

IMMOTION

DARE TO IMAGINE



WHIreland

Admission Document

July 2018

 Shard
Capital

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This document, which comprises an AIM admission document prepared in accordance with the AIM Rules for Companies, has been prepared in connection with the proposed admission of the entire issued and to be issued ordinary share capital of the Company to trading on AIM ("AIM"), a market of the London Stock Exchange plc (the "**London Stock Exchange**"). This document does not constitute an offer or any part of any offer of transferable securities to the public within the meaning of section 102B of FSMA or otherwise. Accordingly, this document does not constitute a prospectus for the purposes of section 85 of FSMA or otherwise, and, has not been drawn up in accordance with the Prospectus Rules published by the FCA, or filed with the UK Listing Authority.

The Company and the Directors, whose names and functions are set out on page 8 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made for the whole of the ordinary share capital of the Company in issue immediately following the Placing to be admitted to trading on AIM. It is expected that dealings in the Ordinary Shares will commence on AIM on 12 July 2018.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the UK Listing Authority.

A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers.

The London Stock Exchange has not itself examined or approved the contents of this document.

An investment in the Company involves a significant degree of risk and may not be suitable for all recipients of this document, A prospective investor should consider carefully whether an investment in the Company is suitable for him/her in the light of his/her personal circumstances and the financial resources available to him/her.

The whole of this document should be read. Your attention is drawn to the section entitled 'Risk Factors' in Part II of this document. All statements regarding the Company and its subsidiaries (the "Group") should be read in light of these risk factors.

IMMOTION GROUP PLC

(Incorporated in England and Wales under the Companies Act 2006 with registered number 10964782)

Placing of 57,500,000 Ordinary Shares of 0.040108663p each

at 10p per share

and Admission to AIM

Nominated Adviser WH Ireland Limited

Joint Brokers WH Ireland Limited and Shard Capital Partners LLP

Issued share capital immediately following the Placing

Nominal value	Number
0.040108663p	195,351,590

WH Ireland Limited and Shard Capital Partners LLP, which are both authorised and regulated in the United Kingdom by the FCA, are acting as nominated adviser and joint brokers, respectively, to the Company in connection with the proposed Placing and Admission, and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of W H Ireland Limited or Shard Capital Partners LLP or for advising any other person in respect of the proposed Placing and Admission or any transaction, matter or arrangement referred to in this document. WH Ireland Limited's responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers and WH Ireland Limited's and Share Capital Partners LLP's responsibilities as the joint brokers under the AIM Rules for Companies are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his/her decision to subscribe for and/or purchase shares in the Company in reliance on any part of this Document. No representation or warranty, express or implied, is made by WH Ireland Limited or Shard Capital Partners LLP as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). Neither WH Ireland Limited nor Shard Capital Partners LLP will be offering advice and will not otherwise be responsible to anyone other than the Company for providing the protections afforded to clients of WH Ireland Limited or Share Capital Partners LLP or for providing advice in relation to the contents of this Document or any other matter.

No liability or responsibility whatsoever is accepted by WH Ireland Limited or Shard Capital Partners LLP for the contents of this document, and no representation or warranty, express or implied, is made by WH Ireland Limited or Shard Capital Partners LLP with respect to the accuracy or completeness or information or opinions contained in this document or any part of it or for the omissions of any information.

A copy of this document is available on the Company's website www.immotion.co.uk.

IMPORTANT INFORMATION

This document does not constitute an offer to sell, or the solicitation of an offer to buy or subscribe for, securities in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for publication or distribution in or into the United States, Canada, Australia, New Zealand, South Africa or Japan, nor in any country or territory where to do so may contravene local securities laws or regulations. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. The Ordinary Shares have not been and will not be registered under the US Securities Act 1933 (as amended) nor under the applicable securities laws of any State of the United States or any province or territory of Canada, Australia, New Zealand, South Africa or Japan. Accordingly, the Ordinary Shares may not be offered or sold directly or indirectly in or into the United States, Canada, Australia, New Zealand, South Africa, Japan, or to any resident of the United States, Canada, Australia, New Zealand, South Africa or Japan. No public offering of securities is being made in the United States. The Ordinary Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this document.

Holding Ordinary Shares may have implications for overseas shareholders under the laws of the relevant overseas jurisdictions. Overseas investors should inform themselves about and observe any applicable legal requirements. It is the responsibility of each overseas shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

In deciding whether or not to invest in Ordinary Shares, prospective investors should rely only on the information contained in this Document. No person has been authorised to give any information or make any representations other than as contained in this Document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors, W H Ireland Limited or Shard Capital Partners LLP. Neither the delivery of this Document nor any subscription or purchase made under this Document shall, under any circumstances, create an implication that there has been no change in the affairs of the Company since the date of this Document or that the information contained herein is correct as at any time after its date.

Investment in the Company carries risk. There can be no assurance that the Company's strategy will be achieved and investment results may vary substantially over time. Investment in the Company is not intended to be a complete investment programme for any investor. The price of Ordinary Shares and any income from Ordinary Shares can go down as well as up and investors may not realise the value of their initial investment. Prospective investors should carefully consider whether an investment in Ordinary Shares is suitable for them in light of their circumstances and financial resources and should be able and willing to withstand the loss of their entire investment (see Part II, Risk Factors, of this Document).

Potential investors contemplating an investment in Ordinary Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant upon the performance of the Group. No assurance is given, express or implied, that investors will receive back the amount of their investment in Ordinary Shares.

If you are in any doubt about the contents of this Document you should consult your stockbroker or your financial or other professional adviser.

Investment in the Company is suitable only for financially sophisticated individuals and institutional investors who have taken appropriate professional advice, who understand and are capable of assuming the risks of an investment in the Company and who have sufficient resources to bear any losses which may result therefrom.

Potential investors should not treat the contents of this Document or any subsequent communications from the Company as advice relating to legal, taxation, investment or any other matters. Potential investors should inform themselves as to: (a) the legal requirements within their own countries for the

purchase, subscription, holding, transfer, or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, subscription, holding, transfer or other disposal of Ordinary Shares that they might encounter; and (c) the income and other tax consequences that may apply in their own countries as a result of the purchase, subscription, holding, transfer or other disposal of their Ordinary Shares. Potential investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in this Document are based on the laws and practices currently in force in England and Wales and are subject to changes therein.

This Document should be read in its entirety before making any investment in the Company.

Forward looking statements

Certain statements contained in this Document are forward looking statements and are based on current expectations, estimates and projections about the potential returns of the Group and the industry and markets in which the Group operates, the Directors' beliefs and assumptions made by the Directors. Words such as "expects", "anticipates", "may", "should", "will", "intends", "plans", "believes", "targets", "seeks", "estimates", "aims", "projects", "pipeline" and variations of such words and similar expressions are intended to identify such forward looking statements and expectations. These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties, outcomes of negotiations and due diligence and assumptions that are difficult to predict, qualify or quantify. Therefore, actual outcomes and results may differ materially from what is expressed in such forward looking statements or expectations. Among the factors that could cause actual results to differ materially are: the general economic climate, competition, interest rate levels, loss of key personnel, the result of legal and commercial due diligence, the availability of financing on acceptable terms and changes in the legal or regulatory environment.

Such forward looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. These forward looking statements speak only as of the date of this Document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law, the AIM Rules for Companies or any appropriate regulatory authority.

Presentation of financial information

The financial information contained in this Document, including that financial information presented in a number of tables in this Document, has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. In addition certain percentages presented in the tables in this Document reflect calculations based upon the underlying information prior to rounding and accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Industry, market and other data

Information regarding the economic environment in the jurisdictions in which the Group operates or plans to operate has been compiled from publicly available sources. The Company takes responsibility for compiling, extracting and reproducing market or other industry data from external sources, including third parties or industry or general publications, which data has been accurately reproduced and, so far as the Company and the Directors are aware and able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Company, WH Ireland Limited and Shard Capital Partners LLP have not independently verified that data. The Company, WH Ireland Limited and Shard Capital Partners LLP do not give any assurance as to the accuracy or completeness of, and take no further responsibility for such data. Similarly, while the Directors believe their estimates to be reasonable, they have not been verified by

any independent source and the Company, WH Ireland Limited and Shard Capital Partners LLP cannot give any assurance as to their accuracy.

No incorporation of website

The contents of the Company's website (or any other website) do not form part of this Document.

General notice

This Document has been drawn up in accordance with the AIM Rules for Companies and it does not comprise a prospectus for the purposes of the Prospectus Rules in the United Kingdom. It has been drawn up in accordance with the requirements of the Prospectus Directive only in so far as required by the AIM Rules for Companies and has not been delivered to the Registrar of Companies in England and Wales for registration.

Governing law

Unless otherwise stated, statements made in this Document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

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PLACING STATISTICS

Existing share capital immediately prior to Admission

Number of Ordinary Shares in issue immediately prior to Admission 129,999,968*

Placing

Placing Price per Placing Share 10p

Number of Placing Shares to be issued by the Company 57,500,000

Gross proceeds of the Placing receivable by the Company £5.75m

Net proceeds of the Placing receivable by the Company £5.0m

Upon Admission

Number of Ordinary Shares to be issued to Sure Ventures on Admission on conversion of their loan notes 7,851,622

Total number of Ordinary Shares in issue upon Admission 195,351,590

Percentage of Enlarged Share Capital subject to the Placing 29.43

Estimated market capitalisation of the Company at Admission at the Placing Price £19.54m

Number of Ordinary Shares on a fully diluted basis following Admission** 207,848,840

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ISIN Code GB00BD5JRP64

LEI 894500TW3TTWSJ7DYP93

SEDOL BD5JRP6

* prior to Sure Ventures conversion.

** in the event that all Options and Advisor Warrants in existence on Admission are exercised.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	12 July 2018
Admission effective and commencement of dealings on AIM of the Enlarged Share Capital	12 July 2018
CREST accounts credited (where applicable)	12 July 2018
Despatch of definitive share certificates (where applicable)	by 26 July 2018

Each of the times and dates in the above timetable is indicative only and subject to change.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Sir Robin Miller (Non-Executive Chairman) Martin Higginson (Chief Executive Officer) David Marks CA (Group Finance Director) Ian Liddell (Group Creative Director) Rodney Findley (Group Commercial Director) Nicholas Lee ACA (Non-Executive Director)
Company secretary	Daniel Wortley, ACMA
Registered office	East Wing, Ground Floor The Victoria, Mediacity, Manchester, England, M50 3SP, United Kingdom
Principal place of business	East Wing, Ground Floor The Victoria, Mediacity, Manchester, England, M50 3SP, United Kingdom
Company website	https://immotion.co.uk/
Nominated adviser	WH Ireland Limited 24 Martin Lane London EC4R 0DR UK
Brokers	WH Ireland Limited 24 Martin Lane London EC4R 0DR UK Shard Capital Partners LLP 23rd Floor 20 Fenchurch St London EC3M 3BY UK
Auditors	Moore and Smalley LLP Priory Close St Mary's Gate Lancaster Lancashire LA1 1XB UK
Reporting accountants	haysmacintyre 10 Queen Street Place London EC4R 1AG UK
Legal advisers to the Company (UK)	DWF LLP Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ UK
Legal advisers to the Company (USA)	Dorsey & Whitney LLP 600 Anton Boulevard, Suite 2000 Costa Mesa, CA 92626 USA

Legal advisers to the Nominated adviser and broker Bircham Dyson Bell LLP
50 Broadway
Westminster
London
SW1H 0BL
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Registrars Neville Registrars Limited
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Financial PR Redleaf Communications
Sky Light City Tower
50 Basinghall Street
London
EC2V 5DE
UK

DEFINITIONS

In this document, where the context permits, the expressions set out below shall bear the following meanings:

“4K”	4K resolution refers to a display device or content having horizontal resolution of the order of 4,000 pixels
“Abominable Snowman”	Abominable Snowman Limited, a company incorporated and registered in England and Wales with registered number 08620183 whose registered office is located at East Wing, Ground Floor The Victoria, Mediacity, Manchester, M50 3SP
“Admission”	admission of the Enlarged Share Capital to trading on AIM and such admission becoming effective in accordance with the AIM Rules for Companies
“Adviser Warrants”	the warrants to be issued, conditional on Admission, by the Company to WH Ireland and Shard Capital, as further described at paragraphs 13.10 and 13.11 of Part V of this Document
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules for Companies”	the AIM Rules for Companies published by the London Stock Exchange from time to time
“AIM Rules for Nominated Advisers”	the AIM Rules for Nominated Advisers published by the London Stock Exchange from time to time
“AR” or “Augmented Reality”	augmented reality is a live direct or indirect view of a physical, real-world environment whose elements are augmented by computer-generated sensory input such as sound, video, graphics or GPS data
“Articles” or “Articles of Association”	the articles of association of the Company
“C2K”	C.2K Entertainment, Inc., a company incorporated in the State of California with registered number C1775208 whose registered office is located at 1067 Gayley Avenue, Los Angeles, CA 90024, United States of America
“Certificate of Incorporation”	the certificate of incorporation of the Company, as amended and re-stated from time to time
“CGI”	Computer generated images (both still and moving)
“Company” or “Immotion”	Immotion Group PLC
“Content Management System”	a proprietary set of tools designed to assist Immotion’s customers and content creators
“City Code”	the City Code on Takeovers and Mergers, as amended from time to time
“Concert Party”	as defined at paragraph 20.8 of Part V of this Document together, being the Existing Shareholders of the Company
“Concession Partners”	third parties who work together with Immotion Group under a revenue sharing arrangement
“Companies Act”	the Companies Act 2006, as amended, from time to time

“CREST”	the electronic systems for the holding and transfer of shares in dematerialised form operated by Euroclear UK & Ireland Limited
“Directors” or “Board”	the directors of the Company whose names appear on page 8 of this document and “Director” shall mean any one of them
“Disclosure and Transparency Rules”	the Disclosure and Transparency Rules made by the FCA under Part VI of FSMA
“EIS”	the Enterprise Investment Scheme as set out in Part 5 of the Income Tax Act 2007 and sections 150A-150C and Schedule 5B to the Taxation of Chargeable Gains Act 1992
“Enlarged Share Capital”	the enlarged issued ordinary share capital of the Company following Admission, as enlarged by the Placing
“Executive Directors”	each of Martin James Higginson, Ian Liddell, Rodney David Findley and David Marks
“Existing Ordinary Shares”	the 129,999,968 existing Ordinary Shares in issue as of the date of this document
“Existing Shareholders”	each Shareholder of the Company immediately prior to Admission
“FCA”	the Financial Conduct Authority of the United Kingdom
“FSMA”	the Financial Services and Markets Act 2000
“Group” or “Immotion”	the Company and its Subsidiaries
“HMD”	a head-mounted display device, worn on the head or as part of a helmet, that has a small display optic in front of one (monocular HMD) or both eyes (binocular HMD)
“HMRC”	HM Revenue & Customs
“Immersive Entertainment Experiences”	a Virtual Reality experience which is synchronised with movement
“Immotion Studios”	Immotion Studios Limited (formerly Studio Liddell Limited) a company incorporated in England and Wales with registered number 03958635 whose registered office is located at East Wing, Ground Floor The Victoria, Mediacity, Manchester M50 3SP and subsidiaries
“Immotion VR”	Immotion’s trading brand for its own operated VR activities
“Immotion VRL”	Immotion VR Limited, a company incorporated and registered in England and Wales with registered number 10697809 whose registered office is located at East Wing, Ground Floor The Victoria, Mediacity, Manchester, M50 3SP
“Leke”	Beijing LEKE VR Technology Co., Ltd, a manufacturer of Virtual Reality machines, with operations in China
“London Stock Exchange”	London Stock Exchange plc
“Lock-in Deed”	the lock-in and orderly market deed dated 11 July 2018 entered into between: (1) certain Existing Shareholders (being the “Covenantors”), (2) the Company, (3) WH Ireland and (4) Shard Capital, further details of which are set out in paragraph 13.13 of Part V of this Document
“MAR”	Market Abuse Regulation (No. 596/2014)

“Motion Platforms”	VR Cinema Pods & VR Platforms
“Motion Platform Seats”	Individual seats contained within a Motion Platform
“MR” or “Mixed Reality”	the merging of real and virtual worlds to produce new environments and visualisations where physical and digital objects co-exist and interact in real time
“Net Proceeds”	£5 million, being the net proceeds of the Placing
“Non-Executive Directors”	each of Sir Robin William Miller and Nicholas Lee
“Official List”	the Official List of the UK Listing Authority
“Options”	rights to acquire new Ordinary Shares, as described in paragraph 16 or Part V of this Document
“Ordinary Shares”	the ordinary shares of 0.040108663p each in the capital of the Company
“Panel”	the UK Panel on Takeovers and Mergers
“Placees”	the subscribers for Placing Shares pursuant to the Placing
“Placing”	the conditional placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 11 July 2018 between WH Ireland and Shard Capital, the Company and the Directors relating to the Placing, further details of which are set out in paragraph 13.12 of Part V of this document
“Placing Price”	10 pence per Ordinary Share
“Placing Shares”	the 57,500,000 new Ordinary Shares to be issued by the Company pursuant to the Placing
“Prospectus Rules”	the prospectus rules of the FCA made under Part VI of FSMA
“QCA Guidelines”	the corporate governance code for Small and Mid-Size Quoted Companies published by the Quoted Companies Alliance from time to time
“Ranger Rob”	Ranger Rob UK Limited, a company incorporated and registered in England and Wales with registered number 09511044 whose registered office is located at East Wing, Ground Floor The Victoria, Mediacity, Manchester, M50 3SP
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No.3755) as amended
“SDK”	the Company’s software development kit
“Shard Capital”	Shard Capital Partners LLP, a limited liability partnership incorporated in England and Wales with registered number OC360394 whose registered office is located at 23rd Floor 20 Fenchurch Street, London, EC3M 3BY
“Shareholders”	holders of Ordinary Shares
“Studio Liddell”	Studio Liddell Limited (formerly Immersive Acquisitions Limited) a company incorporated and registered in England and Wales with registered number 10729797 whose registered office is located at East Wing, Ground Floor The Victoria, Mediacity, Manchester, M50 3SP

“Subsidiaries”	Immotion Studios, C2K, VR Acquisition and their respective subsidiaries; Ranger Rob, Abominable Snowman, Studio Liddell and Immotion VRL
“Sure Ventures”	Sure Ventures plc, a company incorporated in England and Wales with registered number 10829500 whose registered office is located at 23rd Floor 20 Fenchurch Street, London, EC3M 3BY
“Takeover Code”	the City Code on Takeovers and Mergers (as published by the Panel)
“Takeover Panel”	the Panel on Takeovers and Mergers
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Corporate Governance Code”	the UK Corporate Governance Code published by the Financial Reporting Council from time to time
“UK Listing Authority”	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of admission to the Official List
“US”, “USA” or “United States”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“VCT”	the Venture Capital Trust Scheme as set out in Part 6 of the Income Tax Act 2007 and sections 151A and 151B of the Taxation of Chargeable Gains Act 1992
“WH Ireland”	W H Ireland Limited, a company incorporated in England and Wales with registered number 02002044 whose registered office is located at 24 Martin Lane, London, EC4R 0DR
“VR” or “Virtual Reality”	virtual reality, the computer-generated simulation of a three dimensional image or environment that can be interacted with in a seemingly real or physical way by a person using special electronic equipment
“VR Acquisition”	VR Acquisition (Holdings) Limited, a company incorporated in England and Wales with registered number 11054174 whose registered office is located at East Wing, Ground Floor The Victoria, Mediacity, Manchester, M50 3SP
“VR Cinema Pods”	VX1, VX2, VX3, VX6 and VX9 machines manufactured by Leke and sold by Immotion, as described in section 5 of Part I in this document
“VR Centres”	Arcades with a focus on Virtual Reality offerings
“VR Platforms”	Machines manufactured by Leke, sold by Immotion, other than those defined within VR Cinema Pods
“£” and “p”	United Kingdom pounds and pence sterling, respectively
“\$” and “c”	United States dollars and cents, respectively

PART I

INFORMATION ON THE COMPANY AND THE PLACING

1. Introduction

The “Out of Home” virtual reality market is forecast to grow seven-fold to \$8bn by 2022¹ primarily from non-Asian markets. The Group aims to become a market leader in this western market sector, through its “Create, Publish and Distribute” model, with the objective of creating recurring revenues from a large installed base of Virtual Reality (“VR”) Motion Platforms.

The Group combines its Virtual Reality content and Motion Platform hardware to offer consumers in leisure destinations, such as shopping malls and family entertainment centres, state of the art Virtual Reality experiences, for a wide range of ages, in approximately 5 minute episodes. The Group is headquartered in Manchester, UK, with a subsidiary in Los Angeles, USA, and branches in Dubai, UAE and Tokyo, Japan.

The Group aims to build a large installed base of Motion Platforms, through sale, Concession Partners, and own-operated channels. Onto these platforms, it will serve its own and third party published content and experiences earning revenue from each cycle. As the installed base grows, it is envisaged that the Group will begin to achieve economies of scale in content creation, as well as positioning it to be the “go to” distribution partner for other producers of high end Virtual Reality content.

The Group, which has already begun generating revenues from these channels, has been established to capitalise on that market opportunity and aims to become a market leader in ‘out of home’ Virtual Reality immersive entertainment experiences.

Historically, the Group’s focus has been on the creation of high quality CGI and live action content for third parties. Accordingly, its team consists of 23 highly skilled and experienced CGI developers utilising state of the art software. The Group has taken the decision to focus its efforts pre-dominantly on the creation of experiential content for Virtual Reality motion platforms. From this base, the Group has developed a strategy to roll out a range of Motion Platforms through which it can distribute its own content and publish the content of third parties.

The Immotion VR Cinema Pod offering combines the use of hydraulic motion platforms, powerful graphics cards, Windows 10 software, high quality Virtual Reality headsets, a proprietary Content Management System, and high quality content, produced by its award-winning teams and others, to deliver an experience that cannot be easily or cost effectively replicated by the ‘in home’ Virtual Reality market.

In the opinion of the Directors, the addition of movement, provided by Motion Platforms, transforms the Virtual Reality experience to something more akin to a theme park ride, albeit with the easy accessibility of the local shopping centre or leisure facility. It is expected that for many, Immotion’s experiences will provide a first foray into a high quality Virtual Reality experience at an affordable price point.

The Group intends to generate immediate revenues (and contribution) from the sale of its Motion Platforms as well as on-going revenues from operation of its own sites and those with Concession Partners. Furthermore, by owning and publishing a regularly updated content library, the Directors believe the Group will be able to generate long term, repeatable revenues via on-going royalty payments, from additional content licensed to the buyers of its Motion Platforms and its Concession Partners.

The Directors believe by building a first mover advantage, through offering a comprehensive sales range, along with own operated sites within shopping malls and family entertainment destinations across the UK, and Concession Partners, the Group may quickly establish a market leading position and brand awareness in the ‘out of home’ Virtual Reality space.

