group's system of internal financial control and for reviewing its effectiveness. The purpose of the system of control is to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against misstatement or loss.

The Audit Committee keeps the Company's internal controls and risk management systems under review.

The Finance Director is the executive within the Group responsible for day-to-day financial management of the Group's affairs and its internal accounting.

Risk Management Review

Risk management is ultimately the responsibility of the Board but is overseen by the Audit Committee. The Group's key risks are recorded in a risk register and those risks together with their respective mitigants, controls and corrective actions are reviewed by the Audit Committee.

Shareholder Relations

The Company regularly updates its investor relations website which can be found at: huddled.com/investors.

The Company is happy to engage directly with shareholders to answer any questions they have where it is possible to do so without releasing price-sensitive information. The investor relations website includes details of how to contact the Company by email.

Going Concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. The going concern basis of accounting has therefore been adopted in preparing the financial statements.

In reaching this conclusion, the Directors have considered the financial position of the Group, together with its forecasts and projections for the next 12 months, taking into account reasonably possible changes in trading performance and capital expenditure requirements.

Culture

The Directors recognise the importance of creating a corporate culture which is consistent with the Group's business models and strategy.

It is the Group's intention that its non-discriminatory policy when hiring staff will produce a diverse workforce, thereby increasing the value of feedback from within the organisation.

The Group encourages an environment of openness and debate and welcomes all feedback from within.

The Board believes that the current culture is appropriate to enable the Group to deliver its strategy, though they also recognise that it is inevitable that there is always room for improvement in this area and any new initiatives to facilitate communication and promote diversity will be implemented as required.

Audit Committee

The Audit Committee is chaired by Nicholas Lee and meets at least twice per year. Sir Robin Miller also serves on the Audit Committee. The Audit Committee's responsibilities include:

- *(i)* ensuring that appropriate financial reporting procedures are properly maintained and reported on;
- *(ii)* meeting with the Group's auditors to discuss matters of relevance, including risk issues;
- *(iii)* ensuring the internal controls of the Group are properly maintained;
- *(iv)* reviewing the financial statements prior to issue to the shareholders;
- *(v)* reviewing reports from the Group's auditors;
- *(vi)* reviewing and approving the scope and content of the Group's annual risk assessment programme and the annual audit; and
- *(vii)* monitoring the independence of the external auditors.

The Group's Finance Director and the external auditors attend meetings of the Audit Committee by invitation. The Committee also holds separate meetings with the auditors as appropriate.

The Audit Committee met twice during the year: to approve the 2022 accounts and to approve the 2023 interim accounts.

Significant Accounting Issues

The main accounting issues which the Audit Committee focused their attention on during the period were:

- *(i)* accounting for the disposal proceeds of the Immotion and Uvisan divisions and the presentation of the financial statements in respect of discontinued operations;
- *(ii)* accounting for the acquisition of Huddled Group Limited; and
- *(iii)* accounting for modification of share options during the period.

Impact of New Accounting Standards on Future Reports

The new International Financial Reporting Standards (IFRS) to be adopted by the Group from 1 January 2024 onwards are set out in note 3. They are not expected to have a material impact on the Group.

Internal Audit

The Group does not have an internal audit function as this is not considered appropriate given the scale of the Group's operations, however the Group operates internal peer review with the scope of evaluating and testing the Group's internal control procedures to standardise processes around best practice. Any significant issues are reported to the chair of the Audit Committee and shared with the external auditors as appropriate.

Internal Controls

The Board has overall responsibility for the Group's system of internal financial control and for reviewing its effectiveness. The purpose of the system of control is to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against misstatement or loss.

The Audit Committee keeps the Company's internal controls and risk management systems under review.

The Finance Director is the executive within the Group responsible for day-to-day financial management of the Group's affairs and its internal accounting.

External Auditors

The Audit Committee have reviewed the independence and effectiveness of Haysmacintyre LLP, the Group's external auditors, and are satisfied in both respects.

Haysmacintyre LLP's fees in the year in respect of audit services were £123k (2022: £80k) and in respect of non-audit services were £17k (2022: £12k) as detailed in note 9.

Haysmacintyre LLP have signified their willingness to continue in office and a resolution to reappoint Haysmacintyre LLP as auditor to the Company will be proposed at the AGM.

Nicholas Lee

CHAIRMAN OF THE AUDIT COMMITTEE

10 MAY 2024

The Remuneration Committee determines the remuneration packages for Executive Directors and other senior employees and keeps the Group's policy on pay and benefits under review generally.

The Remuneration Committee intends that its policy and practice should align with, and support the implementation of, the Group's strategy, be in line with the Group's approach to risk management and promote the long-term success of the Group. The policy is intended to incentivise and to ensure that any risk created by the remuneration structure is acceptable to the Remuneration Committee and within the strategy and risk appetite of the Company.

The remuneration package for the Executive Directors comprises a combination of annual salary, discretionary performance bonuses and share options with performance criteria. Remuneration for Non-Executive Directors consists of an annual fee.

The Committee will continue to have due regard to remuneration reports from independent sources to the guidance of its professional advisers and to good practice generally.

Directors' Remuneration

Directors' remuneration for the year of 2023 is shown in the table below:

	Salary	Consultancy	Bonus	Benefits	Pension	Total	Total
	2023	2023	2023	2023	2023	2023	2022
	£	£	£	£	£	£	£
M Higginson	183,188	24,000	-	10,420	1,321	218,929	323,696
D Marks	185,937	-	150,000	4,200	1,321	341,458	298,947
R Findley*	31,681	-	-	3,899	-	35,580	232,468
D Wortley**	110,833	–	55,000	1,045	1,321	168,199	-
R Miller	31,875	15,938	12,500	-	-	60,313	47,813
N Lee	41,250	-	47,500	-	1,063	89,813	39,565
Total	**584,764**	**39,938**	**265,000**	**19,564**	**5,026**	**914,292**	**942,489**

*Resigned 1 March 2023 **Appointed 1 March 2023

Details of Directors' consultancy charges can be found in note 31 to the consolidated accounts.

All pension contributions represent payments into defined contribution schemes. The principal benefits relate to health insurance. M Higginson has the use of two company vehicles.

Service Contracts

There are no Directors' service contracts with notice periods in excess of 12 months.

Directors and their interests

The Directors' beneficial interests in the Company were as follows:

	9 May 2024	31 December 2023	31 December 2022
	Shares of £0.00040108663	Shares of £0.00040108663	Shares of £0.00040108663
M Higginson*	41,806,900	41,806,900	24,026,945
D Marks	13,571,775	13,571,775	10,292,663
R Findley (resigned 1 March 2023)	-	-	10,584,349
D Wortley (appointed 1 March 2023)	4,468,514	4,468,514	498,595
R Miller	134,750	134,750	385,000
N Lee	84,611	84,611	241,743

*Includes indirect shareholdings

The Directors do not currently hold any share options in the Company. Share options exercised in the period by the Directors were as follows:

	Date of Exercise	EMI Options	Unapproved Options	Total Options
		Shares	Shares	Shares
M Higginson	26 May 2023	6,578,921	9,551,448	16,130,369
D Marks	26 May 2023	6,578,921	3,858,376	10,437,297
R Findley*	19 May 2023	-	10,437,297	10,437,297
D Wortley**	26 May 2023	3,795,380	-	3,795,380
		16,953,222	**23,847,121**	**40,800,343**

*Resigned 1 March 2023 **Appointed 1 March 2023

All of the above options were issued on 19 November 2020 and were exercised at a price of 2.5 pence per share. The total pre-tax gain made on the above 40,800,343 share options was £591,605.

Sir Robin Miller

CHAIRMAN OF THE
REMUNERATION COMMITTEE

MAY 2024

The Directors present their report and audited financial statements for the year ended 31 December 2023.

Principal Activities

During the year, the principal activities of the Group were: (i) the sale of the Group's Let's Explore and Vodiac consumer products; and (ii) the sale of FMCG via the Group's Discount Dragon website.

The principal activity of the Company is that of a holding company.

Board of Directors

The Directors who served during the year were:

Martin Higginson
David Marks
Rodney Findley (resigned 1 March 2023)
Daniel Wortley (appointed 1 March 2023)
Sir Robin Miller
Nicholas Lee

Future Developments

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 to include the disclosure of likely future developments in the Chief Executive's Statement on pages 4 to 8.

Dividends

No dividends were paid during the year (2022: £Nil). The Board is not recommending the payment of a dividend in respect of the year ended 31 December 2023.

Earnings per Share

Earnings per share from total operations in the period was 4.04p (2022: 0.16p loss). Loss per share from continuing operations in the period was 0.71p (2022: 0.46p).

Going Concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. The going concern basis of accounting has therefore been adopted in preparing the financial statements.

In reaching this conclusion, the Directors have considered the financial position of the Group, together with its forecasts and projections for the next 12 months, taking into account reasonably possible changes in trading performance and capital expenditure requirements.

Post Balance Sheet Events

On 29 February 2024, the Company received $1,325,000 from the buyer of the Immotion location based entertainment business in settlement of the loan note which formed part of the consideration from the sale of that business.

On 12 April 2024, the Company announced that it had acquired the entirety of Food Circle Supermarket Limited for consideration of up to £300,000. The consideration is comprised of an initial payment of £100,000 in cash and £50,000 in shares. A further £50,000 in shares will be payable on the first anniversary of the acquisition, subject to any adjustments in the event of any warranty claims against the sellers. An additional £100,000 in cash will be payable if the business meets certain targets during its first 12 months post-acquisition.

On 10 May 2024, the Company announced that it had entered into an agreement with Wicked Vision Limited to manage the Group's Let's Explore division in exchange for a 25% share in Let's Explore Limited, increasing to 50% subject to the Company being repaid an amount equating to the working capital in the business, being circa £400,000. Wicked Vision are the current distributor of the Group's Vodiac product and as part of the deal the jointly-owned Let's Explore Limited will benefit from the distribution margin which previously accrued to Wicked Vision.

Treasury Operations and Financial Instruments

The Group operates a centralised treasury function which is responsible for managing liquidity, interest and foreign currency risks associated with the Group's activities. The Group's principal financial instrument is cash, the main purpose of which is to fund the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables naturally arising from its operations.

The Group's exposure and approach to capital and financial risk, and approach to managing these is set out in note 26 to the consolidated financial statements.

Research & Development

During the year, the Group invested in research and development in order to continue its products and services. The Group claims R&D tax credits where eligible.

Employee Engagements

The Group engages with its employees regularly in numerous ways. Details of the Group's performance are shared with employees at appropriate times.

Employee Policies

The Group has established employment policies which are compliant with current legislation and codes of practice. The Group is an equal opportunities employer.

Payment of Suppliers

The Group's policy is to pay suppliers in accordance with the relevant contractual terms between the Group and the supplier. Where no specific terms are agreed, the Group's standard policy is 30 days.

Directors' Indemnity

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company. Appropriate directors' and officers' liability insurance cover is in place in respect of all the Directors.

Directors' Conflict of Interest

In the event that a Director becomes aware that they, or their connected parties, have an interest in an existing or proposed transaction involving the Group, they will notify the Board in writing or at the next Board meeting.

Political Donations

The Group did not make any political donations during 2023 (2022: £Nil).

Significant Shareholdings

As at 31 December 2023, the following shareholders owned 3% or more of the Company:

Shareholder	Shares	%
Martin Higginson*	41,806,900	13.13%
Unicorn Aim VCT	29,137,930	9.15%
York House Investment Company Limited	20,850,897	6.55%
Hargreaves Lansdown (Nominees) Limited	19,279,080	6.06%
Talia Stevens	16,988,636	5.34%
Stonehage Fleming	13,662,254	4.29%
David Marks*	13,571,775	4.26%
Interactive Investor Services Nominees Limited	13,361,751	4.20%
Peter Edmondson	12,972,187	4.08%
Lawshare Nominees Limited	10,578,476	3.32%

*Includes indirect shareholdings

As at 9 May 2024, the following shareholders owned 3% or more of the Company:

Shareholder	Shares	%
Martin Higginson*	41,806,900	13.05%
Unicorn Aim VCT	29,137,930	9.09%
York House Investment Company Limited	20,850,897	6.51%
Hargreaves Lansdown (Nominees) Limited	18,454,894	5.76%
Talia Stevens	16,988,636	5.30%
Stonehage Fleming	14,662,254	4.58%
David Marks*	13,571,775	4.24%
Peter Edmondson	12,972,187	4.05%
Lawshare Nominees Limited	11,193,206	3.49%
Interactive Investor Services Nominees Limited	10,898,554	3.40%

*Includes indirect shareholdings

Matters Covered in the Chairman's Statement and Financial Statements

Certain matters which are required to be disclosed in the Directors' Report (such as review of the business and future developments) have been omitted as they are included within the Chief Executive's Statement (on pages 4 to 8) and within the notes to the Financial Statements.

