LET'S EXPLORE

ANNUAL REPORT & ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2022

LET'S EXPLORE GROUP PLC

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Following the sale of the LBE business for $25m our focus is now on acquiring a growing business that needs development capital.

SIR ROBIN MILLER
CHAIRMAN

At the time of my last annual report, we had decided to focus on our Location Based Entertainment (LBE) business. Normal trading conditions returned through 2022 and good progress was made with further expansion of the LBE estate and improved overall like-for-like trading. Accordingly, LBE revenue increased by 60% to £10.2m (2021: £6.4m)[1].

The continued growth of the LBE business clearly caught the eye of a potential acquirer and, following some detailed conversations, we received a serious approach for our LBE business in late 2022. After much debate, we decided certainty, in what was quickly becoming a very uncertain world, was the right decision for our shareholders, and as a result we took the decision to sell the LBE business to LBE BidCo, Inc. for approximately $25m in cash. This transaction was concluded on 28 February 2023.

We remain committed to returning circa £12.5m of the net cash from the sale to our shareholders via a tender offer which is expected to complete in early June 2023. On 25 April 2023, the court confirmed the capital reduction which it is anticipated will become effective on or around 5 May 2023 when it is processed by Companies House. The terms of the tender offer are subject to final shareholder approval, details of which will be announced imminently.

Despite the fact all of our resources had been allocated to the LBE business, we did see some encouraging progress from our Home Based Entertainment (HBE) business, both in terms of online sales and sales via the QVC TV channel (though there were some challenges with returns of opened products).

Given the level of demand seen, we have therefore taken the decision in the meantime to retain this business unit as, given the knowledge we now have in online retailing, our new B2B relationships and the capacity to purchase more stock, the potential of this business can be explored further.

Going forward, with an existing AIM listing, supportive shareholders, an experienced board and cash on hand, we expect, in the coming months, to be able to secure an attractive opportunity on favourable terms, particularly against the current challenging stock market backdrop. Our focus is on acquiring ownership or control of a growing business that needs development capital to take it to the next stage of its development.

While the formalities of returning cash are complex, we feel that the upcoming tender offer and the potential to pursue further interesting transactions provides a balanced approach to risk.

In the meantime, we wish our former colleagues in the LBE business and the new owners good fortune and look forward to seeing the business grow for the benefit of the team and the new owners.

I look forward to reporting further progress of our new initiatives in the coming months.

Sir Robin Miller
Chairman, 3 May 2023

[1] Includes content licensing income.

MARTIN HIGGINSON
CHIEF EXECUTIVE OFFICER

Overview

The overall outcome for the year met our expectations, with Group revenue from total operations increasing by 23% per cent to £11.6m (2021: £9.4m). Adjusted EBITDA from total operations increased by 51% to £1.4m (2021: £0.9m).

LBE

This time last year, we took the decision to focus the Group's resources on the LBE business and were pleased to see it grow significantly in the year with revenue increasing 60% to £10.2m (2021: £6.4m)[2] and segment adjusted EBITDA before central costs increased from £2.3m to £2.9m.

The LBE business enjoyed its first full year of post-COVID trading conditions in 2022, and whilst this was by no means a certainty as the year started we decided to take a cautious approach to growth.

That said, we still opened a further 11 new sites (122 seats) and increased capacity at a number of sites where demand was very strong at peak times (adding a further 49 seats across 9 sites).

We developed new content, most notably "Gorilla Trek" which we were delighted to see win a prestigious Lumiere award in the 'Best Use of VR' category at a ceremony in Los Angeles in February 2023. The launch of Gorilla Trek, along with the containerised solution we developed for outdoor spaces, opened up new opportunities for roll-out into the zoo market.

We were also pleased, following period-end, to agree a new 3-year framework agreement with Merlin (running through to January 2026) covering 26 sites.

At 31 December 2022, the LBE estate had 491 headsets in operation (439 partner and 53 ImmotionVR) across 53 sites as shown in the table below:

	USA	UK	ROW	Total
At 1 January 2022				
Headsets	204	105	55	364
Sites	26	13	9	48
Additions				
Headsets	132	31	8	171
Sites	8	3	-	11
Removals				
Headsets	(22)	(22)	-	(44)
Sites	(3)	(3)	-	(6)
At 31 December 2022				
Headsets	314	114	63	491
Sites	31	13	9	53

[2] Includes content licensing income.

HBE

HBE revenue reduced to £0.8m (2021: £2.5m) as a far more cautious approach was taken to stock investment following the decision during the early part of the year to prioritise the LBE business. The division made a gross loss of £69k (2021: gross profit £99k). Divisional adjusted EBITDA, before central costs, resulted in an increased loss of £212k (2021: £110k loss).

The only stock investment in the year was 30,000 Vodiac units for sale primarily through the QVC TV channel. The sale of the Vodiac units resulted in a modest contribution, though this was offset by a loss on the sale of Let's Explore Oceans packs held in stock. The Let's Explore Oceans stock was fully paid for in 2021 and, as stated at the time, was subjected to extraordinary freight costs, pushing up the cost per unit. Despite the book losses, the sale of the units benefitted cash flow as the stock was sold.

Stock of HBE products was low coming into 2023 and, given the majority of the division's trade takes place in late Q3 and Q4, trading so far in 2023 has been at a much reduced level.

Uvisan

Uvisan made satisfactory progress but it was apparent that further investment would need to be made into stock given long lead times from China. In addition, the business remained very small in terms of potential profit contribution to the Group.

Accordingly, the board had decided to exit the business and the business was sold to management for cash consideration of £100k post period end (completing on 1 February 2023). The Group retains an option to acquire 15% of the equity in specific circumstances.

Uvisan's revenue increased modestly to £540k (2021: £477k) and profit before tax was £73k before central costs and impairment of the disposal group (2021: £67k). This was mainly driven by the increasing orders from the distributor and reseller networks which the business established over the last 24 months, including one large order from a new US distributor.

Financial Review

The table below shows the results of the various business units in the year. LBE and Uvisan are included within discontinued operations as the directors assessed that it was highly probable at the year-end that the transactions would complete.

	Continuing Operations		Discontinued Operations			
	HBE	Head Office	LBE	Uvisan	Total	Total
	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2021 £'000
Revenue	796	-	10,241	540	11,577	9,391
Adjusted EBITDA	(212)	(1370)	2,851	106	1,375	908
Profit / (loss) after tax	(370)	(1,558)	1,295	(28)	(661)	(1,999)

Revenue from total operations for the year increased 23% to £11,577k (2021: £9,391k).

The Group made gross profit from total operations in the period of £5,016k (2021: £3,196k), a gross profit margin of 43% (2021: 34%).

The Group achieved a second full year positive adjusted EBITDA[3] from total operations of £1,375k (2021: £908k).

The Group's total loss after tax reduced to £661k (2021: £1,999k). The total adjusted loss[4] per share was 0.07p (2021: 0.28p).

The overall cash outflow in the period was £770k (2021: outflow of £565k) as illustrated in the table to the right:

	2022 £'000	2021 £'000
Opening Cash	1,099	1,664
Operating Activities	1,604	263
Investing Activities	(2,283)	(788)
Financing Activities	(91)	(40)
Closing Cash	**329**	**1,099**

[3] Adjusted EBITDA stated before depreciation, amortisation, impairment, share based payments, profit on asset disposals and other one-off costs.
[4] Adjusted loss is the loss after taxation, adjusted for share based payments, impairment charges and one-off costs.

The Group's improved total operating cash inflow of £1,604k (2021: £263k inflow) was comprised of a £1,383k inflow from operations before working capital movements (2021: £988k inflow) and a £221k inflow from working capital movements (2021: £725k outflow). This was driven predominantly by the improvement in LBE trading.

Total investing cash outflows increased to £2,283k (2021: £788k outflow) as a result of additional capital expenditure incurred (primarily in the LBE business) compared with the COVID-impacted prior period.

The Group had a net financing cash outflow of £91k (2021: £40k outflow). During the year, the Group took out a new loan of £100k and entered into a new lease valued at £228k in accordance with IFRS 16. IFRS 16 lease repayments amounted to £218k and loan repayments amounted to £204k.

Net assets at the balance sheet date were £5,391k (2021: £5,720k).

Outlook

Following the sale of the LBE business, we now have a strong balance sheet with circa £19m of cash on hand and a further $1.25m plus interest due to be received from the buyer of the LBE business in February 2024.

We have announced the intent to return circa £12.5m to our shareholders and we believe that following completion of this exercise we will be well placed to pursue new opportunities.

We have retained the HBE division, encompassing both the Let's Explore and Vodiac products, and we will seek to take advantage of the strong seasonal periods whilst not over-committing Group cash resources into stock buying.