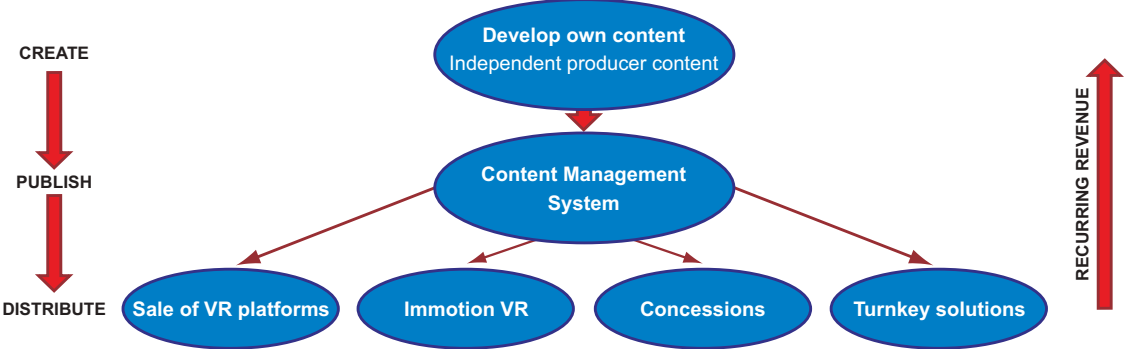
The Group had orders for 39 Motion Platform Seats to third party partners totalling over £280,000, is operating a total of 20 Motion Platform Seats at two shopping centres across the UK (under its brand, Immotion VR) and 15 Motion Platform Seats at two family entertainment centres through its Concession

¹ Location-Based Virtual Reality Market Report: Q1 2018 update Greenlight Insights.

Partners (Lego Discovery Centre in Boston, USA and Genting Resorts World, Birmingham, UK). The Group is in advanced discussions with a number of additional interested parties for further orders of Motion Platforms.

2. Business Overview

Immotion’s business model is to create high quality content through utilising the expertise of Immotion Studios and C2K, publish it through its Content Management System and then distribute it through its growing network of installed seats (whether they be owned and operated by Immotion or third parties). The Directors believe this model allows Immotion to control each aspect of the customer experience and ensures a high quality offering is produced.



Source: Immotion.

2.1 Content Creation

The Directors believe that Immotion, through its subsidiaries, Immotion Studios and C2K, both award winning content creators with over 40 years combined expertise in CGI and live action story-telling, is able to create high quality Virtual Reality experiences for its Motion Platforms. In combining award winning storytelling, CGI production and precise motion synchronisation, the Directors believe it is able to deliver experiences that are not easily replicable in the ‘in home’ market.

Historic projects include the production of Children’s TV Series for clients such as (but not limited to) the BBC, CBeebies, Nelvana & Cosgrove Hall. In addition, the Group has delivered experiences for companies such as Toyota, Emaar, Lexus and Merck, to name but a few. The Group currently employs 30 content creators across its operations.



Source: Immotion.

Immotion has developed and continues to develop a variety of experiences for different age groups and genres, creating a range of themes set in the real world or virtual fantasy worlds.

Current experiences under development cover diverse genres from under water exploration to flights over exotic locations; to exploring a world with dinosaurs, space exploration, and horror.

The significant majority of the Group's historic revenue has been from content commissioned for third party projects. Given the recent shift in strategy to focus on the creation of proprietary Virtual Reality content for Immotion's motion platforms, the revenue from third party projects has decreased significantly over the past 12 months as the Group has grown its own Virtual Reality content library. This trend is expected to continue and see this legacy business forming an increasingly immaterial element of the Group's revenue in the future.

2.2 ***Motion Platforms***

The Group has sourced a range of Motion Platforms from Leke, a leading manufacturer of VR equipment in China. The Directors believe the combination of Leke's motion platforms, incorporating improvements directed by the Group, such as the installation of updated graphics cards, Windows 10 operating system, its own internally developed Content Management System, and 'experiences' developed and published by the Group, gives it a tailored solution for delivering high quality Virtual Reality experiences at affordable price points.

The Group will be able to link its Content Management System to the Motion Platforms manufactured by Leke. This will allow the Group to carefully map the movement the user is experiencing on their headset to the platform's motion, through precision synchronisation delivered by its proprietary software, thus ensuring a fun, believable and immersive experience.

There are several Motion Platforms available in the Leke range. The Group is able to sell these to third parties in all non-Asian territories with the UK, currently being the only country under an exclusive distribution contract. The Group, which has a specific contract to distribute in the USA, believes this contract, once volume targets are achieved, will move to an exclusive arrangement.

Based on market analysis of sales in Asia, along with the Group's market testing in the western market, the most popular platform which delivers the widest set of user experiences is the VR Cinema Pod. This platform, as described in more detail in section 5, allows the user to experience Virtual Reality while sitting and provides multi-directional movement. The combination of Virtual Reality and movement precisely synchronised with the experience creates a sensation akin to being on a rollercoaster ride, delivering a feeling of 'gravity', albeit without leaving the comfort of a VR Cinema Pod seat.

Certain of the VR Platforms allow users to immerse themselves in a virtual world across a number of different experiences and platforms ranging from 'shoot 'em up' games, as well as 'car' and 'motorbike' racing. Each of these games are fully interactive, as well as being able to offer a multi-player function allowing 'gameplay' between participants.

The final offering is a 'free-roaming' machine, where users can 'move' freely in a virtual world, choosing from a vast range of third party games and experiences.

2.3 ***Proprietary Content Management System***

Immotion's Content Management System is a proprietary set of tools being designed to assist Immotion's customers. These being in the first instance 'operating clients' being purchasers of Motion Platforms, Concession Partners, and its own Immotion VR staff, and secondly "Content Creators" being third party content creators as well as Immotion's own in-house developers.

For operating clients Immotion will offer an intuitive web based interface, enabling a one click installation of games across the entire network of Motion Platforms operated by the customer. The system will allow the purchase of credits and as well as licensing of games and experiences. The advanced analytics tools provided by the system empower the Group and customers to make data driven decisions and act effectively representing current consumer trends.

The system also offers an advanced set of marketing tools which allow operating clients to change the display on the terminals, whether this be pricing information or marketing videos. It also offers the chance to display promotional videos of additional experiences to users during quiet periods of trading.

For content creators, the functionality provides each developer with the SDK, compatible with Unity and Unreal game engine. When developers are producing experiences for the Immotion VR Cinema Pods the SDK allows them to sync the visual element with that of the motion platform in a precise manner.

The Directors anticipate a beta version of Immotion's Content Management System being ready by 30 June 2018.

The Group has identified four channels to market as follows:

2.4 ***VR Machine Sales***

The Group, through its sales team (currently 5 individuals), will sell Motion Platforms throughout Europe, North America and the Middle East, at a mark-up on cost. The Group started selling Motion Platforms in 2018 and as at 31 May 2018 the Group had received signed orders for goods totalling over £280,000.

Motion Platforms will be sold pre-loaded with experiences developed by Immotion as well as carefully selected third-party content. The price will include the machine purchase, as well as either a licence for content supplied with the machine, or a number of credits which allow a certain number of plays of the content supplied on the machine. In the latter case, when these are exhausted, the buyer of the machine will be able to top up the credits by purchasing additional credits from Immotion via the Content Management System. The pricing of each experience in credits may differ, allowing Immotion to charge more for content which takes longer to develop.

Buyers of single 'gameplay' Motion Platforms will be able to purchase additional games and experiences, either on a 'life of machine' license or a per cycle credits system (referred to above), thus delivering further repeat revenue opportunities for the Group.

Immotion aims to earn a recurring revenue stream through charging a content licence fee, intended to be 50 pence (or 50 cents) per credit on content created, or published, by Immotion. The machine will be linked to Immotion's Content Management System and this will enable Immotion to monitor plays of each experience, as well as take payment for further credits. Machine owners will buy credits in advance thus ensuring Immotion has positive cashflow and minimal credit risk.

Once purchased from Immotion, the Motion Platforms are then operated by the new owner. Motion Platforms are sold with a 12 month warranty, with technical support and maintenance being offered thereafter for an annual fee.

2.5 ***Immotion VR***

Immotion VR is the brand name for the Group's owned and operated retail VR offering, which it intends will be situated primarily in high footfall shopping centres. These centres offer large numbers of consumers the opportunity to engage in Immotion's experiences at an anticipated price point of circa £5 (including VAT) for an approximately 5 minute experience on the VR Cinema Pods, and approximately £30 for 30 minutes on the VR Platforms. Immotion VR will operate these locations using their own employees and use local and social media to raise awareness of its offering.

The concept has been initially tested on paying members of the public at a store front location in Cabot Circus Shopping Centre, Bristol which has been fully operational since 14th December 2017. At this location, Immotion has showcased different Virtual Reality experiences (across a total of twelve seats) including VR Cinema Pods, motorbike racing, car racing, multiplayer shooting, single player shooting and "free roaming" experiences. This exercise allowed the Directors to assess the demand for 'out of home' Virtual Reality experiences, establish which platforms would be of interest to consumers, and begin to develop its understanding of the business metrics and operational issues. Since inception, the Bristol Store has received 5 star reviews on Trip Advisor from the public. This has given the Directors confidence to progress with the Group's business plan.

² Intu Group PLC

On 19 June 2018, Immotion VR launched an 8 seat centre aisle site in Manchester's Arndale shopping centre. With an ideal location at the core of Manchester's bustling city centre, Manchester Arndale captures over 42 million annual visitors². Immotion is in advanced discussions with a number of additional sites.



Immotion VR's centre aisle site in Manchester's Arndale shopping centre

2.6 **Concession Partners**

The Directors believe that the concession arrangements offer experienced leisure operators an exciting new attraction for their visitors, as well as an opportunity to earn valuable ancillary revenue. Potential operators could include museums, family entertainment centres, theme parks, zoos and many others. Once returns are more proven, the Directors believe many Concession Partners may want to move to an outright purchase of the Motion Platforms, along with ongoing royalty payments for content supplied.

Immotion has already developed a number of partnership opportunities with high traffic leisure destinations, most notably, Merlin Entertainment for its LEGO Discovery Centres. The Group will, as appropriate and as agreed with the Concession Partner, provide either generic or match specific Virtual Reality content from its library or create a tailored concession solution; such as a 'submarine' experience for an aquarium or a dinosaur experience for a museum. The Group will supply the VR Cinema Pod and Virtual Reality content at its cost whilst the Concession Partner will typically employ the staff on site to operate the attraction.

Ticket revenue will be split between Immotion and the Concession Partner on terms to be agreed with each partner individually.

The first Concession seats have recently been installed in two family entertainment centres through its Concession Partnerships: Lego Discovery Centre in Boston, USA; and Genting's Resorts World, Birmingham, UK. In early July 2018, it is expected that a Concession will open at Lego Discovery Centre in Manchester, UK. With the seats already installed and those under contract to be installed, the Group anticipates, visibility in relation to a total of 45 seats with Concession Partners in the coming months. Immotion will target carefully selected high traffic family entertainment destinations for future Concession Partners.

2.7 **Turnkey Virtual Reality Solutions**

Immotion intends to work with carefully selected partners on developing turnkey Virtual Reality solutions, particularly where such projects offer an opportunity to enhance the Group's know-how and content library. The opportunity is to utilise the existing range of VR Cinema Pods and VR Platforms to create a branded larger Jurassic experience centre, blending both education and

entertainment ('edutainment') to deliver a Virtual Reality solution for museums, larger shopping malls, zoos and family entertainment centres. The mix of education and entertainment potentially allows these locations to generate additional footfall, and revenue outside of peak leisure times.



Source: Immotion Studios / Sir David Attenborough / York Museum

3. Strategy, prospects and current trading

3.1 Strategy

The Group's objective is to become a leading participant in the 'out of home' Virtual Reality experience market by creating and publish high quality content and combining it with Motion Platforms. By utilising the best of available technology, it will seek to ensure that it always offers great experiences at affordable price points for its customers and consumers, which cannot be replicated at home.

In the mid-term the Group aims to meet this objective by achieving the following key milestones:

- **Scale of motion platform network:** The Group intends to build a substantial installed base of Motion Platform Seats across all its channels focusing on the UK, Europe and the USA.
- **Building the network:** A large installed base of this nature will enable the Group to achieve economies of scale in the creation of new content as well as offering a compelling distribution channel for content created by third parties. The installed base of platforms will be linked to the Group's Content Management System, on which all experiences will operate, thus driving future recurring revenues.
- **Quality Experiences:** The Directors believe in order to achieve the Group's objective, the offering needs to be of a continuous high quality, thus encouraging return customers. The Group aims to achieve this through the evolution of high quality experiences, and ongoing software and hardware upgrades.
- **Providing relevant content:** The Group's Content Management System enables the Directors to understand which experiences are valued by customers based on utilisation statistics. The Group can use this information to develop relevant content to drive future revenue.
- **Acquisition Opportunities:** Whilst it is not currently a core focus of the Group to seek opportunities outside of the current offering, the Directors may consider acquisition or partnership opportunities on a selective basis to add core skills needed as the business evolves.

The Directors consider the following to be key metrics in achieving the Group's strategy:

- Number of Motion Platforms installed in its network from third parties, third party sales, Immotion VR and Concession Partners;
- Profitability for each channel to market offering;
- Relevance of content, as assessed by utilisation statistics; and
- Recurring revenues from published content.

3.2 **Current Trading**

Between 31 December 2017 and 19 June 2018, the following events have taken place:

- Immotion VR Limited joined the Group on 8 January 2018;
- The Group has been rolling out its hardware sales, Immotion VR and Concession Partnership activities as follows:
 - o 39 Motion Platforms Seats ordered by third party partners totalling over £280,000, and expected to generate recurring revenues on a licence fee basis.
 - o 20 Motion Platform Seats at two sites across the UK (under its brand, Immotion VR), with a further 22 Motion Platform Seats across two sites expected to open by August 2018.
 - o 15 Motion Platform Seats at its Concession Partner sites (Lego Discovery Centre and Genting's Resorts World Birmingham) with a further 30 Motion Platform Seats expected to be installed by the end of August 2018.

Given the recent shift in strategy to focus on the creation of proprietary Virtual Reality content for Immotion's Motion Platforms, the revenue from third party projects has decreased significantly over the past 12 months as the Group has expanded its own Virtual Reality content library. The reduction of revenue combined with an increase in the Group's cost base to implement the Group's strategy has meant that in the four months to 30 April 2018 unaudited Group revenue was £718,000 and an unaudited underlying EBITDA loss of £773,000 was recorded. This trend has continued after 30 April 2018 and is expected to continue in 2018 as the legacy business forms an increasingly immaterial element of the Group's revenue and significant investment is made in developing content for the Motion Platforms.

3.3 **Prospects**

The Group intends to further expand its installed base of seats through further sales of Motion Platforms, expanding its network of Concession Partners and opening new sites under its own brand, Immotion VR.

In addition to the launch of Immotion in Europe, Immotion has a subsidiary in Los Angeles and it is intended to focus on selling Motion Platforms to customers in the USA on the same basis as described above (although it is likely distributors will be appointed to tackle the US market). The Group anticipates selling experiences to the USA market by the final quarter of 2018 with a soft launch expected to take place in H2 2018.

The Directors also expect to expand into other jurisdictions as opportunities arise.

4. **Background and history**

4.1 **Group history**

Co-founders Martin Higginson (Group CEO) and David Marks (Group FD) who have extensive experience in the digital media industry identified the market opportunity and began to examine opportunities in the Virtual Reality sector in 2016. Having assessed the market opportunity for 'out of home' experiences and identified the need for higher quality content as part of that offering, they established Immotion and commenced the development of the Group through the

acquisition of two high quality content providers being Immotion Studios and C2K, along with an initial equity capital raise.

Immotion Studios

Immotion Studios (formerly Studio Liddell) was originally founded in Manchester, UK in 1996 (and incorporated in 2000) by Ian Liddell, Jon Liddell and Andrew Jones. Over 21 years, Immotion Studios grew from creating still imagery for advertising to developing and producing entire children's TV series, technical animation, apps and more recently virtual & augmented reality content. Its core mission is to tell stories using great content appropriate to whatever platform is being used. Until recently, Immotion Studios has derived its revenue from undertaking individual projects on behalf of its clients.

On 12 December 2017, Immotion Studios became part of Group. Immotion Studios will now be predominantly focused on working with talented creators and production partners to develop engaging Virtual Reality experiences for the Immotion range of VR Cinema Pods, and VR Platforms as the installed base of the VR Platforms grows, it may be able to utilise its contacts in the Children's TV character market. It will utilise its contacts to identify opportunities to work with owners of existing children's IP to develop jointly or under license, Virtual Reality experiences appropriate to the younger age group which can be deployed on its platforms.

C2K

C2K was established in 1995 by Rod Findley and Ken Musen, who originally met whilst studying film making at university. C2K's history is as a commercial creative agency focused latterly on producing corporate video and infomercials.

C2K first recognised the potential for Virtual Reality in 2013 and has for the past three years been applying its know-how to creating work in the virtual reality space, developing projects for such clients as Toyota, AbbVie and Mundipharma.

In 2016, it landed a very large immersive installation project for a commercial client in Dubai to create all the content and an interactive environment for a marketing suite being set up to showcase a new tower and city to be built in Dubai. This fueled C2K's interest as to how it could utilise new immersive and interactive technologies such as Virtual Reality and Augmented Reality for creating commercial campaigns and installations for clients.

The principals of C2K and Immotion Studios met when both parties were looking to acquire an un-related target in the UK. C2K subsequently joined the Group on 21 December 2017.

Moving forward, The C2K team will focus on driving product sales and Concession Partners in the USA. The Directors believe that the team's proximity to Hollywood may allow exploration of partnership and licensing opportunities for major Hollywood IP's – particularly as the Immotion installed base of Motion Platforms scales. In terms of content production, C2K's film making skills are already being deployed in the creation of live action Virtual Reality.

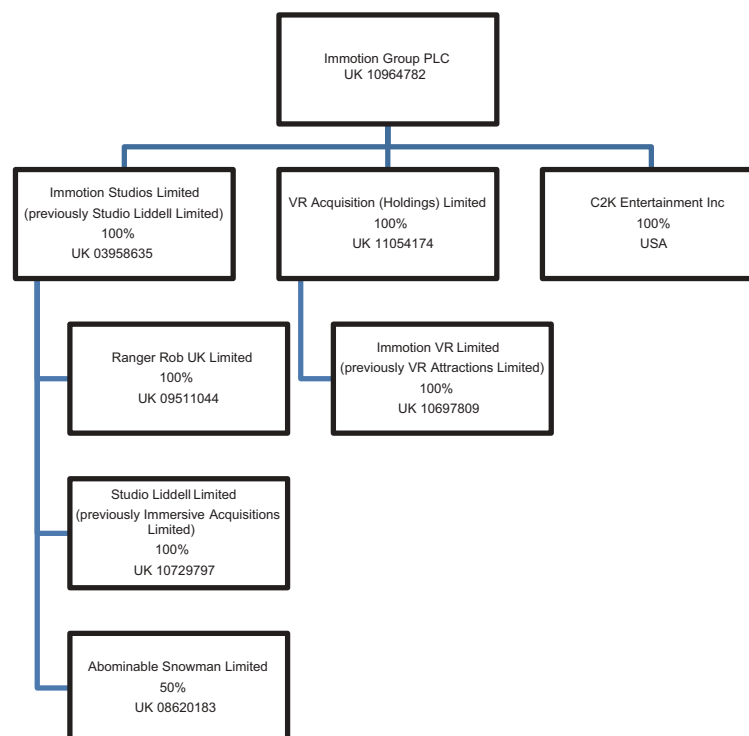
The old style agency work will be de-emphasised and, in particular, the Directors are in discussions with the Managing Director of the Japanese division to transfer the Japanese activities (and related branch office) to him. The business transfer is expected to complete by the end of 2018.

C2K has won numerous awards as outlined in section 6 of this Part I.

4.2 **Corporate Structure**

The Company was incorporated and registered in England and Wales on 15 September 2017 as the new holding company for the Group with Immotion Studios, C2K and VR Acquisition as its 100 per cent. subsidiaries. Immotion Studios, C2K and VR Acquisition became subsidiaries of Immotion following the completion of each of the share purchase agreements and, in the case of C2K, the merger agreement which completed on 12 December 2017, 21 December 2017 and 8 January 2018 respectively.

The Group structure is represented in the chart below:



4.3 **Funding history**

In December 2017 and February 2018, as part of the integration of Immotion Studios, C2K and VR Acquisition into the Group and to fund the implementation of Immotion VR in Bristol to test the concept, Immotion secured an equity investment of £982,000.

In April 2018 Immotion secured approximately £488,000 of pre-IPO financing through the issue of a convertible loan note to Sure Ventures, an investment vehicle focused on, *inter alia*, Virtual Reality opportunities. Sure Ventures submitted a conversion notice to Immotion on 2 July 2018 and such loan notes shall, conditional on Admission, convert into Ordinary Shares on Admission. Further details are set out in section 13.5 of Part V of this document.

In May 2018, a further £125,000 of pre-IPO funding was made by new investors.

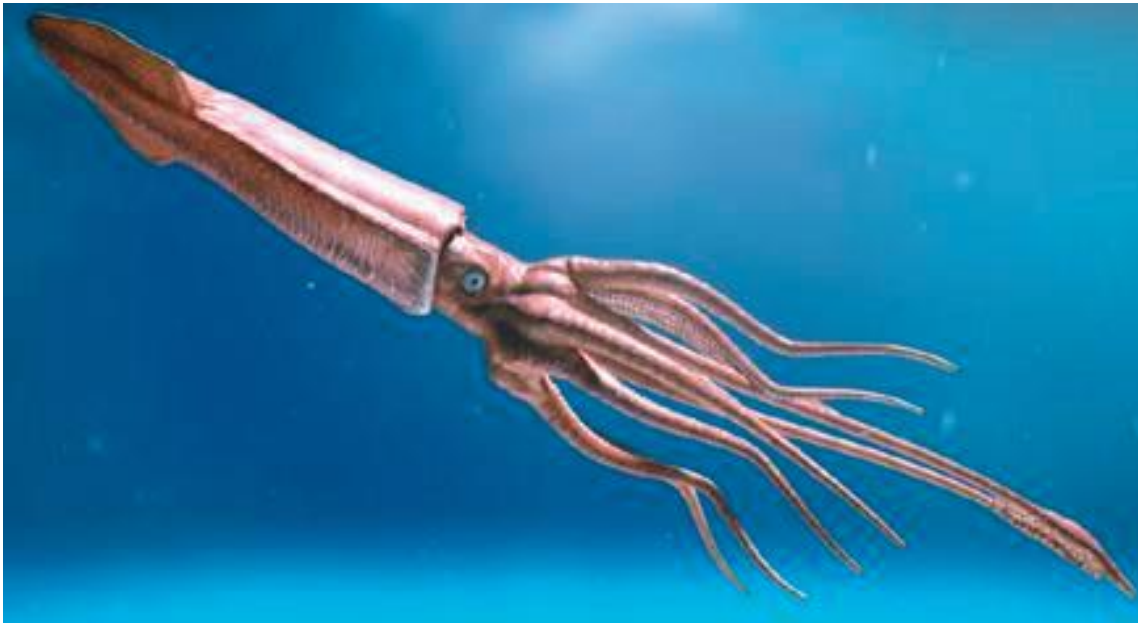
5. **Hardware & Intellectual Property**

5.1 **Intellectual Property**

Intellectual Property comprises content produced for distribution via Immotion's VR Cinema Pods, and VR Platforms. Content is produced on site in Manchester and Los Angeles. Content is created using Maya (a 3D animation package), Unity and/or Unreal Game Engines. As and when improved headsets become available, the content currently being created is capable of running at potentially higher resolutions and frame rates.

Content examples include:

Giant Squid Encounter



Source: Immotion.

'A unique live action underwater journey in a virtual submarine. The experience takes the viewer over a coral reef, brightly coloured fish and creatures, a shipwreck, sharks and at the end, an encounter with a giant squid' (source: Immotion).

Delta Zero



Source: Immotion.