Annual General Meeting

The Company's Annual General Meeting will be held later in the year.

Statement as to Disclosure of Information to the Auditor

As far as the Directors are aware they have each taken all necessary steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditors

Haysmacintyre LLP have signified their willingness to continue in office and a resolution to reappoint Haysmacintyre LLP as auditor to the Company will be proposed at the AGM.

Approved by the board on 10 May 2024
Martin Higginson
DIRECTOR
MAY 2024

Directors' Responsibilities Statement

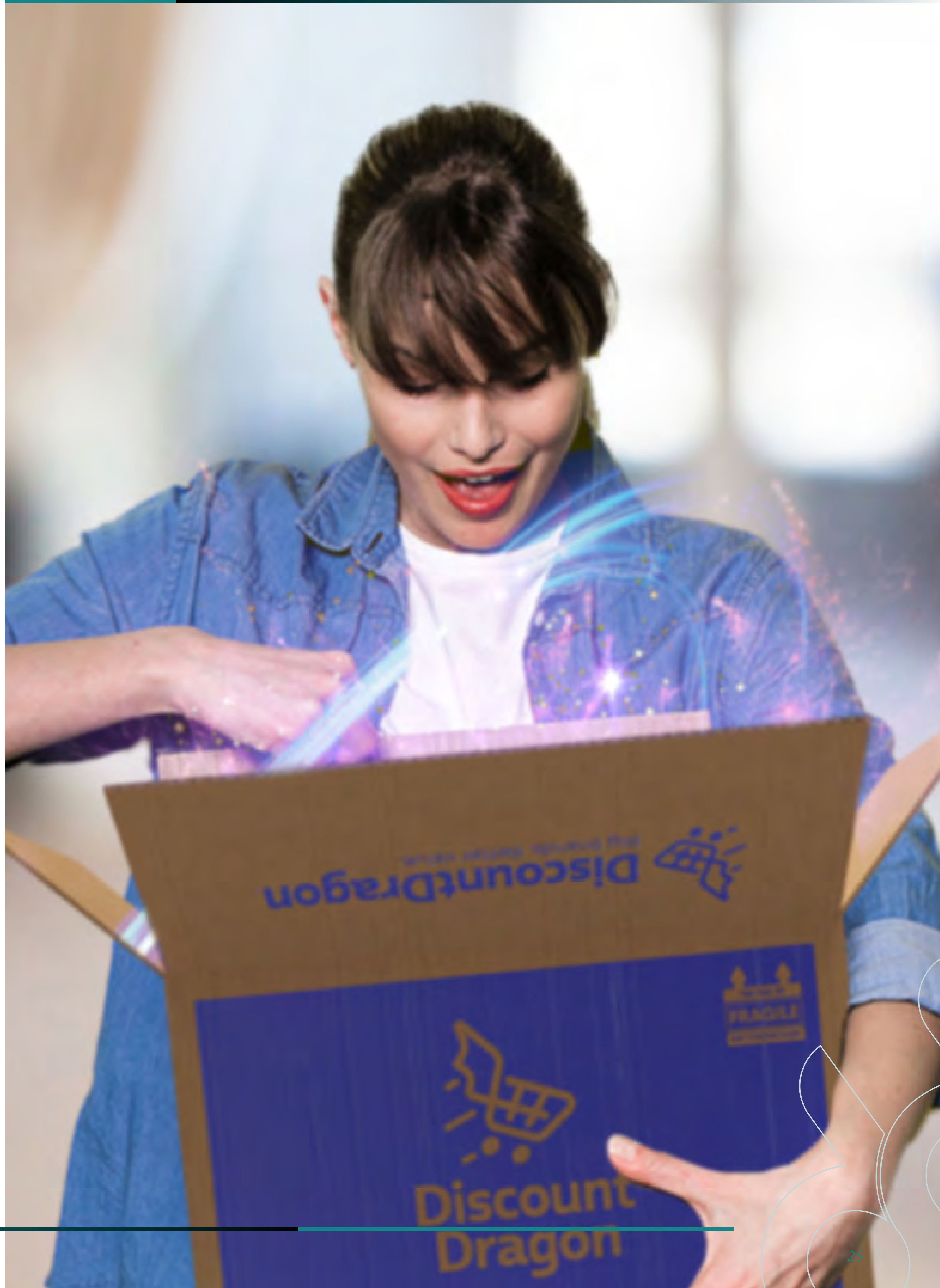
The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the United Kingdom and applicable law. 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 of the Company and the Group and of the profit or loss of the Company and the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the United Kingdom have been followed subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's and the Group's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Company and the Group will continue in business.

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the corporate and financial information on the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein. The work carried out by the auditors does not include consideration of the maintenance and the integrity of the website and accordingly the auditor accepts no responsibility for any changes that have occurred to the financial statements when they are presented on the website.



Opinion

We have audited the financial statements of Huddled Group PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and parent company Statements of Financial Position, the Consolidated and parent company Statements of Changes in Equity, the Consolidated and parent company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards.

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 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 group 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 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.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered areas where subjective judgement was exercised by the directors, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also assessed the risk of management override of controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud. We tailored the scope of our audit to ensure that we performed sufficient 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 parent company, the accounting processes and controls, and the industry in which they operate.

Our audit scope included the statutory audit of each of the group's subsidiaries as at 31 December 2023 other than those discussed subsequently. Four UK subsidiaries, Beermonster Online Limited, Ranger Rob UK Limited, Let's Explore VR Limited and Vodiac Limited, are exempt from statutory audit requirements but audit work on these was performed to group-level materiality where considered appropriate. The Group's US subsidiary, Let's Explore Inc, was not subject to a statutory audit, and we performed specific audit procedures with reference to our group level materiality.

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 year 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.

Key Audit Matter	*How our scope addressed this matter*
Revenue recognition There is a risk that group revenue, sale of goods, is incorrectly treated under UK adopted international accounting standards. Details of the accounting policies applied are given in note 4. We consider there to be a significant risk around the existence of revenue. We also consider there to be a risk of misstatement of the financial statements related to transactions occurring close to the year end, as transactions could be recorded in the wrong financial period (cut-off).	Our audit work included, but was not restricted to, the following: • considering the stated accounting policies in respect of revenue recognition and whether these were consistent with IFRS 15; • a review and assessment of how revenue is recognised; • an assessment of deferred and accrued income to ensure it was correctly calculated, recognised in the appropriate period and that it was complete; • a review of deferred and accrued income judgements made; • substantive procedures on a sample of revenue transactions around the reporting date to assess appropriate cut off had been applied; • agreement of a sample of refunds in the period to support; and • a detailed review of revenue, which included performing cash to sales reconciliations in each entity.
Acquisition of Huddled Holdings Limited (incorporating goodwill impairment review) The group acquired control over Huddled Holdings Limited and its subsidiaries in October 2023. The Group has recognised goodwill of £1,635,000 and intangible assets with a fair value of £2,183,000. Acquisition accounting and in particular the valuation of intangible assets is a complex area that requires the application of multiple judgements and estimates. Goodwill arising on acquisitions should be reviewed for impairment at least annually. Given these above factors there is a risk that the Group's intangible assets may be materially misstated.	Our audit work included, but was not restricted to, the following: • reviewing and verifying key inputs into the acquisition accounting calculation including audit procedures performed on acquisition date net assets and consideration transferred; • review of management's intangible asset identification and valuation assessment including consideration of the appropriateness of valuation methodologies adopted and reasonableness of assumptions around discounted future cash flows; • consideration of appropriateness of disclosures around business combinations, judgements and sources of estimation uncertainty • critical assessment of management's goodwill impairment review performed as at 31 December 2023 including corroboration of post year end results against discounted cash flow forecasts; and • in respect of all the above areas, challenge of management including the presentation of contradictory audit evidence where identified, together with consideration of responses provided where required.

Independent Auditor's Report to the Shareholders of Huddled Group PLC

Key Audit Matter	*How our scope addressed this matter*
Disposal of Location Based Entertainment ("LBE") businesses (C.2k Inc, Immotion Studios Limited & Immotion VR Limited) In February 2023, the Group has disposed of the LBE businesses. There is a risk that the presentation of this proposed disposal and the aggregation assets and liabilities associated with the LBE group are materially misstated when considering the requirements of IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations. This is deemed a key audit matter as the accounting and disclosure to recognise this has a material impact on the presentation of the consolidated income statement and statement of financial position and is subject to management judgement.	Our audit work included, but was not restricted to, the following: • considering the allocation of costs and revenue to discontinued operations and the appropriateness of the presentation of these transactions; • verification of inputs to the gain on disposal calculation prepared by management including agreement of consideration received and receivable and associated costs (including the carrying value of the components disposed of); • audit procedures performed on the financial performance of the disposed of entities up to the date of disposal; and • assessing the appropriateness of the disclosure and presentation of discontinued operations in the Group financial statements.

Our application of materiality

The scope and focus of our audit was influenced by our risk assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Materiality for the Group financial statements was set at £206,000, determined by reference to 1.9% of the Group's gross assets. Due to the impact of the discontinued operations, profit and loss related measures have been heavily impacted and therefore we concluded gross assets to be a more appropriate metric as it also incorporates the consideration of the value arising from acquisitions made by the Group during the period and the disposal transaction in February 2023. We have assessed that users will place increased emphasis on the impact of the disposal of the Group's discontinued operations in February 2023 and acquisitions made in October 2023, with the latter having a limited impact on revenue and profits during the year. Consequently, we consider that the Group's gross assets as at 31 December 2023 will be of most relevance to them.

We have reported to the audit committee any corrected or uncorrected misstatements arising exceeding £10,300. Performance materiality was set at £144,000, being 70% of materiality.

Materiality for the parent company was set at £185,000, determined by reference to 90% of group materiality. We have reported to the audit committee any corrected or uncorrected misstatements arising exceeding £9,270. Performance materiality was set at £139,000, being 70% of materiality.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' 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 but was not limited to:

• The review of management's going concern assessment which incorporate scrutiny of working capital projections for a period of at least twelve months from the date of approval of the financial statements;

• The review and consideration of the appropriateness of sensitivity analyses of trading performance and cash flow forecasts prepared by management;

• Challenging and assessing the underlying assumptions of the cash flow forecasts and considering whether the period of the forecast is appropriate;

• The review of post balance sheet trading performance and cash flow to assess the reasonableness of management's forecasting;

• Verification of proceeds received from the sale of the Group's LBE business; and

• A consideration of management's assertion of risk mitigation measures available to the group should there be a materially adverse decline in trading performance or cash flow.

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 and parent company'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.

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.