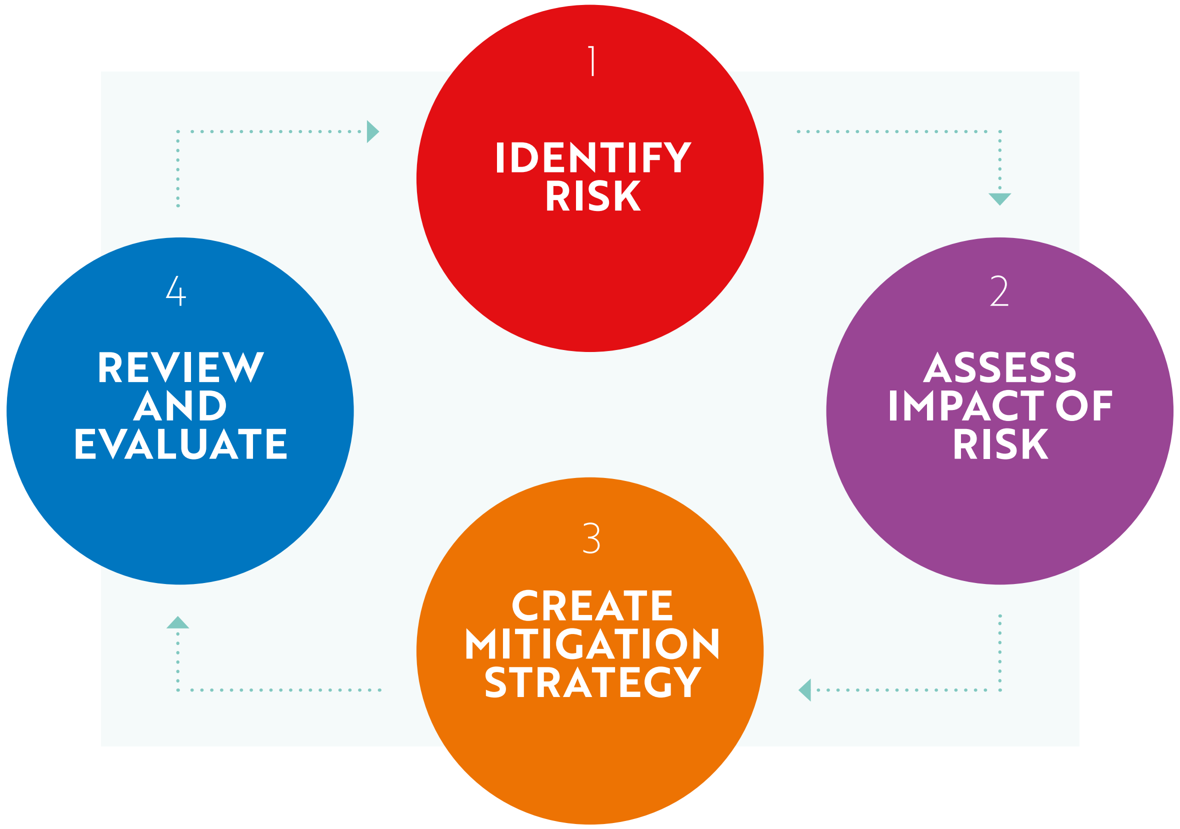
That said, the main focus over the coming months with the tender offer completed, will be to find a suitable opportunity for the Group, which we would expect to become the Group's principal activity. We feel that our AIM listing, experienced management team and cash resources on hand could be attractive to a growing business in need of development capital, especially whilst the equity markets remain challenging.

Martin Higginson
Chief Executive Officer
3 May 2023

The Group has a Risk Committee to identify and monitor risks which could threaten the Group's operations. The Risk Committee meets at least once each year and is comprised of the Audit Committee and the Group Development Director.

The Risk Committee has the power to call on Executive Directors and senior management for the purposes of seeking information as well as making recommendations.

The Group's process for managing risks is as follows:



The risks 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.

Risk	Potential Impact	Mitigation and Control
Security of cash balances	The Company currently has a large cash balance resulting from the sale of the Location Based Entertainment business. It is intended that the majority of the cash on hand will be returned to shareholders in the near future but the Company will maintain significant cash reserves. In the event that the Company's bank has financial difficulties it may result in difficulty in the Company being able to access its funds.	The Company holds the majority of its funds with an extremely reputable counterparty, however the Board is reviewing alternative financial institutions to reduce its maximum exposure.
Indemnity claims made against the Company by LBE BidCo, Inc.	The sale and purchase agreement entered into between the Company, one of its subsidiaries and LBE BidCo, Inc, the buyer of the Location Based Entertainment business included warranties and indemnities which could result in claims being made against the Company.	The Board took appropriate advice and made extensive disclosures against the warranties set out in the sale and purchase agreement with the intent of ensuring that all relevant information about the disposed entities was known. Warranty claims can be made against the Company for twelve months from the date the transaction completed and are capped at $1.25m (except for warranties of title and breach of restrictive covenants).
Failure to find a new business(es) to invest in	The Company is in the process of finding a business(es) to invest in using part of the proceeds of the LBE business sale. If the Company is not able to complete a suitable deal(s) within a reasonable timescale, it may not be sustainable to maintain the AIM listing.	The Board is in early stage discussions with a number of possible targets. The Board is confident that it has the necessary contacts, skills and experience to be able to complete a deal which will yield long term shareholder value.
Foreign exchange movements	The Group has a receivable loan note of $1.25m, due to be paid in February 2024. Adverse movement of the USD/GBP exchange rate could have a material impact on the Sterling amount receivable.	Once the future direction of the Group is known, the Board will assess the Group's need for USD and consider hedging strategies if appropriate.

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

Below are a number of the approaches through which this is achieved.

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 below 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 partner sites to ensure satisfaction • Dedicated teams for support to ensure consumer concerns are addressed
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

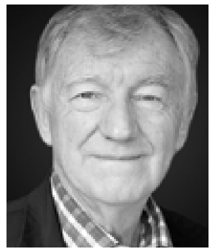
The Board is comprised of three Executive Directors and two Non-Executive Directors. Both of the Non-Executive Directors are deemed to be independent.

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

Robin has extensive Plc experience spanning many years, particularly in the media sector. He was formerly Chief Executive (1985-1998 and 2001-2003) and Chairman (1998-2001) of Emap Plc, a leading international media group in consumer and trade publishing, commercial radio, music TV channels and events. Robin is currently Non-Executive Director of Dennis Maps Ltd and Crash Media Group Ltd.

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.

Martin is currently Chairman of M Capital Investment Partners, and Huddled Group Limited. Martin has previously held Non-Executive Director positions with Digitalbox Plc, Legend Plc and Cupid Plc.

DAVID MARKS

CO-FOUNDER AND GROUP DEVELOPMENT 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 and with Martin Higginson created Digitalbox Group which was a member of The Sunday Times Tech Track 100 in both 2015 and 2016.

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, Dan held the position of Group Head of Finance since the Group's inception.

He was instrumental in the acquisitions which led to the formation of the group and its subsequent IPO in July 2018.

Dan has a degree in Economics from Lancaster University and is a member of the Chartered Institute of Management Accountants.

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 once every two months 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, Disclosure, Nomination, Remuneration and Risk Committees with formally delegated duties and responsibilities, details of which are provided on the next page.

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.

Disclosure Committee

The Disclosure Committee is chaired by Martin Higginson and has been established to ensure compliance with the AIM Rules and the Market Abuse Regulations (MAR) concerning the management of inside information. The Disclosure Committee works closely with the Board to ensure that the Company's nominated adviser is provided with any information it reasonably request or requires in order for it to carry out its responsibilities under the AIM Rules and the AIM Rules for Nominated Advisers. The Disclosure Committee meet as required. David Marks and Sir Robin Miller also sit on the Disclosure Committee.

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.

Risk Committee

The Company has a Risk Committee, comprised of the Audit Committee and the Group Development Director, which normally meets at least once each year. The committee examines the key risks that impact the Company and assesses the adequacy of the Company's mitigation strategies. It has the power to call on Executive Directors and senior management for the purposes of seeking information as well as making recommendations.

Attendance

Directors' attendance at meetings of the Board and its Committees during 2022 were as follows:

	Board	Audit	Renumeration
Martin Higginson	10/11	-	2/6
David Marks	11/11	2/2	1/6
Rod Findley*	8/11	-	-
Sir Robin Miller	11/11	1/2	6/6
Nicholas Lee	11/11	2/2	5/6

*Resigned 1 March 2023

No formal meetings of the Nomination, Disclosure or Risk Committees 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://letsexploregroup.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 Risk 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 regularly by the Risk Committee.

Shareholder Relations

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

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 Report

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 2021 accounts and to approve the 2022 interim accounts.

Significant Accounting Issues

The main accounting issue which the Audit Committee focused their attention on during the period was the presentation of the financial statements in respect of discontinued operations.

The Board were of the opinion that the sale of the Location Based Entertainment (LBE) and Uvisan businesses were highly probable to take place within 12 months of the reporting date. Therefore, the results of both divisions have been included within discontinued operations during the reporting period and prior year comparative figures have been restated for consistency in accordance with IFRS 5.

Impact of New Accounting Standards on Future Reports

The new International Financial Reporting Standards (IFRS) to be adopted by the Group from 1 January 2023 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 £80k (2021: £70k) and in respect of non-audit services were £12k (2021: £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
3 May 2023

Balancing the need to control costs while ensuring that pay and benefits offered by the Group are appropriate for attracting and retaining high calibre staff.

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 will keep under review the long-term incentivisation of Executive Directors and senior employees, balancing the need to control costs while ensuring that pay and benefits offered by the Group are appropriate for attracting and retaining high calibre staff.

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 2022 is shown in the table below:

	Salary 2022 £	Consultancy 2022 £	Bonus 2022 £	Benefits 2022 £	Pension 2022 £	Total 2022 £	Total 2021 £
M Higginson	189,188	18,000	105,000	10,187	1,321	323,696	207,287
D Marks	188,426	-	105,000	4,200	1,321	298,947	184,164
R Findley*	185,942	-	23,054	23,472	-	232,468	154,751
R Miller	31,875	15,938	-	-	-	47,813	39,140
N Lee	38,594	-	-	-	971	39,565	31,169
Total	**634,025**	**33,938**	**233,054**	**37,859**	**3,613**	**942,489**	**616,511**

**Resigned 1 March 2023*

Details of directors' consultancy charges can be found in note 30 to the consolidated accounts.

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:

	3 May 2023 Shares of £0.00040108663	31 December 2022 Shares of £0.00040108663	31 December 2021 Shares of £0.00040108663
M Higginson[1]	24,026,945	24,026,945	24,026,945
D Marks	10,292,663	10,292,663	10,292,663
R Findley (resigned 1 March 2023)	10,584,349	10,584,349	10,584,349
D Wortley (appointed 1 March 2023)	498,595	498,595	498,595
R Miller	385,000	385,000	385,000
N Lee	241,743	241,743	241,743

[1] *Includes shares indirectly held in M Higginson's personal pension scheme*

The Directors hold share options in the Company as detailed below:

	EMI Options Shares	Unapproved Options Shares	Total Options Shares
M Higginson	6,578,921	9,551,448	16,130,369
D Marks	6,578,921	3,858,376	10,437,297
R Findley (resigned 1 March 2023)	-	10,437,297	10,437,297
D Wortley (appointed 1 March 2023)	3,795,380	-	3,795,380
Total	**16,953,222**	**23,847,121**	**40,800,343**

All of the above options were issued on 19 November 2020 and have an exercise price of 2.5 pence.