'A thrilling journey through space experienced from the cockpit of a fighter craft as users attempt to save civilisation in a battle with advanced alien technology. The content is AAA movie style sequence that will lift the bar for VR experiences. Complete with a fully orchestrated soundtrack and filmic VFX, Immotion's Delta Zero sequence will take 'pilots' on a journey they will remember.' (Source: Immotion).

Ghost Train Experience



Source: Immotion.

'Retro horror carnival full of illusions and clowns where nothing is quite as it seems. The ghost train is based upon a traditional ghost train crossed with a roller coaster. Feel the subtle movements of the old jerky ride cart as we bash through doors into more and more bizarre realms'. (Source: Immotion).

5.2 Motion Platforms

Following investigation of the market for Virtual Reality motion platform equipment, Immotion VR signed a distribution agreement with a Chinese manufacturer, Leke, in August 2017, giving it exclusive distribution rights to import and distribute Leke's VR Cinema Pods, and VR Platforms in the UK. The Group can also sell these products on a non-exclusive basis in all other territories excluding South Korea, Japan and Croatia. Further details of this agreement can be found in section 13.6 of Part V of this document.

Virtual Reality Cinema Pods – Immotion's Product Range



Leke have won numerous awards for their motion platform designs. Leke was founded in 2015. In 2016 it received \$3.8m of investment from two lead investors, Palm Landscape, and Our Palm.

The VR Cinema Pod units contain two 'pods' (or seats), which sit on multi-directional hydraulic arms. Movement is driven by a computer programme operating on Windows 10. The computer and graphics cards driving the platforms are located in an independent TV tower, connected to the pods via cables. Each Cinema pod comes with a high quality Virtual Reality headset, (currently a Deepoon E3, or Microsoft Mixed Reality headset). The TV stand not only houses the computer equipment, but also a colour touch screen terminal. Promotional videos for the games, along with the game operating system and controls sit on this terminal. The Content Management System drives all the interfaces of this machine. Immotion have worked with Leke to enhance the design of the Motion Platforms.

Immotion utilise five models of Leke's VR Motion Platforms:

VX1 VR Cinema Pod

The VX1 combines two individual bucket seats to create a unique, immersive environment. Fully upgraded with state-of-the-art technology, the VX1 offers a minimal footprint to maximise floor space and therefore, revenue per square ft. Immotion anticipates using the VX1s primarily for its Immotion VR revenue streams.

VX2 Cinema Pod

With a sleek, fully enclosed design, the VX2 stands out as a visually appealing Virtual Reality pod. It is equipped with the latest, motion platform technology and integrated, omni-directional stereo sound. Immotion anticipates using the VX2 primarily for its Concession revenue streams as the straight edges and flat panels allow the VX2 to be customised to suit the theme of the Concession's attractions. For example, a VX2 located at an aquarium could be wrapped in an underwater themed outer skin, and would show an undersea experience from Immotion's library and could be presented as follows:



VX3 Cinema Pod

The VX-3 combines the latest in VR Cinema motion technology into a compact footprint making it Immotion's preferred choice for locations with height restrictions. An integrated sound system delivers stereo sound to both seats.

Other Models

- **VX6 Cinema Pod:** Designed for larger locations the VX6 supports a maximum of 6 players. Equipped with multi-directional guns the VX6 will allow for multi-player interactive shooting games as well as being compatible with VX1, 2, and 3 content.
- **VX9 Cinema Pod:** Ideal for larger themed locations such as Amusement Parks the VX9 delivers a maximum of 9 players enclosed in a customisable enclosure. The VX 9 is compatible with VX1, 2, and 3 content, however the heavily themed design is ideal for customers looking for custom made content.
- **RX1 Bike:** Fully equipped with onboard force feedback mechanics and tilt steering controlled motion, the RX1 delivers realistic immersive interactive Motorcycle game play delivered in a sleek modern design. Up to 4 RX1s can be networked together for Multi-player races.
- **CX1 Car:** Fully equipped with onboard force feedback mechanics and steering wheel-controlled motion, the CX1 delivers realistic interactive immersive Car racing game play delivered in a sleek modern design. Up to 4 CX1s can be networked together for Multi-player races.
- **GX2 Gun:** The GX2's fully interactive laser cannon delivers a fully immersive interactive big gun shooting experience. Up to 2 GX2s can be networked together for multiplayer shoot outs.
- **EX1 Free Roamer:** The EX1's free roaming capabilities allow for fully immersive Virtual Reality exploration and game play. Fully compatible with the Steam Arcade platform allowing for access to a vast and diverse selection of games.
- **KX1 Dragon:** The KX1 is specially designed for children aged 4 to 8. Riding on the back of the flying Dragon whilst viewing the landscape through a Virtual Reality Headset results in a fantastic introduction to Virtual Reality.

Headsets

Immotion monitors on an ongoing basis, the market offering for different brands and model of Virtual Reality headset. It analyses each headset in terms of price, quality and suitability for Immotion's experiences. Immotion has recently moved to a Windows 10 operating system, allowing it to show images in 4K, and thus allowing it to upgrade the headsets to a higher resolution. Recent developments in Virtual Reality headset technology are covered in more detail in Section 7 of this Part I. Each of the VX models described above utilises a DVPR E3 headset as a part of the setup, or a Microsoft Mixed Reality Headset.

Display unit

Each VR Cinema Pod unit is equipped with a standalone, touchscreen display unit. The unit allows potential customers to browse various experiences on offer, preview clips of each experience and select the episode they would like to view. This will be used as draw for passing customers as well as save time by enabling customers to choose their experience before entering the pod.

The VR Platforms are equipped with colour display units, allowing users to see a short video of the potential experience, as well as allowing spectators to see what the participant is playing when in 'game' mode.

6. Key strengths & Investment Opportunities

The Directors believe that the Group has the following key strengths:

6.1 Demand for Out of Home Virtual Reality

- Global revenue for location-based Virtual Reality entertainment will be more than \$8 billion by 2022, with approximately 47% of that revenue directed at VR arcades and VR hyper arcades³.

³ Location-Based Virtual Reality Market Report: Q1 2018 Update, Greenlight Insights.

- The Western market is anticipated to grow 7 fold (in terms of VR centre numbers) over the four years ending 2022³.
- Based on industry trends and expectations, the Directors believe that there is significant potential demand for affordable, 'out of home', Virtual Reality experiences which cannot be replicated at home due to the costs and space associated with replicating the experience.
- The landscape for experiences on offer at shopping centres is evolving as shopping centre landlords and retailers are increasingly forced to compete with online retail channels to entice customers to leave their homes and visit their destinations. Consequently, leisure experience based activities increasingly represent a larger portion of 'revenue mix' at some of the UK's largest shopping centres.

6.2 **Unique Sales Proposition**

- The Directors believe they have developed a fully connected solution giving the Group a strong sales proposition. The combination of a carefully selected cost-effective manufacturer, upgraded operating software, a proprietary Content and Operational Platform, along with high quality experiences, allows the Group to drive its 'create, publish, distribute' model giving the Group a range of solutions suitable for the western market. The Directors believe this combination allows it to take advantage of this fast growing market.

6.3 **Flexible, cost effective and exclusive supply chain**

- The Directors believe they have a cost effective and feasible source of supply for VR Platforms.
- The Group's distribution agreement with Leke provides it with the distribution rights to sell both Leke's hardware and Leke's hardware coupled with Immotion's proprietary software on an exclusive basis throughout the UK, and currently on a non-exclusive basis in other jurisdictions excluding South Korea, Japan and Croatia.
- Leke has worked with the Group to create uprated platforms needed to deliver great experiences to discerning western markets. The additional software used in the Motion Platforms is provided through software licenses from Microsoft Windows, along with the Group's own proprietary Content Management System. Additional hardware is via upgraded graphics cards, and Microsoft Mixed Reality headsets.

6.4 **High quality content and IP creation**

- The Group's history of content creation and 'story telling' expertise makes it well placed to deliver high quality, engaging Virtual Reality experiences.
- Immotion has developed and continues to develop a variety of experiences for different age groups and genres. Utilising CGI, live action, or a combination of the two allows the Group to create a range of themes from under water exploration to flights over exotic locations, to exploring a Jurassic themed world, space exploration, or horror themes.
- The Directors believe the Group can become a market leader in the creation of high quality Virtual Reality content, and as Immotion rapidly increases its library of available content, the Directors believe that there may be other opportunities for generating new revenue opportunities from its own distribution network, as well as via third party sources such as working with Leke in the Asian market, and via industry platforms such as HTC Vive Port & Steam.

³ Location-Based Virtual Reality Market Report: Q1 2018 Update, Greenlight Insights.

- Awards for content creation include:

Immotion Studios

BAFTA Nomination – Best Children’s animation – ‘Roary The Racing Car’

Royal Television Society Award – Best Children’s Programme – ‘Roary The Racing Car’ “Hellie’s A Winner”

Royal Television Society Award – Innovation Award – BBC Children’s ‘BUGBEARS’

Plus numerous other awards.

C2K

3 Emmy Awards including 2010 Best Children’s Programming, “Imagine: A Celebration of Children’s Hospital Los Angeles”

2009 Best Children’s Programming, “Imagine: A Celebration of Children’s Hospital Los Angeles”

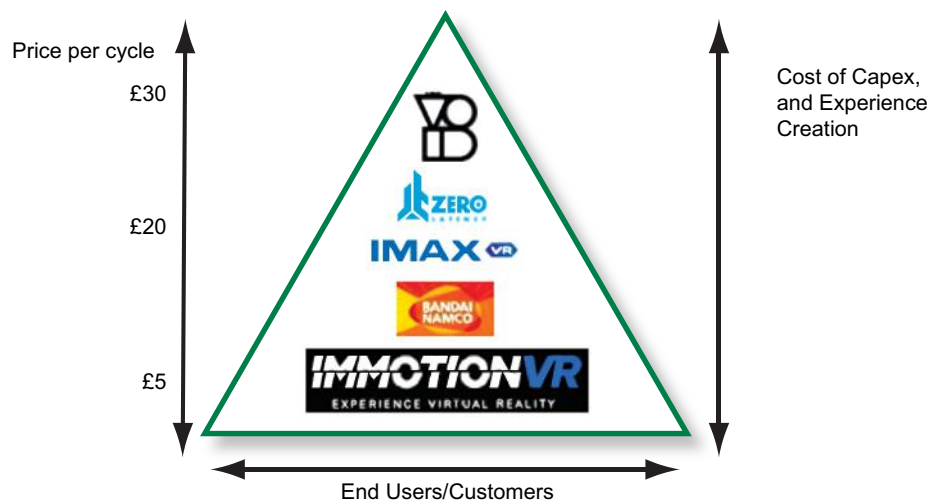
2008 Best Children’s Programming, “Imagine: A Celebration of Children’s Hospital Los Angeles”

Plus numerous other awards.

- The Directors believe that in its own target markets, having the ability to create ‘in house’ high quality VR content, gives it a significant competitive advantage.
- The Group expects to have completed 10 experiences by 31 December 2018.
- As Immotion continues to create further content, the growing library from which customers can choose experiences will help to encourage returning customers.
- CGI assets created for the purpose of one experience, may be used in other experiences (for example, a CGI image of a shark, dinosaur, or spaceship can be used in a different experience with a different storyline). As this library of assets grows, the process of creating high quality content will become quicker as creators can repurpose assets used in other experiences.

6.5 Price Point & Economic Model

- The Directors believe the demand from the Western market, for high quality experiences, quality motion platforms, and accurate timely KPI’s will be high.
- In delivering a complete connected offering; Cost effective motion platforms; High quality ‘in house’ content production; and Proprietary Content Management System delivering accurate KPI’s and Content Management, allows the directors to believe they are well positioned to take advantage of the growing market trends, delivering an affordable, integrated, high quality solution.
- In the early years the cash outflow of content creation and Group overhead will be subsidised from revenues from machine sales, revenue from Concession Partners, and revenue from its own Immotion VR sites. However, once a larger installed base is in place, the Directors anticipate the Group will benefit from operational gearing.



Source: Immotion.
Logos reproduced without permission

7. Market Background

7.1 Virtual Reality Background and Market Size

The VR/AR market is an emerging and developing market at present and the sector has been attracting growing investment year on year, with up to US\$4 billion received in 2012-2016 worldwide. Sales from VR/AR and MR devices worldwide in 2015 were reported to be US\$0.6 billion. However, by 2020, sales are forecast to increase to US\$84.7 billion.

The concept of Virtual Reality has been around for a number of years. In 1965, Ivan Edward Sutherland, the founder of computer graphics, presented in his paper the first Virtual Reality system called “the ultimate display” which has multi-senses immersion and interaction. Since then, Virtual Reality has become an area of research in computing graphics and systems and the term “Virtual Reality” now typically refers to computer technologies and devices that use software to generate the realistic images, sounds and other sensations that replicate a real environment (or create an imaginary setting), and simulate a user’s physical presence in this environment.

After decades of development, Virtual Reality technology has been expanded from its early applications in entertainment and simulation training to applications in the areas of aeronautical research, architecture, scientific visualisation in medicine, defence, education, and training and in particular has seen an increase in interest over the last three years.

7.2 Market for Cost Effective Out of Home Virtual Reality⁴

Growth in Out of Home Virtual Reality

Since 2016, a presence of Virtual Reality for the ‘out of home’ market has rapidly started to develop. Furthermore, it is estimated that the number of VR Centres is to rise from approximately 5,600 venues at the end of 2018 to 45,400 venues by the end of 2022. Asia-Pacific is anticipated to lead the field in terms of ‘out of home’ Virtual Reality with Europe and America lagging some years behind. Accordingly, just under half of the increase in LBE VR venues is expected to come from Asia-Pacific. In revenue terms, it is estimated that global spending by consumers at location-based entertainment centres will exceed \$1 billion by the end of 2018, with industry revenues reaching over \$8 billion in 2022. Cinemas, shopping malls, theme parks, museums and traditional family entertainment centres are increasingly seen as candidates for installing virtual reality systems for paying customers.

Key Metrics

- **Utilisation:** this is seen as a key metric by the industry and refers to the proportion of time customers are interacting with Virtual Reality machines over total potential time the machines could be in use. For family entertainment centres and shopping mall arcades,

⁴ Location-Based Virtual Reality Market Report: Q1 2018 Update, Greenlight Insights.

the global average utilisation is anticipated to rise from 28% in 2018 to 31% in 2022. Many factors such as the proximity of high traffic destinations, opening hours, quality of available content, ticket prices, and even customer engagement tactics can have an influence on the overall utilisation rate of a particular venue.

- **Revenue per Square Foot:** this metric analyses the revenue produced by a Virtual Reality location over its size in square foot and can ultimately be seen as a measure of efficiency in terms of usage of the space which is rented by the operator. In the USA, a benchmark is anywhere between \$150 to \$300 in annual revenue per square foot. Most location-based entertainment centres offering virtual reality currently charge \$0.75 to \$1 per minute of game play. By contrast, a traditional video game arcade or family entertainment centre charges around \$0.33 per minute of game play.

7.3 **Physical Locations**

UK Shopping Centres

Immotion intends to situate its Immotion VR branded units in high footfall shopping centres, and family entertainment centres across the UK and subsequently the USA and Middle East. The prosperity of these locations (in terms of footfall, consumer disposable income and the creation of new shopping centres) therefore represents a major factor for Immotion VR's success making location selection very important. In addition, the number of opportunities available to target high footfall locations is also an important metric. Immotion will initially target shopping centres, and family entertainment centres in the United Kingdom operated by the major sector companies, such as Intu, Landsec and Hammerson. Once the brand is more established, lessons from the UK market have been absorbed, the Directors believe Immotion will have further opportunities in the USA to roll out additional units.

The landscape for experiences on offer at shopping centres is evolving as landlords make a bid to entice customers away from online channels and in to their complexes. Food and beverage has accounted for approximately 15% of total shopping centre uptake in recent years, but offerings are changing as activities become more of a feature in some of the UK's largest shopping centres such as crazy golf locations or trampoline parks⁵.

8. **Directors, senior management and employees**

8.1 **Board of Directors**

Martin James Higginson, Chief Executive Officer

Age: 55

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 1984. 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 Monsternob 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, a digital media business. Digitalbox was ranked as a Sunday Times Tech Track 100 Company in 2015 and 2016. Martin has also held Non-Executive Director positions with Legend plc and Cupid plc.

⁵ Cushman Wakefield.

David Marks, Group Finance Director**Age: 51**

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 at the time. 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 and was 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 Monsternob 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 is also a non-executive director of Digitalbox Group Ltd.

David has an honours degree in Law from the University of Glasgow and is a member of the Institute of Chartered Accountants of Scotland.

Rodney ("Rod") David Findley, Group Commercial Director**Age: 54**

Rod has over 20 years' experience as a director, writer and creative director and has won a range of awards for his creative work. He has a Bachelor of Arts degree from McGill University in Montreal and an MFA in Film at USC.

He is founder and CEO of C2K, which was acquired by Immotion Group PLC in December 2017. Thanks to his strong reputation for creating narratives and engaging consumers using pioneering technology, Rod has delivered campaigns (broadcast, digital and print) for major brands such as Toshiba, Sony, Guthy-Renker and Canon. International broadcasters NHK and WoWoW have broadcast his long-form documentary and narrative work.

Rod is now harnessing the power of virtual reality and recently completed projects on behalf of Toyota and AbbVie.

Ian Liddell, Group Creative Director**Age: 56**

Ian has over 25 years' experience in creating cutting edge storytelling and TV.

He was a founder and is CEO of Immotion Studios (formerly Studio Liddell), a multi-award winning creative production studio acquired by Immotion Group PLC and played a key role in the growth of the company.

Immotion Studios delivers CGI, cut-scene animation, VR and AR, 4D and interactive content. The quality of the studio's work has cemented Immotion Studio's reputation as a highly innovative studio, helping to attract a client base comprised of major global businesses such as Pfizer, Merck, Saatchi Health and Digitas.

Notable TV productions include Ranger Rob for Nelvana, Canada, Let's Play! for Zodiac Entertainment & BBC, Cloudbabies for Hoho Entertainment & BBC

Ian is also an elected council member of Animation UK and sits on the All Party Parliamentary Group (APPG) on Trade, Creative Sector Group.

Nicholas Lee – Independent Non-Executive Director**Age: 55**

Nicholas has extensive capital markets experience and is actively involved in AIM.

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.

Sir Robert (“Robin”) William Miller – Non-Executive Chairman

Age: 77

Robin has extensive PLC experience spanning over 30 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 Chairman of Edge VCT and social video company Brave Bison PLC. Additionally he holds the role of Non-Executive Director of Premier Sports Holdings Plc, Gemini Network Media Ltd, Crash Media Group Ltd, Digitalbox Group Ltd, Gruppo Media Ltd, Bikesportnews.com and a Trustee of the Golf Foundation.

8.2 Senior management team

Daniel Frederick Greenfield Wortley – Group Head of Finance & Company Secretary

Age: 38

Daniel qualified as a Chartered Management Accountant in 2007 and was one of the first employees at Monsternob Group plc.

As the company grew from a privately held start-up into a global PLC, he held various roles including UK Financial Controller and Group Accountant. He went on to follow Martin Higginson from Monsternob to NetPlay TV plc as Group Financial Controller where he oversaw the finance, business information and e-commerce departments.

In addition, Daniel has been Head of Finance at Immotion Studios (formerly Studio Liddell) since 2014. He has been a key part of the management team, overseeing substantial growth and the evolution of the business into Immotion.

Artur Henryk Grzybowski – Technical and Operations Manager

Age: 29

Artur has been Technical and Operations Manager of Immotion since 2017 and has a very strong technical and virtual reality background.

He has played a key role in Immotion’s development, leading multi-disciplinary teams to deliver advanced software packages and progressive hardware improvements.

He previously worked at Jaguar Land Rover and Dassault Systems, where he held lead technical roles within their Virtual Reality software departments. He built a 360 Camera Headset and also founded VirtualSpeech Ltd, which has a userbase of over 200,000 accounts. Notably, he also supported the NHS in its programme to implement Virtual Reality rehabilitation practices.

He has significant experience of building highly effective teams which utilise digital inter-team practices.

Fiona York, Head of Production

Age: 51

Fiona has a breadth of VFX and CGI production experience at Head of Production level. She has been part of award-winning documentary and animated series for major broadcasters such as BBC, Channel 4, ITV, Channel 5, National Geographic and Discovery Channels.

Commencing her career at BBC North in live television production and subsequently managing the production of the graphics department there, Fiona was head hunted by a ground-breaking CGI and VFX facility as their Head of Production

Throughout her career Fiona has also worked at a major feature film company as a producer and she also established and ran a boutique VFX television and film facility along with two other business partners.

Fiona has worked at Immotion Studios in a Head of Production role since 2016.

Paul Michael James Collimore, Head of Sales

Age: 40

Paul has extensive sales experience, particularly in the technology, leisure and entertainment sectors.

His passion for high technology saw him appointed as Group Global Sales & Operations Director for Inertial Motion Capture manufacturer Synertial (formally Animazoo Group).

As well as diversifying Synertial's core technology, Paul spearheaded the Animalive division which focussed on interactive out of home experiences for the themed attractions industry. He was responsible for the firm's relationships with clients such as NASA, Warner Bros, Bourne Leisure, Merlin Entertainments and a host of family entertainment centres and theme parks.

During this period, the Animalive brand won 2 IAAPA Best New Product awards for products that Paul co-invented and brought to the market.

Previous to his current role, Paul was in senior management role in medical recruitment.

Kenneth Roy Musen, Executive Producer – Live Action

Age: 54

Ken Musen is a three-time Emmy-award winning Producer/Director for the television documentary series "Imagine."

He is the co-founder of C2K Communications and has 30 years of experience creating documentaries, commercials and VR experiences.

A graduate of both Stanford University and USC's School of Cinematic Arts, his interest in telling compelling stories has taken him around the world. Ken's commercial and documentary work has earned him over 30 Telly Awards and five Davey Awards, as well as an International Health & Medical Media Award and awards from the American Advertising Federation, the Public Relations Society of America and the Los Angeles "ADDY".

Peter Caddock, Director of VR

Age: 58

Peter has acquired a unique breadth of experience over almost four decades of designing, developing and producing bespoke, interactive software solutions and entertainment experiences for a variety of clients and audiences. His work has gained him multiple awards.

He commenced his career as an applications and games developer and has also worked as a broadcast film and VT editor working on regional and national television series.

His talent for developing and designing content and experiences has seen him deliver entertainment, games, training and education, advertising, IP/brands and simulations for such clients as Merck Pharmaceutical, American Genetics (AMGEN), Saatchi Health, Digitas, AstraZeneca, the National Space Centre, the Science Museum, THQ, CBBC, the Royal Institute, Great Britain Museum and York Museum.

In terms of VR, Peter developed a hybrid PC-based VR headset with gyroscopic tracking for a historical educational project as far back as 2003. He has been part of the Immotion Studios team for fourteen years, becoming Head of New Technologies in 2008 and Director of VR for Immotion in 2018.

Peter has a Bachelor of Arts degree in Audio Visual Communications from Manchester Victoria University and a Certificate of Education in Drama and English.

Arek Antoniak – VR Operations Manager

Age: 34

Arek joined Immotion VR in 2017 after almost two years as operations manager at Liverpool-headquartered VR Here. Under Arek's leadership, ImmotionVR's flagship Bristol store has seen exceptional customer reviews, pushing the centre to the top of TripAdvisor's top 10 fun and games attractions in the region over a matter of just months. His attention to detail and efficient management style will also be used to help the business roll-out Immotion's out-of-home VR experience across the UK and further afield into North America and the rest of Europe.

8.3 Employees

As at 31 May 2018, the Group employed 54 employees.