In connection with our audit of the financial statements, 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 the 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 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 as set out on page 24, 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 the 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 material 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 on the next page:

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows: Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements related to the AIM rules for this business and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing accounting journal entries, in particular those journal entries which exhibited the characteristics we had identified as possible indicators of irregularities; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

Use of our report

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

Christopher Cork (Senior Statutory Auditor)

FOR AND ON BEHALF OF
HAYSMACINTYRE LLP
STATUTORY AUDITORS
EC4R 1AG

London
10 MAY 2024

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2023 £'000	Year Ended 31 December 2022 £'000
Continuing operations			
Revenue	7	2,423	796
Cost of sales		(2,468)	(865)
Gross profit		**(45)**	**(69)**
Administrative expenses		(2,813)	(1,848)
Other operating income	8	244	-
Loss from operations	9	**(2,614)**	**(1,917)**
Memorandum:			
Adjusted EBITDA		**(1,333)**	**(1,582)**
Depreciation	17	(28)	(1)
Amortisation	18	(241)	(168)
Share based payments	28	(337)	(133)
One-off costs	9	(675)	(33)
Loss from operations		**(2,614)**	**(1,917)**
Finance costs	11	(2)	(11)
Finance income	12	337	-
Loss before taxation and attributable to equity holders of the parent		**(2,279)**	**(1,928)**
Taxation	13	(8)	-
Loss after taxation from continuing operations		**(2,287)**	**(1,928)**
Profit after tax from discontinued operations	14	15,268	1,267
Profit/(Loss) after tax from all operations		**12,981**	**(661)**
Other comprehensive expense			
Profit /(loss) on translation of subsidiary		(282)	129
Cumulative translation differences transferred to the income statement on disposal of subsidiaries		155	-
Profit/(loss) after taxation and attributable to equity holders of the parent and total comprehensive income for the period		**12,854**	**(532)**

	Note	Year ended 31 December 2023 £0.01	Year ended 31 December 2022 £0.01
Earnings/(loss) per share			
Continuing operations			
Basic	15	(0.71)	(0.46)
Diluted	15	(0.71)	(0.46)
Discontinued operations			
Basic	15	4.75	0.30
Diluted	15	4.75	0.30
Continuing and discontinued operations			
Basic	15	4.04	(0.16)
Diluted	15	4.04	(0.16)

The notes on pages 38 to 67 form part of the group financial statements.

Consolidated Statement of Changes in Equity

	Share capital	Share premium	Foreign exchange reserve	Merger reserve	Capital redemption reserve	Equity reserve	Retained earnings/ (deficit)	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2022	166	20,556	(36)	-	-	-	(14,966)	5,720
Loss after tax	-	-	-	-	-	-	(661)	(661)
Equity settled share-based payments	-	-	-	-	-	-	133	133
Currency translation of overseas subsidiary	-	-	129	-	-	-	-	129
Balance at 31 December 2022	**166**	**20,556**	**93**	**-**	**-**	**-**	**(15,494)**	**5,321**
Profit after tax	-	-	-	-	-	-	12,981	12,981
Equity settled share-based payments	-	-	-	-	-	-	337	337
Currency translation differences transferred to income statement on disposal of subsidiaries	-	-	155	-	-	-	-	155
Currency translation of overseas subsidiary	-	-	(282)	-	-	-	-	(282)
Exercise of share options	19	1,159	-	-	-	-	-	1,178
Acquisition of subsidiaries	52	-	-	2,823	-	417	-	3,292
Reduction in share premium	-	(20,572)	-	-	-	-	20,572	-
Buyback and cancellation of shares	(110)	-	-	-	110	-	(12,680)	(12,680)
Balance at 31 December 2023	**127**	**1,143**	**(34)**	**2,823**	**110**	**417**	**5,716**	**10,302**

The notes on pages 38 to 67 form part of the group financial statements.

Consolidated Statement of Financial Position

	Note	31 December 2023 £'000	31 December 2022 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	209	3
Intangible fixed assets	18	3,935	214
Total non-current assets		**4,144**	**217**
Current assets			
Inventories	19	724	67
Trade and other receivables	20	1,819	786
Contract assets	21	95	2
Cash and cash equivalents	22	4,268	51
Total current assets		**6,906**	**906**
Assets held for sale	14	-	6,362
Total assets		**11,050**	**7,485**
LIABILITIES			
Current liabilities			
Trade and other payables	23	(580)	(786)
Provisions	24	(53)	(7)
Loans and borrowings	25	(10)	(45)
Total current liabilities		**(643)**	**(838)**
Non-current liabilities			
Loans and borrowings	25	(18)	(28)
Deferred tax	16	(87)	-
Total non-current liabilities		**(105)**	**(28)**
Liabilities associated with assets held for sale	14	-	(1,298)
Total liabilities		**(748)**	**(2,164)**
Total net assets		**10,302**	**5,321**
Capital and reserves attributable to owners of the parent			
Share capital	27	127	166
Share premium	29	1,143	20,556
Foreign exchange reserve	29	(34)	93
Merger reserve	29	2,823	-
Capital redemption reserve	29	110	-
Equity reserve	29	417	-
Retained earnings/(deficit)	29	5,716	(15,494)
Total equity		**10,302**	**5,321**

The financial statements were approved by the Board and authorised for issue on 10 May 2024.

Martin Higginson CHIEF EXECUTIVE OFFICER
Daniel Wortley FINANCE DIRECTOR

The notes on pages 38 to 67 form part of the group financial statements.

Consolidated Statement of Cash Flows

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Cash flows from operating activities		
Loss before tax from continuing operations	(2,279)	(1,928)
Profit before tax from discontinued operations	15,276	1,297
Adjustments for:		
Share based payments	337	133
Depreciation of property plant and equipment	201	1,036
Loss/(gain) on disposal of fixed assets	3	(19)
Amortisation of intangible assets	280	601
Gain on disposal of subsidiary undertakings	(15,206)	-
Costs relating to the disposal of subsidiaries	(437)	-
Impairment of tangible and intangible assets	-	176
Finance costs	6	37
Finance income	(337)	(1)
Foreign exchange profit/(loss)	(282)	37
Foreign corporate tax payment	(16)	(4)
Corporation tax repayment received	-	18
Cash inflows/(outflows) from operating activities before changes in working capital	**(2,454)**	**1,383**
Increase in inventories	(41)	(11)
Decrease/(increase) in trade and other receivables	195	(46)
(Decrease)/increase in trade & other payables	(901)	278
Net cash from/(used in) operations	**(3,201)**	**1,604**
Investing activities		
Purchase of intangible assets	(157)	(510)
Purchase of property, plant and equipment	(278)	(1,797)
Proceeds from disposals of property, plant and equipment	-	24
Proceeds from the sale of subsidiary undertakings	19,818	-
Cash disposed on disposal of subsidiaries	(354)	-
Cash acquired with subsidiaries	45	-
Net cash from/(used in) investing activities	**19,074**	**(2,283)**
Financing activities		
Finance costs	(6)	(37)
Finance income	337	1
New loans and finance leases	-	328
Loan and finance lease repayments	(763)	(422)
Foreign exchange on retranslation of financing	-	39
Issue of new share capital	1,178	-
Share buybacks	(12,680)	-
Net cash used in financing activities	**(11,934)**	**(91)**

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Net decrease in cash and cash equivalents	**3,939**	**(770)**
Cash and cash equivalents at beginning of the period	329	1,099
Cash and cash equivalents at end of the period	**4,268**	**329**
Reconciliation of net cashflow to movement in net debt		
Net (decrease)/increase in cash and cash equivalents	3,939	(770)
New loans and finance leases	-	(328)
Loans acquired with subsidiaries	(695)	-
Repayment of loans and finance leases	763	422
Foreign exchange on retranslation of financing	-	(39)
Loans and finance leases disposed on sale of subsidiaries	309	-
Movement in net funds in the year	**4,316**	**(715)**
Net funds/(debt) at beginning of year	(76)	639
Net funds at end of year	**4,240**	**(76)**
Breakdown of net funds/(debts)		
Cash and cash equivalents	4,268	51
Cash and cash equivalents attributable to disposal groups	-	278
	4,268	329
Loans and borrowings	(28)	(73)
Loans and borrowings attributable to disposal groups	-	(136)
Lease liabilities attributable to disposal groups	-	(196)
Net funds at end of year	**4,240**	**(76)**

The notes on pages 38 to 67 form part of the group financial statements.

1. GENERAL INFORMATION

Huddled Group plc is a public limited company incorporated and domiciled in the United Kingdom. The address of the registered office is Cumberland Court, 80 Mount Street, Nottingham, England, NG1 6HH. The Group is listed on AIM.

During the year, the principal activities of the Group were: (i) the sale of the Group's Let's Explore and Vodiac consumer products; and (ii) the sale of FMCG via the Group's Discount Dragon website.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 4.

2. STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED IN THE CURRENT FINANCIAL YEAR ENDED 31 DECEMBER 2023

The principal accounting policies adopted in the preparation of these consolidated financial statements are consistent with those followed in the preparation of the Group's annual audited consolidated financial statements for the year ended 31 December 2022, except for any new and revised IFRSs effective 1 January 2023. None of the new IFRSs and IFRS amendments effective in the year ended 31 December 2023 have had a material impact on the consolidated financial statements of the Group.

3. NEW AND REVISED IFRS STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

• Amendments to IAS 1 'Classification of liabilities as current or non-current' – effective 1 January 2024.

• Amendments to IAS 1 'Non-current liabilities with covenants' – effective 1 January 2024.

• Amendments to IFRS 16 'Lease liability in a sale and leaseback' – effective 1 January 2024.

• Amendments to IAS 7 & IFRS 7 'Supplier finance arrangements' – effective 1 January 2024.

• Amendments to IAS 21 'Lack of exchangeability'– effective 1 January 2025.

The Group is currently assessing the impact of the above changes, but they are not expected to have a material impact. The Group has not adopted any other standard, amendment or interpretation that has been issued but is not yet effective.

4. ACCOUNTING POLICIES

Principal accounting policies

The Company is a public company incorporated and domiciled in the United Kingdom. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the United Kingdom ("adopted IFRSs") and those parts of the Companies Act 2006 which apply to companies preparing their financial statements under IFRSs. The financial statements are presented to the nearest round thousand (£'000) except when otherwise indicated.

Basis of Consolidation

The Group comprises a holding company and a number of subsidiaries all of which have been included in the consolidated financial statements in accordance with the principles of acquisition accounting as laid out by IFRS 3 Business Combinations.

Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. The going concern basis of accounting has therefore been adopted in preparing the financial statements.

In reaching this conclusion, the Directors have considered the financial position of the Group, together with its forecasts and projections for the next 12 months, taking into account reasonably possible changes in trading performance and capital expenditure requirements.

The financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

Business combinations and goodwill

Acquisitions of subsidiaries are accounted for using the acquisition method. The assets and liabilities and contingent liabilities of the subsidiaries are measured at their fair value at the date of acquisition. Any excess of acquisition over fair values of the identifiable net assets acquired is recognised as goodwill. Goodwill arising on consolidation is recognised as an asset and reviewed for impairment twice-annually. Any impairment is recognised immediately in profit or loss accounts and is not subsequently reversed. Acquisition related costs are recognised in the income statement as incurred.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Discount Dragon

For sales to consumers via Discount Dragon's website, revenue is recognised on sales in the period in which the corresponding order is placed, at which point products purchased are allocated to that customer. There is typically no more than one week between the point when an order is placed and when the goods are received by the customer.

For wholesale sales, revenue is recognised in the period in which delivery to the wholesaler takes place.

Let's Explore

For sales to consumers, revenue is recognised on sales of the Let's Explore and Vodiac products in the period in which the corresponding order is placed, at which point products purchased are allocated to that customer. There is typically no more than one week between the point when an order is placed and when the goods are received by the customer.

For sales to resellers, revenue is recognised in the period in which delivery to the reseller takes place.

Location Based Entertainment (included in discontinued operations)

Revenue was recognised on the date which the sale to the end customer took place. For partner site sales, the Group acted as the principal in the transaction and therefore recognised the revenue charged to the end user in full with partners' shares deducted as a cost of sale.

Uvisan (included in discontinued operations)

Revenue from the sale of Uvisan products was recognised when all of the following conditions were satisfied:

• the Group had transferred the significant risks and rewards of ownership to the buyer;

• the Group retained neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

• the amount of revenue could be reliably measured;

• it was probable that the Group would receive the consideration due under the transaction; and

• the costs incurred or to be incurred in respect of the transaction could be reliably measured.

Content (included in discontinued operations)

Content licensing revenue was recognised on the date on which the related sale of that content took place where agreements do not provide for new or updated content to be supplied. Where the Group was committed under licensing agreements to producing new content, or material updates, revenue was recognised over the period of the agreement.

Leases

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. In the latter cases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is included in liabilities in the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the property, plant and equipment in the Statement of Financial Position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment losses where applicable.

4. ACCOUNTING POLICIES (continued)

Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in pound sterling, which is the functional currency of the Group, and the presentational currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the Group company's functional currency (foreign currencies) are recorded at rates of exchange prevailing on the dates of the transactions. At the reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of the gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign exchange reserve. Such translation differences are recognised as other comprehensive income and expense in the period of the disposal of the operation. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rates.

Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation and provision for impairment. Depreciation is provided on all property plant and equipment, at rates calculated to write off the cost less estimated residual value, of each asset on a straight-line basis over its expected useful life.

The residual value is the estimated amount that would currently be obtained from disposal of the asset if the asset were already of the age and in the condition expected at the end of its useful economic life.

The method of depreciation for each class of depreciable asset is:

Leasehold property - Over term of lease on a straight-line basis

Fixtures, fittings and equipment - 3 years on a straight-line basis

Motor vehicles - Between 3 and 7 years on a straight-line basis

IFRS 16 right of use assets - Over term of lease on a straight-line basis

Intangible assets

Intangible assets include goodwill arising on the acquisition of subsidiaries and represents the difference between the fair value of the consideration payable and the fair value of the net assets that have been acquired. The residual element of goodwill is not being amortised but is subject to twice-annual impairment review. The expected useable lives of the classes of intangible assets held by the Group are shown in note 18.

Internally-generated intangible assets

An internally-generated intangible asset arising from the Group's development activities is capitalised and held as an intangible asset in the statement of financial position when the costs relate to a clearly defined project; the costs are separately identifiable; the outcome of such a project has been assessed with reasonable certainty as to its technical feasibility and its ultimate commercial viability; the aggregate of the defined costs plus all future expected costs in bringing the product to market is exceeded by the future expected sales revenue; and adequate resources are expected to exist to enable the project to be completed. Internally generated intangible assets are amortised over their estimated useful lives, being 3 years from completion of development. Other development expenditure is recognised as an expense in the income statement in the period in which it is incurred.

Impairment of assets

Impairment tests on goodwill are undertaken twice-annually. The recoverable value of goodwill is estimated on the basis of value in use, defined as the present value of the cash generating units with which the goodwill is associated. When value in use is less than the book value, an impairment is recorded and is irreversible.

Other non-financial assets are subject to impairment tests whenever circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its estimated recoverable value (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly. Where it is not possible to estimate the recoverable value of an individual asset, the impairment test is carried out on the asset's cash-generating unit. The carrying value of property, plant and equipment is assessed in order to determine if there is an indication of impairment. Any impairment is charged to the statement of comprehensive income. Impairment charges are included under administrative expenses within the consolidated statement of comprehensive income.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument.

The Group recognises lifetime expected credit losses for trade receivables and amounts due on contracts with customers when appropriate. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for facts that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecasted conditions at the reporting date, including time value of money where appropriate. Lifetime expected credit losses are losses which will result from all possible default events over the expected life of a financial instrument.

Contract assets

Contract assets are recognised when the Group has satisfied a performance obligation but cannot recognise a receivable.

Contract liabilities

Contract liabilities comprise payments in advance of revenue recognition and revenue deferred due to contract performance obligations not being completed. They are classified as current liabilities if the contract performance obligations are due to be completed within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Contract liabilities are recognised initially at fair value and subsequently at amortised cost.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any provision is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are recognised as financial assets. They comprise cash held by the Group and short-term bank deposits with an original maturity date of three months or less.

Trade payables

Trade payables are initially recognised as financial liabilities measured at fair value, and subsequent to initial recognition are measured at amortised cost.

Bank borrowings

Interest bearing bank loans, overdrafts and other loans are recognised as financial liabilities and recorded at fair value, net of direct issue costs. Finance costs are accounted for on an amortised cost basis in the income statement using the effective interest rate.

Provisions

Provisions are recognised where it is probable that an outflow of resources will be required to settle a liability of an uncertain amount or timing but where a reliable estimate can be made of the amount of the liability. Provisions are expensed to the income statement and included within liabilities on the statement of financial position.

Equity instruments

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

Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income on a straight-line basis over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of options expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

4. ACCOUNTING POLICIES (continued)

Where share options are cancelled due to employees leaving the Group's employment before they have vested, cumulative share based payment expenses recognised in respect of those employees are reversed through the statement of comprehensive income.

Where share options are replaced the fair value of the replaced options at the date of grant continues to be recognised through the statement of comprehensive income in addition to a charge equating to the incremental value of the new options granted.

Fair value is calculated either using the Monte Carlo model or Black-Scholes model, details of which are given in note 28.

Pensions

The pension schemes operated by the Group are defined contribution schemes. The pension cost charge represents the contributions payable by the Group.

Taxation and deferred taxation

Corporation tax payable is provided on taxable profits at prevailing rates.

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

• the initial recognition of goodwill; and

• 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 nor taxable profit.

Recognition of deferred tax assets is restricted to those instances where it is probable that future taxable profit will be available against which the asset can be utilised. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax assets and liabilities are recovered or settled respectively.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive directors, who are responsible for allocating resources and assessing performance of the operating segments.

A business segment is a group of assets and operations, engaged in providing products or services that are subject to risks and returns that are different from those of other operating segments.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments. The executive directors assess the performance of the operating segments based on the measures of revenue, adjusted EBITDA, profit before taxation and profit after taxation. Central overheads are not allocated to business segments.

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, the asset or disposal group is available for immediate sale in its present condition and the sale is expected to complete within one year from the date of the classification.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

The Immotion and Uvisan divisions have been classified as discontinued operations in the consolidated statement of comprehensive income.

Administrative expenses which the Group will continue to incur following the sale of the disposal groups are included within continuing operations and costs which will cease on disposal are included in discontinued operations.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement.

Details of discontinued operations are shown in note 14. All other notes to the financial statements include amounts for continuing operations only, unless otherwise stated.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the application of the Group's accounting policies, which are described in note 4, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on experience and other factors considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions 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 following are the critical judgments and estimations that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Critical accounting judgments

Discounted operations

The sale of the Immotion and Uvisan businesses took place in the period. Management were required to exercise judgment both in respect of allocation of the consideration and presentation of the results in discontinued operations in accordance with IFRS 5.

Valuation of intangible assets arising on acquisition at fair value

Separately identifiable intangible assets arising on acquisition have been recognised at fair value as assessed at the acquisition date. This identification and recognition of these intangibles requires the application of judgment and is subject to significant estimation uncertainty given assumptions made about future performance of these identified assets. Details of the separately identifiable intangible assets recognised on acquisition can be found in note 16.

Revenue recognition

For sales to consumers, revenue from the sale of Let's Explore and Vodiac products is recognised on receipt of payment, which is a condition for an order to be accepted. The price paid by the consumer excluding sales taxes is recognised as revenue. At each accounting date provision is made for refunds to be made for orders received and paid for, prior to the accounting date. This provision is based on past experience of the level of refund applications received.

Recoverability criteria for capitalisation of development expenditure

The Group recognises costs incurred on development projects as an intangible asset which satisfies the requirements of IAS 38. The calculation of the costs incurred includes the percentage of time spent by certain employees on development projects. The decision whether to capitalise and how to determine the period of economic benefit of a development project requires an assessment of the commercial viability of the project and the prospect of selling the project to new or existing customers. An assessment is made as to the future economic benefits of the project and whether an impairment is needed.

Impairment of goodwill

Impairment of the valuation of the goodwill relating to the acquisition of subsidiaries is considered twice-annually for indicators of impairment to ensure that the asset is not overstated within the financial statements. The twice-annual impairment assessment in respect of goodwill requires estimates of the value in use (or fair value less costs to sell) of subsidiaries to which goodwill has been allocated. As a result, estimates of future cash flows are required, together with an appropriate discount factor for the purpose of determining the present value of those cash flows. Further details of the considerations made when conducting the impairment review can be found in note 18.

Valuation of inventories

The carrying value of inventories of finished products held by the Group are assessed for impairment at the end of each period. Judgment is required to assess whether the net realisable value (NRV) of inventories held is less than carrying value with reference to the expected price the inventory is likely to achieve if sold. Where items of inventory are identified as having a NRV of less than their carrying value, a provision for impairment is recognised.

Critical accounting estimates

Amortisation of intangible assets

The periods of amortisation adopted to write down capitalised intangible assets and capitalised staff costs requires judgments to be made in respect of estimating the useful lives of the intangible assets to determine an appropriate amortisation rate. Variances between actual and estimated useful economic lives could impact on the operating results both positively and negatively.

Depreciation

The useful economic lives of tangible fixed assets are based on management's judgment and experience. When management identifies that actual useful economic lives differ materially from the estimates used to calculate depreciation, that charge is added retrospectively. Variances between actual and estimated useful economic lives could impact on the operating results both positively and negatively.

Share based payments expense

Non-market performance and service conditions are included in the assumptions about the number of options that are expected to vest. At the end of each reporting period the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to the original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity. This requires a judgment as to how many options will meet the future vesting criteria as well as the judgments required in estimating the fair value of the options. Where options are cancelled followed by the grant of new options at or close to the time of the cancellations, judgment is required as to the extent to which the new options granted are modifications of, or replacements for, the cancelled options, or new options. Modifications to share options give rise to a charge to the income statement equating to the difference between the estimated fair value of the share options immediately prior to and immediately after the modification takes place. Judgment is required to calculate the fair values of options at these points in time.

6. SEGMENTAL INFORMATION

A segmental analysis of revenue and expenditure for the year ended 31 December 2023 is below:

	Discount Dragon £'000	Let's Explore £'000	Head Office £'000	Total Continuing Operations £'000	Discontinued Operations £'000	Total £'000
Revenue	1,631	792	-	2,423	1,626	4,049
Cost of sales	(1,541)	(927)	-	(2,468)	(924)	(3,392)
Gross profit/(loss)	**90**	**(135)**	**-**	**(45)**	**702**	**657**
Administrative expenses*	(220)	(202)	(1,110)	(1,532)	(390)	(1,922)
Other operating income	-	-	244	244	-	244
Adjusted EBITDA**	**(130)**	**(337)**	**(866)**	**(1,333)**	**312**	**(1,021)**
Depreciation	(6)	(1)	(21)	(28)	(173)	(201)
Amortisation	(61)	(175)	(5)	(241)	(39)	(280)
Loss on disposal of assets	-	-	-	-	(3)	(3)
Profit on disposal of subsidiaries	-	-	-	-	15,206	15,206
One-off costs	(13)	-	(662)	(675)	(23)	(698)
Share based payments	-	-	(337)	(337)	-	(337)
Finance costs	-	-	(2)	(2)	(4)	(6)
Finance income	-	-	337	337	-	337
Taxation	-	(8)	-	(8)	(8)	(16)
(Loss) / profit for the year	**(210)**	**(521)**	**(1,556)**	**(2,287)**	**15,268**	**12,981**

*Administrative expenses exclude depreciation, amortisation, profit on disposals, one-off costs and share based payments.

**Adjusted EBITDA is a non-GAAP metric.

6. SEGMENTAL INFORMATION (continued)

A segmental analysis of revenue and expenditure for the year ended 31 December 2022 is below:

	Let's Explore £'000	Head Office £'000	Total Continuing Operations £'000	Discontinued Operations £'000	Total £'000
Revenue	796	-	796	10,781	11,577
Cost of sales	(865)	-	(865)	(5,696)	(6,561)
Gross profit/(loss)	**(69)**	**-**	**(69)**	**5,085**	**5,016**
Administrative expenses*	(143)	(1,370)	(1,513)	(2,167)	(3,680)
Other operating income	-	-	-	39	39
Adjusted EBITDA**	**(212)**	**(1,370)**	**(1,582)**	**2,957**	**1,375**
Depreciation	-	(1)	(1)	(1,035)	(1,036)
Amortisation	(158)	(10)	(168)	(433)	(601)
Impairment: intangible assets	-	-	-	(78)	(78)
Impairment: assets held for sale	-	-	-	(97)	(97)
Profit on disposal	-	-	-	19	19
One-off costs	-	(33)	(33)	(12)	(45)
Share based payments	-	(133)	(133)	-	(133)
Finance costs	-	(11)	(11)	(25)	(36)
Finance income	-	-	-	1	1
Taxation	-	-	-	(30)	(30)
(Loss) / profit for the year	**(370)**	**(1,558)**	**(1,928)**	**1,267**	**(661)**

* Administrative expenses exclude depreciation, amortisation, impairment, loss on disposal, restructuring costs and share based payments

** Adjusted EBITDA is a non-GAAP metric.

6. SEGMENTAL INFORMATION (continued)

The table below splits revenue, assets and capital expenditure by location:

	Revenue	
	2023 £'000	2022 £'000
Continuing Operations		
United Kingdom	1,934	396
USA & Canada	489	400
	2,423	**796**

	Total assets		Net tangible capital expenditure	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
United Kingdom	11,301	1,062	173	3
USA & Canada	320	61	-	-
Assets held for sale	-	6,362	-	1,794
	11,621	**7,485**	**173**	**1,797**

7. REVENUE

Revenue by stream is split:	2023 £'000	2022 £'000
Discount Dragon	1,631	-
Let's Explore	792	796
	2,423	**796**

Performance obligations for the recognition of revenue are satisfied at a point in time. The Group had certain customers whose revenue individually represented 10% or more of the Group's total revenue. For the year ended 31 December 2023, one customer accounted for 10% of the revenue (2022: one customer accounted for 49% of the Group's total revenue).