The vesting status of the Directors' options is as follows:

	Vested Options Shares	Unvested Options Shares	Total Options Shares
M Higginson	5,376,789	10,753,580	16,130,369
D Marks	3,479,099	6,958,198	10,437,297
R Findley (resigned 1 March 2023)	5,798,498	4,638,799	10,437,297
D Wortley (appointed 1 March 2023)	1,265,126	2,530,254	3,795,380
Total	**15,919,512**	**24,880,831**	**40,800,343**

The vesting criteria of the unvested share options is as follows:

(i) 12,440,415 of the unvested options will vest if the volume-weighted average price of the Company's shares is 7.5 pence or greater for twenty consecutive days; and

(ii) 12,440,416 of the unvested options will vest if the volume-weighted average price of the Company's shares is 10 pence or greater for twenty consecutive days.

Sir Robin Miller
Chairman of the Remuneration Committee

The Directors' Report.

The Directors present their report and audited financial statements for the year ended 31 December 2022.

Principal Activities

During the year, the principal activities of the Group were: (i) the provision of virtual reality (VR) experiences to partner sites on a revenue share basis and in its own ImmotionVR sites; (ii) the sale of the Group's Let's Explore consumer product; and (iii) the sale of the Group's Uvisan UV-C cleansing products. The activities (i) and (iii) have been disposed of since the reporting date and are included in discontinued operations. More details of the disposals can be found in the Post Balance Sheet Events disclosure below.

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 6 to 8.

Dividends

No dividends were paid during the year (2021: £Nil). The Board is not recommending the payment of a dividend in respect of the year ended 31 December 2022.

Earnings per Share

Loss per share from total operations in the period was 0.16p (2021: 0.48p).

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 2 February 2023, the Company announced that it had completed the sale of Uvisan Limited for cash consideration of £100,000.

On 8 February 2023, the Company announced that it had issued 632,563 new ordinary shares pursuant to the exercise of share options under the Company's share option scheme.

On 1 March 2023, the Company announced the completion of the sale of the Location Based Entertainment (LBE) virtual reality division, comprising Immotion Studios Limited, Immotion VR Limited and C.2K Entertainment Inc., to LBE BidCo, Inc. for $25,119,739. The sale proceeds were comprised of cash paid at completion of $23,869,739 and a loan note of $1,250,000 repayable 12 months following completion, subject to any price adjustments under the terms of the sale and purchase agreement.

On 1 March 2023, the Company also announced its intention to return circa £12.5m of the LBE sale proceeds to shareholders via a tender offer. The tender offer has required shareholder and Court approvals and is expected to be completed in June 2023.

On 1 March 2023, the Company also announced that Rodney Findley had resigned as a director of the Company and that Daniel Wortley was appointed as a director of the Company.

On 2 March 2023, the Company announced that it had changed its name to Let's Explore Group Plc from its previous name of Immotion Group Plc.

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 25 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' Conflicts 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 2022 (2021: £Nil).

Significant Shareholdings

As at 31 December 2022, the following shareholders owned 3% or more of the Company:

Shareholder	Shares	%
Stonehage Fleming	38,535,010	9.27%
Hargreaves Lansdown (Nominees) Limited	37,634,699	9.06%
Rathbone Nominees Limited	29,827,984	7.18%
Unicorn AIM VCT	29,137,930	7.01%
JIM Nominess Limited	25,070,703	6.03%
Martin Higginson[1]	24,026,945	5.78%
Lawshare Nominees Limited	22,468,079	5.41%
Interactive Investor Services Nominees Limited	19,648,036	4.73%
Herald Investment Trust	12,896,551	3.10%

[1] *Includes shares held by M Higginson's pension scheme*

As at 2 May 2023, the following shareholders owned 3% or more of the Company:

Shareholder	Shares	%
Hargreaves Lansdown (Nominees) Limited	44,894,111	10.79%
Stonehage Fleming	39,035,010	9.38%
Unicorn AIM VCT	29,137,930	7.00%
Rathbone Nominees Limited	27,673,922	6.65%
JIM Nominees Limited	26,005,443	6.25%
Martin Higginson[1]	24,026,945	5.77%
Lawshare Nominees Limited	22,403,941	5.38%
Interactive Investor Services Nominees Limited	17,172,865	4.13%
Herald Investment Trust	12,896,551	3.10%

[1] *Includes shares held by M Higginson's pension scheme*

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 6 to 8) and within the notes to the Financial Statements.

Annual General Meeting

The Company's Annual General Meeting will be held on 29 June 2023.

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 3 May 2023 and signed on its behalf

Martin Higginson
Director

The 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.

Independent Auditor's Report.

Opinion

We have audited the financial statements of Let's Explore Group PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 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 2022 and of the group's loss 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 2022 other than those discussed subsequently. The three US subsidiaries, C.2K Entertainment Inc, Uvisan Inc and Let's Explore Inc, are exempt from local statutory audit requirements but audit work on these was performed to component level materiality, which was lower than group materiality, assessed in line with their contribution to the Group's financial performance. The subsidiaries Uvisan Limited, Immotion Limited, Ranger Rob Limited and Vodiac Limited, were exempt from audit by virtue of S479A of Companies Act 2006 and were audited to component materiality for the purposes of the group audit.

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, comprising the sale of content, partner revenue, VR revenue and hardware, 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 are consistent with IFRS 15; • A detailed review and assessment of how revenue is recognised; • An assessment of deferred and accrued income to ensure it is correctly calculated, recognised in the appropriate period and that it is complete; • A review of deferred and accrued income judgements made; • Substantive procedures on a sample of revenue transactions, including a review of those around the reporting date to assess appropriate cut off has been applied; • Agreement of a sample of refunds in the period to support; • A review of contracted income, agreeing the key inputs to partner submissions and recalculating the income recognised; and • A detailed review of revenue, which included performing cash to sales reconciliations in each entity.

KEY AUDIT MATTER	HOW OUR SCOPE ADDRESSED THIS MATTER
Capitalisation of development costs The group recognises material software and content developments costs as an intangible asset, rather than expenditure as set out in note 4. Given that such capitalisation and ongoing recognition is a matter of judgement, we considered this area to be a key audit matter.	Our audit work included, but was not restricted to, the following: · Reviewing and assessing the criteria for capitalising development costs under IAS 38 and ensuring these had been met on a sample basis; · Vouching items capitalised as development costs on a sample basis to appropriate supporting documents such as invoices and timesheets; · Reviewing and assessing the methodology of calculating development costs; and · Reviewing and assessing management's impairment review of ongoing projects at the balance sheet date.
Disposal of Location Based Entertainment ("LBE") businesses (C.2K Inc, Immotion Studios Limited & Immotion VR Limited) In March 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 whether the IFRS 5 criteria as a discontinued operation had been satisfied; · Considering the allocation of costs and revenue to discontinued operations and the appropriateness of the presentation of these transactions; · Considering the allocation of assets and liabilities to "held for sale" and the appropriateness of the presentation of these balances; · Assessing the assets and liabilities disclosed as a disposal group and classified as held for sale in the financial statements; and · Assessing whether assets disclosed as held for sale were appropriately recorded at the lower of their carrying amount and fair value less cost to sell.

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 £200,000, determined by reference to 3.7% of the Group's net assets. Due to the impact of the discontinued operations, profit and loss related measures have been heavily impacted and therefore we concluded net assets as a more appropriate metric as it also incorporates the consideration of the residual value that will be realised by the Group following the disposal transaction in March 2023. We have assessed that users will place greater emphasis on the impact of the disposal of the Group's discontinued operations in March 2023 and consequently that the Group's net assets and equity as at 31 December 2022 will be of relevance to them. Therefore, the net assets are deemed to be of significance in 2022 as they show the investors an indication of their holdings in the Group.

We have reported to the audit committee any corrected or uncorrected misstatements arising exceeding £10,000. Performance materiality was set at £150,000, being 75% of materiality.

Materiality for the parent company was set at £180,000, determined by reference to 2.2% of its gross asset position but capped at 90% of group materiality. We have reported to the audit committee any corrected or uncorrected misstatements arising exceeding £9,000. Performance materiality was set at £135,000, being 75% 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 analysis 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 25, 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 below:

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
10 Queen Street Place, London, EC4R 1AG

3 May 2023

Consolidated Statement of Comprehensive Income for the year ended 31 December 2022

	Note	Year ended 31 December 2022 £'000	Restated Year Ended 31 December 2021 £'000
Continuing operations			
Revenue	7	796	2,526
Cost of sales		(865)	(2,427)
Gross profit		**(69)**	**99**
Administrative expenses		(1,848)	(1,871)
Other operating income	8	-	8
Loss from operations	9	**(1,917)**	**(1,764)**
Memorandum:			
Adjusted EBITDA		**(1,582)**	**(1,084)**
Depreciation		(1)	-
Amortisation		(168)	(4)
Share based payments		(133)	(676)
One-off costs		(33)	-
Loss from operations		**(1,917)**	**(1,764)**
Finance costs	11	(11)	(3)
Loss before taxation and attributable to equity holders of the parent		**(1,928)**	**(1,767)**
Taxation	12	-	-
Loss after taxation from continuing operations		**(1,928)**	**(1,767)**
Profit after tax from discontinued operations	13	1,267	(232)
Loss after tax from all operations		**(661)**	**(1,999)**
Other comprehensive expense			
Profit /(loss) on translation of subsidiary		129	44
Loss after taxation and attributable to equity holders of the parent and total comprehensive income for the period		**(532)**	**(1,955)**

	Note	Year ended 31 December 2022 £0.01	Year ended 31 December 2021 £0.01
Earnings/(loss) per share			
Continuing operations			
Basic	14	(0.46)	(0.43)
Diluted	14	(0.46)	(0.43)
Discontinued operations			
Basic	14	0.30	(0.05)
Diluted	14	0.30	(0.05)
Continuing and discontinued operations			
Basic	14	(0.16)	(0.48)
Diluted	14	(0.16)	(0.48)

The notes on pages 38 to 74 form part of the group financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 December 2022

	Share capital £'000	Share premium £'000	Foreign exchange reserve £'000	Retained deficit £'000	Total equity £'000
Balance at 1 January 2021	164	20,273	(80)	(13,643)	6,714
Issue of shares	2	298	-	-	300
Issue costs deducted from equity	-	(15)	-	-	(15)
Loss after tax	-	-	-	(1,999)	(1,999)
Equity settled share-based payments	-	-	-	676	676
Currency translation of overseas subsidiary	-	-	44	-	44
Balance at 31 December 2021	**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**

The notes on pages 38 to 74 form part of the group financial statements.