The table below sets out the average number of employees, including Directors, by geographic location over the past 3 years:

<i>No. of employees by geographic location:</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
UK	31	22	22
Elsewhere	9	11	17

9. Key Financial Information

Part III (Historical Financial Information on the Group) contains the financial information for the years ended 31 December 2015, 2016 and 2017 for Immotion Studios and C2K. Immotion was incorporated on 15 September 2017 and on 12 December 2017, Immotion acquired Immotion Studios on a share for share basis, with further shares issued to bring C2K into the Group on 21 December 2017. Therefore, there are no consolidated financial information presented for the Group given the Group was only created in December 2017.

The below summary key financial information is presented for Immotion Studios ("ISL") and C2K over the past 3 years:

<i>GBP</i>	<i>2017</i>			<i>2016</i>			<i>2015</i>		
	<i>ISL</i>	<i>C2K</i>	<i>Total</i>	<i>ISL</i>	<i>C2K</i>	<i>Total</i>	<i>ISL</i>	<i>C2K</i>	<i>Total</i>
Revenue	1,295,293	2,032,776	3,328,069	3,512,816	3,191,090	6,703,906	1,956,297	1,877,704	3,834,001
Gross profit	271,609	1,086,890	1,358,499	1,390,362	1,403,689	2,794,051	711,302	1,005,117	1,716,419
(Loss)/profit									
before tax	(796,474)	(66,984)	(863,458)	489,300	34,631	523,931	121,624	9,373	130,997
(Loss)/profit after tax	(691,334)	(66,984)	(758,318)	382,581	34,631	417,212	133,673	9,373	143,046

- **Revenue:** The significant majority of the Group's historic revenue has been from content commissioned for third party projects. Given the recent shift in strategy to focus on the creation of proprietary Virtual Reality content for Immotion's motion platforms, the revenue from third party projects has decreased significantly over the past 12 months as the Group has expanded its own Virtual Reality content library. This trend is expected to continue and see this legacy business forming an increasingly immaterial element of the Group's revenue in the future.

Revenue Analysis

<i>GBP</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
UK	1,295,293	3,512,816	1,956,297
ROTW	2,032,776	3,191,090	1,877,704
Total	3,328,069	6,703,906	3,834,001

- **Profit After Tax:** ISL made a trading profit in 2015 and 2016 with a loss in 2017, whereas C2K has traded profitably in 2015 and 2016 although the above table does not reflect member drawings in 2015 and 2016.

10. Share Option Scheme

The Group established a Share Option Scheme on 22 June 2018 to incentivise the Directors and employees and to align their interests with the interests of Shareholders. The total number of options which may be granted under the scheme is capped at 10 per cent. of the Group's issued share capital from time to time. As at 11 July 2018, 11,008,750 Options have been granted by the Company to Directors and senior employees.

Further details of the Share Option Scheme are set out in paragraph 16 of Part V of this Document.

11. Corporate governance

The Directors recognise the value and importance of high standards of corporate governance. Accordingly, whilst the UK Corporate Governance Code does not apply to AIM companies, the Directors intend to observe the requirements of the UK Corporate Governance Code to the extent that they consider appropriate in light of the Company's size, stage of development and resources. The Board also proposes, so far as practicable, to follow the recommendations set out in the QCA Guidelines.

The Board has established five committees conditional on Admission, the Audit, the Disclosure, the Nomination, the Risk and the Remuneration committees, each with written terms of reference. If the need should arise, the Board may set up additional committees as appropriate.

Audit Committee

The Audit Committee shall be chaired by Nicholas Lee, and will have primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Group is properly measured and reported on and reviewing reports from the Group's auditors relating to the Group's accounting and internal controls, in all cases having due regard to the interests of Shareholders. The Audit Committee will meet three times a year. Sir Robin Miller will be the other member of the Audit Committee.

Disclosure Committee

The Disclosure Committee shall be chaired by Martin Higginson, and will ensure compliance with the AIM Rules and MAR concerning disclosure of inside information and will work 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 will meet as required. David Marks and Sir Robin Miller will be the other members of the Disclosure Committee.

Nomination Committee

The Nomination Committee will be chaired by Sir Robin Miller, and will 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 will be the other member of the Nomination Committee.

Remuneration Committee

The Remuneration Committee shall be chaired by Sir Robin Miller, and will review the performance of the Executive Directors and determine their terms and conditions of service, including their remuneration and the grant and vesting of options (as further described at paragraph 16 of this Part V, having due regard to the interests of Shareholders. The Remuneration Committee will meet twice a year. Nicholas Lee will be the other member of the Remuneration Committee.

Risk Committee

The Risk Committee will meet twice per annum and its membership will be constituted with members of the Audit Committee and David Marks. It will examine the key risks – operational, legal, financial and regulatory that impact the Group and assess the adequacy of the group's mitigation strategies. It will have the power to call on executive Board members and senior management for the purposes of seeking information as well as making recommendations.

12. Takeover Code

The Company is a public company incorporated in England and Wales and its Ordinary Shares will be admitted to trading on AIM. Accordingly, the Takeover Code applies to the Company.

Under Rule 9 of the Takeover Code any person who acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the Takeover Code) in shares which, taken together with shares in which he/she is already interested or in which persons acting in concert with him/her are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, that person will normally be required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, Rule 9 of the Takeover Code also provides that when any person, together with persons acting in concert with him/her, is interested in shares which, in aggregate, carry more than 30 per cent. of the voting rights of such company, but does not hold shares carrying 50 per cent. or more of such voting rights, a general offer will normally be required if any further interest in shares is acquired by such person.

An offer under Rule 9 must be in cash and must be at the highest price paid by the person required to make the offer, or any person acting in concert with him/her, for any interest in shares of the company in question during the 12 months prior to the announcement of the offer.

Persons acting in concert include persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of that company.

13. Concert Party

The Existing Shareholders are considered to be acting in concert with each other in relation to the Company for the purposes of the City Code following Admission (the “**Concert Party**”).

Immediately following Admission and assuming the issue of all of the Placing Shares, the members of the Concert Party will hold, in aggregate, 148,860,340 Ordinary Shares, representing approximately 72.14 per cent. of the Enlarged Share Capital (calculated on the basis of the assumption set out in the table below for this paragraph 13 only).

As the Concert Party will hold more than 50 per cent. of the Company's voting share capital at Admission, members of the Concert Party will be able, subject to note 4 on Rule 9.1 of the City Code, to acquire further shares in the Company without incurring any obligation under Rule 9 of the City Code to make a general offer.

The respective interests in the Company of the Concert Party members are as follows:

<i>Existing Shareholder</i>	<i>Interests immediately following Admission</i>		
	<i>No. of Ordinary Shares held prior to Admission (including Options)</i>	<i>Percentage of issued Ordinary Share capital prior to Admission (%)*</i>	<i>Percentage of Enlarged Share Capital (%)*</i>
Higginson Family ¹	32,432,685	21.79	15.72
Directors ²	29,172,702	19.59	14.14
Vendors of Immotion Studios ³	18,770,286	12.61	9.10
Cash Investors ⁴	15,610,356	10.49	7.56
Vendors of VR Acquisition ⁵	16,548,706	11.12	8.02
Dobbie Family ⁶	12,930,749	8.69	6.27
Kenneth Musen	8,534,001	5.73	4.14
Ritchie Family ⁷	3,659,223	2.46	1.77
Sure Ventures	8,043,002	5.40	3.90
Employees ⁸	2,655,000	1.78	1.29
Charitable gifts by the Higginson Family ⁹	503,630	0.34	0.24
TOTAL:	148,860,340*	100.00*	72.14*

* calculated on the assumption, for the purposes of calculating the aggregate interest of the Concert Party only, that all Options are exercised.

1 Includes shares held by Martin Higginson and Samuel Higginson. The largest number of shares held by a member of this group is 25,059,514.

2 Excludes shares held by Martin Higginson. The largest number of shares held by a member of this group is 11,517,580.

3 The name of the individuals of this group are as follows: Jon Liddell, Andrew Jones, Paul Hepworth, Dimitrios Georgiou, Napier Brown Holdings Limited, Emma Stanyon and Daniel Wortley. This excludes shares held by the Higginson Family, the Dobbie Family and the Directors. The largest number of shares held by a member of this group is 3,872,929.

4 The names of the individuals of this group are as follows: Gary Martin, Griffin Stenger, John Ketcham, Broadway Ventures Limited, Spencer Moulton, Peter Edmondson, JIM Nominees Limited, Colston Trustees as Trustees of Curtis Banks SIPP – T Santry, Colston Trustees as Trustees of Curtis Banks SIPP – C W Stemp, Colston Trustees as Trustees of Curtis Banks

SIPP – M Stemp and Nicolas Papaioannou. This excludes shares held by the Vendors of VR Acquisition and the Ritchie Family. The largest number of shares held by a member of this group is 3,518,159.

- 5 The names of the individuals of this group are as follows: Angus McSween, Paul Reynolds, Perseus International Limited, Simon Mizzi, Patrick Brennan, Storia Credit Holdings Limited, Fiske plc, Charles Shepherd, Garry Lucas, John Hepworth, Mark Hepworth, Robert Giles, Jamie Brooke, Charles Butler, Mahmud Kamani, Clare Hughes, Benjamin Robertson, John Alexander Glynne Davies, Gabriel Fysh and Pitchcroft Capital Limited. This excludes shares held by the Higginson Family, the Dobbie Family, the Ritchie Family, the Vendors of Immotion Studios and the Cash Investors. The largest number of shares held by a member of this group is 3,321,452.
- 6 Includes shares held by Leonie Dobbie and William Dobbie. The largest number of shares held by a member of this group is 12,633,607.
- 7 The names of the individuals of this group are as follows: Alasdair Ritchie, Cameron Ritchie, Duncan Ritchie and Janice Ritchie. The largest number of shares held by a member of this group is 2,855,593.
- 8 The names of the individuals of this group are as follows: Peter Caddock, Fiona York, Artur Grzybowski, Paul Collimore and Arek Antoniak. This excludes any shares held by the Higginson Family, the Directors, Kenneth Musen and the Vendors of Immotion Studios. The largest number of shares held by this group is 700,000.
- 9 The names of the individuals of this group are as follows: Lancaster Royal Grammar School Charity and The Cartoon Museum. The largest number of shares held by a member of this group is 251,815.

14. The Placing

The Placing will raise approximately £5.75 million before expenses, through the issue of 57,500,000 Placing Shares at the Placing Price. The Placing Shares will represent approximately 29.43 per cent. of the Enlarged Share Capital.

Pursuant to the terms of the Placing Agreement, WH Ireland and Shard have conditionally agreed to use their respective reasonable endeavours, on behalf of and as agent for the Company, to procure Places for the Placing Shares. The Placing Agreement is conditional upon, *inter alia*, Admission occurring on or before 8:00am on 12 July 2018 (or such later date as the parties may agree). The Placing Agreement contains warranties from the Company and the Directors in favour of WH Ireland and Shard in relation to, *inter alia*, the accuracy of the information in this Document and other matters relating to the Group and its business. In addition, the Company has agreed to indemnify WH Ireland and Shard on customary terms.

15. Reasons for Admission and use of proceeds

The Directors believe that Admission and the Placing will provide capital for Immotion's next stage of development, further enhance the Group's profile and brand recognition with consumers, businesses and Shopping Mall landlords and assist the recruitment, retention and incentivisation of senior management and employees at all levels of the Group.

The net proceeds of the Placing receivable by the Group is expected to be approximately £5.0 million and is intended to be used for:

- **Stock:** order and hold stock of VR Cinema Pods, and VR Platforms in the UK, and USA allowing faster sales turnaround.
- **Content creation:** expend funds to develop Immotion's library of high quality content, as described within this Document.
- **Capital expenditure and investment:** proceeds will be partially invested in the purchase, geographical roll-out, set-up and installation of the VR Cinema to its own Immotion VR sites and Concession Partners at leisure destinations across the UK.
- **Investment in sales and marketing:** the Group plans to invest in building the sales and marketing team, as well as attending industry events and creating high quality marketing collateral.
- **General corporate purposes:** including as additional working capital, strengthening the balance sheet and allowing the Group to meet its obligations and commitments as they fall due.

16. Admission, Settlement & Dealings

Application has been made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Ordinary Shares on AIM will commence at 8:00am on 12 July 2018.

The Ordinary Shares will be in registered form and will be capable of being held in either certificated or uncertificated form (i.e. in CREST). Accordingly, following Admission, settlement of transactions in the Ordinary Shares may take place within the CREST system if a Shareholder so wishes. In respect of Shareholders who will receive Ordinary Shares in uncertificated form, Ordinary Shares are expected to be credited to their CREST stock accounts on 12 July 2018. Shareholders who wish to receive and retain share certificates are able to do so and share certificates representing the Ordinary Shares to be issued pursuant to the Placing are expected to be despatched by post to such Shareholders by no later than 26 July 2018. CREST is a paperless settlement system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations. The Company will apply for the Enlarged Share Capital to be admitted to CREST from the Admission Date.

For more information concerning CREST, Shareholders should contact their stockbroker or Euroclear UK & Ireland Limited at 33 Cannon Street, London, EC4M 5SB or by telephone on +44 (0)20 7849 0000.

17. Dividend Policy

The relatively early stage of the Group's business and potential for significant growth means that it is unlikely that the Directors would be in a position to recommend a dividend in the early years following Admission. The Directors believe that the Company should seek to generate capital appreciation for its Shareholders but may recommend distributions at some future date, depending upon the generation of sustainable profits, if and when it becomes commercially prudent to do so. There can be no assurance that the Company will declare and pay, or have the ability to declare and pay, any dividends in the future.

18. Warrants

The Company has agreed to issue Adviser Warrants on Admission to subscribe for a total of 1,488,500 new Ordinary Shares in aggregate to WH Ireland and Shard Capital. Further details of the Adviser Warrants to be issued are set out in paragraphs 13.10 and 13.11 of Part V of this Document.

19. Lock-in and orderly marketing

Pursuant to the Placing Agreement:

- each of the Directors has agreed that, subject to certain exceptions, during the period from the date of the Placing Agreement until the date falling 365 days after Admission, he/she will not, subject to limited exceptions, without the prior consent of WH Ireland and Shard Capital, dispose of any Ordinary Shares held by him/her at the time of Admission; and
- each of the Directors has also agreed that, for a period of 365 days from the date of expiry of the lock-up arrangements described above, to comply with certain requirements designed to maintain an orderly market in the Ordinary Shares.

Pursuant to the Lock-in Deed, certain Shareholders (the "**Covenantors**"), who together hold 39.50 per cent. of the Enlarged Share Capital have undertaken to the Company, WH Ireland and Shard Capital (subject to certain limitations) for a period of 12 months from Admission that they will not dispose of any of the Ordinary Shares held by each of them immediately prior to Admission without the prior written consent of WH Ireland and Shard Capital. In addition, each Covenantor has also agreed, for a further period of 12 months, following the expiry of the aforementioned initial 12 month period, not to dispose of any of the Ordinary Shares held by them immediately prior to Admission without the prior written consent of the Company, WH Ireland and Shard Capital in order to maintain an orderly market in the Ordinary Shares following Admission.

Pursuant to the terms of the Placing Agreement and the Lock-in Deed, the Ordinary Shares held by the Directors and the Coventors are subject to lock-up arrangements, equating to 64.00 per cent. of the Enlarged Share Capital.

Further details of these arrangements are set out in paragraph 13.13 of Part V of this Document.

20. EIS & VCT Status

20.1 VCT Scheme

The Directors have received advanced assurance from HMRC that the Company may be regarded as a “qualifying holding” under Chapter 4, Part 6 of the Income Tax Act 2007 for the purposes of investment by VCTs. The continuing status of the Ordinary Shares as a qualifying holding for VCT purposes will be conditional, *inter alia*, on the Ordinary Shares being held as a “qualifying holding” for VCT purposes throughout the period of ownership.

Neither the Company nor the Directors give or have given any warranty, representation or undertaking that any VCT investment in the Company will remain a qualifying holding.

20.2 EIS

The Board has received advanced assurance from HMRC that it would be able to authorise the Group to issue certificates under section 204(1) of the Income Tax Act 2007 in respect of Ordinary Shares issued to individuals, following receipt from the Group of a properly completed compliance statement (EIS 1 form) within the prescribed time limit stipulated in section 205(4) of the Income Tax Act 2007. The continuing status of the Ordinary Shares as qualifying for EIS purposes will be conditional on the qualifying conditions being satisfied throughout the three years following the share issue. Neither the Company nor the Directors give any warranty, representation or undertaking that any investment in the Company by way of EIS shares will remain a qualifying investment for EIS purposes. EIS eligibility is also dependent on a Shareholder’s own position and not just that of the Company. Accordingly, prospective investors should take their own advice in this regard.

21. Taxation

General information regarding UK taxation is set out in Part IV of this Document. These details are intended only as a general guide to the current tax position under UK taxation law. If an investor is in any doubt as to his tax position he should consult his own independent financial adviser immediately. Investors subject to tax in other jurisdictions are strongly urged to contact their tax advisers about the tax consequences of holding Ordinary Shares.

22. Further information

Shareholders should read the whole of this Document, which provides additional information on the Group, and should not rely on summaries of, or individual parts only of, this Document. Your attention is drawn, in particular, to Parts II to V of this document.

PART II

RISK FACTORS

Prior to making an investment decision in respect of the Ordinary Shares, prospective investors should consider carefully all of the information within this Document, including the following risk factors. The Directors believe the following risks to be the most significant for potential investors. However, the risks listed do not necessarily comprise all those associated with an investment in the Company. In particular, the Group's performance may be affected by changes in market or economic conditions and in legal, regulatory and/or tax requirements. The risks listed are not set out in any particular order of priority. Additionally, there may be risks not mentioned in this Document of which the Directors are not aware or believe to be immaterial but which may, in the future, adversely affect the Group's business and the market price of the Ordinary Shares.

If any of the following risks were to materialise, the Group's business, financial condition, results or future operations could be materially and adversely affected. In such cases, the market price of the Ordinary Shares could decline and an investor may lose part or all of his investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Group and the information set out below does not purport to be an exhaustive summary of the risks affecting the Group.

Before making a final investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt, should consult with an independent financial adviser authorised under FSMA which specialises in advising on the acquisition of shares and other securities, if you are in the United Kingdom, or any appropriately authorised person under applicable laws, if you are located in any other jurisdiction.

RISKS RELATING TO THE COMPANY'S BUSINESS

Failure to implement the Group's strategy

A failure to implement the Group's strategy may have an adverse impact on its business, financial and other conditions, profitability and results of operations. There can be no assurance that the Group will be able to maintain and/or grow its financial performance either at historical or anticipated future levels. In addition, the Group may seek to enter into transactions or undertake initiatives in furtherance of its business. There are no guarantees that such transactions will complete or that such initiatives will be successful. Failure to complete such transactions or the lack of success of such initiatives could result in the Group not being able to implement its growth strategies and initiatives.

Failure to continue to develop the Group's strategy

The Group currently has a defined strategy which it plans to implement, however a failure to continuously review and adapt that strategy in light of changes in trading conditions and the market in which the Group operates could lead to an adverse impact on its revenues, operating costs and competitive advantage. There is a risk that if the Group fails to prepare or allocates insufficient resources to strategic planning this may lead to the Group being placed at a competitive disadvantage to its competitors.

Technological advances within the industry

The technology industry as a whole is prone to rapid change with new entrants and ideas continuously changing the market. There is a risk that the Group's technology could become obsolete or uncompetitive which could have a material adverse impact on the prospects of the Group. Additionally, advances in hardware may require the Group to incur additional capital expenditure that is not currently foreseen, which could have an adverse material impact on the cash position of the Group, and potentially trigger the requirement for further fundraising.

Competition

Given the dynamic state of the market in which the Group operates, there may be new and current competitors which could include well resourced, international players in the virtual reality entertainment industry which have greater market presence, brand recognition, access to more popular and/or engaging virtual reality content, financial resources and economies of scale or lower cost bases than the Group and may be able to withstand or respond more swiftly to changes in market conditions, any of which could give them a competitive advantage over the Group.

Failure to attract new customers

In order to grow its business, the Group must continue to attract new customers in a cost-effective manner and enable such customers to realise the benefits associated with use of the Group's products. The Group may not be able to attract new customers for a variety of reasons.

Even if the Group does attract new customers, the cost of new customer acquisition or ongoing customer support may prove so high as to prevent the Group from achieving or sustaining profitability.

Inability to contract with customers on the most favourable terms to the Group

The Group contracts with a wide variety of companies and partners, many of which are in strong negotiating positions and have greater financial resources than the Group. The Group therefore has had and may in the future have limited scope for negotiation the price or other contract terms with some of its customers.

The Group may suffer system failures and breaches of security

The successful operation of the Group's business depends upon maintaining the integrity of its computer, communication and information technology systems. The Group's information technology systems may be vulnerable to damage, breakdown or interruption from events which are beyond the Group's control, such as fire, flood and other natural disasters, power loss or telecommunications or data network failures, improper or negligent operation of the Group's systems by employees or unauthorised physical or electronic access and interruptions of internet system integrity generally as a result of cyber-attacks by computer hackers or viruses or other types of security breaches. Further, requisite modifications or upgrades to any information technology systems could result in interruption to the Group's business. This could be harmful to the Group's business and financial condition.

There can be no guarantee that the Group's security measures in relation to its computer, communication and information systems will protect it from all potential breaches of security and any such breach of security could have an adverse effect on the Group's business, results of operations and/or financial condition.

The Group is subject to risks relating to data protection

The Group will process personal data as part of its business which could include sensitive information including payment details. The Group may be subject to investigative or enforcement action by regulatory authorities in the Group's countries of operations if it acts or is perceived to be acting inconsistently with the terms of its privacy policy, customer expectations or the law. Concerns may be expressed about whether the Group's services compromise the privacy of customers using the platform. Concerns about the Group's collection, use or sharing of personal information or other privacy-related matters, even if unfounded, could damage the Group's reputation.

If a data breach were to occur the Group could face liability under applicable data protection laws (including fines) and could also lose the goodwill of its customers and suffer reputational damage which could have a material adverse effect on its business.

The General Data Protection Regulation ("**GDPR**") came into force in England and Wales on 25 May 2018 and the Group is required to ensure that its processing of personal data complies with the requirements of GDPR. Failure to comply with GDPR could result in the Group being liable under the GDPR, including a liability for fines. The maximum level of fines under the GDPR is set at either: (a) the greater of €10m and 2 per cent. of worldwide annual turnover for the preceding year or; (b) the greater of €20m and 4 per cent. of worldwide annual turnover for the preceding financial year.

Dependence on key personnel

The Group has a relatively small management team. The Group's success is highly dependent on the expertise and experience of its executive board and management. Retention and incentivisation of these individuals is critical to the Group. This is particularly relevant while the Group is still in its relatively early stages of development. Furthermore, not all of the employment or service agreements in place between the Group and its management team contain restrictive covenants in favour of the Group preventing members of the management team from establishing or working for a business which competes with that of the Group. Loss of key personnel, especially to a competitor, could have a material adverse effect on the Group.

Reliance on third-party service providers

The Group outsources a part of its technical processes to third-party service providers to support file server hosting necessities, supporting SQL database and hiring out third-party storage solutions. The Group will also rely on third-party processing payment system providers. Client user data and information, including credit card information, may be stored on third-party databases and while they may have a strong security system in place, data breaches can occur. The Group will always endeavour to ascertain how secure a prospective business partner is however it is not able to guarantee against such events occurring. Should they occur, data breaches may endanger the Group's clients and further damage the Group's reputation and image which could have a material effect on the Group.