8. OTHER OPERATING INCOME

	2023 £'000	2022 £'000
Transitional services and bookkeeping services	244	-

9. LOSS FROM OPERATIONS

	2023 £'000	2022 £'000
This is arrived at after charging:		
Continuing operations		
Staff costs (see note 10)	1,641	1,190
Depreciation of property, plant & equipment	28	1
Amortisation of intangible fixed assets	241	168
Short-term lease expense	22	8

	2023 £'000	2022 £'000
Auditors' remuneration		
Auditors' remuneration in respect of the Company	23	20
Audit of the Group and subsidiary undertakings	100	60
Non-audit services: review of interim accounts	17	12
	140	**92**

	2023 £'000	2022 £'000
One-off costs (non-GAAP measure)*		
Costs relating to the acquisition of Huddled Holdings Limited	244	-
Costs related to the capital reduction and share buybacks	225	-
Bonuses awarded in relation to the LBE business sale	181	-
Business restructuring	25	33
	675	**33**

*One-off costs are included within administrative expenses but have been added back for the purposes of calculating adjusted EBITDA which is a non-GAAP alternative performance measure.

10. STAFF COSTS

Included in administrative expenses:	2023 £'000	2022 £'000
Wages and salaries	1,079	956
Social security costs	217	98
Pensions	11	8
	1,307	**1,062**
Share based payment charge	334	128
	1,641	**1,190**

The above staff costs included in continuing operations include £41k capitalised in 2023 (2022: £28k) as development costs (see note 18).

The average number of employees of the group during the year was as follows:	2023 Employees	2022 Employees
Directors	5	4
Management and administration	6	6
Sales and marketing	1	1
Content and software development	1	1
Warehouse	9	-
	22	**12**

Directors' detailed emoluments

Details of individual Directors' emoluments for the year can be found in the Remuneration Committee report on page 20.

The Executive Directors have service contracts with the Company which are terminable by the Company or relevant director on 6 months' notice. £291k of the share-based payment expense in 2023 relates to the directors (2022: £96k).

10. STAFF COSTS (continued)

The Directors of the Company on 9 May 2024 and at the statement of financial position date, and their interests in the issued ordinary share capital of the Company as at those dates were as follows:

	Shares of £0.00040108663					
	09/05/2024		31/12/2023		31/12/2022	
Martin Higginson[1]	41,806,900	13.05%	41,806,900	13.13%	24,026,945	5.78%
David Marks[1]	13,571,775	4.24%	13,571,775	4.26%	10,292,663	2.48%
Rod Findley[2]	-	-	-	-	10,584,349	2.55%
Daniel Wortley[3]	4,468,514	1.39%	4,468,514	1.40%	498,595	0.12%
Sir Robin Miller	134,750	0.04%	134,750	0.04%	385,000	0.09%
Nicholas Lee	84,611	0.03%	84,611	0.03%	241,743	0.06%

[1] Includes indirect shareholdings [2] Resigned 1 March 2023 [3] Appointed 1 March 2023

The Directors do not currently hold any share options in the Company.

Share options exercised in the period by the Directors were as follows:

	Date of Exercise	EMI Options Shares	Unapproved Options Shares	Total Options Shares
Martin Higginson	26 May 2023	6,578,921	9,551,448	16,130,369
D Marks	26 May 2023	6,578,921	3,858,376	10,437,297
R Findley*	19 May 2023	-	10,437,297	10,437,297
D Wortley**	26 May 2023	3,795,380	-	3,795,380
		16,953,222	**23,847,121**	**40,800,343**

*Resigned 1 March 2023 **Appointed 1 March 2023

All of the above options were issued on 19 November 2020 and were exercised at a price of 2.5 pence per share.The total pre-tax gain made on the above 40,800,343 share options was £592,000. Further information on share options is included in note 28.

The market price of the ordinary shares at 31 December 2023 was 2.90p with a quoted range from 1 January 2023 to 31 December 2023 of 2.10p to 4.05p.

11. FINANCE COSTS

	2023 £'000	2022 £'000
Interest payable	2	11

12. FINANCE INCOME

	2023 £'000	2022 £'000
Interest received	337	-

13. TAXATION ON LOSS FROM ORDINARY ACTIVITIES

Reconciliation of the tax expense to the loss before tax multiplied by the standard rate of corporation tax in the UK:

	2023 £'000	2022 £'000
Loss before tax from continuing operations	(2,279)	(1,928)
Profit before tax from discontinued operations	15,276	1,297
Profit/(loss) before tax from total operations	**12,997**	**(631)**
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 23.52% (2022: 19%)	3,057	(120)
Effects of:		
Substantial shareholding exemption on sale of subsidiaries	(3,570)	-
Expenses not deductible for tax purposes	239	43
Net deduction on exercise of share options	(117)	-
Deferred tax not recognised	407	162
Utilisation of previously unrecognised tax losses	-	(73)
Effect of higher tax rate in USA	-	9
Prior year adjustments	-	9
Tax charge for the year	**16**	**30**
Tax expense from continuing operations	8	-
Tax expense from discontinued operations	8	30
Tax charge for the year	**16**	**30**

The UK Finance Act 2022 received royal assent on 24 February 2022. This legislation maintained the UK corporation tax rate at the same level as in the year commencing at 19% for the years commencing 1 April 2021 and 1 April 2022, increasing the rate to 25% in the year commencing 1 April 2023.

A net deferred tax liability of £87,000 has been recognised in relation to fair value adjustments arising on the business combination undertaken during the year. No movement analysis has been presented as no deferred tax was recognised in the prior financial period and any amounts recognised in the profit and loss are immaterial. See note 16 for more details.

There were unused tax losses of £5.7m at 31 December 2023 (£2.0m at 31 December 2022). No deferred tax asset has been recognised due to the uncertainty surrounding utilisation of existing tax losses against future taxable profits.

14. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

The Immotion and Uvisan businesses were sold on 28 February 2023 and 1 February 2023 respectively. The results for these businesses have been excluded from the continuing results of the Group for the periods ended 31 December 2023 and 31 December 2022.

Summary income statement

The results for Immotion and Uvisan included in the income statement as discontinued operations are as follows:

Discontinued operations	**Immotion £'000**	**Uvisan £'000**	**Total 2023 £'000**	**Total 2022 £'000**
Revenue	1,532	94	1,626	10,781
Cost of sales	(886)	(38)	(924)	(5,697)
Other operating income	-	-	-	39
Administrative expenses	(579)	(49)	(628)	(3,802)
Operating profit	**67**	**7**	**74**	**1,321**
Finance costs	(4)	-	(4)	(25)
Finance income	-	-	-	1
Profit before taxation	**63**	**7**	**70**	**1,297**
Taxation	(8)	-	(8)	(30)
Profit from discontinued operations before gain on disposal of subsidiaries	**55**	**7**	**62**	**1,267**
Gain on disposal of subsidiaries	15,164	42	15,206	-
Profit from discontinued operations	**15,219**	**49**	**15,268**	**1,267**
Adjusted EBITDA	**279**	**33**	**312**	**2,957**
Depreciation	(172)	(1)	(173)	(1,035)
Amortisation	(37)	(2)	(39)	(433)
Impairment of intangible assets	-	-	-	(78)
Impairment of assets held for sale	-	-	-	(97)
Profit/(loss) on disposal of fixed assets	(3)	-	(3)	19
One-off costs	-	(23)	(23)	(12)
Operating profit	**67**	**7**	**74**	**1,321**

Immotion – Location-based entertainment
Uvisan – Sale of UV-C disinfection cabinets

The figures included in discontinued operations do not include any allocation of head office costs, details of which can be found in note 6.

14. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (continued)

Summary income statement
The net cash flows for Immotion and Uvisan included in the cash flow statement are as follows:

Discontinued operations	Immotion £'000	Uvisan £'000	Total 2023 £'000	Total 2022 £'000
Cash generated from / (used in) operating activities	416	72	488	3,216
Cash generated from / (used in) investing activities	19,335	(43)	19,292	(2,070)
Cash used in financing activities	(27)	-	(27)	(105)
Net cash flows from discontinued operations	**19,724**	**29**	**19,753**	**1,041**

Net assets held for sale
The major classes of assets and liabilities classified as held for sale as at 31 December 2022 were as follows:

Discontinued operations	Immotion £'000	Uvisan £'000	Total £'000
Assets			
Property, plant and equipment	1,996	23	2,019
Goodwill on consolidation	2,438	-	2,438
Other intangible assets	466	32	498
Cash and cash equivalents	187	91	278
Other assets	1,013	213	1,226
Impairment of assets held for sale	-	(97)	(97)
Assets held for sale	**6,100**	**262**	**6,362**
Liabilities			
Liabilities directly associated with assets held for sale	(1,136)	(162)	(1,298)
Net assets held for sale	**4,964**	**100**	**5,064**

Other assets comprise inventories, receivables, prepayments and accrued income. Liabilities comprise payables, accruals, deferred income and tax liabilities.

15. EARNINGS PER SHARE

	2023 £'000	2022 £'000
Profit / (loss) after taxation		
Continuing operations	(2,287)	(1,928)
Discontinued operations	15,268	1,267
Profit/(Loss) after taxation from all operations	**12,981**	**(661)**
Basic weighted average number of shares	321,686,426	415,538,083
Diluted weighted average number of shares	355,153,905	473,775,097
Continuing and discontinued operations	**£0.01**	**£0.01**
Basic earnings / (loss) per share	4.04	(0.16)
Diluted earnings / (loss) per share	4.04	(0.16)
Continuing operations	**£0.01**	**£0.01**
Basic loss per share	(0.71)	(0.46)
Diluted loss per share	(0.71)	(0.46)
Discontinued operations	**£0.01**	**£0.01**
Basic earnings per share	4.75	0.30
Diluted earnings per share	4.75	0.30

Earnings/(loss) per ordinary share has been calculated using the weighted average number of shares outstanding during the relevant financial periods. In accordance with IAS 33, diluted EPS must be presented when a company could be required to issue shares that would decrease earnings per share or increase the loss per share. However, IAS 33 stipulates that diluted EPS cannot show an improvement compared to basic EPS. In this case, as the inclusion of potential ordinary shares would result in an improvement, they have been disregarded in the calculation of diluted EPS. Diluted EPS is calculated based on continuing operations. Although the discontinued operations generated positive earnings per share, the loss per share from continuing operations means that the dilutive effect of the potential ordinary shares is ignored.

16. BUSINESS COMBINATIONS

On 17 October 2023, the Company announced that it had acquired 100% of the ordinary shares in Huddled Holdings Limited (formerly Huddled Group Limited) for equity consideration of up to £3,950,000, the shares having been priced at 2.64p under the terms of the share purchase agreement. In accordance with IFRS 3, the consideration has been priced at 2.2p per share which was the price of the Company's shares when the acquisition completed. This investment is also included in the Parent Company's statement of financial position at the fair value of the equity consideration at the date of acquisition.