Consolidated Statement of Financial Position as at 31 December 2022

	Note	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	3	1,188
Intangible fixed assets	16	214	3,305
Total non-current assets		**217**	**4,493**
Current assets			
Inventories	17	67	103
Trade and other receivables	18	786	1,783
Contract assets	19	2	83
Cash and cash equivalents	20	51	1,099
Total current assets		**906**	**3,068**
Assets held for sale	13	6,362	-
Total assets		**7,485**	**7,561**
LIABILITIES			
Current liabilities			
Trade and other payables	21	(786)	(1,103)
Loans and borrowings	21	(45)	(130)
Lease liabilities	21	-	(171)
Contract liabilities	22	(7)	(278)
Total current liabilities		**(838)**	**(1,682)**
Non-current liabilities			
Loans	21	(28)	(155)
Lease liabilities	21	-	(4)
Total non-current liabilities		**(28)**	**(159)**
Liabilities associated with assets held for sale	13	(1,298)	-
Total liabilities		**(2,164)**	**(1,841)**
Total net assets		**5,321**	**5,720**
Capital and reserves attributable to owners of the parent			
Share capital	26	166	166
Share premium	28	20,556	20,556
Foreign exchange reserve	28	93	(36)
Retained deficit	28	(15,494)	(14,966)
Total equity		**5,321**	**5,720**

The financial statements were approved by the Board and authorised for issue on 3 May 2023

Martin Higginson
Chief Executive Officer

Daniel Wortley
Finance Director

The notes on pages 38 to 74 form part of the group financial statements.

Consolidated Statement of Cash Flows for the year ended 31 December 2022

	Year ended 31 December 2022 £'000	Restated Year ended 31 December 2021 £'000
Cash flows from operating activities		
Loss before tax from continuing operations	(1,928)	(1,767)
Loss before tax from discontinued operations	1,297	(270)
Adjustments for:		
Share based payments	133	676
Depreciation on property plant and equipment	1,036	1,470
Profit/(loss) on disposal of fixed assets	(19)	(18)
Amortisation of intangible assets	601	641
Impairment of tangible and intangible assets	176	82
Finance costs	37	44
Finance income	(1)	(1)
Foreign exchange profit/(loss)	37	50
Foreign corporate tax payment	(4)	(3)
Corporation tax repayment received	18	84
Cash inflows/(outflows) from operating activities before changes in working capital	**1,383**	**988**
Decrease/(increase) in inventories	(11)	49
Increase in trade and other receivables	(46)	(989)
Increase in trade & other payables and contract liabilities	278	215
Cash generated/(used) in operations	**1,604**	**263**
Investing activities		
Purchase of intangible assets	(510)	(404)
Purchase of property, plant and equipment	(1,797)	(425)
Proceeds from disposals of property, plant and equipment	24	41
Net cash used in investing activities	**(2,283)**	**(788)**
Financing activities		
Finance costs	(37)	(44)
Finance income	1	1
New loans and finance leases	328	119
Loan and finance lease repayments	(422)	(405)
Foreign exchange on retranslation of financing	39	4
Issue of new share capital	-	300
Costs on issue of shares	-	(15)
Net cash from financing activities	**(91)**	**(40)**
Net decrease in cash and cash equivalents	**(770)**	**(565)**
Cash and cash equivalents at beginning of the period	1,099	1,664
Cash and cash equivalents at end of the period	**329**	**1,099**

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Reconciliation of net cashflow to movement in net debt:		
Net decrease in cash and cash equivalents	(770)	(565)
New loans and finance leases	(328)	(119)
Repayment of loans and finance leases	422	405
Foreign exchange on retranslation of financing	(39)	(4)
Movement in net funds in the year	**(715)**	**(283)**
Net funds/(debt) at beginning of year	639	922
Net funds at end of year	**(76)**	**639**
Breakdown of net funds/(debts)		
Cash and cash equivalents	51	1,099
Cash and cash equivalents attributable to disposal groups	278	-
	329	1,099
Loans and borrowings	(73)	(285)
Loans and borrowings attributable to disposal groups	(136)	-
Lease liabilities	-	(175)
Lease liabilities attributable to disposal groups	(196)	-
Net funds at end of year	**(76)**	**639**

The notes on pages 38 to 74 form part of the group financial statements.

1. GENERAL INFORMATION

Let's Explore 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.

The principal activities of the Group during the year were: (i) the provision of virtual reality (VR) experiences to partner sites and via its own ImmotionVR sites; (ii) the sale of the Let's Explore virtual and augmented reality consumer product; and (iii) the sale of UV sanitisation equipment. Activities (i) and (iii) are treated as discontinued operations in these financial statements.

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 2022

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 2021, except for any new and revised IFRSs effective 1 January 2022. None of the new IFRSs and IFRS amendments effective in the year ended 31 December 2022 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 following new accounting standards and amendments to new accounting standards have been issued but are not yet effective and have not yet been endorsed by the UK Endorsement Board:

- IFRS 17 'Insurance contracts' – effective 1 January 2023;
- Amendments to IAS 1 'Disclosure of accounting policies' – effective 1 January 2023;
- Amendments to IAS 1 'Classification of liabilities as current or non-current' – effective 1 January 2023;
- Amendments to IAS 8 'Definition of accounting estimates' – effective 1 January 2023;
- Amendments to IAS 12 'Deferred tax related to assets and liabilities arising from a single transaction' – effective 1 January 2023;
- Amendments to IFRS 16 'Lease liability in a sale and leaseback' – effective 1 January 2024; and
- Amendments to IAS 1 'Non-current liabilities with covenants' – effective 1 January 2024.

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 and all of these 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 following receipt of the sale proceeds from the LBE business, 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 and business 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:

Location Based Entertainment
Partner revenue is recognised on the date which the sale to the customer takes place. The Group acts as the principal in the transaction and therefore recognises the revenue charged to the end user in full with the concession partners' shares deducted as a cost of sale.

Home Based Entertainment
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 and paid for. For sales to resellers, revenue is recognised in the period in which delivery to the reseller takes place.

Uvisan and other hardware sales
Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- The Group has transferred the significant risks and rewards of ownership to the buyer;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be reliably measured;
- It is probable that the Group will receive the consideration due under the transaction; and
- The costs incurred or to be incurred in respect of the transaction can be reliably measured.

Content
Content licensing revenue is recognised on the date on which the related sale of that content by the licensee takes place where agreements do not provide for new or updated content to be supplied. Where the Group is committed under licensing agreements to producing new content, or material updates, revenue is recognised over the period of the agreement. No element of financing is deemed present as the sales are made with standard credit terms of 30 days which is consistent with market practice. The Group does not expect to have any contracts where the period between the transfer of the promised services or goods to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

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.

4. ACCOUNTING POLICIES (continued)

The right-of-use assets are included in the tangible fixed assets 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.

Foreign currency

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 translation reserve. Such translation differences are recognised as 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
Fixtures, fittings and equipment	Between 3 and 7 years on a straight-line basis
IFRS 16 right of use assets	Over term of lease

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.

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 between 3 and 7 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 until other obligations are satisfied. Contract assets represent a right to payment that is conditional on further performance while receivables represent an unconditional right to payment.

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.

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.

4. ACCOUNTING POLICIES (continued)

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.

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 27.

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 liabilities/(assets) are settled/(recovered).

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.

Government grants

The Group recognises government grants when it has reasonable assurance that it will comply with the relevant conditions and the grant will be received.

Grants related to income are recognised in the profit and loss account in line with the recognition of the expenses that the grants are intended to compensate. Such grants are presented as income and are not deducted from the related expenditure.

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 Location Based Entertainment (LBE) and Uvisan divisions have been classified as discontinued operations in the consolidated statement of comprehensive income and the prior period comparatives have been restated for consistency.

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 statement of profit or loss.

Details of discontinued operations are shown in note 13. 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

Discontinued operations

The Directors assessed and concluded that the sale of the Location Based Entertainment (LBE) and Uvisan businesses were highly probable to take place within 12 months of the reporting date. Therefore, the results of both divisions have been included within discontinued operations in accordance with IFRS 5.

Revenue recognition

Location Based Entertainment revenue is accounted for on the basis that the Group acts as the principal in the transactions between partners and customers. Gross sales of services by partners to end customers are reported to the Group regularly and are included within the Group's turnover without any deductions.

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.

For sales to resellers, revenue from the sale of Let's Explore and Vodiac products is recognised in the period in which delivery to the reseller takes place. The price paid by the reseller is recognised as revenue.

The revenue for the sale of Uvisan products and other hardware is recognised once the benefits and control of these items are no longer with the Group and are instead with the customer. Management exercise judgment to consider when the risks have been transferred to the customer. For both sales direct to customers and via resellers, the income received by the Group is recognised as revenue.

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 the development project. 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.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

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.

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. Capitalised development costs are being amortised on a straight-line basis over the period when economic benefits are expected to be received, which has been estimated at 3 years.

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 deprecation, that charge is added retrospectively.

Due to the significance of tangible fixed assets to the Group, 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, a key judgment, based on the reasons for the cancellations and the new issues, is made as to the extent to which the new options granted are modifications of, or replacements for, the cancelled options, or new options.