Reliance on agency agreements

Immotion VR currently has agency agreements in place with Beijing Leke VR Technology Co. Ltd ("**Beijing Leke**") in relation to the sale and promotion of a virtual reality game content distribution platform created by Beijing Leke together with its VRLe App and associated virtual reality hardware in the key territories of the United Kingdom on an exclusive basis and on a non-exclusive basis in the USA and in all other territories excluding Croatia, South Korea and Japan. The agency agreements (as further described at paragraph 13.6 of Part V) remain in force subject to certain financial performance criteria which must be satisfied by the Group on a rolling basis and there is no certainty that such agreements will remain the same or that such agreements will continue in the future. If such agreements do not continue in the future and the Company is unable to find alternative supplies, this could have a material adverse effect on the financial position and prospects of the Group. Furthermore, the agreements contain the requirement for the Group to pay liquidated damages if it breaches certain of the key terms.

The agreements with Beijing Leke are subject to the laws of the People's Republic of China ("**PRC**") and have not been reviewed by PRC-qualified counsel as to their content or enforceability. The PRC legal system is relatively new, and the PRC government is still in the process of developing a comprehensive system of laws. However, despite significant improvements in its legal system, there may still be difficulties in obtaining swift and equitable enforcement of rights or in obtaining enforcement of a judgment by a court of another jurisdiction. This creates additional uncertainties as to the outcome of litigation. In particular, the following uncertainties may affect the Group's operations and its profitability in relation to the agreements with Beijing Leke: (i) uncertainties regarding the interpretation and application of the PRC laws and regulations; (ii) new laws may be applied retrospectively; (iii) there may be a requirement to obtain new licences, permits or approvals and there is no guarantee that these may be obtained; (iv) the relevant authorities in the PRC have broad discretion in dealing with violations of law and regulations, including levying fines, revoking business and other licences and requiring actions necessary for compliance; and (v) the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all. As such, the inability of the Group to enforce any judgement against Beijing Leke or the enforcement of any judgement against the Group could have a material adverse effect on the financial position and prospects of the Group.

The agency agreement in relation to the UK will expire on 29 August 2018. Whilst there can be no guarantee that such agreement will be extended (or if it is extended, that such extended agreement will be on substantially the same commercial terms), the parties have agreed a memorandum of understanding to extend, subject to the contract and the satisfaction of certain financial performance criteria, this agreement to 31 December 2019. Furthermore, the exclusivity granted in respect of the UK only remains for so long as Immotion VRL achieves certain financial performance criteria. In the event that the agency agreements expire, are terminated, or if the PRC government restricts or prohibits exports of the Beijing Leke's virtual reality hardware outside of China, then this could have a material

adverse effect on the Group. Whilst the Directors have identified a number of alternative distributors who could supply similar virtual reality hardware to the VR Cinema Pods on which Immotion's series motion platform and virtual reality content could be run, any termination (by expiry of term or otherwise) or disruption to the Beijing Leke distribution agreements could result in interruption to operations and business of the Group and materially impact its financial position. Furthermore, there is no guarantee that the Directors will be able to procure the provision of the virtual reality hardware from alternative distributors on substantially similar terms to that entered into with Beijing Leke and failure to do so could have a material adverse effect on the Group's profits and financial condition.

Future funding requirements

As the Group is at a relatively early stage of development and intends to move towards marketing its series motion platform and virtual reality content, the Group may need to raise additional funding beyond that being raised by the Placing in the event that the Group is unable to commercialise the platform as quickly as anticipated or in the event that revenue from the operations of Immotion VR are lower than expected. There is no certainty that this will be possible at all or on terms that the Directors believe are acceptable.

The Group needs to continue to invest resources in research and development in order to maintain and enhance the Group's existing virtual reality content and services and introduce new high quality virtual reality content and services to its platform. If the Group is unable to ensure that its subscribers have a high quality experience with the Group's virtual reality content and services, then they may become dissatisfied and move to alternative virtual reality content and services.

In addition, if the Group is unable to predict user preferences or industry changes, or if the Group is unable to modify its virtual reality content and services on a timely basis, the Group may lose customers. The Group's future success will depend on its ability to adapt to rapidly changing technologies, to adapt its virtual reality content and services to evolving industry standards and to improve performance and reliability of the Group's services. Failure to adapt to such changes would harm the Group's business.

Overseas operations

The Group currently has overseas operations in the United States of America, Japan, and Dubai. These jurisdictions have different regulatory, fiscal and legal environments that could change in the future and could impact how the Group conducts its business in these countries. If the Group fails to comply with the laws and regulations applicable to its overseas operations, it could be subject to reputational and legal risks, including government enforcement and/or fines. Such risks, if realised, could have a material adverse effect on the Group's profits and financial condition.

Foreign exchange movements

The Group has certain contracts priced in foreign currencies and also has employees based overseas paid in foreign currencies. It is therefore exposed to the risk that adverse exchange rate movements could cause its costs to increase (relative to its reporting currency) resulting in reduced profitability for the Group.

Brexit risk

On 23 June 2016, the UK held a referendum on its continued membership of the European Union. This resulted in a vote for the UK to exit the European Union. There are significant uncertainties as to the terms of such an exit and the time frame for doing so in the case that a transition period is agreed with other members of the European Union. There are also significant uncertainties as to the current and future fiscal, monetary and regulatory landscape in the UK. There is also uncertainty as to how, when and to what extent the exit will have an impact more generally on the economy of the UK and the growth of various industries, consumer confidence, levels of investor activity and confidence in market performance.

Intellectual property

The majority of the Group's intellectual property, by its very nature, has to date been unregistered. In addition, it may be prove to be difficult to register the trademark 'Immotion' in the UK or elsewhere. As a result of the Group's IPR being unregistered and/or in the event that any of the Group's future trademark applications are not approved, it may be more difficult for the Group to defend its IPR if

challenged which could affect the reputation and marketing of the Group and its products and services. Furthermore, there is a risk that employees or third parties who created such IPR on behalf of the Group may assert that they have a right or interest in such IPR.

Should the Group be required to assert its IPR, including any unregistered names, logos or trademarks, against third parties it is likely to use a significant amount of the Group's resources. No assurance can be given that the Group will be in a position to devote sufficient resources to pursue such litigation. Any claims made against the Group by a third party, even without merit, could be time consuming and expensive to defend and could have a materially detrimental effect on the Group's business, financial condition or results.

In the event that the Group's use of IPR is successfully challenged, it could be forced to rebrand its products and services (or suffer expensive infringement litigation) or forego registration of any trademarks, which could result in loss of brand recognition or the benefits and protections of registration, and could require the Group to devote resources to developing, advertising and marketing new brands.

HMRC may levy fines and penalties against Immotion Studios in relation to its historic employee benefit trust arrangements in excess of the provision made in its accounts

As further described in paragraph 19.2 of Part V, Immotion Studios historically established an employee benefit trust as part of the remuneration package for its founding directors. HMRC has commenced an investigation into such arrangements in general as well as in relation to Immotion Studios and this investigation is ongoing.

Immotion Studios have made a provision in its 31 December 2017 year-end accounts in the amount of £166,481.00 in respect of the accrued taxes and interest that Immotion Studios reasonably considered that HMRC may have claimed were due.

In June 2018 HMRC offered Immotion Studios the opportunity to settle this matter in exchange for the payment of £168,106.72 being made by Immotion Studios to HMRC. Immotion Studios is currently considering HMRC's offer and it is expected that a settlement with HMRC will be reached following Admission. In the event that Immotion Studios does not accept HMRC's offer of settlement then there is a risk that HMRC could levy additional penalties and interest could continue to accrue pending resolution of the matter. This would have an adverse impact on the Group's financial condition and reputation.

Some of the Group's historic arrangements with counterparties are not properly documented and may not effectively bind the counterparty

Some of the historic Group's arrangements with counterparties have not been documented and/or such contracts have not been properly documented with the relevant counterparty. In those circumstances the counterparties may be able to argue that they are not bound to any terms owed to the Group and are therefore not required to perform the requisite services to the Group or are able to perform such services on different terms agreed with the Group. Non-performance by a counterparty could adversely affect the Group's prior business and arrangements which are on uncertain terms may expose the Group to liabilities it would otherwise sought to exclude. Similarly, a counterparty could assert ownership rights in respect of intellectual property previously created by Immotion Studios and C2K. Each of these risks could result in the Group's business, results of operations, financial condition and growth prospects being adversely affected.

The Group's operations are subject to the general risks of litigation, which could adversely affect the Group's financial results and cash flow

The Group may be involved, on an ongoing basis, in litigation arising in the ordinary course of business. Litigation may include class actions involving consumers, shareholders, employees or injured persons, and claims related to commercial, labour, employment, antitrust, securities or environmental matters. Moreover, the process of litigating cases, even if the Group is successful, may be costly, and may approximate the cost of damages sought. These actions could also expose the Group to adverse publicity, which might adversely affect the Group's reputation and/or customer preference for the Group's products. Litigation trends and expenses and the outcome of litigation cannot be predicted with certainty and adverse litigation trends, expenses and outcomes could adversely affect the Group's financial results and cash flow.

The Group's business is subject to operational risks for which it may not be adequately insured

The Group is exposed to a variety of risks that could lead to the interruption of its business operations or otherwise subject the Group to significant losses, including, but not limited to, accidents, natural disasters, product liability, environmental damage and other events.

The Group maintains insurance policies for general liability, product liability, property, workers' compensation and employer's liability, procurement, foreign liability, cargo, crime and kidnap and ransom, which cover risks that may arise through the course of normal business operations. The Group also maintains various other insurance policies to cover a number of other risks related to its business, such as director and officer coverage, employment practices, and fiduciary liability coverage.

There can be no assurance that the Group's insurance policies will be adequate to cover all material risks that the Group faces or that the Group will be able to maintain its current insurance coverage or to do so at similar premiums. Some risks are not possible to cover and, in certain locations, insurance may not be available or may be available at costs that management does not consider to be commercially reasonable.

In addition, the Group's insurance premiums may rise significantly in the future as a result of the Group's product or service offerings, claims history or market conditions.

If one or more events occur for which the Group is uncompensated or under-compensated by insurance, the resulting costs could, alone or in combination, have an adverse effect on the Group's financial results and cash flow.

The Group may be exposed to changes in taxation in the jurisdictions in which it operates and/or tax authorities may disagree with the positions the Group has taken or intends to take

Companies in the Group account for and pay tax in the jurisdictions where they are resident and, if applicable, in any other jurisdiction in which they have a permanent establishment or other taxable presence. Significant changes to and interpretation of tax laws and regulations, including changes in the basis or rate of corporation tax, withdrawal of allowances or credits, imposition of new taxes or changes to withholding taxes could have a material impact upon the Group's tax charges. Certain tax positions taken by the Group are based on external tax advice and/or are based on assumptions that involve a degree of judgment. The tax authorities in any applicable jurisdiction may disagree with the positions the Group has taken or intends to take regarding the tax treatment of any of the Group's transactions. If challenges to the Group's tax positions (through tax audits or otherwise) were to be successful, the Group may be required to pay additional taxes, penalty charges and interest, and it may incur costs in defending litigation or reaching a settlement with the relevant tax authority. If any of the above were to occur, this could have a material adverse effect on the Group's business, financial condition and results of operations.

Risk of repossession of certain assets of the Group under a lease purchase agreement with Lombard

Immotion Studios has entered into a lease purchase and loan agreement with Lombard Technology Services Limited ("**Lombard**") in relation to the sale and lease-back of approximately 26 of its VR Cinema Pods. The agreement with Lombard is secured by a guarantee provided by Immotion and Immotion VRL. As such, legal title to such assets is held by Lombard and there is a risk that, in the event of an event of default under such agreement by Immotion Studios, Lombard could demand the immediate repayment of monies owed to it from Immotion Studios, Immotion and/or Immotion VRL and/or repossess the VR Cinema Pods. The occurrence of either or both of these events could have a material adverse effect on the Group's business, financial condition and results of operations.

Risk of the imposition of punitive tariffs as a result of the escalation of trade war between the United States of America and the People's Republic of China

The current administration of the United States of America is pursuing an 'America First' policy in the context of global trade which has involved, amongst other things, the imposition of tariffs against certain goods exported to the United States by the People's Republic of China. The People's Republic of China has retaliated by imposing tariffs against certain goods exported by the United States and the relationship between the two countries continues to deteriorate into a so-called trade war. If tariffs are levied by the United States against the Group's VR platforms distributed by Leke from the People's

Republic of China then this may result in the Group having to incur such additional costs and/or could result in the Group's products not being competitively priced in the United States which, in each case, could adversely impact the Group's financial prospects, profits and business.

RISKS RELATING TO THE MARKETS IN WHICH THE COMPANY OPERATES

The Group's technology may become obsolete or suffer technical issues

The virtual reality industry may be subject to rapid and significant changes in technology, and the technology upon which the Group's products and services are based may become obsolete or may not continue to have sufficient market acceptance to create adequate demand. In order to compete successfully, the Group may need to continue to improve its technology which could be capital intensive. The Group's competitors may introduce such virtual reality content and services before it does, or the virtual reality content and services introduced may be perceived by the market to be superior to those of the Group.

Any failure to keep pace with changes in the virtual reality and gaming industry or to adapt to technological developments, or the development and introduction of a superior product by a competitor, could mean that the Group fails to successfully commercialise its products and this may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Economic, political, judicial, administrative, taxation or other regulatory factors

The Group may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, in the areas in which the Group plans to operate which could adversely affect the operations of the Group.

RISKS RELATING TO THE PLACING

Transition to Publicly Quoted Company

One consequence of the Company becoming a publicly quoted company whose shares are admitted to trading on AIM is that certain changes in operations or controls will be required. In addition, an increased awareness is needed of the requirements of being a publicly quoted company and a requirement to ensure that management and staff satisfy a number of new obligations, including those associated with the AIM Rules, disclosure and financial reporting requirements and enhanced corporate governance. While the Board has made and will continue to make every effort to successfully manage the transition, there can be no assurance that the Company will be able to successfully manage the transition, and failure to do so could have a material adverse effect on the Company's business, financial condition and/or operating or financial results.

Investment in AIM Securities

Although the Company is applying for the admission of its Ordinary Shares to trading on AIM, there can be no assurance that an active trading market for the Ordinary Shares will develop, or if developed, that it will be maintained. An investment in shares traded on AIM may be less liquid and is perceived to involve a higher degree of risk than an investment in a company whose shares are listed on the Official List. Prospective investors should be aware that the value of the Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

AIM Rules for Companies

The AIM Rules for Companies are less onerous than those of the Official List. The FCA has not examined or approved the contents of this Document. Shareholders and prospective investors (as appropriate) should be aware of the risks of investing in AIM quoted shares and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

Conditionality of the Placing

The Placing is conditional upon, among other things, Admission. In the event that any condition to which Admission is subject is not satisfied or, if capable of waiver, not waived, Admission, and therefore the Placing, will not occur.

Volatility of Share Price

The trading price of the Ordinary Shares may be subject to wide fluctuations in response to a number of events and factors, announcements of innovations or new services by the Company or its competitors, variations in operating results, changes in financial estimates and recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Company, news reports relating to trends in the Company's markets, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory changes and market conditions in the industry, the industries of customers and the economy as a whole. These fluctuations may adversely affect the trading price of the Ordinary Shares, regardless of the Company's performance.

Investments in AIM companies typically attract a higher proportion of non-institutional investors who may be more likely to react to market rumour and news reports relating to the Company and/or the market in which it operations resulting the sale of their Ordinary Shares which could result in a wider fluctuation in the trading price of the Ordinary Shares.

In addition, if the stock market in general experiences loss of investor confidence, the trading price of the Ordinary Shares could decline for reasons unrelated to the Company's business, financial condition or operating results. The trading price of the Ordinary Shares might also decline in reaction to events that affect other companies in the industry, even if such events do not directly affect the Company. Each of these factors, among others, could harm the value of the Ordinary Shares.

Impact of Research on Share Price

If securities or industry analysts do not publish research or publish unfavourable or inaccurate research about the business, the Company's share price and trading volume of the Ordinary Shares could decline.

The trading market for the Ordinary Shares will depend, in part, on the research and reports that securities or industry analysts publish about the Company or its business. The Directors may be unable to sustain coverage by well-regarded securities and industry analysts. If either none or only a limited number of securities or industry analysts maintain coverage of the Company, or if these securities or industry analysts are not widely respected within the general investment community, the trading price for the Ordinary Shares could be negatively impacted. In the event that the Company obtains securities or industry analyst coverage, if one or more of the analysts who cover the Company downgrade the Ordinary Shares or publish inaccurate or unfavourable research about the Company's business, the share price would be likely to decline.

If one or more of these analysts cease coverage of the Company or fail to publish reports regularly, demand for the Ordinary Shares could decrease, which might cause the share price and trading volume to decline.

EIS and VCT status

The Company has obtained advance assurance from HMRC that it should be a qualifying company for EIS purposes and the Placing Shares should be eligible shares under the VCT provisions provided that the funds raised under the EIS and VCT rules are deployed in the manner set out in the Company's advance assurance submission to HMRC. However, investors should be aware that, whilst advance assurance has been obtained from HMRC, the Directors cannot guarantee that the Placing Shares or the Company will satisfy, and will continue to satisfy, the requirements for tax relief under EIS and VCT rules.

The continuing status of the Placing Shares as qualifying for EIS purposes will be conditional on the qualifying conditions being satisfied throughout the relevant period of ownership.

Neither the Company nor the Directors give any warranty, representation or undertaking that any investment in the Company by way of Placing Shares will be or will continue to be a qualifying

investment for EIS or VCT purposes. EIS eligibility is also dependent on a Shareholder's own position and not just that of the Company. Accordingly, investors should take their own advice in this regard.

Future Payment of Dividends

The Company's ability to pay dividends will depend on the level of distributions, if any, received from its operating subsidiaries. The Company's subsidiaries may, from time to time, be subject to restrictions on their ability to make distributions to the Company including foreign exchange limitations, and regulatory, fiscal and other restrictions. There can be no assurance that such restrictions will not have a material adverse effect on the Company's results or financial condition.

Furthermore, the declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Directors and will depend upon, *inter alia*, the Company's earnings, financial position, cash requirements and availability of profits as well as the provisions of relevant laws and/or generally accepted accounting principles from time to time.

Valuation of Shares

The Placing Price has been determined by the Company and may not relate to the Company's net asset value, net worth or any established criteria or value. There can be no guarantee that the Ordinary Shares will be able to achieve higher valuations or, if they do so, that such higher valuations can be maintained.

Impact of a change of control of the Group

Various agreements entered into by members of the Group, in particular, facility agreements entered into by each of C2K and Immotion Studios, contain change of control clauses which may be triggered as a result of the Placing. In the event that any such agreements are terminated, and in particular, the facility agreements in favour of C2K and Immotion Studios are withdrawn and become immediately repayable on demand, this could have a material adverse effect on the Group.

Concert Party Influence

On Admission, the Concert Party will hold approximately 72.14 per cent. of the Enlarged Share Capital (calculated on the basis of the assumptions set out in the table at paragraph 13 of Part I). Investors may negatively perceive this level and concentration of share ownership due to the influence that the Concert Party may resultantly exert, which may adversely affect the market value of the Ordinary Shares. To illustrate this, as the Concert Party, in aggregate, holds greater than 25 per cent. of the Ordinary Shares in issue from time to time, and assuming the Concert Party acts together, the Concert Party could prevent the passing of any special resolution which the Company may propose (which would require approval from a majority of at least 75 per cent. of the Ordinary Shares to be passed). Furthermore, the Concert Party's interest may not be aligned with those of the Group or the other Shareholders, which could, for example, delay or prevent an acquisition or change of control of the Group.

Price risk following expiry of lock-ins

The market price of Ordinary Shares could decline as a result of any sales of Ordinary Shares by certain Existing Shareholders following the expiry of the relevant lock-in periods, details of which are set out in paragraphs 13.12 and 13.13 of Part V of this Document, or the expectation or belief that such sale of Ordinary Shares may occur.

Shareholders may be diluted on future issues

Although it has no current plans to do so, other than in connection with Admission, the Adviser Warrants, the Investor Warrants, the Sure Ventures convertible loan note instrument, or under the Share Option Scheme, the Company may seek to raise financing to fund organic growth, future acquisitions and other growth opportunities. The Company may, for these and other purposes, such as in connection with share incentive and share option plans, issue additional equity or convertible equity securities. As a result, the existing Shareholders at the time of such an issue may suffer dilution in their percentage ownership of the price of the Ordinary Shares may be adversely affected.

Market perception

Market perception of the Company may change, potentially affecting the value of investors' holdings and the ability of the Company to raise further funds by the issue of further Ordinary Shares or otherwise.

Suitability

Prospective investors should inform themselves as to: (a) the legal requirements of their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein. Statements made in this Document are based on the law and practice currently in force in the UK and are subject to change. This Document should be read in its entirety.

Shareholders in the United States and other jurisdictions may not be able to participate in future equity offerings

The Articles provide for pre-emption rights to be granted to shareholders in the Company, unless such rights are disapplied by a shareholder resolution. However, securities laws of certain jurisdictions may restrict the Group's ability to allow participation by shareholders in future offerings. In particular, shareholders in the United States may not be entitled to exercise these rights, unless either the Ordinary Shares and any other securities that are offered and sold are registered under the Securities Act, or the Ordinary Shares and such other securities are offered pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Company cannot assure prospective investors that any exemption from such overseas securities law requirements would be available to enable US or other shareholders to exercise their pre-emption rights or, if available, that the Company will utilise any such exemption.

Not all rights available to shareholders under US law will be available to holders of the Ordinary Shares

Rights afforded to shareholders under English law differ in certain respects from the rights of shareholders in typical US companies. The rights of holders of the Ordinary Shares are governed by English law and the Articles. In particular, English law currently limits significantly the circumstances under which the shareholders of English companies may bring derivative actions. Under English law, in most cases, only the Company may be the proper plaintiff for the purposes of maintaining proceedings in respect of wrongful acts committed against it and, generally, neither an individual shareholder, nor any group of shareholders, has any right of action in such circumstances. In addition, English law does not afford appraisal rights to dissenting shareholders in the form typically available to shareholders in a US company.

Overseas shareholders may be subject to exchange rate risk

The Ordinary Shares are, and any dividends to be paid in respect of them will be, denominated in pounds sterling. An investment in Ordinary Shares by an investor whose principal currency is not pounds sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of pounds sterling in relation to such foreign currency will reduce the value of the investment in the Shares or any dividends in foreign currency terms.

Risks relating to taxation and change of legislation

This Document has been prepared on the basis of current legislation, regulation, rules and practices and the Directors' interpretation thereof. Such interpretation may not be correct and legislation, regulation, rules and practice may change, possibly with retrospective effect. Any change in legislation, regulation, rules or practice, and, in particular, in the relation to the tax status or tax residence of the Group or the Company may have an adverse effect on the returns available on an investment in the Company.

Forward looking statements

Certain statements contained in this Document are forward-looking statements and are based on current expectations, estimates and projections about the potential returns of the Group and industry and markets in which the Group operates, the Directors' beliefs and assumptions made by the Directors. Words such as "expects", "anticipates", "may", "should", "will", "intends", "plans", "believes", "targets", "seeks", "estimates", "aims", "projects", "pipeline" and variation of such words and similar expressions are intended to identify such forward-looking statements and expectations. These statements are not guarantees of future performance and the Company's actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Company, which are described above and elsewhere in the Document. Additional risks and uncertainties not currently known to the Board may also have an adverse effect on the Company's business.

Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as of the date of this Document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law, the AIM Rules for Companies or any appropriate regulatory authority.

The specific and general risk factors detailed above do not include those risks associated with the Company which are unknown to the Directors.

Although the Directors will seek to minimise the impact of the risk factors, investment in the Company should only be made by investors able to sustain a total loss of their investment. Investors are strongly recommended to consult an investment adviser authorised under FSMA who specialises in investments of this nature before making any decision to invest.

PART III

(A) ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF IMMOTION STUDIOS LIMITED (formerly Studio Liddell Limited)

The Directors
Immotion Studios Limited
East Wing
Ground Floor the Victoria
Mediacity
Manchester
M50 3SP

WH Ireland
24 Martin Lane
London
EC4R 0DR

11 July 2018

Dear Sirs

Immotion Studios Limited

We report on the historical financial information of Immotion Studios Limited set out in Part III of the AIM Admission Document dated 12 July 2018. This financial information has been prepared for inclusion in the admission document of the company ("the Admission Document") on the basis of the accounting policies set out in Note 1 to the financial statements. This report is required by the AIM Rules for Companies and is given for the purpose of complying with Schedule Two of section 20.1 Annex 1 to the AIM rules and for no other purpose.

Responsibility

The Directors of the company are responsible for preparing the Financial Information on the basis of preparation set out in Note 1 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person other than the addressees of this letter for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Paragraph (a) of Schedule Two of the AIM Rules, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion the Financial Information gives, for the purpose of the Admission Document dated 12 July 2018 a true and fair view of the state of affairs of the company as at 31 December 2015, 31 December 2016 and 31 December 2017 and of the profits, losses, cash flows and changes in shareholders' equity for the periods then ended in accordance with the basis of preparation set out in Note 1 and in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with paragraph (a) of Schedule Two of the AIM Rules for Companies.

Yours faithfully

haysmacintyre

Chartered accountants
10 Queen Street Place
London
EC4R 1AG

(B) HISTORICAL FINANCIAL INFORMATION ON IMMOTION STUDIOS LIMITED

Income Statement

	<i>Year ended</i> <i>31 December</i> <i>2017</i>	<i>Year ended</i> <i>31 December</i> <i>2016</i>	<i>Year ended</i> <i>31 December</i> <i>2015</i>
<i>Notes</i>	£	£	£
Revenue	1,295,293	3,512,816	1,956,297
Cost of sales	(1,023,684)	(2,122,454)	(1,244,995)
Gross profit	271,609	1,390,362	711,302
Administrative expenses	(1,047,986)	(898,284)	(578,018)
Other operating income	29,965	–	–
Operating profit/(loss)	(746,412)	492,078	133,284
Interest receivable and similar income	76	–	109
Interest payable and similar expenses	(50,138)	(2,778)	(11,769)
Profit/(loss) before tax	(796,474)	489,300	121,624
Tax on loss/profit	5 105,140	(106,719)	12,049
Profit/(loss) for the financial year	(691,334)	382,581	133,673

The results reflected above relate solely to continuing activities.

There were no other recognised gains and losses for 2015, 2016 and 2017.

Statement of Financial Position

		<i>Year ended</i> <i>31 December</i> <i>2017</i>	<i>Year ended</i> <i>31 December</i> <i>2016</i>	<i>Year ended</i> <i>31 December</i> <i>2015</i>
	<i>Notes</i>	£	£	£
Non-current assets				
Goodwill	8	–	–	10,300
Property, plant and equipment	9	238,962	134,555	123,122
Investments	10	1	1	1
Deferred tax asset	16	134,392	29,252	135,963
		<u>373,355</u>	<u>163,808</u>	<u>269,386</u>
Current assets				
Trade receivables	11	534,821	669,913	347,916
Current tax recoverable		–	–	34,671
Cash at bank and in hand	12	6,578	139,248	46,936
		<u>541,399</u>	<u>809,161</u>	<u>429,523</u>
Total assets		914,754	972,969	698,909
Current liabilities				
Payables due within one year	13	(740,251)	(307,331)	(409,052)
Net current assets/(liabilities)		(198,852)	501,830	20,471
Total assets less current liabilities		174,503	665,638	289,857
Non-Current liabilities				
Payables due after one year	14	(163,929)	–	(6,800)
Net assets		10,574	665,638	283,057
Shareholders' equity				
Share capital	15	3,640	3,237	3,237
Share premium	15	695,629	659,762	659,762
Retained earnings		(688,695)	2,639	(379,942)
Total equity		10,574	665,638	283,057

Statement of Changes in Equity

	<i>Share capital</i> £	<i>Share premium account</i> £	<i>Retained earnings</i> £	<i>Total</i> £
As at 1 January 2015	3,237	659,762	(513,615)	149,384
Profit for the year	–	–	133,673	133,673
As at 31 December 2015	3,237	659,762	(379,942)	283,057
Profit for the year	–	–	382,581	382,581
As at 31 December 2016	3,237	659,762	2,639	665,638
Loss for the year	–	–	(691,334)	(691,334)
Shares issued	403	35,867	–	36,270
As at 31 December 2017	3,640	695,629	(688,695)	10,574

Cash Flow Statement

	<i>Year ended</i> <i>31 December</i> <i>2017</i> £	<i>Year ended</i> <i>31 December</i> <i>2016</i> £	<i>Year ended</i> <i>31 December</i> <i>2015</i> £
Cash flows from operating activities			
Profit/(loss) after taxation	(691,334)	382,581	133,673
<i>Adjustments for:</i>			
Taxation (credited)/charged	(105,140)	106,719	(12,049)
Finance costs	50,138	2,778	11,769
Investment income	(76)	–	(109)
Gain on disposal of property, plant and equipment	(563)	(1,100)	(167)
Amortisation and impairment of intangible assets	–	10,300	11,411
Depreciation and impairment of property, plant and equipment	83,003	64,887	27,706
Interest Paid	(50,138)	(2,778)	(11,769)
Tax refunded	–	34,672	19,523
Operating cash flows before working capital changes	<u>(714,110)</u>	<u>598,059</u>	<u>179,988</u>
Decrease/(increase) in trade and other receivables	135,092	(321,997)	96,783
(Decrease)/increase in trade and other payables	430,598	30,718	(122,148)
Net cash flow from/(used in) operating activities	<u>(148,420)</u>	<u>306,780</u>	<u>154,623</u>
Investing activities			
Purchase of property, plant and equipment	(187,410)	(76,320)	(124,661)
Proceeds on disposal of property, plant and equipment	563	1,100	167
Purchase of subsidiaries	–	–	(1)
Interest received	76	–	109
Net cash flows used in investing activities	<u>(186,771)</u>	<u>(75,220)</u>	<u>(124,386)</u>
Financing activities			
Proceeds from issue of share capital	36,270	–	–
Loan advance from shareholders	166,251	–	60,000
Repayment of borrowings	–	(139,248)	–
Repayments of bank loans	–	–	(23,397)
Net cash generated from/(used in) financing activities	<u>202,521</u>	<u>(139,248)</u>	<u>36,603</u>
Net increase/(decrease) in cash and cash equivalents	<u>(132,670)</u>	<u>92,312</u>	<u>66,840</u>
Cash and cash equivalents at beginning of year	139,248	46,936	(19,904)
Cash and cash equivalents at end of year	<u>6,578</u>	<u>139,248</u>	<u>46,936</u>

NOTES TO THE FINANCIAL INFORMATION

General information

Immotion Studios Limited is a private company limited by shares incorporated in England and Wales. The principal activity of the company is a creator of animated and immersive content for third party clients. The registered office of the company is East Wing, Ground Floor, The Victoria, Mediacity, Manchester, England, M50 3SP. The registered company number is 03958635.

The directors of the company are responsible for the financial information and contents of the AIM admission document in which it is included.

1. Principal accounting policies

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

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union and are for the purpose of listing on AIM and associated fundraising. The accounts are prepared on a non-statutory basis by the directors and are not for public filing or filing with any other regulatory body.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. These estimates and assumptions are based upon management's knowledge and experience of the amounts, events or actions. Actual results have not differed from such estimates.

The financial statements are presented in pounds sterling (£) which is the functional currency of the company.

The financial statements have been prepared under the historical cost convention.

Going concern

The directors have reviewed the working capital requirements of the business for the next 24 months. They are confident that based on funding commitments received from various sources, the company will have sufficient working capital to meet its obligations as they fall due. Therefore the accounts have been prepared on a going concern basis.

Critical accounting estimates and judgements

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	10% straight line
Fixtures and fittings	33% straight line
IT equipment	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the profit or loss.

Fixed asset investments

Investments in subsidiaries, associates and jointly controlled entities are initially measured at costs and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including payables, loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade payables are obligation to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Leases

Rentals payable under operating leases, less any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translated are included in the income statement for the period.

Statement of compliance

The financial information comply with IFRS as adopted by the European Union.

New and revised IFRSs in issue but not yet effective

At the date of authorisation of this financial information, certain new standards, amendments and interpretations to existing standards applicable to the company's accounting period beginning after 1 January 2018 have been published but are not yet effective, and have not been adopted early by the company. These are listed below:

- IFRS 15 Revenue from Contracts with Customers, effective date 1 January 2018, subject to the endorsement by the EU. IFRS 15 intended to clarify the principles of revenue recognition and establish a single framework for revenue recognition. This standard replaces the previous

standard IAS 11 Construction Contracts, IAS 18 Revenue and revenue related IFRICs. The core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The impact of this standard has not yet been assessed.

- IFRS 9 Financial Instruments, effective date 1 January 2018, subject to the endorsement by the EU. IFRS 9 is a replacement for IAS 39 'Financial Instruments' and covers three distinct areas. Phase 1 contains new requirements for the classification and measurement of financial assets and liabilities. Phase 2 relates to the impairment of financial assets and requires the calculation of impairment on an expected loss basis rather than the current incurred loss basis. Phase 3 relates to less stringent requirements for general hedge accounting. This standard is not expected to affect the reported figures.
- IFRS 16 leases, effective date 1 January 2019 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"). IFRS 16 completes the IASB's project to improve the financial reporting of leases and replaces the previous leases Standard, IAS 17 Leases, and related interpretations. The impact of this standard has not yet been assessed.

2. Financial instruments – risk management

Capital risk management

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Company's growth; and
- to provide capital for the purpose of strengthening the Company's risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

Credit risk

The aggregate financial exposure is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount of trade receivables and bank balances. The company does not consider that there is any concentration of risk within trade receivables, therefore no impairment was required. The company's exposure to credit risk on cash and cash equivalents is considered low as the bank accounts are with banks with high credit ratings.

Liquidity risk

The Company seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs.

An analysis of trade and other payables is given in note 11. These payables are payable within a year.

Interest risk

The company's exposure in these areas as at the financial position date was minimal. Interest on loans was at fixed rates.

Foreign exchange risk

The company's exposure to foreign currency risk is considered minimal given the change in operations going forward.

Categories of financial instruments

The IAS 39 categories of financial asset included in the statement of financial position and the headings in which they are included are as follows

	Year ended 31 December		
	2017	2016	2015
	£	£	£
Financial assets			
Cash and cash equivalents	6,578	139,248	46,936
Loans and receivables	534,821	669,913	347,916
	<u>541,399</u>	<u>414,007</u>	<u>394,852</u>
Financial liabilities			
Trade and other payables	<u>(740,251)</u>	<u>(307,331)</u>	<u>(409,052)</u>

Fair value hierarchy

All the financial assets and financial liabilities recognised in the financial statements which are short short-term in nature are shown at the carrying value which also approximates the fair value of those financial instruments. Therefore no separate disclosure for fair value hierarchy is required.

3. Segmental information

The Company is organised around business class and the results are reported to the Chief Operating Decision Maker according to this class. There is one continuing class of business, being a media and technology Company.

Given that there is only one continuing class of business, operating within the UK no further segmental information has been provided.

4. Operating profit/(loss)

	2017	2016	2015
	£	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):			
Exchange losses	4,778	(2,150)	4,061
Fees payable to the company's auditor for the audit of the company's financial statements	48,500	6,500	–
Depreciation	83,003	64,887	27,706
Profit on disposal of property, plant and equipment	(563)	(1,100)	(167)
Amortisation of intangible assets	–	10,300	11,411
	<u> </u>	<u> </u>	<u> </u>

5. Taxation

	Year ended 31 December		
	2017	2016	2015
	£	£	£
Current tax			
UK corporation tax on profits for the current period	–	9	(34,671)
Adjustments in respect of prior periods	–	(1)	–
Total UK current tax	<u>–</u>	<u>8</u>	<u>(34,671)</u>
Deferred tax			
Origination and reversal of temporary differences	(119,034)	101,551	22,622
Changes in tax rates	13,894	5,160	–
Total tax (credit)/charge	<u>(105,140)</u>	<u>106,719</u>	<u>(12,049)</u>

The charge for the year can be reconciled to the profit/loss per the income statement as follows:

	<i>Year ended 31 December</i>		
	2017	2016	2015
	£	£	£
Profit/(loss) before tax	(796,474)	489,300	121,624
Expected tax charge based on corporation tax rate of 19.25% (2016: 20.0%, 2015: 20.0%)	(153,293)	97,860	24,325
Effect of expenses not deductible in determining taxable profit	54,425	23,470	24,325
Income not taxable	(26,499)	(43,100)	(50,890)
Utilised tax loss carried forward	–	–	24,326
Effect of change in UK corporation tax rate	13,893	8,660	–
Group relief	6,334	–	(17,636)
Other differences	–	19,829	(16,499)
Total tax (credit)/charge	<u>(105,140)</u>	<u>106,719</u>	<u>(12,049)</u>

The UK corporation tax rate for small company profit was held at 20% for all periods up until 1 April 2017 before dropping to 19%. Accordingly, the deferred tax asset or liability would have been calculated at the future enacted tax of 17th which will apply from 1 April 2020.

6. Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017	2016	2015
	<i>Number</i>	<i>Number</i>	<i>Number</i>
	<u>24</u>	<u>22</u>	<u>22</u>

Their aggregate remuneration comprised:

	2017	2016	2015
	£	£	£
Wages and salaries	1,062,193	1,040,073	825,629
Pension costs	10,927	5,972	4,500
	<u>1,073,120</u>	<u>1,046,045</u>	<u>830,129</u>

7. Directors' remuneration

	2017	2016	2015
	£	£	£
Remuneration for qualifying services	200,115	230,152	183,311
Company pension contributions to defined contribution schemes	4,759	3,786	3,600
	<u>204,874</u>	<u>233,938</u>	<u>186,911</u>

8. Intangible fixed assets

	<i>Goodwill</i> £	<i>Software</i> £	<i>Total</i> £
Cost			
At 1 January 2015	103,000	10,000	113,000
Additions	–	–	–
Disposals	–	–	–
At 31 December 2015	<u>103,000</u>	<u>10,000</u>	<u>113,000</u>
Additions	–	–	–
Disposals	(103,000)	–	(103,000)
At 31 December 2016	<u>–</u>	<u>10,000</u>	<u>10,000</u>
Additions	–	–	–
Disposals	–	(10,000)	(10,000)
At 31 December 2017	<u>–</u>	<u>–</u>	<u>–</u>
Amortisation and impairment			
At 1 January 2015	82,400	8,889	91,289
Amortisation charge in the period	10,300	1,111	11,411
Eliminated in respect of disposals	–	–	–
At 31 December 2015	<u>92,700</u>	<u>10,000</u>	<u>102,700</u>
Amortisation charge in the period	10,300	–	10,300
Eliminated in respect of disposals	(103,000)	–	(103,000)
At 31 December 2016	<u>–</u>	<u>10,000</u>	<u>10,000</u>
Amortisation charge in the period	–	–	–
Eliminated in respect of disposals	–	(10,000)	(10,000)
At 31 December 2017	<u>–</u>	<u>–</u>	<u>–</u>
Carrying amount			
At 31 December 2015	<u>10,300</u>	<u>–</u>	<u>10,300</u>
At 31 December 2016	<u>–</u>	<u>–</u>	<u>–</u>
At 31 December 2017	<u>–</u>	<u>–</u>	<u>–</u>

9. Tangible fixed assets

	<i>Leasehold land and buildings</i> £	<i>Fixtures and fittings</i> £	<i>IT equipment</i> £	<i>Total</i> £
Cost				
At 1 January 2015	21,734	–	566,046	587,780
Additions	–	26,595	98,066	124,661
Disposals	–	–	(167)	(167)
At 31 December 2015	<u>21,734</u>	<u>26,595</u>	<u>663,945</u>	<u>712,274</u>
Additions	–	2,987	73,333	76,320
Disposals	–	–	(1,100)	(1,100)
At 31 December 2016	<u>21,734</u>	<u>29,582</u>	<u>736,178</u>	<u>787,494</u>
Additions	136,890	15,950	34,570	187,410
Disposals	(21,734)	–	(545,545)	(567,279)
At 31 December 2017	<u>136,890</u>	<u>45,532</u>	<u>225,203</u>	<u>407,625</u>
Depreciation and impairment				
At 1 January 2015	16,840	–	544,773	561,613
Depreciation charge in the period	2,172	2,812	22,722	27,706
Eliminated in respect of disposals	–	–	(167)	(167)
At 31 December 2015	<u>19,012</u>	<u>2,812</u>	<u>567,328</u>	<u>589,152</u>
Depreciation charge in the period	2,172	9,171	53,544	64,887
Eliminated in respect of disposals	–	–	(1,100)	(1,100)
At 31 December 2016	<u>21,184</u>	<u>11,983</u>	<u>619,772</u>	<u>652,939</u>
Depreciation charge in the period	5,726	10,824	66,453	83,003
Eliminated in respect of disposals	(21,734)	–	(545,545)	(567,279)
At 31 December 2017	<u>5,176</u>	<u>22,807</u>	<u>140,680</u>	<u>168,663</u>
Carrying amount				
At 31 December 2015	<u>2,722</u>	<u>23,783</u>	<u>96,617</u>	<u>123,122</u>
At 31 December 2016	<u>550</u>	<u>17,599</u>	<u>116,406</u>	<u>134,555</u>
At 31 December 2017	<u>131,714</u>	<u>22,725</u>	<u>84,523</u>	<u>238,962</u>

10. Fixed Asset Investments

	2017 £	2016 £	2015 £
Investments in subsidiaries	1	1	1
	<u>1</u>	<u>1</u>	<u>1</u>

Details for the company's subsidiary at 31 December 2017 is as follows:

<i>Name of undertaking</i>	<i>Country of incorporation</i>	<i>% of shares held</i>	<i>Principal activity</i>
Ranger Rob UK Limited	England	100%	Co-production and exploitation of the television series Ranger Rob

11. Receivables

	2017 £	2016 £	2015 £
Amounts falling due within one year:			
Trade receivables	248,312	147,826	257,767
Amounts owed by group undertakings	2,400	201,945	9,041
Amounts due from related parties	118,185	420	407
Other receivables	62,670	17,525	4,103
Prepayments and accrued income	103,254	301,989	76,598
	<u>534,821</u>	<u>669,913</u>	<u>347,916</u>
Amounts falling due after more than one year:			
Deferred tax asset	<u>134,392</u>	<u>29,252</u>	<u>135,963</u>

The fair value of the trade and other receivables is considered by the Directors not to be materially different to the carrying amounts.

12. Cash and cash equivalents

	2017 £	2016 £	2015 £
Cash at bank	<u>6,578</u>	<u>139,248</u>	<u>46,936</u>

The Directors consider that the carrying amount of cash and cash equivalents represents their fair value.

For the purposes of the cashflow statement, cash and cash equivalents comprise the amounts shown above.

13. Payables: amounts falling due within one year

	2017 £	2016 £	2015 £
Other borrowings	82,818	27,752	160,200
Trade payables	197,732	112,048	194,490
Amounts due to group undertakings	158,167	–	–
Other taxation and social security	31,036	24,892	32,401
Other payables	27,849	5,084	90
Accruals and deferred income	242,649	137,555	21,871
	<u>740,251</u>	<u>307,331</u>	<u>409,052</u>

The fair value of trade and other payables is considered by the Directors not to be materially different to carrying amounts.

14. Payables: amounts falling due after more than one year

	2017 £	2016 £	2015 £
Other borrowings	111,185	–	6,800
Other payables	52,744	–	–
	<u>163,929</u>	<u>–</u>	<u>6,800</u>

The fair value of trade and other payables is considered by the Directors not to be materially different to carrying amounts.

15. Share capital

	<i>Number of shares</i>	<i>Share capital £</i>	<i>Share premium £</i>
At 1 January 2015 :			
Ordinary shares of £1 each	3,237	3,237	659,762
At 31 December 2015	3,237	3,237	659,762
At 31 December 2016:	3,237	3,237	659,762
Ordinary shares of £1 each issued in the period	403	403	35,867
At 31 December 2017	3,640	3,640	695,629

On 24 August 2017, 403 shares were allotted for a value of £90.00 per share.

16. Deferred Tax

	<i>Year ended 31 December 2017 £</i>	<i>Year ended 31 December 2016 £</i>	<i>Year ended 31 December 2015 £</i>
Accelerated Capital Allowances	(11,244)	(14,161)	(11,493)
Tax losses	145,636	43,413	147,456
Carried forward	134,392	29,252	135,963

17. Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitment for future minimum lease payments under non-cancellable operating leases, as follows:

	<i>2017 £</i>	<i>2016 £</i>	<i>2015 £</i>
Within one year	41,168	53,564	54,378
Between two and five years	152,427	8,648	54,234

The amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are £179,733 (2016: £117,227, 2015: £69,675).

18. Capital commitments

There were no amounts contracts for but not provided as at 31 December 2015, 2016 and 2017.

19. Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to the Statement of Comprehensive Income of defined contribution plans is £10,927 (2016: £5,972; 2015: £4,500)

20. Related party transactions

Remuneration of key management personnel

The Directors are considered to be the key management. The total remuneration paid to Directors during the year was £204,874 (2016: £233,938, 2015: £186,911).

Other transactions with related parties

During the year the company entered into the following transactions with related parties. No guarantees have been given or received:

Immotion Studios Limited sold services to group companies of £nil (2016: £1,948,144; 2015: £600,090). The amount outstanding at the reporting date was £158,167 (2016: £nil; 2015: £nil).

Immotion Studios Limited purchased services from other related parties totalling £nil (2016: £nil; 2015: £36,675). At the balance sheet date, £nil was owed to other related parties (2016: £28,400; 2015: £187,215).

The company owed to other group companies at the year-end date £2,400 (2016: £201,945, 2015: £9,041). The company owed to other related parties at the year-end date £146,625 (2016: £420; 2015: £407).

The company had an outstanding joint directors' loan in the Names of A Jones, I.Liddell and J.Liddell of £nil (2016: £nil; 2015: £2,206). This loan is interest free and repayable on demand.

On 11 June 2015, Paul Hepworth, a director of the company, advanced £16,667 to the company at 10% interest (fixed). At the end of the reporting period, the amount outstanding from the company including interest was £nil (2016: £nil; 2015: £13,333).

On 24 August 2017, the company loaned £14,490 to David Marks, a director. The balance outstanding at 31 December 2017 was £14,490.

On 24 August 2017, the company loaned £9,900 to Ian Liddell, a director. The balance outstanding at 31 December 2017 was £9,900.

21. Reserves

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

Share premium	The amount of capital contributed in excess of the nominal value of each ordinary share
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere

22. Ultimate controlling party

The parent company of Immotion Studios Limited is Immotion Group PLC. In the prior year the company was under the control of the directors.