The assets and liabilities of the acquired company were as follows:

	Book Value	Fair Value Adjustment	Fair Value to Group
	£'000	£'000	£'000
Property, plant and equipment	62	-	62
Intangible assets: Discount Dragon brand	-	2,097	2,097
Intangible assets: customer database	-	86	86
Intangible assets: other	55	-	55
Cash and cash equivalents	45	-	45
Inventories	340	260	600
Trade and other receivables	140	-	140
Trade and other payables	(497)	(149)	(646)
Loans	(695)	-	(695)
Deferred tax	-	(87)	(87)
Net assets on acquisition	**(550)**	**2,207**	**1,657**
Goodwill on acquisition			1,635
Total consideration			**3,292**
Consideration discharged by:			
Shares in the Company issued in the year			2,875
Shares in the Company yet to be issued			417
			3,292

On 17 October 2023, the Company issued 130,681,818 new ordinary shares at a fair value of 2.2p each in satisfaction of the £2,875,000 initial consideration. Subject to any adjustments to the purchase price in the event of warranty claims against the vendors, the Company will issue a further 18,939,394 new ordinary shares in satisfaction of the deferred consideration within 5 business days of the date of filing of the consolidated financial statements of the Group for the financial year ending on 31 December 2024. The deferred consideration shares have been valued at completion date fair value of 2.2p each.

A net deferred tax liability of £87,000 has been recognised in relation to fair value adjustments arising on the business combination. The net liability is comprised of a £573,000 deferred tax liability arising on the fair value adjustment which has been partially offset by a deferred tax asset of £486,000 arising on accumulated losses in the acquired group.

The goodwill on consolidation of £1,635,000 includes assets acquired which did not meet the criteria for separate recognition such as supplier relationships and employees' 'know-how'.

Costs of £225,000 relating to the acquisition are included within administrative expenses in the year.

16. BUSINESS COMBINATIONS (continued)

The revenue and loss after tax recorded by Huddled Holdings Limited and its subsidiaries in the period were £1,631,000 and £216,000 respectively. Had the acquisition of Huddled Holdings Limited completed on 1 January 2023, the combined revenue and loss before tax for the Group would have been £6,030,000 and £3,890,000 respectively.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Property	Fixtures Fittings & Equipment	Motor Vehicles	Right Of Use Asset	Total
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 January 2022	379	2,699	-	642	3,720
Additions	71	1,498	-	228	1,797
Disposals	(154)	(86)	-	(659)	(899)
Foreign exchange	-	230	-	42	272
Redesignated as held for sale	(296)	(4,338)	-	(253)	(4,887)
At 31 December 2022	**-**	**3**	**-**	**-**	**3**
At 1 January 2023	-	3	-	-	3
Acquired with subsidiary	-	74	6	-	80
Additions	-	17	156	-	173
At 31 December 2023	**-**	**94**	**162**	**-**	**256**
Accumulated depreciation					
At 1 January 2022	315	1,701	-	516	2,532
Depreciation of owned assets	64	816	-	-	880
Depreciation of financed assets	-	-	-	156	156
Disposals	(153)	(84)	-	(659)	(896)
Foreign exchange	-	149	-	47	196
Redesignated as held for sale	(226)	(2,582)	-	(60)	(2,868)
At 31 December 2022	**-**	**-**	**-**	**-**	**-**
At 1 January 2023	-	-	-	-	-
Acquired with subsidiary	-	18	1	-	19
Depreciation of owned assets	-	7	21	-	28
At 31 December 2023	**-**	**25**	**22**	**-**	**47**
Net Book Value					
At 31 December 2023	-	69	140	-	209
At 31 December 2022	-	3	-	-	3
At 31 December 2021	64	998	-	126	1,188

17. PROPERTY, PLANT AND EQUIPMENT (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, is £Nil (2022: £Nil).

18. INTANGIBLE ASSETS

	Development Costs	Goodwill on Consolidation	Other Intangible Assets	Total
Cost	**£'000**	**£'000**	**£'000**	**£'000**
At 1 January 2022	2,467	2,438	568	5,473
Additions	493	-	17	510
Disposals	-	-	(66)	(66)
Foreign exchange	57	-	-	57
Redesignated as held for resale	(2,563)	(2,438)	(490)	(5,491)
At 31 December 2022	**454**	**-**	**29**	**483**
At 1 January 2023	454	-	29	483
Acquired with subsidiary	30	1,635	2,226	3,891
Additions	86	-	9	95
Transfers	-	-	7	7
Disposals	-	-	(20)	(20)
At 31 December 2023	**570**	**1,635**	**2,251**	**4,456**
Accumulated amortisation				
At 1 January 2022	1,623	-	545	2,168
Amortisation	582	-	19	601
Disposals	-	-	(66)	(66)
Impairment	78	-	-	78
Foreign exchange	42	-	-	42
Redesignated as held for resale	(2,070)	-	(484)	(2,554)
At 31 December 2022	**255**	**-**	**14**	**269**
At 1 January 2023	255	-	14	269
Acquired with subsidiary	5	-	13	18
Amortisation	166	-	75	241
Transfers	-	-	5	5
Disposals	-	-	(12)	(12)
At 31 December 2023	**426**	**-**	**95**	**521**
Net Book Value				
At 31 December 2023	144	1,635	2,156	3,935
At 31 December 2022	199	-	15	214
At 31 December 2021	844	2,438	23	3,305

18. INTANGIBLE ASSETS (continued)

Other intangible assets comprise the Discount Dragon brand, customer databases, trademarks and other intellectual property.

Amortisation is charged on the Discount Dragon brand at 10% on a straight-line basis. The Discount Dragon brand has an estimated useful life of over ten years.

Amortisation is charged on all other intangible assets over periods ranging between two and three years on a straight-line basis. All other intangible assets have between one and three years' remaining average useful lives.

Goodwill and impairment

The Group is obliged to test goodwill annually for impairment, or more frequently if there are indications that goodwill and indefinite life intangibles might be impaired, due to the goodwill deemed to have an indefinite useful life. In order to perform this test, management is required to compare the carrying value of the relevant cash generating unit ("CGU") including the goodwill with its recoverable amount. The recoverable amount of the CGU is determined from a value in use calculation.
It is considered that any reasonably possible changes in the key assumptions would not result in an impairment of the present carrying value of the goodwill. The goodwill on consolidation relates to the Discount Dragon CGU in its entirety.

Discount Dragon

The recoverable amount of the Discount Dragon segment has been assessed from a review of its current and anticipated performance. In preparing these projections, an asset-specific discount rate of 19.71% has been applied to forecast earnings for 2024 to 2026 followed by a terminal value calculation based on 5% annual growth and subjected to sensitivity analysis. Reducing forecasted revenue by 25% throughout the forecast period produced discounted cash flows which were still sufficient to support the carrying value of the CGU's intangible assets. The asset-specific discount rate is based on the Company's estimated weighted average cost of capital plus 3%.

19. INVENTORIES

	2023 £'000	2022 £'000
Inventory	724	67

Inventories recognised in cost of sales during the year was £1,353,000 (2022: £419,000). The Directors consider that no impairment of inventory is necessary as at 31 December 2023 (2022: £Nil).

20. TRADE AND OTHER RECEIVABLES

	2023 £'000	2022 £'000
Trade receivables	449	403
Prepayments	184	304
Other receivables	1,186	79
	1,819	**786**

The fair values of trade and other receivables equate to their carrying values. The Group makes no provision of expected credit losses as no losses are expected.

21. CONTRACT ASSETS

	2023 £'000	2022 £'000
Accrued income	95	2

22. CASH AND CASH EQUIVALENTS

	2023 £'000	2022 £'000
Cash at bank	4,268	51
Cash held in disposal groups	-	278
	4,268	**329**

23. TRADE AND OTHER PAYABLES

	2023 £'000	2022 £'000
Trade payables	233	464
Social security and other taxes	58	31
Accruals	274	288
Other payables	15	3
	580	**786**

24. PROVISIONS

	£'000
Provision against Let's Explore & Vodiac returns	
As at 1 January 2023	7
Utilised in period	(7)
Additions	53
As at 31 December 2023	**53**

25. LOANS

The Group has the following loan arrangement in place as at 31 December 2023:

Bounce Back Loan Scheme

An agreement dated 28 August 2020 was completed between Huddled Group Plc and Coutts & Co., for a loan of £50,000 which was advanced on 9 September 2020 under the UK Government's Bounce Back Loan Scheme for small companies affected by the COVID-19 pandemic. Repayments commenced on 9 December 2021 and full repayment is due by 9 September 2026. This loan is unsecured and repayment is guaranteed by the UK Government. The liability at 31 December 2023, including interest, was £28,000, of which £10,000 is payable in 2024 and £18,000 after 31 December 2024.

	2023 £'000	2022 £'000
Amounts falling due within one year		
Bounce Back Loan Scheme	10	10
LDF Finance No. 3 Limited	-	35
Included within disposal groups	-	3
	10	**48**

	2023 £'000	2022 £'000
Amounts falling due after more than one year		
Bounce Back Loan Scheme	18	28
Included within disposal groups	-	133
	18	**161**

26. FINANCIAL RISK MANAGEMENT

The Group is exposed to risks that arise from its use of financial instruments. These financial instruments are within the current assets and current liabilities shown on the face of the statement of financial position and comprise the following:

Credit risk

The Group is exposed to credit risk primarily on its trade receivables, which are spread over a range of different streams of revenue. The Group maintains its cash reserves with reputable banks. It is group policy to assess the credit risk of each new customer before entering into binding contracts. The Group has elected not to make a provision of expected credit losses due to its historical low incidence of bad debts.

The maximum exposure to credit risk is represented by the carrying value in the statement of financial position as shown in note 20. The credit risk on liquid funds is considered by the directors to be low as the funds are held with banks with high credit ratings assigned by international credit agencies.

	2023 £'000	2022 £'000
Current financial assets		
Trade receivables	449	403
Other receivables	1,186	79
Cash and cash equivalents	4,268	51
	5,903	**533**

	2023 £'000	2022 £'000
The table below illustrates the due date of trade receivables:		
Current	161	33
30 – 59 days	31	367
60 – 89 days	68	-
90 – 119 days	55	-
120 and over	134	3
	449	**403**

The table below illustrates the geographical location of trade receivables:

	2023 £'000	2022 £'000
United Kingdom	449	403
	449	**403**

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and repayments of its liabilities.

The Group's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due and so cash holdings may be high during certain periods throughout the period.

Other than the loans referred to in Note 25, the Group currently has no bank borrowing or overdraft facilities. The Group's policy in respect of cash and cash equivalents is to limit its exposure by reducing cash holding in the operating units and investing amounts that are not immediately required in funds that have low risk and are placed with a reputable bank.

	2023 £'000	2022 £'000
Cash and cash equivalents		
Cash held by the continuing Group	4,268	51

Cash at bank comprises Sterling and US Dollar cash deposits held with Coutts & Co, National Westminster Bank plc, Bank of America and PayPal.

All monetary assets and liabilities within the group are denominated in the functional currency of the operating unit in which they are held. All amounts stated at carrying value equate to fair value.

	2023 £'000	2022 £'000
Financial liabilities at amortised cost		
Trade payables	233	464
Loans	28	73
	261	**537**

	2023 £'000	2022 £'000
The table below illustrates the maturities of trade payables:		
Current	160	93
30 – 59 days	64	310
60 – 89 days	6	40
90 – 119 days	-	7
120 and over	3	14
	233	**464**

The table below shows the maturities of financial liabilities:

Cost	Carrying amount £'000	6 months or less £'000	6 - 12 months £'000	1 or more years £'000
Trade payables	233	233	-	-
Loans	28	5	5	18
	261	**238**	**5**	**18**

Capital Disclosures and Risk Management

The Group's management define capital as the Group's equity share capital and reserves.

The Group's objective when maintaining capital is to safeguard its ability to continue as a going concern, so that in due course it can provide returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it in the light of changes in the business and in economic conditions. In order to maintain or adjust the capital structure the Group may from time-to-time issue new shares based on working capital and product development requirements and current and future expectations of the Company's share price.

Market risk

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group considers the interest rates available when deciding where to place cash balances. Borrowings require approval by the Board, and whilst this does not protect the Group from the risk of paying excess rates, the Board can ensure the Group are achieving competitive rates.