IFRS 16 discount rates
The Group estimates an appropriate discount rate based on an incremental rate of borrowing for the calculation of the IFRS 16 right-of-use assets. This requires judgment as to an appropriate discount rate.

6. SEGMENTAL INFORMATION

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

	HBE £'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)
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**
Deperciation	-	(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)**

HBE = Home Based Entertainment

*Administrative expenses exclude depreciation, amortisation, impairment, profit on disposal, 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 2021 is below:

	HBE £'000	Head Office £'000	Total Continuing Operations £'000	Discontinued Operations £'000	Total £'000
Revenue	2,526	-	2,526	6,865	9,391
Cost of sales	(2,427)	-	(2,427)	(3,768)	(6,195)
Administrative expenses*	(212)	(979)	(1,191)	(1,629)	(2,820)
Other operating income	3	5	8	524	532
Adjusted EBITDA**	**(110)**	**(974)**	**(1,084)**	**1,992**	**908**
Depreciation	-	-	-	(1,470)	(1,470)
Amortisation	-	(4)	(4)	(637)	(641)
Impairment	-	-	-	(82)	(82)
Profit on disposal	-	-	-	18	18
One-off costs	-	-	-	(51)	(51)
Share based payments	-	(676)	(676)	-	(676)
Finance costs	-	(3)	(3)	(41)	(44)
Finance income	-	-	-	1	1
Tax	-	-	-	38	38
Loss for the year	**(110)**	**(1,657)**	**(1,767)**	**(232)**	**(1,999)**

HBE = Home Based Entertainment

*Administrative expenses exclude depreciation, amortisation, impairment, profit on disposal, one-off 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:

	External revenue by location of customer	
	2022 £'000	2021 £'000
Continuing Operations		
USA & Canada	400	1,645
United Kingdom	396	387
Australia	-	443
Other	-	51
	796	**2,526**

	Total assets by location		Net tangible capital expenditure by location	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
United Kingdom	1,062	5,542	3	75
USA & Canada	61	1,969	-	340
Middle East	-	27	-	-
Rest of Europe	-	10	-	7
Australia	-	10	-	3
China	-	3	-	-
Assets held for sale	6,362	-	1,794	-
	7,485	**7,561**	**1,797**	**425**

7. REVENUE

Revenue by stream is split:	2022 £'000	2021 £'000
Home Based Entertainment	796	2,526
	796	**2,526**

The Group had certain customers whose revenue individually represented 10% or more of the Group's total revenue. For the year ended 31 December 2022, one customer accounted for 49% of the revenue respectively (2021: no customers accounted for more than 10% of the Group's total revenue).

8 OTHER OPERATING INCOME

	2022 £'000	2021 £'000
UK & USA Government grants	-	8
	-	**8**

9 LOSS FROM OPERATIONS

	2022 £'000	2021 £'000
This is arrived at after charging:		
Continuing operations		
Staff costs (see note 10)	1,190	1,360
Depreciation of property, plant & equipment	1	-
Amortisation of intangible fixed assets	168	4
Short-term lease expense	8	8

	2022 £'000	2021 £'000
Auditors' remuneration		
Auditors' remuneration in respect of the Company	20	15
Audit of the Group and subsidiary undertakings	60	55
Non-audit services: review of interim accounts	12	12
	92	**82**

	2022 £'000	2021 £'000
One-off costs		
Business restructuring	33	-
	33	**-**

10 STAFF COSTS

	2022 £'000	2021 £'000
Included in administrative expenses:		
Wages and salaries	956	611
Social security costs	98	72
Pensions	8	6
	1,062	689
Share based payment charge	128	671
Total staff costs: continuing operations	**1,190**	**1,360**

The above staff costs included in continuing operations include redundancy and other non-recurring staff costs of £nil (2021: £nil) during the year.

The above staff costs included in continuing operations include £28k capitalised in 2022 (2021: £27k) as development costs (see note 16).

	2022 £'000	2021 £'000
Included in discontinued operations:		
Wages and salaries	1,803	1,580
Social security costs	191	198
Pensions	18	18
Total staff costs: discontinued operations	**2,012**	**1,796**

The above staff costs included in discontinued operations include redundancy and other non-recurring staff costs of £10k (2021: £88k) during the year.

The above staff costs included in discontinued operations include £136k capitalised in 2022 (2021: £110k) as development costs (see note 16).

The average number of employees of the group during the year was as follows:

	2022 Continuing	2022 Discontinued	2021 Continuing	2021 Discontinued
Directors	4	1	4	1
Management and administration	6	3	5	9
Retail	-	35	-	31
Operations	-	8	-	6
Sales and Marketing	1	4	-	7
Content and software development	1	3	1	5
	12	**54**	**10**	**59**

10 STAFF COSTS (continued)

Directors' detailed emoluments

Details of individual Directors' emoluments for the year are as follows:

	Salary 2022 £'000	Bonus 2022 £'000	Consultancy 2022 £'000	Benefits 2022 £'000	Pension 2022 £'000	Total 2022 £'000	Total 2021 £'000
M Higginson	189	105	18	10	1	324	207
D Marks	188	105	-	4	1	299	184
R Findley	186	23	-	24	-	232	155
R Miller	32	-	16	-	-	48	39
N Lee	39	-	-	-	1	39	31
	634	**233**	**34**	**38**	**3**	**942**	**616**

All pension contributions represent payments into defined contribution schemes. The principal benefits relate to health insurance.

The Executive Directors have service contracts with the Company which are terminable by the Company or relevant director on 6 months' notice.

£96k of the share-based payment expense in 2022 relates to the directors (2021: £394k).

The Directors of the company on 3 May 2023 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					
	03/05/2023		31/12/2022		31/12/2021	
Martin Higginson	24,026,945	5.77%	24,026,945	5.78%	24,026,945	5.78%
David Marks	10,292,663	2.47%	10,292,663	2.48%	10,292,663	2.48%
Rod Findley*	10,584,349	2.54%	10,584,349	2.55%	10,584,349	2.55%
Daniel Wortley**	498,595	0.12%	498,595	0.12%	498,595	0.12%
Sir Robin Miller	385,000	0.09%	385,000	0.09%	385,000	0.09%
Nicholas Lee	241,743	0.06%	241,743	0.06%	241,743	0.06%

*Resigned 1 March 2023
**Appointed 1 March 2023

10 STAFF COSTS (continued)

Details of the options over the Company's shares held by the directors are as follows:

	Type of Option	Total options held at 31 December 2022	Vested options held at 31 December 2022
Martin Higginson	EMI Option	6,578,921	5,376,789
Martin Higginson	Non-Statutory Option	9,551,448	-
David Marks	EMI Option	6,578,921	3,479,099
David Marks	Non-Statutory Option	3,858,376	-
Rod Findley*	Non-Statutory Option	10,437,297	5,798,498
Daniel Wortley**	EMI Option	3,795,380	1,265,126

*Resigned 1 March 2023
**Appointed 1 March 2023

All of the above share options have an exercise price of 2.50p, were granted on 19 November 2020 and expire on 19 November 2030.

Further information on share options is included in note 27.

The market price of the ordinary shares at 31 December 2022 was 2.60p with a quoted range from 1 January 2022 to 31 December 2022 of 1.95p to 6.80p.

11 FINANCE COSTS

	2022 £'000	2021 £'000
Interest payable	11	3
	11	**3**

12 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:

	2022 £'000	2021 £'000
Loss before tax from continuing operations	1,928	1,767
(Profit)/loss before tax from discontinued operations	(1,297)	270
Loss before tax from total operations	631	2,037
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (2021: 19%)	120	387
Effects of:		
Effect of higher tax rate in USA	(9)	-
Fixed asset differences	1	(66)
Expenses not deductible for tax purposes	(43)	(205)
R&D tax credits	-	41
Deferred tax not recognised	(159)	-
Deferred tax asset recognised	(4)	(119)
Utilisation of previously unrecognised tax losses	73	-
Prior year adjustments	(9)	-
Tax (charge)/credit for the year	**(30)**	**38**
Tax expense from continuing operations	-	-
Tax expense from discontinued operations	(30)	38
Tax (charge)/credit for the year	**(30)**	**38**

The UK Finance Act 2022 received royal assent on 24 February 2022. This legislation maintained the UK corporation tax rate 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.

Tax losses: continuing operations

There were unused tax losses of £2.0m at 31 December 2022 (£1.5m at 31 December 2021). No deferred tax asset has been recognised due to the uncertainty surrounding utilisation of existing tax losses against future taxable profits.

Tax losses: discontinued operations

There were unused tax losses of £12.2m at 31 December 2022 (£13.0m at 31 December 2021).

13 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

The Location Based Entertainment (LBE) and Uvisan businesses and net assets were in the process of being sold as at 31 December 2022. Both sales were subsequently completed after the reporting date. Both divisions are deemed to be discontinued operations as they represent separate major lines of business. The results for these businesses have been excluded from the continuing results of the Group for the period ended 31 December 2022. The results for the period ended 31 December 2021 have been restated to exclude the results of these businesses from the continuing operations of the Group in those periods.

Summary income statement

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

Discontinued operations	LBE 2022 £'000	Uvisan 2022 £'000	Total 2022 £'000	Restated Total 2021 £'000
Revenue	10,241	540	10,781	6,865
Cost of sales	(5,453)	(244)	(5,697)	(3,768)
Other operating income	39	-	39	524
Administrative expenses	(3,482)	(320)	(3,802)	(3,851)
Operating profit/(loss)	**1,345**	**(24)**	**1,321**	**(230)**
Finance costs	(25)	-	(25)	(41)
Finance income	1	-	1	1
Profit/(loss) before taxation	**1,321**	**(24)**	**1,297**	**(270)**
Taxation	(26)	(4)	(30)	38
Profit/(loss) from discontinued operations	**1,295**	**(28)**	**1,267**	**(232)**
Adjusted EBITDA	**2,851**	**106**	**2,957**	**1,992**
Depreciation	(1,028)	(7)	(1,035)	(1,469)
Amortisation	(407)	(26)	(433)	(637)
Impairment of intangible assets	(78)	-	(78)	(83)
Impairment of assets held for sale	-	(97)	(97)	-
Profit on disposal of fixed assets	19	-	19	18
One-off costs	(12)	-	(12)	(51)
Operating profit/(loss)	**1,345**	**(24)**	**1,321**	**(230)**

LBE – 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.