(C) ACCOUNTANTS' REPORT THE HISTORICAL FINANCIAL INFORMATION OF C.2K ENTERTAINMENT, INC.

The Directors
C.2K Entertainment, Inc.
1067 Gayley Avenue
Los Angeles
California
United States
CA 90024

WH Ireland
24 Martin Lane
London
EC4R 0DR

11 July 2018

Dear Sirs

C.2K Entertainment, Inc.

We report on the historical financial information of C.2K Entertainment, Inc. set out in Part III of the AIM Admission Document dated 12 July 2018. This financial information has been prepared for inclusion in the admission document of the company ("the Admission Document") on the basis of the accounting policies set out in Note 1 to the financial statements. This report is required by the AIM Rules for Companies and is given for the purpose of complying with Schedule Two of section 20.1 Annex 1 to the AIM rules and for no other purpose.

Responsibility

The Directors of the company are responsible for preparing the Financial Information on the basis of preparation set out in Note 1 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person other than the addressees of this letter for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Paragraph (a) of Schedule Two of the AIM Rules, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion the Financial Information gives, for the purpose of the Admission Document dated 12 July 2018, a true and fair view of the state of affairs of the company as at 31 December 2015, 31 December 2016 and 31 December 2017 and of the profits, losses, cash flows and changes in shareholders' equity for the periods then ended in accordance with the basis of preparation set out in Note 1 and in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with paragraph (a) of Schedule Two of the AIM Rules for Companies.

Yours faithfully

haysmacintyre

Chartered accountants
10 Queen Street Place
London
EC4R 1AG

(D) HISTORICAL FINANCIAL INFORMATION ON C.2K ENTERTAINMENT, INC.

Income Statement

		<i>Year ended</i> <i>31 December</i> <i>2017</i>	<i>Year ended</i> <i>31 December</i> <i>2016</i>	<i>Year ended</i> <i>31 December</i> <i>2015</i>
	<i>Notes</i>	£	£	£
Turnover		2,032,776	3,191,090	1,877,704
Cost of sales		(945,886)	(1,787,401)	(872,587)
Gross profit		<u>1,086,890</u>	<u>1,403,689</u>	<u>1,005,117</u>
Administrative expenses		(1,170,320)	(1,367,567)	(994,735)
Other operating income		26,298	–	4,250
Operating (loss)/profit	5	<u>(57,132)</u>	<u>36,122</u>	<u>14,632</u>
Interest payable and similar expenses		(9,852)	(1,491)	(5,259)
(Loss)/profit for the financial year		<u>(66,984)</u>	<u>34,631</u>	<u>9,373</u>

The results reflected above relate solely to continuing activities.

There were no other recognised gains and losses for 2015, 2016 and 2017.

Statement of Financial Position

		<i>Year ended</i> <i>31 December</i> <i>2017</i>	<i>Year ended</i> <i>31 December</i> <i>2016</i>	<i>Year ended</i> <i>31 December</i> <i>2015</i>
	<i>Notes</i>	£	£	£
Non-current assets				
Property, plant and equipment	7	615	615	672
		<u>615</u>	<u>615</u>	<u>672</u>
Current assets				
Trade receivables	8	307,489	135,951	366,383
Cash at bank and in hand	9	182,659	329,187	48,693
		<u>490,148</u>	<u>465,138</u>	<u>415,076</u>
Total assets		490,763	465,753	415,748
Current liabilities				
Borrowings	10	(163,038)	(218,692)	(236,415)
Payables due within one year	11	(499,226)	(308,352)	(159,016)
		<u>(662,264)</u>	<u>(527,044)</u>	<u>(395,431)</u>
Total liabilities		(662,264)	(527,044)	(395,431)
Net current (liabilities)/assets		(172,116)	(61,906)	19,645
Total assets less current liabilities		(171,501)	(61,291)	20,317
Net (liabilities)/assets		(171,501)	(61,291)	20,317
Shareholders' equity				
Share capital	12	14,259	14,259	14,259
Retained earnings		<u>(185,760)</u>	<u>(75,550)</u>	<u>6,058</u>
Total equity		(171,501)	(61,291)	20,317

Statement of Changes in Equity

	<i>Share capital</i> £	<i>Retained earnings</i> £	<i>Total</i> £
As at 1 January 2015	14,259	59,613	73,872
Profit for the year	–	9,373	9,373
Dividends	–	(62,928)	62,928
As at 31 December 2015	14,259	6,058	20,317
Profit for the year	–	34,631	34,631
Dividends	–	(116,239)	(116,239)
As at 31 December 2016	14,259	(75,550)	(61,291)
Profit for the year	–	(66,984)	(66,984)
Dividends	–	(43,226)	(43,226)
As at 31 December 2017	14,259	(185,760)	(171,501)

Cash Flow Statement

	<i>Year ended 31 December</i>		
	2017	2016	2015
	£	£	£
Cash flows from operating activities			
(Loss)/profit for the year	(66,984)	34,631	9,373
<i>Adjustments for:</i>			
Finance costs	9,852	1,491	5,259
Depreciation and impairment of property, plant and equipment	–	6,412	1,109
Interest Paid	(9,852)	(1,491)	(5,259)
Write back of directors loan	(200,091)		
Operating cash flows before working capital changes	<u>(267,075)</u>	<u>41,043</u>	<u>10,482</u>
Decrease/(increase) in trade and other receivables	(171,538)	230,432	(366,383)
Increase in trade and other payables	190,874	149,336	159,016
Net cash flow from operating activities	<u>(247,739)</u>	<u>420,811</u>	<u>(196,885)</u>
Investing activities			
Purchase of property, plant and equipment	–	(6,355)	(1,109)
Net cash used in investing activities	<u>–</u>	<u>(6,355)</u>	<u>(1,109)</u>
Financing activities			
Dividends	(43,226)	(116,239)	(62,928)
New bank loans	163,038	–	–
Other financing movements	–	–	(2,607)
Repayment of borrowings	(18,601)	(17,723)	–
Loan advance from directors	–	–	236,415
Net cash generated from/(used in) financing activities	<u>101,211</u>	<u>(133,962)</u>	<u>170,880</u>
Net (decrease)/increase in cash and cash equivalents	(146,528)	280,494	(27,114)
Cash and cash equivalents at beginning of year	<u>329,187</u>	<u>48,693</u>	<u>75,807</u>
Cash and cash equivalents at end of year	<u>182,659</u>	<u>329,187</u>	<u>48,693</u>

NOTES TO THE FINANCIAL INFORMATION

General information

C.2K Entertainment, Inc. is a private company limited by shares incorporated in USA. The principal activity of the company is a creator of animated and immersive content for third party clients. The registered office is 1067 Gayley Avenue, Los Angeles, California, United States, CA 90024.

The directors of the company are responsible for the financial information and contents of the AIM admission document in which it is included.

1. Principal accounting policies

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

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union and are for the purpose of listing on AIM and associated fundraising. The accounts are prepared on a non-statutory basis by the directors and are not for public filing or filing with any other regulatory body.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. These estimates and assumptions are based upon management's knowledge and experience of the amounts, events or actions. Actual results have not differed from such estimates.

The financial statements are presented in pounds sterling (£) in line with the new Group's functional currency, and functional currency of the company is US Dollars (\$).

The financial statements have been prepared under the historical cost convention.

Going concern

The directors have reviewed the working capital requirements of the business for the next 24 months. They are confident that based on funding commitments received from various sources, the company will have sufficient working capital to meet its obligations as they fall due. Therefore the accounts have been prepared on a going concern basis.

Critical accounting estimates and judgements

Turnover

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Tangible fixed assets

In accordance with United States accounting standards, property, plant and equipment is held at a tax written down value in the financial statements, depreciated in accordance with local tax laws. Due to the value of such assets in the financial statements, no adjustments are made in respect of the treatment under International Financial Reporting Standards.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statements.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an

impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Fair Value Measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of Financial Assets

Financial assets, other than those measured at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of Financial Assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity

Financial Liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of Financial Liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

Leases

Rentals payable under operating leases, less any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Foreign Exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

Statement of compliance

The financial information comply with IFRS as adopted by the European Union.

New and revised IFRSs in issue but not yet effective

At the date of authorisation of this financial information, certain new standards, amendments and interpretations to existing standards applicable to the company's accounting period beginning after 1 January 2018 have been published but are not yet effective, and have not been adopted early by the company. These are listed below:

- IFRS 15 Revenue from Contracts with Customers, effective date 1 January 2018, subject to the endorsement by the EU. IFRS 15 intended to clarify the principles of revenue recognition and establish a single framework for revenue recognition. This standard replaces the previous standard IAS 11 Construction Contracts, IAS 18 Revenue and revenue related IFRICs. The core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The impact of this standard has not yet been assessed.
- IFRS 9 Financial Instruments, effective date 1 January 2018, subject to the endorsement by the EU. IFRS 9 is a replacement for IAS 39 'Financial Instruments' and covers three distinct areas. Phase 1 contains new requirements for the classification and measurement of financial assets and liabilities. Phase 2 relates to the impairment of financial assets and requires the calculation of impairment on an expected loss basis rather than the current incurred loss basis. Phase 3

relates to less stringent requirements for general hedge accounting. This standard is not expected to affect the reported figures.

- IFRS 16 leases, effective date 1 January 2019 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (“lessee”) and the supplier (“lessor”). IFRS 16 completes the IASB’s project to improve the financial reporting of leases and replaces the previous leases Standard, IAS 17 Leases, and related interpretations. The impact of this standard has not yet been assessed.

2. Financial instruments – risk management

Capital risk management

The Company’s objectives when managing capital are:

- to safeguard the Company’s ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Company’s growth; and
- to provide capital for the purpose of strengthening the Company’s risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

Credit risk

The aggregate financial exposure is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount of trade receivables and bank balances. The company does not consider that there is any concentration of risk within trade receivables, therefore no impairment was required. The company’s exposure to credit risk on cash and cash equivalents is considered low as the bank accounts are with banks with high credit ratings.

Liquidity risk

The Company seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs.

An analysis of trade and other payables is given in note 11. These payables are payable within a year.

Interest risk

The company’s exposure in these areas as at the financial position date was minimal. Interest on loans was at fixed rates.

Foreign exchange risk

The company’s exposure to foreign currency risk is considered minimal given the change in operations going forward.

Categories of financial instruments

The IAS 39 categories of financial asset included in the statement of financial position and the headings in which they are included are as follows

	Year ended 31 December		
	2017	2016	2015
	£	£	£
Financial assets			
Cash and cash equivalents	182,659	329,187	48,693
Loans and receivables	307,489	135,951	366,383
	<u>490,148</u>	<u>465,138</u>	<u>415,076</u>
Financial liabilities			
Trade and other payables	<u>(600,764)</u>	<u>(521,868)</u>	<u>(283,304)</u>

Fair value hierarchy

All the financial assets and financial liabilities recognised in the financial statements which are short short-term in nature are shown at the carrying value which also approximates the fair value of those financial instruments. Therefore no separate disclosure for fair value hierarchy is required.

3. Segmental information

The Company is organised around business class and the results are reported to the Chief Operating Decision Maker according to this class. There is one continuing class of business, being a media and technology Company.

Given that there is only one continuing class of business, operating within the USA no further segmental information has been provided.

4. Taxation

The company operates as a Limited Liability Company in the United States and is not under UK tax rules. Due to the tax charge being immaterial and losses known to have been generated in 2017, no tax balance is recognised in the accounts and the directors have confirmed no deferred tax asset should be recognised in the respect of their losses.

5. Operating (loss)/profit

	2017	2016	2015
	£	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):			
Exchange losses	8,069	(2,677)	(743)
Depreciation	–	6,412	1,109
Fees payable to the company's auditors for the audit of the company's financial statements	22,232	–	–
Research and development costs	<u>8,635</u>	<u>3,281</u>	<u>1,728</u>

6. Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number	2015 Number
	–	–	17

Their aggregate remuneration comprised:

	2017 £	2016 £	2015 £
Wages and salaries	869,318	934,113	768,598

From 1 January 2016 all employees are employed through joint contracts with a third party and all costs associated with the employment of those individuals are aggregated as one cost charged from that third party. Therefore, from 1 January 2016 no employees are considered to be employed by the Company, but wages and salaries are paid to a third party instead.

7. Tangible fixed assets

	<i>Leasehold Improvements</i> £	<i>Fixtures and fittings</i> £	<i>Computers</i> £	<i>Total</i> £
Cost				
At 1 January 2015	1,115	13,755	122,062	136,932
Additions	–	–	1,109	1,109
Disposals	–	–	–	–
At 31 December 2015	21,115	13,755	123,171	138,041
Additions	–	2,287	4,068	6,355
Disposals	–	–	–	–
At 31 December 2016	1,115	16,042	127,239	144,396
Additions	–	–	–	–
Disposals	–	–	–	–
At 31 December 2017	1,115	16,042	127,239	144,396
Depreciation and impairment				
At 1 January 2015	1,115	13,755	121,390	136,260
Depreciation charge in the period	–	–	1,109	1,109
At 31 December 2015	1,115	13,755	122,499	137,369
Depreciation charge in the period	–	2,287	4,125	6,412
At 31 December 2016	1,115	16,042	126,624	143,781
Depreciation charge in the period	–	–	–	–
At 31 December 2017	1,115	16,042	126,624	143,781
Carrying amount				
At 31 December 2015	–	–	672	672
At 31 December 2016	–	–	615	615
At 31 December 2017	–	–	615	615

8. Receivables

	<i>Year ended 31 December 2017 £</i>	<i>Year ended 31 December 2016 £</i>	<i>Year ended 31 December 2015 £</i>
Amounts falling due within one year:			
Trade receivables	134,308	35,035	262,179
Other receivables	111,849	92,008	103,239
Prepayments and accrued income	61,332	8,908	965
	<u>307,489</u>	<u>135,951</u>	<u>366,383</u>

The fair value of the trade and other receivables is considered by the Directors not to be materially different to the carrying amounts.

9. Cash and cash equivalents

	<i>Year ended 31 December 2017 £</i>	<i>Year ended 31 December 2016 £</i>	<i>Year ended 31 December 2015 £</i>
Cash at bank	<u>182,659</u>	<u>329,187</u>	<u>48,693</u>

The Directors consider that the carrying amount of cash and cash equivalents represents their fair value.

For the purposes of the cash flow statement, cash and cash equivalents comprise the amounts shown above.

10. Borrowings

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as following:

	<i>Year ended 31 December 2017 £</i>	<i>Year ended 31 December 2016 £</i>	<i>Year ended 31 December 2015 £</i>
Bank loans	163,038	–	–
Directors loans	–	218,692	236,415
	<u>163,038</u>	<u>218,692</u>	<u>236,415</u>

In 2017, the director agreed to waive the loan balance and this has been recorded within administrative expenses in the Income Statement

11. Payables: amounts falling due within one year

	Year ended 31 December 2017 £	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Trade payables	91,888	148,133	42,567
Amount due to parent undertaking	26,770	–	–
Amount due to related undertaking	3,082	–	–
Other payables	3,891	4,162	4,322
Accruals	312,095	150,881	–
Deferred revenue	61,500	5,176	112,127
	<u>499,226</u>	<u>308,352</u>	<u>159,016</u>

The fair value of trade and other payables is considered by the Directors not to be materially different to the carrying amounts.

12. Share capital

	Number of shares	Share capital £
At 1 January 2015 :		
Ordinary shares of £1 each	14,259	14,259
At 31 December 2015	14,259	14,259
At 31 December 2016:	14,259	14,259
At 31 December 2017	<u>14,259</u>	<u>14,259</u>

13. Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitment for future minimum lease payments under non-cancellable operating leases, as follows:

	2017 £	2016 £	2015 £
Within one year	133,920	62,496	93,744
Between two and five years	<u>507,120</u>	<u>–</u>	<u>62,498</u>

The amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are £104,931 (2016: £90,728, 2015: £41,746).

14. Capital commitments

There were no amounts contracted for but not provided as at 31 December 2015, 2016 and 2017.

15. Limited Liability Company

The entity has characteristics of a limited company and a limited liability partnership. The entity was an S Corporation up until 21 December 2017 and transferred to a C corporation on this date. In order to provide comparisons, the entity has been treated as a company throughout the three year period. The directors take dividends which are treated directly through retained earnings.

Unlawful dividend's have been paid to the former directors of C.2K Entertainment, Inc. by distributing more than the retaining earnings of the company. The party's with a right to bring an action in violation of the above provisions are (i) creditors of the Company and (ii) shareholders with preferential rights at the time the distribution was made. In each case the suit is to be brought against the shareholder that received the improper distribution. No claims have been made apparent, and giving the company had no shareholders with preferential rights and all creditors have been paid, the risk is considered minimal.

16. Related party transactions

The Directors, Kenneth Musen and Rodney Findley, each provided a loan to the company totalling £109,346 at the year ended 31 December 2016 and £118,208 at 31 December 2015. This loan was written off to the income statement and is included within administrative expenses as at 31 December 2017.

As at 31 December 2017, the company owed £26,770 to Immotion Group PLC. No amounts were outstanding as at year ended 2015 or 2016.

As at 31 December 2017, the company owed £3,082 to VR Attractions Limited, a fellow group company. There were no amounts outstanding as at year ended 2015 or 2016.

As described in note 15, the company has characteristics of a limited company and a limited liability partnership. Directors have taken dividends. These are shown separately in the Statement of Changes in Equity.

17. Reserves

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

Share premium	The amount of capital contributed in excess of the nominal value of each ordinary share
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere

18. Ultimate controlling party

The parent company of C.2K Entertainment, Inc. is Immotion Group PLC.

(E) UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

The following unaudited *pro forma* balance sheet (the “Pro Forma Financial Information”) has been prepared to show the effect on the consolidated net assets of Immotion Group Plc of certain transactions that are to be completed shortly before or at the time of Admission as if they have occurred on 31 December 2017.

The unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and in accordance with Annex II of the Prospectus Directive Regulation, and should be read in conjunction with the notes set out below. Due to its nature, the unaudited Pro Forma Financial Information addresses a hypothetical situation and, therefore, does not represent Immotion Group Plc’s actual financial position.

	31 December 2017 Note 1	IPO Fundraising Note 2	Convertible Loan Note 3	31 December 2017 Pro-forma Note 4
Assets				
Non-current assets				
Leasehold property	131,714	–	–	131,714
Fixtures & Fittings	107,863	–	–	107,863
Goodwill	2,264,156	–	–	2,264,156
Total non-current assets	2,503,733	–	–	2,503,733
Current assets				
Cash and cash equivalents	741,951	5,000,000	500,000	6,241,951
Trade debtors	506,232	–	–	506,232
Prepayments	101,387	–	–	101,387
Other debtors	193,198	–	–	193,198
Deferred tax	134,392	–	–	134,392
VAT	29,167	–	–	29,167
Total current assets	1,706,327	5,000,000	500,000	7,206,327
Total assets	4,210,060	5,000,000	500,000	9,710,060
Liabilities				
Trade creditors	(525,511)	–	–	(525,511)
Deferred income	(146,273)	–	–	(146,273)
Accruals	(432,052)	–	–	(432,052)
Other creditors	(87,612)	–	–	(87,612)
Taxation and social security	(31,036)	–	–	(31,036)
Corporation tax	(9)	–	–	(9)
Loans	(357,040)	–	(488,000)	(845,040)
Total liabilities	(1,579,533)	–	(488,000)	(2,067,533)
Net assets	2,630,527	5,000,000	12,000	7,642,527
Equity and reserves				
Share capital & premium	2,733,122	5,475,000	12,000	8,220,122
Retained earnings	(102,595)	(475,000)	–	(577,595)
Total shareholders’ funds	2,630,527	5,000,000	12,000	7,642,527

1. The consolidated net assets of Immotion Group plc have been extracted, without material adjustment, from the company figures used within the historical financial information section and consolidated accordingly for the year ended 31 December 2017.
2. Admission in July 2018 assumes a fundraise of £5,750,000 less associated costs of listing and of the fundraise itself. Costs associated with the fundraise are netted against share premium, whereas any costs associated with the listing are recorded against retained earnings
3. The company has raised a £500,000 convertible loan currently split £12,000 equity and £488,000 cash. The £488,000 will need to be split between debt and equity components but has not been done so for the purposes of this Document.
4. The unaudited proforma balance sheet does not reflect and trading results or other transactions undertaken by Immotion Group plc since 31 December 2017.

PART IV

TAXATION

Introduction

The following paragraphs are intended as a general guide only to the UK tax position of Shareholders who are the beneficial owners of Ordinary Shares in the Company who are UK tax resident and, in the case of individuals, domiciled in the UK for tax purposes and who hold their shares as investments (otherwise than under an individual savings account (“ISA”)) only and not as securities to be realised in the course of a trade.

Certain Shareholders, such as dealers in securities, collective investment schemes, insurance companies and persons acquiring their Ordinary Shares in connection with their employment or as an office holder may be taxed differently and are not considered. Furthermore, the following paragraphs do not apply to:

- potential investors who intend to acquire Ordinary Shares as part of a tax avoidance arrangement; or
- persons with special tax treatment such as pension funds or charities.

Any prospective purchaser of Ordinary Shares in the Company who is in any doubt about their tax position or who is subject to taxation or domiciled in a jurisdiction other than the UK, should consult their own professional adviser immediately.

Unless otherwise stated the information in this Part IV is based on current UK tax law and published HMRC practice as at the date of this Document. Shareholders should note that tax law and interpretation can change (potentially with retrospective effect) and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Income Tax – taxation of dividends

The taxation of dividends paid by the Company and received by a Shareholder resident for tax purposes in the UK is summarised below.

UK resident individuals

UK resident individuals may, depending on their circumstances, be liable to UK income tax in respect of dividend income received from the Company.

Dividend income is subject to income tax as the top slice of the individual’s income and each UK resident individual will have, in the 2018/19 tax year, an annual Dividend Allowance in respect of the first £2,000 of any dividend income received in the tax year. This means that UK resident individual Shareholders will not have to pay tax on the first £2,000 of all dividend income they receive (although such income still counts towards the basic, higher and additional rate thresholds).

Dividends in excess of the Dividend Allowance will be taxed at the individual’s marginal rate of tax, with dividends falling within the basic rate band taxable at 7.5 per cent. (the “dividend ordinary rate”), those within the higher rate band taxable at 32.5 per cent. (the “dividend upper rate”) and those within the additional rate band taxable at 38.1 per cent. (the “dividend additional rate”).

UK discretionary trustees

The annual Dividend Allowance available to UK resident individuals will not be available to UK resident trustees of a discretionary trust. UK resident trustees of a discretionary trust in receipt of dividends are liable to income tax at a rate of 38.1 per cent., on trust income above the standard rate band, which mirrors the dividend additional rate.

UK resident companies

Shareholders that are bodies corporate resident in the UK for tax purposes, may (subject to anti-avoidance rules) be able to rely on Part 9A of the Corporation Tax Act 2009 to exempt dividends paid by the Company from being chargeable to UK corporation tax. Such shareholders should seek independent professional tax advice with respect to their tax position.

UK pension funds and charities are generally exempt from tax on dividends that they receive.

Non-UK residents

Generally, non-UK residents will not be subject to any UK taxation in respect of UK dividend income. Non-UK resident shareholders may be subject to tax on UK dividend income under any law to which that person is subject outside the UK. Non-UK resident shareholders should consult their own professional tax advisers with regard to their liability to taxation in respect of the dividend.

Withholding tax

Under current UK tax legislation no tax is withheld from dividends paid by the Company to Shareholders.

UK Taxation of capital gains

The following paragraphs summarise the tax position in respect to a disposal of Ordinary Shares by a Shareholder resident for tax purposes in the UK.