Foreign currency risk

Foreign exchange transaction risk arises when individual Group operations enter into transactions denominated in a currency other than the functional currency. The Group's main area of exposure is the Let's Explore division, a large proportion of whose income and expenditure is denominated in US Dollars. The Group holds US Dollar reserves to match US Dollar income and expenditure when possible, mitigating foreign currency risk.

27. SHARE CAPITAL

Called up share capital Alloted, called up and fully paid	2023 Shares of 0.040108663 pence each	2023 £'000	2022 Shares of 0.040108663 pence each	2022 £'000
At beginning start of period	415,538,083	166	415,538,083	166
Share options exercised	47,125,978	19	-	-
Share buybacks and cancellations	(275,040,736)	(110)	-	-
Acquisition of Huddled Holdings Limited	130,681,818	52	-	-
At end of period	**318,305,143**	**127**	**415,538,083**	**166**

28. SHARE BASED PAYMENTS

In order to incentivise and reward key employees the Group has a share option scheme which was originally established in 2018.

The share options in place at the beginning and end of the year were as follows:

	2018 Options	2020 Options	2021 Options	Total Options	Weighted Ave. Exercise Price
At January 1 2022	947,333	55,981,867	1,800,000	58,729,200	2.7p
Surrendered	-	(1,265,127)	-	(1,265,127)	2.5p
At 31 December 2022	**947,333**	**54,716,740**	**1,800,000**	**57,464,073**	**2.7p**
Exercised	-	(47,125,978)	-	(47,125,978)	2.5p
31 December 2023	**947,333**	**7,590,762**	**1,800,000**	**10,338,095**	**3.7p**

All of the Company's share options are equity-settled. All of the share options in issue at the end of the period were fully vested and were issued to former employees of the Group.

The weighted average price of the Company's shares when shares were exercised in the period was 3.9p.

The 2018 options expire on 11 July 2028, the 2020 options expire on 6 June 2024 and the 2021 options expire on 28 November 2031.

28. SHARE BASED PAYMENTS (continued)

The share based payments charge in the period is comprised as follows:

	2023 £'000	2022 £'000
2018 options	-	-
2020 options	157	117
2020 options: modifications	170	-
2021 options	7	11
Warrants	3	5
	337	**133**

2020 options

Share Price Condition Shares

The 2020 options with share price performance criteria were valued using the Monte Carlo pricing model. Vesting conditions include the requirement for the company to achieve a specified share price.

Expected Period of Award	1 years	3 years	4 years
Target share price	5.0p	7.5p	10.0p
Share price at grant	4.4p	4.4p	4.4p
Exercise price	2.5p	2.5p	2.5p
Expected volatility	71.0%	66.0%	63.0%
Risk free rate	0.0%	0.0%	0.0%

Expected volatility has been determined by reference to the historic share price volatilities of comparable listed companies.

Following the sale of the Immotion business, the Remuneration Committee used discretion available to them under the Company's share option scheme rules to allow all remaining unvested 2020 options to vest. Therefore, the share based payments charge was accelerated such that the remaining unrecognised fair value of the 2020 options was expensed in the year.

2020 options: modifications

The unvested 2020 options were subject to modification in the period, with performance criteria being removed at the discretion of the Remuneration Committee following the sale of the Immotion business. Modification of the options gave rise to an additional charge in the period being the difference between the estimated fair value of the options immediately prior to and immediately after the modifications took place.

February 2023 modifications

On 1 February 2023, the Remuneration Committee agreed to modify 6,536,490 share options, conditional on the sale of the Immotion business completing. The post-modification value of the modified options was calculated using the Black-Scholes model with the following inputs:

Expected Period of Award	Less than 12 months
Share price at grant	2.2p
Exercise price	2.5p
Expected volatility	26.5%
Risk free rate	1.3%

Expected volatility was determined by reference to the historic share price of the Company's shares.

The post-modification value of the options was calculated as £2,000. The pre-modification value was calculated by applying the predictions of the original Monte Carlo simulation to the events at the time. On this basis, the modified options looked unlikely to achieve the 7.5p and 10p performance criteria during the life of the options and therefore no pre-modification fair value was assigned to these options. The charge to the income statement in respect of the February 2023 modifications was therefore calculated as £2,000, being the difference between the estimated fair values immediately after and immediately before the modification took place.

May 2023 modifications

On 5 May 2023, the Remuneration Committee agreed to modify 22,139,723 share options, following the sale of the Immotion business. The post-modification value of the modified options was calculated using the Black-Scholes model with the following inputs:

Expected Period of Award	Less than 12 months
Share price at grant	3.7p
Exercise price	2.5p
Expected volatility	19.5%
Risk free rate	3.72%

Expected volatility was determined by reference to the historic share price of the Company's shares.

The post-modification value of the options was calculated as £267,000. The pre-modification value was calculated by applying the predictions of the original Monte Carlo simulation to the events at the time. On this basis, the modified options were anticipated to achieve both the 7.5p and 10p performance criteria during the life of the options. A value of £99,000 was assumed based on the timing of the vesting criteria being met versus that of the original simulation. The charge to the income statement in respect of the May 2023 modifications was therefore calculated as £168,000, being the difference between the estimated fair values immediately after and immediately before the modification took place.

2021 options

These options over ordinary shares have been valued using the Black-Scholes model with the following inputs:

Expected Period of Award	Less than 12 months
Share price at grant	5.40p
Exercise price	5.40p
Expected volatility	61.0%
Risk free rate	0.49%

Expected volatility has been determined by reference to the historic share price volatilities of comparable listed companies.

The employee issued the 2021 options left the Group's employment as part of the sale of the Immotion business in February 2023. The Remuneration Committee permitted the employee to retain his share options as a 'good leaver' under the Group's share option rules. The share based payments charge was accelerated such that the remaining unrecognised fair value of the 2021 options was expensed in the year.

Warrants

In 2018, the Company issued warrants over 1,488,500 ordinary shares. These warrants have been valued using the Black-Scholes model. 677,000 of these warrants expired on 31 December 2019 and 811,500 expired on 12 July 2023 leaving a balance at 31 December 2023 of nil unexpired warrants.

Date of grant	12 July 2018
Share price at grant date	10p
Expected volatility	34%
Risk free rate	0.74%

Expected volatility has been determined by reference to the fluctuations in the Company's share price.

29. RESERVES

Full details of movements in reserves are set out in the consolidated statement of changes in equity. The following describes the nature and purpose of each reserve within owners' equity:

Share premium: Amount subscribed for share capital in excess of nominal value.

Merger reserve: Premium above the nominal value of shares issued for equity consideration.

Capital redemption reserve: Nominal value of the Company's own shares purchased and cancelled.

Retained deficit: Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

Foreign exchange reserve: Reserve arising on translation of the Group's overseas subsidiaries.

Equity reserve: Deferred equity consideration in relation to the Huddled Holdings Limited (formerly Huddled Group Limited) acquisition.

30. CAPITAL COMMITMENTS

At 31 December 2023 and 31 December 2022 there were no capital commitments.

31. RELATED PARTY TRANSACTIONS

M J Higginson, a director of Huddled Group plc, is a director and controlling shareholder of M Capital Investment Properties Limited. Services to the value of £24,000 (year to 31 December 2022: £43,000) were invoiced in the period by M Capital Investment Properties Limited to Huddled Group plc. At 31 December 2023, Huddled Group plc owed £Nil (31 December 2022: £Nil) to M Capital Investment Properties Limited.

R Miller, a director of Huddled Group plc, is a director of Robin Miller Consultants Ltd. In the period, services totalling £28,000 (year to 31 December 2022: £16,000) were billed to Huddled Group plc from Robin Miller Consultants Ltd. At 31 December 2023, £Nil (31 December 2022: £Nil) was owing from Huddled Group plc to Robin Miller Consultants Ltd.

M J Higginson, D Marks and D F G Wortley, all directors of Huddled Group plc, were shareholders of Huddled Holdings Limited (formerly Huddled Group Limited), and M J Higginson and D F G Wortley were also directors of Huddled Holdings Limited prior to its acquisition by Huddled Group PLC on 16 October 2023 for equity consideration of up to £3,950,000, the shares having been priced at 2.64p under the terms of the share purchase agreement. In accordance with IFRS 3, the consideration has been recorded in the financial statements priced at 2.2p per share, being the price of the Company's shares when the acquisition completed.
Prior to the acquisition, services to the value of £3,000 were invoiced in the period by Huddled Holdings Limited to the Group (year to 31 December 2022: £279,000). At 31 December 2022 the Group owed £196,000 to Huddled Holdings Limited.

M J Higginson, a director of Huddled Group plc, was advanced a loan of £403,000 during the period to facilitate the cashless exercise of share options in the Company. Interest was charged on the loan at a rate of 8% per annum. At 31 December 2023 the balance of the loan owing to the Company was £nil. The loan was approved by the Company's shareholders on 26 May 2023.

D Marks, a director of Huddled Group plc, was advanced a loan of £261,000 during the period to facilitate the cashless exercise of share options in the Company. Interest was charged on the loan at a rate of 8% per annum. At 31 December 2023 the balance of the loan owing to the Company was £nil. The loan was approved by the Company's shareholders on 26 May 2023.

D F G Wortley, a director of Huddled Group plc, was advanced a loan of £95,000 during the period to facilitate the cashless exercise of share options in the Company. Interest was charged on the loan at a rate of 8% per annum. At 31 December 2023 the balance of the loan owing to the Company was £nil. The loan was approved by the Company's shareholders on 26 May 2023.

D Marks, a director of Huddled Group plc, was advanced a loan in a prior period. Interest is currently charged on the loan at 2% per annum. At 31 December 2023, D Marks owed £17,000 inclusive of interest (31 December 2022: £16,000), to the Group.

D F G Wortley, a director of Huddled Group plc, was advanced a loan in a prior period. Interest is currently charged on the loan at 2% per annum. At 31 December 2023, D F G Wortley owed £5,000 inclusive of interest (31 December 2022: £5,000) to the Group.

D Marks, a director of Huddled Group plc, was advanced funds in a prior period. At 31 December 2023, D Marks owed £9,000 to the Group (31 December 2022: £25,000).

M J Higginson, a director of Huddled Group plc, was advanced funds in a prior period. At 31 December 2023, M J Higginson owed £10,000 to the Group (31 December 2022: £11,000).

S J Higginson, the son of M J Higginson, a director of the Company, charged consultancy fees of £90,000 to the company during the period (2022: £50,000). At the period end the company owed £nil to S J Higginson (2022: £nil).

The key management personnel are considered to be the Board of Directors. Their remuneration is disclosed in detail in note 10. Key management were remunerated £914,000 in the year ended 31 December 2023 (2022: £942,000).

The key management do not currently hold any share options in the Company. Details of share options exercised by the key management in the period are disclosed in detail in note 10. Share based payments charges in the period relating to key management were £291,000 (2022: £96,000) in the year.

32. POST BALANCE SHEET EVENTS

On 29 February 2024, the Company received $1,325,000 from the buyer of the Immotion location based entertainment business in settlement of the loan note which formed part of the consideration from the sale of that business.

On 12 April 2024, the Company announced that it had acquired the entirety of Food Circle Supermarket Limited for consideration of up to £300,000. The consideration is comprised of an initial payment of £100,000 in cash and £50,000 in shares. A further £50,000 in shares will be payable on the first anniversary of the acquisition, subject to any adjustments in the event of any warranty claims against the sellers. An additional £100,000 in cash will be payable if the business meets certain targets during its first 12 months post-acquisition. The business combination accounting in respect of this acquisition has not yet been completed.

On 10 May 2024, the Company announced that it had entered into an agreement with Wicked Vision Limited to manage the Group's Let's Explore division in exchange for a 25% share in Let's Explore Limited, increasing to 50% subject to the Company being repaid an amount equating to the working capital in the business, being circa £400,000. Wicked Vision are the current distributor of the Group's Vodiac product and as part of the deal the jointly-owned Let's Explore Limited will benefit from the distribution margin which previously accrued to Wicked Vision.