13 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (continued)

Summary cash flow statement

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

Discontinued operations	LBE 2022 £'000	Uvisan 2022 £'000	Total 2022 £'000	Restated Total 2021 £'000
Net cash generated from operating activities	3,155	61	3,216	1,008
Net cash used in investing activities	(2,003)	(67)	(2,070)	(805)
Net cash used in financing activities	(105)	-	(105)	(319)
Net cash flows generated/(used in) discontinued operations	**1,047**	**(6)**	**1,041**	**(116)**

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	LBE £'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**
Liablilities			
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.

14 EARNINGS PER SHARE

	2022 £'000	2021 £'000
Profit/(loss) after taxation		
Continuing operations	(1,928)	(1,767)
Discontinued operations	1,267	(232)
Loss after taxation from all operations	**(661)**	**(1,999)**
Basic weighted average number of shares	415,538,083	414,140,823
Diluted weighted average number of shares	473,775,097	472,053,826
Continuing and discontinued operations	**£0.01**	**£0.01**
Basic loss per share	(0.16)	(0.48)
Diluted loss per share	(0.16)	(0.48)
Continuing operations	**£0.01**	**£0.01**
Basic loss per share	(0.46)	(0.43)
Diluted loss per share	(0.46)	(0.43)
Discontinued operations	**£0.01**	**£0.01**
Basic earnings/(loss) per share	0.30	(0.05)
Diluted earnings/(loss) per share	0.30	(0.05)

Earnings/(loss) per ordinary share has been calculated using the weighted average number of shares in issue during the relevant financial periods. IAS 33 requires presentation of diluted EPS when a company could be called upon to issue shares that would decrease earnings per share or increase the loss per share. Per IAS 33 the diluted EPS cannot show an improvement on the basic EPS. As that would be the result in this case the potential ordinary shares have been disregarded in the calculation of diluted EPS. Diluted EPS is calculated based on total operations and, whilst the discontinuing operations produced a positive earnings per share, due to the overall loss per share the dilutive effect of the potential ordinary shares is ignored.

15 PROPERTY, PLANT AND EQUIPMENT

Cost	Leasehold Property £'000	Fixtures, Fittings & Equipment £'000	Right-of-use Asset £'000	Total £'000
At 1 January 2021	380	4,092	806	5,278
Additions	3	422	-	425
Disposals	(4)	(1,836)	(169)	(2,009)
Foreign exchange	-	21	5	26
At 31 December 2021	**379**	**2,699**	**642**	**3,720**
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**
Accumulated depreciation				
At 1 January 2021	226	2,292	500	3,018
Depreciation on owned assets	92	1,202	-	1,294
Depreciation on financed assets	-	-	176	176
Disposals	(3)	(1,817)	(166)	(1,986)
Foreign exchange	-	24	6	30
At 31 December 2021	**315**	**1,701**	**516**	**2,532**
At 1 January 2022	315	1,701	516	2,532
Depreciation on owned assets	64	816	-	880
Depreciation on 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	**-**	**-**	**-**	**-**
Net Book Value				
At 31 December 2022	-	3	-	3
At 31 December 2021	64	998	126	1,188
At 31 December 2020	154	1,800	306	2,260

15 PROPERTY, PLANT AND EQUIPMENT (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, is £Nil (2021: £126k) relating to right-of-use assets. The depreciation charge on these assets was £Nil (2021: £176k).

The net book value of owned and leased assets included in property, plant and equipment in the Statement of Financial Position is as follows:

	2022 £'000	2021 £'000
Tangible fixed assets owned	3	1,062
Tangible fixed assets subject to hire purchase and finance lease arrangements	-	126
	3	**1,188**

Information about the leased assets is summarised below:

	2022 £'000	2021 £'000
Right-of-use assets	-	126

The depreciation charge in respect of the leased assets is as follows:

	2022 £'000	2021 £'000
Right-of-use assets	-	176
	-	**176**

16 INTANGIBLE ASSETS

Cost	Development Costs £'000	Goodwill Arising on Consolidation £'000	Other Intangible Assets £'000	Total £'000
At 1 January 2021	2,171	2,438	545	5,154
Transfers	(4)	-	6	2
Additions	384	-	20	404
Disposals	(6)	-	(2)	(8)
Impairment	(81)	-	(1)	(82)
Foreign exchange	3	-	-	3
At 31 December 2021	**2,467**	**2,438**	**568**	**5,473**
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 sale	(2,563)	(2,438)	(490)	(5,491)
At 31 December 2022	**454**	**-**	**29**	**483**
Accumulated amortisation				
At 1 January 2021	1,002	-	527	1,529
Amortisation	624	-	17	641
Transfers	(2)	-	3	1
Disposals	(6)	-	(1)	(7)
Impairment	-	-	(1)	(1)
Foreign exchange	5	-	-	5
At 31 December 2021	**1,623**	**-**	**545**	**2,168**
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**
Net Book Value				
At 31 December 2022	199	-	15	214
At 31 December 2021	844	2,438	23	3,305
At 31 December 2020	1,169	2,438	18	3,625

16 INTANGIBLE ASSETS (continued)

Other intangible assets comprise website development and trademark costs.

Amortisation is charged on development costs and other intangible assets over periods ranging between 3 and 7 years. Development costs have between two 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.

Immotion Studios Limited, C.2K Entertainment Inc. and Immotion Limited were acquired and continue to operate in relation to the Location Based Entertainment segment. The Location Based Entertainment segment has been assessed as a single CGU when conducting impairment reviews.

Location Based Entertainment

The recoverable amount of the Location Based Entertainment segment has been assessed in light of the sale of the division in February 2023. The sale proceeds received by the Company were substantially greater than the value of the businesses assets and goodwill and as a result no impairment charge has been recognised. Further details on the sale of the Location Based Entertainment business are included in note 31.

17 INVENTORIES

	2022 £'000	2021 £'000
Inventory	67	103
	67	**103**

Inventories recognised in cost of sales during the year was £419k (2021: £474k). The Directors consider that no impairment of inventory is necessary as at 31 December 2022 (2021: £Nil).

18 TRADE AND OTHER RECEIVABLES

	2022 £'000	2021 £'000
Trade receivables	403	836
Prepayments	304	708
Other receivables	79	217
Tax recoverable	-	22
	786	**1,783**

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.

19 CONTRACT ASSETS

	2022 £'000	2021 £'000
Accrued income	2	83

20 CASH AND CASH EQUIVALENTS

	2022 £'000	2021 £'000
Cash at bank	51	1,099
Cash held in disposal groups	278	-
	329	**1,099**

21 LIABILITIES

	2022 £'000	2021 £'000
Current liabilities		
Trade payables	464	548
Social security and other taxes	31	95
Accruals and deferred income	288	352
Other payables	3	108
Trade and other payables	786	1,103
Loans	45	130
Hire purchase and lease liabilities	-	171
Contract liabilities	7	278
	838	**1,682**
Non-current liabilities		
Loans	28	155
Hire purchase and lease liabilities	-	4
	28	**159**

22 CONTRACT LIABILITIES

	2022 £'000	2021 £'000
Contract liabilities	7	278

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. All of these liabilities are expected to be recognised in the subsequent financial year. All amounts were invoiced in the period and realised in the subsequent financial year.

23 LOANS

The Group has the following loan arrangements in place as at 31 December 2022:

Bounce Back Loan Scheme

An agreement dated 28 August 2020 was completed between Let's Explore 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 2022, including interest, was £38k, of which £10k is payable in 2023 and £28k after 31 December 2023.

White Oak Loan

An agreement dated 14 April 2022 was completed between Let's Explore Group Plc and LDF Finance No. 3 Limited for a loan of £100,000. Repayments commenced on 14 May 2022 and full repayment is due by 14 April 2023. This loan is unsecured. The liability at 31 December 2022, including interest, was £35k, all of which is payable in 2023.

23 LOANS (continued)

	2022 £'000	2021 £'000
Amounts falling due within one year		
Paycheck Protection Program	-	120
Bounce Back Loan Scheme	10	10
White Oak	35	-
Included within disposal groups	3	-
	48	**130**

	2022 £'000	2021 £'000
Amounts falling due after one year		
SBA Economic Injury Disaster Loan	-	117
Bounce Back Loan Scheme	28	38
Included within disposal groups	133	-
	161	**155**

24 LEASES

Group as a lessee

The group has leasing arrangements for its operations.

Lease liabilities are due as follows:	2022 £'000	2021 £'000
Within 1 year	-	171
Between 1-5 years	-	4
	-	**175**

Contractual undiscounted cash flows are due as follows:

	2022 £'000	2021 £'000
Not later than one year	-	189
Between one year and five years	-	5
	-	**194**

All the lease liabilities are over right-of-use assets.

The carrying amounts and nature of right-of-use assets recognised and the movements during the period are shown in note 15 to the accounts.

Set out below are the carrying amounts of lease liabilities and the movements during the period.

	2022 £'000	2021 £'000
At 1 January	175	392
Additions	228	-
Interest	20	17
Payments	(226)	(234)
Transfer to liabilities associated with assets held for sale	(197)	-
At 31 December	**-**	**175**

The following amounts in respect of leases, where the Group is a lessee, have been recognised in profit or loss:

	2022 £'000	2021 £'000
Expenses relating to short-term and low value leases	8	8

25 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 at a reputable bank. 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 18. The credit risk on liquid funds is considered by the directors to be low as the funds are held at a bank with a high credit rating assigned by international credit agencies.

25 FINANCIAL RISK MANAGEMENT (continued)

	2022 £'000	2021 £'000
Current financial assets		
Trade receivables	403	836
Other receivables	79	217
Cash and cash equivalents	51	1,099
	533	**2,152**

The table below illustrates the due date of trade receivables:

	2022 £'000	2021 £'000
Current	33	498
30 – 59 days	367	164
60 – 89 days	-	141
90 – 119 days	-	-
120 and over	3	33
	403	**836**

The table below illustrates the geographical location of trade receivables:

	2022 £'000	2021 £'000
USA & Canada	-	489
United Kingdom	403	222
Australia	-	58
Europe	-	39
China	-	26
Middle East	-	2
	403	**836**

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 year.

Other than the loans referred to in Note 23, 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.

25 FINANCIAL RISK MANAGEMENT (continued)

Cash at bank and cash equivalents

	2022 £'000	2021 £'000
Cash held by the continuing Group	51	1,099

Cash at bank comprises cash deposits held within Coutts & Co and PayPal in various currencies, and US Dollar accounts with the Bank of America.

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.

	2022 £'000	2021 £'000
Financial liabilities at amortised cost		
Trade payables	464	548
Finance leases & hire purchase	-	175
Loans	73	285
	537	**1,008**

The table below illustrates the maturities of trade payables:

	2022 £'000	2021 £'000
Current	93	291
30 – 59 days	310	142
60 – 89 days	40	7
90 – 119 days	7	2
120 and over	14	106
	464	**548**

The table below shows the maturities of financial liabilities:

	Carrying amount £'000	6 months or less £'000	6-12 months £'000	1 or more years £'000
Trade payables	464	464	-	-
Loans	73	40	5	28
	537	**504**	**5**	**28**

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.

Share capital is used to raise cash and as direct payments to third parties for assets or services acquired.

25 FINANCIAL RISK MANAGEMENT (continued)

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 Company is due to receive $1.25m deferred consideration from the sale of the Location Based Entertainment business in February 2023. Unfavourable fluctuation of the USD/GBP exchange rate would result in a reduction of the carrying value of the receivable on the Company's balance sheet.

26 SHARE CAPITAL

	2022 £'000	2021 £'000
Called up share capital		
Allotted, called up and fully paid		
415,538,083 Ordinary shares of 0.040108663 pence each (2021: 415,538,083 ordinary shares)	166	166

No shares were issued in the year ended 31 December 2022.

27 SHARE BASED PAYMENTS

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

Further details following provide:

- the number of share options in issue at 31 December 2022 by year of issue,
- the key assumptions used for calculating the 2022 share based payment expense for each type of option in issue,
- the 2022 expense for each of the share option types in issue.

Summary of all options in issue

	2022 Options	2022 Weighted Ave. Exercise Price	2021 Options	2021 Weighted Ave. Exercise Price
At start of period	58,729,200	2.7p	56,929,200	2.6p
Granted	-	-	1,800,000	5.4p
Surrendered	(1,265,127)	2.5p	-	-
Cancelled	-	-	-	-
At end of period	**57,464,073**	**2.7p**	**58,729,200**	**2.7p**
Exercisable at period end	26,987,860	2.8p	26,987,860	2.8p

2018 Options	**Number**
Unexpired options at 1 January 2022 and 31 December 2022	947,333

The unexpired options over ordinary shares at 31 December 2022 were all issued to Group employees who are no longer employed by the Group.

The type of options and the principles and assumptions employed in the valuation of the 2018 options are as follows.

Time Based Shares

These options over Ordinary shares have been valued using the Black-Scholes pricing model. The share options vested fully on 12 July 2021, three years after the grant date. For valuation purposes the judgment made in the model was that all participants would exercise their right to sell their shares a year after they fully vested.

Expected Period of Award	2 years	3 years	4 years
Share price at grant	12p	12p	12p
Exercise price	10p	10p	10p
Expected volatility	53.6%	55.4%	57.1%
Risk free rate	0.74%	0.75%	0.89%

Expected volatility has been determined by reference to the fluctuations in the Group's share price between the formation of its current group structure and the grant date of the share options.

27 SHARE BASED PAYMENTS (continued)

2018 Options

Vesting date	Number of unexpired options	Estimated fair value	2022 charge £'000
12 July 2019	204,665	4.7p	-
12 July 2020	204,667	5.5p	-
12 July 2021	204,667	6.2p	-
			-

EBITDA Condition Shares

These options have been valued using the Black-Scholes pricing model. Vesting conditions include the requirement for the company to achieve a specified EBITDA target.

Expected Period of Award	2.97 years	3.97 years
Share price at grant	12p	12p
Exercise price	10p	10p
Expected volatility	55.3%	57.0%
Risk free rate	0.75%	0.88%

Expected volatility has been determined by reference to the fluctuations in the Group's share price between the formation of its current group structure and the grant date of the share options.

Option type	Number of unexpired options	Estimated fair value	2022 charge £'000
Year 2 EBITDA target	166,667	6.2p	-
			-

Share Price Condition Shares

These options have been 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	2.97 years	3.97 years
Share price at grant	12p	12p
Exercise price	10p	10p
Expected volatility	55.3%	57.0%
Risk free rate	0.75%	0.88%

27 SHARE BASED PAYMENTS (continued)

Expected volatility has been determined by reference to the fluctuations in the Group's share price between the formation of its current group structure and the grant date of the share options.

Option type	Number of unexpired options	Estimated fair value	2022 charge £'000
Year 2 share price target	166,667	5.2p	-
			-

2020 options	Number
Unexpired options at 1 January 2022	55,981,867
Surrendered in period	(1,265,127)
	54,716,740

Time Based Shares

These options over ordinary shares have been valued using the Black-Scholes pricing model. The share options in issue vest 1 year after the grant date. For valuation purposes the judgment made in the model was that all participants would exercise their right to sell their shares a year after they have fully vested.

Expected Period of Award	2 years
Share price at grant	4.40p
Exercise price	2.50p
Expected volatility	61.0%
Risk free rate	0.00%

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

Vesting date	Number of unexpired options	Estimated fair value	2022 charge £'000
19 November 2021	3,479,099	2.32p	-
			-

27 SHARE BASED PAYMENTS (continued)

Share Price Condition Shares

These options have been 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 year	3 years	4 years
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.

Option type	Number of unexpired options	Estimated fair value	2022 charge £'000
5p share price target	17,500,920	2.07p	-
7.5p share price target	14,338,105	1.57p	71
10p share price target	14,338,108	1.34p	46
			117

It was agreed by the company's Remuneration Committee, that 2,530,254 Year 3 share price target options and 2,530,254 Year 4 share price target options, issued on 19 November 2020 to a key employee, should vest on 14 December 2021. These options have consequently been revalued using the Black-Scholes pricing model. For valuation purposes the judgment made in the model was that the exercise of the right to sell the shares would occur in the year after the options had fully vested.

Expected Period of Award	2 year
Share price at grant	4.40p
Exercise price	2.50p
Expected volatility	61.0%
Risk free rate	0.00%

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

27 SHARE BASED PAYMENTS (continued)

Vesting date	Number of unexpired options	Estimated fair value	2022 charge £'000
14 December 2021	5,060,508	2.32p	-
			-

2021 options	Number
Unexpired options at 1 January and 31 December 2022	1,800,000

Time Based Shares

These options over ordinary shares have been valued using the Black-Scholes pricing model. The share options in issue vest 1 year after the grant date. For valuation purposes the judgment made in the model was that all participants would exercise their right to sell their shares a year after they have fully vested.

Expected Period of Award	4 years
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.

Vesting date	Number of unexpired options	Estimated fair value	2022 charge £'000
29 November 2022	600,000	1.11p	6
29 November 2023	600,000	1.11p	3
29 November 2024	600,000	1.11p	2
			11

27 SHARE BASED PAYMENTS (continued)

Warrants

In 2018, the Group issued warrants over 1,488,500 Ordinary shares. These warrants have been valued using the Black-Scholes pricing model. 677,000 of these warrants expired on 31 December 2019 leaving a balance at 31 December 2022 of 811,500 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 Group's share price between the formation of its current group structure and the grant date of the warrants. A charge of £5k has been included in the year ended 31 December 2022.

28 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.

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.

29 CAPITAL COMMITMENTS

At 31 December 2022 and 31 December 2021 there were no capital commitments.

30 RELATED PARTY TRANSACTIONS

Purchases/liabilities

Name of related party	Services	Relationship
M Capital Investment Properties Ltd	Consultancy	Related party owned and controlled by a director of Let's Explore Group Plc
Robin Miller Consultants Ltd	Consultancy	Related party owned and controlled by a director of Let's Explore Group Plc
Huddled Group Ltd	Inventories, fulfilment and recharged services	Related party partially owned and controlled by directors of Let's Explore Group Plc

30 RELATED PARTY TRANSACTIONS (continued)

	Costs invoiced		Amounts outstanding	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Huddled Group Ltd	279	40	196	8
M Capital Investment Properties Ltd	43	64	-	-
Robin Miller Consultants Ltd	16	15	-	1
	338	**119**	**196**	**9**

Income / debtors

Name of related party	Services	Relationship
David Marks	Loans	Director of Let's Explore Group Plc
Martin Higginson	Loan	Director of Let's Explore Group Plc
Daniel Wortley	Loan	Director of Let's Explore Group Plc (appointed 1 March 2023)

	Interest charged		Amounts in receivables	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
David Marks – Immotion Studios Ltd	-	-	16	16
David Marks – Let's Explore Group Plc*	-	-	25	17
Martin Higginson	-	-	11	32
Daniel Wortley	-	-	5	5
	-	**-**	**57**	**70**

*Advance against bonuses accrued during the year.

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 £942k (2021: £616k) in the year ended 31 December 2022.

The key management held 37m of share options realising a charge of £96k (2021: £394k) in the year.

31 POST BALANCE SHEET EVENTS

On 2 February 2023, the Company announced that it has completed the sale of Uvisan Limited for cash consideration of £100,000.

On 8 February 2023, the Company announced that it had issued 632,563 new ordinary shares pursuant to the exercise of share options under the Company's share option scheme.