33. SUBSIDIARY UNDERTAKINGS

The following companies were exempt from undergoing an audit for year ended 31 December 2023 by virtue of S479A of Companies Act 2006:

Beermonster Online Limited (company number 13431824)

Ranger Rob UK Limited (company number 09511044)

Let's Explore VR Limited (company number 11054174)

Vodiac Limited (company number 13676998)

Company Statement of Financial Position

	Note	At 31 December 2023 £'000	At 31 December 2022 £'000
Fixed assets			
Investments	III	4,102	3,321
Tangible fixed assets	IV	137	3
Intangible fixed assets	V	5	14
		4,244	**3,338**
Current assets			
Trade and other receivables	VI	3,043	4,790
Cash and cash equivalents	VII	4,207	6
		7,250	**4,796**
Payables: amounts falling due within one year	VIII	(991)	(480)
Net current assets		**6,259**	**4,316**
Payables: amounts falling due in more than one year	IX	(18)	(28)
Total assets less total liabilities		**10,485**	**7,626**
Capital and reserves			
Called up share capital	X	127	166
Share premium account	XII	1,143	20,556
Merger reserve	XII	2,823	-
Capital redemption reserve	XII	110	-
Equity reserve	XII	417	-
Retained earnings/(deficit)	XII	5,865	(13,096)
Shareholders' funds		**10,485**	**7,626**

The Company has taken advantage of the exemptions allowed under section 408 of the Companies Act 2006 and has not presented its income statement in these financial statements. The Company made a profit after tax for the year of £10,732,000 (2022: £1,419,000 loss).

The financial statements were approved by the Board and authorised for issue on 10 May 2024

MARTIN HIGGINSON
Chief Executive Officer

DANIEL WORTLEY
Finance Director

The notes on pages 72 to 78 form part of the Company financial statements.

Company Statement of Changes in Equity

	Share Capital £'000	Share Premium £'000	Merger reserve £'000	Capital redemption preserve £'000	Retained Equity reserve £'000	earnings /(deficit) £'000	Total Equity £'000
Balance at 1 January 2022	166	20,556	-	-	-	(11,810)	8,912
Loss after tax	-	-	-	-	-	(1,419)	(1,419)
Share based payments	-	-	-	-	-	133	133
Balance at 31 December 2022	**166**	**20,556**	**-**	**-**	**-**	**(13,096)**	**7,626**
Profit after tax	-	-	-	-	-	10,732	10,732
Share based payments	-	-	-	-	-	337	337
Exercise of share options	19	1,159	-	-	-	-	1,178
Acquisition of subsidiaries	52	-	2,823	-	417	-	3,292
Reduction in share premium	-	(20,572)	-	-	-	20,572	-
Buyback and cancellation of shares	(110)	-	-	110	-	(12,680)	(12,680)
Balance at 31 December 2023	**127**	**1,143**	**2,823**	**110**	**417**	**5,865**	**10,485**

The notes on pages 72 to 78 form part of the Company financial statements.

Company Statement of Cash Flows

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Cash flows from operating activities		
Profit/(loss) before tax	10,372	(1,419)
Adjustments for:		
Share based payments	337	133
Depreciation of property, plant and equipment	22	-
Amortisation of intangible assets	5	10
Gain on disposal of subsidiary undertakings	(12,540)	-
Costs relating to the disposal of subsidiaries	(445)	-
Gain on disposal of property, plant and equipment	(11)	-
Finance income	(336)	-
Finance costs	2	11
Cash flows from operating activities before changes in working capital	**(2,234)**	**(1,265)**
Decrease in trade and other receivables	3,595	461
Increase in trade and other payables	422	301
Cash from/(used in) operations	**1,783**	**(503)**
Investing activities		
Purchase of property, plant and equipment	(156)	(3)
Purchase of intangible assets	(6)	(17)
Purchase from the sale of subsidiary undertakings	14,458	-
Purchase from the sale of intangible assets	30	-
Net cash used in investing activities	**14,326**	**(20)**
Financing activities		
Finance income	336	-
Finance costs	(2)	(11)
New loans advanced	-	100
Loan repayments	(740)	(75)
Issue of new share capital	1,178	-
Share buybacks	(12,680)	-
Net cash from/(used in) financing activities	**(11,908)**	**14**
Net increase/(decrease) in cash and cash equivalents	**4,201**	**(509)**
Cash and cash equivalents at beginning of the period	6	515
Cash and cash equivalents at end of the period	**4,207**	**6**

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Reconciliation of net cashflow to movement in net debt:		
Net increase/(decrease) in cash and cash equivalents	4,201	(509)
New loans	-	(100)
Loans acquired with subsidiaries	(695)	-
Loan repayments	740	75
Movement in net funds in the year	**4,246**	**(534)**
Net funds at 1 January	(67)	467
Net funds at 31 December	**4,179**	**(67)**
Breakdown of net funds/(debts)		
Cash and cash equivalents	4,207	6
Loans and borrowings	(28)	(73)
Net funds at 31 December	**4,179**	**(67)**

The notes on pages 72 to 78 form part of the Company financial statements.

I. ACCOUNTING POLICIES

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by the Act the separate financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the United Kingdom. The principal accounting policies adopted are the same as those set out in note 4 to the consolidated financial statements except as noted below:

Valuation of investments

Investments in subsidiaries are stated at cost less any provision for impairment in value.

II. OPERATING LOSS

The auditor's remuneration for audit and other services is disclosed in note 9 to the consolidated financial statements.

The average number of employees of the company during the year was 8 (2022: 10) and total staff costs were £976,000 (2022: £954,000). Directors' remuneration is disclosed in note 10 to the consolidated financial statements. Share based payments for employees in 2023 were £334,000 (2022: £128,000).

The Company operating loss was stated after a provision of £305,000 against amounts due from other group companies (2022: £1,106,000). Amounts due from other group companies of £12,107,000 were written-off or released in the year, all of which was provided for in prior periods. The provision carried forward at 31 December 2023 was £813,000 (31 December 2022: £12,615,000).

III. FIXED ASSET INVESTMENTS

	2023 £'000	2022 £'000
Subsidiary undertakings		
Cost		
Balance at 1 January	3,321	3,321
Additions	3,292	-
Impairment	(129)	-
Disposals	(2,382)	-
Balance at 31 December	**4,102**	**3,321**
Provisions		
Balance at 1 January	-	-
Balance at 31 December	-	-
Carrying value of investments	**4,102**	**3,321**

The investment in Let's Explore VR Limited (formerly Immotion Limited) was impaired by £129k during the period against the profit recorded on the sale of subsidiaries. The investment in Let's Explore VR Limited, the parent company of Immotion VR Limited, which was divested during the period, was written-down to the value of its net assets following the subsidiary's sale.

At the year end, the Company had the following direct subsidiaries:

Subsidiary name	Class of Shares	Proportion of ownership	Registered office
Huddled Holdings Limited	Ordinary	100%	Cumberland Court, 80 Mount Street, Nottingham, NG1 6HH
Let's Explore Limited	Ordinary	100%	Cumberland Court, 80 Mount Street, Nottingham, NG1 6HH
Let's Explore VR Limited	Ordinary	100%	Cumberland Court, 80 Mount Street, Nottingham, NG1 6HH
Ranger Rob UK Limited	Ordinary	100%	Cumberland Court, 80 Mount Street, Nottingham, NG1 6HH
Vodiac Limited	Ordinary	100%	Cumberland Court, 80 Mount Street, Nottingham, NG1 6HH

III. FIXED ASSET INVESTMENTS (continued)

At the year end, the Company had the following indirect subsidiaries:

Subsidiary name	Class of Shares	Proportion of ownership	Registered office
Beermonster Online Limited	Ordinary	100%	Cumberland Court, 80 Mount Street, Nottingham, NG1 6HH
Discount Dragon Limited	Ordinary	100%	Cumberland Court, 80 Mount Street, Nottingham, NG1 6HH
Let's Explore Inc.	Ordinary	100%	2804 Gateway Oaks Dr, #100, Sacramento, CA 95833, USA

Subsidiary name	Principal activity
Beermonster Online Limited	Dormant company
Discount Dragon Limited	Online sale of discounted FMCG
Huddled Holdings Limited	Intermediate holding company
Let's Explore Limited	In home virtual reality equipment and experiences
Let's Explore Inc.	In home virtual reality equipment and experiences
Let's Explore VR Limited	Dormant company
Ranger Rob UK Limited	Dormant company
Vodiac Limited	Dormant company

The Company is obliged to review investment values annually for impairment. In order to perform this test, management is required to compare the carrying value of the relevant cash generating unit ("CGU") with its recoverable amount. The recoverable amount of the CGU is determined from a value in use calculation. It is considered that any reasonably possible changes in the key assumptions would not result in an impairment of the present carrying value of the investments.

The recoverable amount of each subsidiary has been determined from a review of the current and anticipated performance of the business segment to which it serves or was originally acquired to serve. In preparing this projection, a discount rate of 19.71% (based on the Company's estimated weighted average cost of capital plus 3%) has been applied to forecast earnings for 2024 to 2026 with a terminal value with 5% annual growth assumed thereafter.

IV. PROPERTY, PLANT AND EQUIPMENT

	Fixtures, Fittings & Equipment £'000	Motor Vehicles £'000	Total £'000
Cost			
At January 1 2022	-	-	-
Additions	3	-	3
At 31 December 2022	**3**	**-**	**3**
At 1 January 2023	3	-	3
Additions	1	155	156
At 31 December 2023	**4**	**155**	**159**
Accumulated depreciation			
At January 1 2022	-	-	-
Depreciation charge	-	-	-
At 31 December 2022	**-**	**-**	**-**
At January 1 2023	-	-	-
Depreciation charge	2	20	22
At 31 December 2023	**2**	**20**	**22**
Net Book Value			
At 31 December 2023	2	135	137
At 31 December 2022	3	-	3

V. INTANGIBLE FIXED ASSETS

	Total £'000
Cost	
At 1 January 2022	74
Additions	17
Disposals	(66)
At 31 December 2022	**25**
At 1 January 2023	25
Additions	6
Disposals	(26)
At 31 December 2022	**5**
Accumulated amortisation	
At 1 January 2022	67
Amortisation charge	10
Disposals	(66)
At 31 December 2022	**11**
At 1 January 2023	11
Amortisation charge	5
Disposals	(16)
At 31 December 2023	**-**
Net Book Value	
At 31 December 2023	5
At 31 December 2022	14

VI. RECEIVABLES: due within one year

	2023 £'000	2022 £'000
Trade receivables	21	-
Amounts owed by group undertakings	1,853	4,550
Other receivables	1,090	66
Prepayments and accrued income	79	174
	3,043	**4,790**

VII. CASH AND CASH EQUIVALENTS

	2023 £'000	2022 £'000
Cash at bank and in hand	4,207	6
	4,207	**6**

VII. PAYABLES: amounts falling due within one year

	2023 £'000	2022 £'000
Trade payables	-	179
Accruals	131	227
Amounts payable to group undertakings	810	-
Other tax and social security	32	28
Other payables	8	1
Loans	10	45
	991	**480**

IX. PAYABLES: amounts falling due in more than one year

	2023 £'000	2022 £'000
Loans	18	28

Details of this loan are contained in note 25 to the consolidated financial statements.

X. SHARE CAPITAL

Details of the Company's share capital and the movements in the period can be found in Note 27 to the consolidated financial statements.

XI. SHARE OPTIONS

Details of the share options outstanding at 31 December 2023 can be found in Note 28 to the consolidated financial statements.

XII. RESERVES

Details of the reserves can be found in Note 29 to the consolidated financial statements.

XIII. RELATED PARTY TRANSACTIONS

Details of the Company's related party transactions can be found in Note 31 to the consolidated financial statements.

XIV. POST BALANCE SHEET EVENTS

Details of post balance sheet events can be found in Note 32 to the consolidated financial statements.

Directors	Martin Higginson Nicholas Lee David Marks Sir Robin Miller Daniel Wortley
Company Secretary and Registered Office	Daniel Wortley Huddled Group Plc Cumberland Court 80, Mount Street Nottingham England NG1 6HH
Company Number	10964782
Registrars	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD
Nominated Advisor and Broker	Zeus Capital Ltd 125 Old Broad St. London EC2N 1AR
Independent Auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
Solicitors	Freeths LLP 1 Vine Street London W1J 0AH
Country of Incorporation of Parent Company	England and Wales
Legal Form	Public Limited Company
Domicile	United Kingdom

huddled group plc

HUDDLED GROUP PLC

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2023