On 1 March 2023, the Company announced the completion of the sale of the Location Based Entertainment (LBE) virtual reality division, comprising Immotion Studios Limited, Immotion VR Limited and C.2K Entertainment Inc., to LBE BidCo, Inc. for $25,119,739. The sale proceeds were comprised of cash paid at completion of $23,869,739 and a loan note of $1,250,000 repayable 12 months following completion, subject to any price adjustments under the terms of the sale and purchase agreement.

On 1 March 2023, the Company also announced its intention to return circa £12.5m of the LBE sale proceeds to shareholders via a tender offer. The tender offer has required shareholder and Court approvals and is expected to be completed in June 2023.

On 1 March 2023, the Company also announced that Rodney Findley had resigned as a director of the Company and that Daniel Wortley was appointed as a director of the Company.

On 2 March 2023, the Company announced that it had changed its name to Let's Explore Group PLC from its previous name of Immotion Group PLC.

32 SUBSIDIARY UNDERTAKINGS

The following companies were exempt from undergoing an audit for year ended 31 December 2022 by virtue of S479A of Companies Act 2006:

Ranger Rob UK Limited (company number 09511044)

Let's Explore VR Limited (company number 11054174)

Uvisan Limited (company number 13625972)

Vodiac Limited (company number 13676998)

Company Statement of Financial Position as at 31 December 2022

	Note	At 31 December 2022 £'000	At 31 December 2021 £'000
Fixed assets			
Investments	III	3,321	3,321
Tangible fixed assets	IV	3	-
Intangible fixed assets	V	14	7
		3,338	**3,328**
Current assets			
Trade and other receivables	VI	4,790	5,908
Cash and cash equivalents	VII	6	515
		4,796	**6,423**
Payables: amounts falling due within one year	VIII	(480)	(801)
Net current assets		**4,316**	**5,622**
Payables: amounts falling due in more than one year	IX	(28)	(38)
Total assets less total liabilities		**7,626**	**8,912**
Capital and reserves			
Called up share capital	X	166	166
Share premium account	XII	20,556	20,556
Retained deficit	XII	(13,096)	(11,810)
Shareholders' funds		**7,626**	**8,912**

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 Group loss for the year included a loss on ordinary activities after tax of £1,419k (2021: £870k loss) in respect of the Company which is dealt with in the financial statements of the Parent Company.

The financial statements were approved by the Board and authorised for issue on 3 May 2023

Martin Higginson
Chief Executive Officer

Daniel Wortley
Finance Director

The notes on pages 78 to 82 form part of the Company financial statements.

Company Statement of Changes in Equity for the year ending 31 December 2022

	Share Capital £'000	Share Premium £'000	Retained Deficit £'000	Total Equity £'000
Balance at 1 January 2021	164	20,273	(11,616)	8,821
Issue of shares	2	298	-	300
Issue costs deducted from equity	-	(15)	-	(15)
Loss after tax	-	-	(870)	(870)
Share based payments	-	-	676	676
Balance at 31 December 2021	**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**

The notes on pages 78 to 82 form part of the Company financial statements.

Company Statement of Cash Flows for the year ended 31 December 2022

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Cash flows from operating activities		
Loss before tax	(1,419)	(870)
Adjustments for:		
Share based payments	133	600
Amortisation of intangible assets	10	4
Finance costs	11	3
Cash flows from operating activities before changes in working capital	**(1,265)**	**(263)**
Increase in trade and other receivables	461	(1,346)
Increase in trade and other payables	301	666
Net cash used in operations	**(503)**	**(943)**
Investing activities		
Purchase of property, plant and equipment	(3)	-
Purchase of intangible assets	(17)	(7)
Net cash used in investing activities	**(20)**	**(7)**
Financing activities		
Finance costs	(11)	(3)
New loans advanced	100	-
Loan repayments	(75)	(2)
Issue of new share capital	-	300
Costs on issue of shares	-	(15)
Net cash from financing activities	**14**	**280**
Net (decrease)/increase in cash and cash equivalents	**(509)**	**(670)**
Cash and cash equivalents at beginning of the period	515	1,185
Cash and cash equivalents at end of the period	**6**	**515**

Reconciliation of net cashflow to movement in net debt:	**2022 £'000**	**2021 £'000**
Net (decrease)/increase in cash and cash equivalents	(509)	(670)
New loans	(100)	-
Loan repayments	75	2
Movement in net funds in the year	**(534)**	**(668)**
Net funds at 1 January	467	1,135
Net funds at 31 December	**(67)**	**467**

Breakdown of net funds/(debts)

Cash and cash equivalents	6	515
Loans and borrowings	(73)	(48)
Net funds at 31 December	**(67)**	**467**

The notes on pages 78 to 82 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 10 (2021: 9) and total staff costs were £954,303 (2021: £653,735). Directors' remuneration is disclosed in note 10 to the consolidated financial statements. Share based payments for employees in 2022 were £128k (2021: £671k).

The Company operating loss is stated after a provision of £1,106k (2021: £448k) against amounts due from other group companies. The provision carried forward at 31 December 2022 was £12,615k (£11,509k at 31 December 2021).

III. FIXED ASSET INVESTMENTS

	2022 £'000	2021 £'000
Subsidiary undertakings		
Cost		
Balance at 1 January	3,321	3,245
Additions	-	76
Balance at 31 December	**3,321**	**3,321**
Provisions		
Balance at 1 January	-	-
Balance at 31 December	-	-
Carrying value of investments	**3,321**	**3,321**

III. FIXED ASSET INVESTMENTS (continued)

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

Subsidiary name	Class of Shares	Proportion of ownership	Registered office
C.2K Entertainment Inc.	Ordinary	100%	1067 Gayley Avenue, Los Angeles, California, CA 90024, USA
Immotion Studios Limited	Ordinary	100%	Kingswood House, South Road, Kingswood, Bristol, England, BS15 8JF
Let's Explore Media Limited	Ordinary	100%	Kingswood House, South Road, Kingswood, Bristol, England, BS15 8JF
Let's Explore VR Limited	Ordinary	100%	Kingswood House, South Road, Kingswood, Bristol, England, BS15 8JF
Uvisan Limited	Ordinary	100%	Kingswood House, South Road, Kingswood, Bristol, England, BS15 8JF
Vodiac Limited	Ordinary	100%	Kingswood House, South Road, Kingswood, Bristol, England, BS15 8JF

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

Subsidiary name	Class of Shares	Proportion of ownership	Registered office
Immotion VR Limited	Ordinary	100%	Kingswood House, South Road, Kingswood, Bristol, England, BS15 8JF
Let's Explore Inc.	Ordinary	100%	9, E. Loockerman Street, Suite 311, Dover, Delaware, 19901, USA
Ranger Rob UK Limited	Ordinary	100%	Kingswood House, South Road, Kingswood, Bristol, England, BS15 8JF
Uvisan Inc.	Ordinary	100%	2140 S. DuPont Highway, Camden, Deleware 19934, USA

III. FIXED ASSET INVESTMENTS (continued)

Subsidiary name	Principal activity
C.2K Entertainment Inc	Location Based Entertainment
Immotion Studios Limited	Virtual reality content, software design and development
Immotion VR Limited	Location Based Entertainment
Let's Explore Inc.	In home virtual reality equipment and experiences
Let's Explore Media Limited	In home virtual reality equipment and experiences
Let's Explore VR Limited	Intermediate holding company
Ranger Rob UK Limited	Group subsidiary with limited trading
Uvisan Inc	Disinfecting equipment
Uvisan Limited	Disinfecting equipment
Vodiac Limited	Dormant company

IV. PROPERTY, PLANT AND EQUIPMENT

	Total £'000
Cost	
At 1 January 2022	-
Additions	3
At 31 December 2022	**3**
Accumulated amortisation	
At 1 January 2022	-
Depreciation charge	-
At 31 December 2022	**-**
Net Book Value	
At 31 December 2022	3
At 31 December 2021	-

V. INTANGIBLE FIXED ASSETS

	Total £'000
Cost	
At 1 January 2022	74
Additions	17
Disposals	(66)
At 31 December 2022	**25**
Accumulated amortisation	
At 1 January 2022	67
Amortisation charge	10
Disposals	(66)
At 31 December 2022	**11**
Net Book Value	
At 31 December 2022	14
At 31 December 2021	7

VI. RECEIVABLES: due within one year

	2022 £'000	2021 £'000
Amounts owed by group undertakings	4,550	5,788
Other receivables	66	19
Prepayments and accrued income	174	101
	4,790	**5,908**

VII. CASH AND CASH EQUIVALENTS

	2022 £'000	2021 £'000
Cash at bank and in hand	6	515
	6	**515**

VIII. PAYABLES: amounts falling due within one year

	2022 £'000	2021 £'000
Trade payables	179	51
Accruals	227	28
Other tax and social security	28	19
Other payables	1	2
Amounts owed to group undertakings	-	691
Loans	45	10
	480	**801**

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

	2022 £'000	2021 £'000
Loans	28	38

Details of this loan are contained in note 23 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 26 to the consolidated financial statements.

XI. SHARE OPTIONS

Details of the share options outstanding at 31 December 2022 can be found in Note 27 to the consolidated financial statements.

XII. RESERVES

Details of the reserves can be found in Note 28 to the consolidated financial statements.

XIII. RELATED PARTY TRANSACTIONS

Details of the Company's related party transactions can be found in Note 30 to the consolidated financial statements.

XIV. POST BALANCE SHEET EVENTS

Details of post balance sheet events can be found in Note 31 to the consolidated financial statements.

Directors, Secretary and Advisors

Directors
Martin Higginson
Nicholas Lee
David Marks
Sir Robin Miller
Daniel Wortley

Comapany Secretary and Registered Office
Daniel Wortley
Let's Explore Group Plc
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NG1 6HH

Company Number
10964782

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Nominated Advisor and Broker
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Solicitors
Freeths LLP
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100 Wellington Street
Leeds
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Country of Incorporation of Parent Company
England and Wales

Legal Form
Public Limited Company

Domicile
United Kingdom

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FOR THE YEAR ENDED 31 DECEMBER 2022

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FOR THE YEAR ENDED 31 DECEMBER 2022