To the extent that a Shareholder acquires Ordinary Shares allotted to him, the amount paid for the Ordinary Shares will generally constitute the base cost of the Shareholder's holding. A disposal of Ordinary Shares by a Shareholder who is resident in the UK for UK tax purposes or who is not so resident but carries on business in the UK through a branch, agency or permanent establishment with which their investment in the Company is connected may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains, depending on the Shareholder's circumstances and subject to any available exemption or relief.

For individual Shareholders who are UK tax resident or only temporarily non-UK tax resident, capital gains tax at the rate of 10 per cent. for basic rate taxpayers or 20 per cent. for higher or additional rate taxpayers may be payable on any gain (after any available exemptions, reliefs, personal annual exemption allowance or losses).

UK resident individual Shareholders who continuously hold their Ordinary Shares for no less than three years from their issue date may, on a subsequent disposal of those Ordinary Shares, qualify for "Investors' Relief". Investors' Relief was introduced in Finance Act 2016 which provides for a reduced rate of capital gains tax of 10 per cent. on gains realised on the disposal of certain ordinary shares, up to a lifetime limit of £10m of gains, subject to various conditions being met by both the individual investor and investee company.

The relevant qualifying conditions of Investors' Relief applying to the investee company are considered to be met by the Company and/or the Group. However neither the Company, its Directors or advisors can guarantee that those conditions will be or will continue to be met throughout the required shareholding period.

For trustee Shareholders of a discretionary trust who are UK tax resident, capital gains tax at the rate of tax of 20 per cent. may be payable on any gain (after any available exemptions, reliefs or losses).

Shareholders within the charge to UK corporation tax may be subject to corporation tax on chargeable gains arising on a disposal of Ordinary Shares, depending on the circumstances and subject to any available exemption, relief or losses. Corporation tax is charged on chargeable gains at the relevant corporation tax rates applicable to that company at the date of disposal.

No indexation allowance will be available to any UK resident Shareholders on the acquisition of new Ordinary Shares in the Company.

Non-UK resident Shareholders will not normally be liable to UK taxation on gains unless the Shareholder is trading in the UK through a branch, agency or permanent establishment and the Ordinary Shares are used or held for the purposes of the branch, agency or permanent establishment.

Stamp duty and stamp duty reserve tax (“SDRT”)

No UK stamp duty or SDRT will be payable on the issue or allotment of Ordinary Shares. Further no UK stamp duty or SDRT will be payable on any subsequent transfers or agreements to transfer Ordinary Shares by virtue of the exemption from UK stamp duty and SDRT as a result of AIM qualifying as a recognised growth market. This assumes the Ordinary Shares are admitted to trading on AIM and are not listed on any other market (and being admitted to trading on AIM will not constitute a listing for these purposes).

The statements in the immediate preceding paragraph apply to any holders of Ordinary Shares irrespective of their residence, and are a summary of the current position and are intended to be a general guide to the current stamp duty and SDRT position. Certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate than that referred to above or may, although not primarily liable for the tax, be required to notify and account for it. Special rules apply to agreements made by market intermediaries and to certain sale and repurchase and stock borrowing arrangements.

Inheritance Tax

Shares in AIM listed trading companies or holding company of a trading group may qualify for Business Property Relief for UK inheritance tax purposes.

PART V

ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names appear on page 8, and the Company accept responsibility for the information contained in this Document. To the best of the knowledge of the Directors and the Company (who have each taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and contains no omission likely to affect its import.

2. The Company

- 2.1 The Company was incorporated in England and Wales on 15 September 2017 with the name 'VR Arcades Limited' with registration number 10964782. The Company changed its name to 'Immotion Acquisitions Limited' on 20 September 2017 and to 'Immotion Group Limited' on 18 October 2017. On 25 June 2018 the Company re-registered as a public limited company with the name 'Immotion Group PLC'.
- 2.2 The principal legislation under which the Company operates, and pursuant to which the Ordinary Shares have been created, is the Companies Act.
- 2.3 The Company's registered office is located at East Wing, Ground Floor The Victoria, Mediacity, Manchester, M50 3SP. The Company's telephone number is +44 161 235 8505.
- 2.4 The Company's website, at which the information required by the AIM Rules can be found is, <https://immotion.co.uk>.
- 2.5 The financial year end of the Company is 31 December and the Company is domiciled in the UK.

3. Share Capital History

- 3.1 On incorporation of the Company, the Company issued, the following ordinary shares in the Company, credited as fully paid:
 - 3.1.1 two ordinary shares of £1.00 each to Martin James Higginson; and
 - 3.1.2 one ordinary share of £1.00 to David Marks.
- 3.2 On 4 October 2017, the Company sub-divided its existing ordinary share capital of three Ordinary Shares of £1.00 each into 300 ordinary shares of £0.01 each.
- 3.3 On 12 December 2017, the following ordinary shares of £0.01 each were issued to the subscribers listed below, credited as fully paid:
 - 3.3.1 5,794 ordinary shares to Martin James Higginson;
 - 3.3.2 2,897 ordinary shares to David Marks; and
 - 3.3.3 376 ordinary shares to Alasdair William Ritchie.
- 3.4 On 12 December 2017 the Company issued an aggregate of 16,000 ordinary shares of £0.01 each, credited as fully paid, in relation to the acquisition of the entire issued share capital of Immotion Studios, as further described in paragraph 13.1 of this Part V.
- 3.5 On 21 December 2017 the Company issued 3,015 ordinary shares of £0.01 each to each of Kenneth Roy Musen and Rodney David Findley, credited as fully paid, in relation to the acquisition of the entire issued share capital of C2K, as further described in paragraph 13.2 of this Part V.
- 3.6 On 22 December 2017, the Company issued the following number of ordinary shares of £0.01 each, credited as fully paid, to the subscribers listed below:
 - 3.6.1 758 ordinary shares to Alasdair William Ritchie;

- 3.6.2 1,000 ordinary shares to Gary Martin;
 - 3.6.3 76 ordinary shares to Griffin Stenger;
 - 3.6.4 100 ordinary shares to Cameron Ritchie;
 - 3.6.5 100 ordinary shares to Duncan Ritchie;
 - 3.6.6 379 ordinary shares to John Ketcham;
 - 3.6.7 1,000 ordinary shares to Charles Robert Leonard Shepherd;
 - 3.6.8 500 ordinary shares to John Alexander Glynn Davies;
 - 3.6.9 1,000 ordinary shares to Pitchcroft Capital Limited;
 - 3.6.10 500 ordinary shares to Gabriel Fysh; and
 - 3.6.11 500 ordinary shares to Spencer Moulton.
- 3.7 On 8 January 2018, the Company issued an aggregate of 9,105 ordinary shares of £0.01 each, credited as fully paid, in relation to the acquisition of the entire issued share capital of VR Acquisition, as further described in paragraph 3.3 of this Part V.
- 3.8 On 1 February 2018, the Company issued the following number of ordinary shares of £0.01 each, credited as fully paid, to the subscribers listed below:
- 3.8.1 500 ordinary shares to Broadway Ventures Limited;
 - 3.8.2 758 ordinary shares to Rodney David Findley;
 - 3.8.3 400 ordinary shares to Nicolas Papaioannou;
 - 3.8.4 750 ordinary shares to Colston Trustees Ltd as Trustees of Curtis Banks SIPP – T Santry;
 - 3.8.5 750 ordinary shares to Colston Trustees Ltd as Trustees of Curtis Banks SIPP – C W Stemp; and
 - 3.8.6 750 ordinary shares to Colston Trustees Ltd as Trustees of Curtis Banks SIPP – M Stemp.
- 3.9 On 12 April 2018, the Company issued the following number of ordinary shares of £0.01 each, credited as fully paid, to the subscribers listed below:
- 3.9.1 70 ordinary shares to Patrick Brennan; and
 - 3.9.2 364 ordinary shares to Storia Credit Holdings Limited.
- 3.10 On 23 April 2018, the Company issued 76 ordinary shares of £0.01 each, credited as fully paid, to Sure Ventures plc.
- 3.11 On 14 May 2018, the Company issued the following number of ordinary shares of £0.01 each, credited as fully paid, to the subscribers listed below:
- 3.11.1 634 ordinary shares to JIM Nominees Limited; and
 - 3.11.2 158 ordinary shares to Peter Edmondson.
- 3.12 On 22 June 2018, the Company passed resolutions to:
- 3.12.1 authorise the directors to capitalise certain of the Company's share premium account up to an aggregate nominal amount of £51,625.00 and to apply such sum in paying up in full 5,162,500 ordinary shares of £0.01 each and to allot and issue such shares to the existing holders of the ordinary shares of £0.01 each in the capital of the Company on a pre-emptive basis at a rate of issuing an additional 100 ordinary shares of £0.01 each for every 1 ordinary share of £0.01 each held as at 5:00pm on the circulation date of the resolution; and

- 3.12.2 sub-divide its entire issued share capital such that 5,214,125 ordinary shares of £0.01 be sub-divided into 10,428,250 ordinary shares of £0.005 each in the capital of the Company.
- 3.13 On 2 July 2018, the Company received a conversion notice, conditional on Admission, from Sure Ventures. On Admission, the loan notes, together with all accrued interest, will convert into 7,851,622 Ordinary Shares, to be issued to Sure Ventures credited as fully paid.
- 3.14 On 9 July, the Company passed a resolution to sub-divide its entire issued share capital such that 10,428,250 ordinary shares of £0.005 each be sub-divided into 129,999,968 Ordinary Shares of £0.0004108663 each in the capital of the Company.
- 3.15 On 9 July 2018 the Company adopted the Articles, conditional on Admission, in substitution for and to the exclusion of the Company's then existing articles of association.
- 3.16 There are no shares not representing capital in issue.

4. Group Structure

As at 1 July 2018, being the latest practicable date prior to publication of this Document, the Company had the following subsidiaries:

<i>Subsidiary</i>	<i>% of issued share capital held</i>
Abominable Snowman Limited	50*
C.2K Entertainment, Inc	100
Immotion Studios Limited	100
Immotion VR Limited	100**
Studio Liddell Limited	100*
VR Acquisition (Holdings) Limited	100

*share capital held via Immotion Studios Limited.

**share capital held via VR Acquisition (Holdings) Limited.

5. Share capital

- 5.1 The following table shows the issued and fully paid shares of the Company at the date of this Document:

<i>Class of Share</i>	<i>Number</i>	<i>Issued and Credited as Fully Paid Amount Paid up (£)</i>
Ordinary	129,999,968*	52,141.25*

*assuming that the loan notes issued to Sure Ventures remain unconverted.

- 5.2 Assuming that the Placing is fully subscribed, the issued and fully paid shares of the Company immediately following Admission is expected to be as shown in the following table:

<i>Class of Share</i>	<i>Number</i>	<i>Issued and Credited as Fully Paid Amount Paid up (£)</i>
Ordinary	195,351,590	78,352.74

- 5.3 Save as disclosed in this Document, as at the date of this Document, the Company will have no short, medium or long term indebtedness.
- 5.4 Save as disclosed in this Document, as at the date of this Document and immediately following Admission, no person will hold options over any Ordinary Shares or other securities in the capital of the Company.
- 5.5 Pursuant to resolutions passed on 9 July 2018, the Company resolved that, conditional on Admission, the Directors be generally and unconditionally authorised to:
- 5.5.1 to issue equity securities, in accordance with section 551 of the Companies Act, with an aggregate nominal value of up to £23,062.49 to be issued pursuant to the Placing provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the

earlier of the date falling 15 months after the passing of this resolution and the conclusion of the first annual general meeting of the Company held after the date of passing of this Resolution, save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired;

5.5.2 conditional upon the authority described in paragraph 5.5.1 above, issue equity securities for cash provided that this power:

5.5.2.1 shall be limited to the allotment of shares with an aggregate nominal value of up to £23,062.49 to be issued pursuant to the Placing; and

5.5.2.2 shall, unless renewed, varied or revoked by the Company, expire on the earlier of the date falling 15 months after the passing of this resolution and the conclusion of the first annual general meeting of the Company held after the date of passing of the resolution, save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted (or treasury shares to be sold) after the authority expires and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority had not expired;

5.5.3 to issue equity securities, in accordance with section 551 of the Companies Act, with an aggregate nominal value of up to £3,841.06 in relation to any proposed conversion of the loan notes issued to Sure Ventures and in respect of the Adviser Warrants provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the earlier of the date falling 15 months after the passing of this resolution and the conclusion of the first annual general meeting of the Company held after the date of passing of this Resolution, save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired;

5.5.4 conditional upon the authority described in paragraph 5.5.3 above, issue equity securities for cash provided that this power:

5.5.4.1 shall be limited to the allotment of shares with an aggregate nominal value of up to £3,841.06 in relation to any proposed conversion of the loan notes issued to Sure Ventures and in respect of the Adviser Warrants; and

5.5.4.2 shall, unless renewed, varied or revoked by the Company, expire on the earlier of the date falling 15 months after the passing of this resolution and the conclusion of the first annual general meeting of the Company held after the date of passing of the resolution, save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted (or treasury shares to be sold) after the authority expires and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority had not expired;

5.5.5 to issue equity securities, in accordance with section 551 of the Companies Act:

5.5.5.1 up to an aggregate nominal amount of £52,237.89 (such amount to be reduced by the nominal amount of any equity securities allotted pursuant the authority in paragraph 5.5.6.2 below) in connection with an offer by way of a rights issue:

- (a) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
- (b) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements,

record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

5.5.5.2 in any other case, up to an aggregate nominal amount of £26,115.03 (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in paragraph 5.5.5.1(b) above in excess of £26,115.03),

provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the earlier of the date falling 15 months after the passing of this resolution and the conclusion of the first annual general meeting of the Company held after the date of passing of the resolution, save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

5.5.6 conditional upon the authority described in paragraph 5.5.5 above, issue equity securities for cash provided that this power shall be limited to:

5.5.6.1 the allotment of equity securities in connection with an offer of equity securities (but, in the case of the authority granted under paragraph 5.5.5 above, by way of rights issue only):

- (a) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
- (b) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

5.5.6.2 the allotment of equity securities or sale of treasury shares (other than under paragraph 5.5.6.1(a) and 5.5.6.1(b)) up to an aggregate nominal amount of £7,835.30, being 10% of the Enlarged Share Capital,

provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the earlier of the date falling 15 months after the passing of this resolution and the conclusion of the first annual general meeting of the Company held after the date of passing of the resolution, save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted (or treasury shares to be sold) after the authority expires and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority had not expired.

5.6 Save as disclosed in this Document:

5.6.1 no share or loan capital of the Company has been issued or is proposed to be issued;

5.6.2 no person has any preferential subscription rights for any shares of the Company;

5.6.3 no share or loan capital of the Company is unconditionally to be put under option; and

5.6.4 no commissions, discounts, brokerages or other special terms have been granted by the Company since its incorporation in connection with the issue or sale of any share or loan capital of the Company.

5.7 All Ordinary Shares in issue at the date of this Document are in registered form and, subject to the provisions of the CREST Regulations, the Directors may permit the holding of shares in any class in uncertificated form and title to such shares may be transferred by means of a relevant system (as defined in the CREST Regulations). Where Ordinary Shares are held in certificated form, share certificates will be sent to the respective Shareholders by first-class post.

- 5.8 Pursuant to section 630 of the Companies Act and the provisions of the Articles, the rights attaching to the Ordinary Shares may be amended or varied following the passing of a Special Resolution of the Members. The provisions of the Articles governing the conditions under which the Company may alter its share capital are no more stringent than the Companies Act.
- 5.9 The provisions of section 561(1) of the Companies Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash otherwise by way of allotment to employees under an employees' share scheme as defined in section 1166 of the Companies Act) apply to the issue of Ordinary Shares except to the extent that such provisions have been disapplied as referred to in paragraph 5.5 above.
- 5.10 The Ordinary Shares will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions declared thereafter, made or paid on the ordinary share capital of the Company.
- 5.11 The Ordinary Shares have the rights and are subject to the restrictions referred to in paragraph 6 of this Part V.
- 5.12 Whilst disclosure of shareholdings is not a requirement of the Articles, Rule 17 of the AIM Rules makes provisions regarding notification of certain shareholders and holdings of financial instruments. Where a person holds three per cent. or more of the voting rights in any class of AIM security, then the person has an obligation to make a notification to the FCA and the Company of the percentage of voting rights held where that percentage reaches, exceeds or falls below three per cent. or any whole percentage figure above three per cent. The requirement to notify also applies where a person is an indirect Shareholder and can acquire, dispose of or exercise voting rights in certain cases.
- 5.13 The currency of the issue is pounds sterling.
- 5.14 The Company does not, nor does any member of the Group, hold any share capital as treasury shares. No member of the Group holds any Ordinary Shares.

6. Articles of Association of the Company

- 6.1 Set out below is a summary of the provisions of the Articles of Association of the Company, adopted on 9 July 2018 conditional on Admission:

6.1.1 Objects

Pursuant to section 31 of the Companies Act, the objects for which the Company is established are unrestricted and the Company has full power and authority to carry out any object not prohibited by law.

6.1.2 Liability

The liability of the Shareholders is limited to the amount, if any, unpaid on the Ordinary Shares respectively held by them.

6.1.3 Share Capital

The Company's share capital currently consists of Ordinary Shares. The Company may issue shares with such rights or restrictions as may be determined by ordinary resolution, including shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder of such shares.

6.1.4 Alteration of Share Capital

The Company may exercise the powers conferred by the applicable statutory provisions to:

6.1.4.1 increase its share capital by allotting new shares;

6.1.4.2 reduce its share capital, any capital redemption reserve and any share premium account in any way;

6.1.4.3 subdivide or consolidate and divide all or any of its share capital;

6.1.4.4 redenominate all or any of its shares and reduce its share capital in connection with such redenomination;

6.1.4.5 issue redeemable shares; and

6.1.4.6 purchase all of any of its own shares including any redeemable shares.

6.1.5 Voting

The Shareholders have the right to receive notice of, and to vote at, general meetings of the Company. Each Shareholder who is present in person (or, being a corporation, by representative) at a general meeting on a show of hands has one vote and, on a poll, every such holder who is present in person (or, being a corporation, by representative) or by proxy has one vote in respect of every share held by him.

6.1.6 Dividends

The Company may, subject to the provisions of the Companies Act and the Articles, by ordinary resolution from time to time declare dividends to be paid to members not exceeding the amount recommended by the Directors. Subject to the provisions of the Companies Act in so far as, in the Directors' opinions, the Company's profits justify such payments, the Directors may pay interim dividends on any class of shares except for shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. Any dividend, unclaimed after a period of 12 years from the date such dividend was declared or became payable shall, if the Directors resolve, be forfeited and revert to the Company. The Company does not pay interest on any dividend unless otherwise provided by the terms on which the shares were issued or the provision of another agreement.

6.1.7 Transfer of Ordinary Shares

Save as described below, the Ordinary Shares are freely transferable.

Each member may transfer all or any of his shares which are in certificated form by means of an instrument of transfer in any usual form or in any other form which the Directors may approve. Each member may transfer all or any of his shares which are in uncertificated form by means of a relevant system in such manner provided for, and subject as provided in, the uncertificated securities rules.

The Board may, in its absolute discretion, refuse to register a transfer of certificated shares unless:

- (i) it is for a share which is fully paid up;
- (ii) it is for a share upon which the Company has no lien;
- (iii) it is only for one class of share;
- (iv) it is in favour of a single transferee or no more than four joint transferees;
- (v) it is duly stamped or is duly certificated or otherwise shown to the satisfaction of the Board to be exempt from stamp duty; and
- (vi) it is delivered for registration to the registered office of the Company (or such other place as the Board may determine), accompanied (except in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued or in the case of a renunciation) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor (or person renouncing) and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so.

The Directors may refuse to register a transfer of uncertificated shares in any circumstances that are allowed or required by the uncertificated securities rules and the relevant system.

6.1.8 Allotment of shares and pre-emption rights

Subject to the Companies Act and the Articles and in accordance with section 551 of the Companies Act, the Directors shall be generally and unconditionally authorised to exercise for each prescribed period, all the powers of the Company to allot shares up to an aggregate nominal amount equal to the amount stated in the relevant special resolution passed pursuant to section 561 of the Companies Act, authorising such allotment.

Under and within the terms of the said authority or otherwise in accordance with section 570 of the Companies Act, the Directors shall be empowered during each prescribed period to allot equity securities (as defined in the Companies Act), wholly for case:

- (i) in accordance with a rights issue (as defined in the Articles); or
- (ii) otherwise than in connection with a rights issue up to an aggregate nominal amount equal to the amount stated in the relevant ordinary or special resolution passed pursuant to section 551 of the Companies Act, authorising such allotment.

6.1.9 Directors

Unless otherwise determined by the Company by ordinary resolution, the number of Directors (other than any alternate Directors) shall not be less than two, but there shall be no maximum number of Directors.

Subject to the Articles and the Companies Act, the Company may by ordinary resolution appoint a person who is willing to act as a Director and the Board shall have power at any time to appoint any person who is willing to act as a Director, in both cases either to fill a vacancy or as an addition to the existing Board.

At every subsequent annual general meeting any director who:

- (i) has been appointed by the Directors since the last annual general meeting; or
- (ii) was not appointed or re-appointed at one of the preceding three annual general meetings,

must retire from office and may offer themselves for reappointment by the Shareholders by ordinary resolution.

Subject to the provisions of the Articles, the Board, which may exercise all the powers of the Company, may regulate their proceedings as they think fit. A Director may, and the secretary at the request of a Director shall, call a meeting of the Directors.

The quorum for a Directors' meeting shall be fixed from time to time by a decision of the Directors, but it must never be less than two and unless otherwise fixed, it is two.

Questions arising at a meeting shall be decided by a majority of votes of the participating directors, with each director having one vote. In the case of an equality of votes the chairman shall have a second or casting vote.

The Directors shall be entitled to receive such remuneration as the Directors shall determine for their services to the Company as directors and for any other service which they undertake for the Company provided that the aggregate fees payable to the Directors must not exceed £200,000.00 or such higher amount as may from time to time be decided by ordinary resolution of the Company. The Directors shall also be entitled to be paid all reasonable expenses properly incurred by them in connection with their attendance at meetings of Shareholders or class meetings, board or committee meetings or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

The Board may, in accordance with the requirements in the Articles, authorise any matter proposed to them by any Director which would, if not authorised, involve a Director breaching his duty under the Companies Act to avoid conflicts of interests.

A Director seeking authorisation in respect of such conflict shall declare to the Board the nature and extent of his interest in a conflict as soon as is reasonably practicable. The Director shall provide the Board with such details of the matter as are necessary for the Board to decide how to address the Conflict together with such additional information as may be requested by the Board.

Any authorisation by the Board will be effective only if:

- (i) to the extent permitted by the Companies Act, the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of the Articles;
- (ii) any requirement as to the quorum for consideration of the relevant matter is met without counting the conflicted Director and any other conflicted Director; and
- (iii) the matter is agreed to without the conflicted Director voting or would be agreed to if the conflicted Director's and any other interested Director's vote is not counted.

6.1.10 General meetings

The Company must convene and hold annual general meetings in accordance with the Companies Act.

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the choice or appointment of a chairman of the meeting which shall not be treated as part of the business of the meeting. Save as otherwise provided by the articles, two Shareholders present in person or by proxy and entitled to vote shall be a quorum for all purposes.

6.1.11 Subject to these Articles and the Companies Act, the Board may exercise all the powers of the Company to:

- (i) borrow money;
- (ii) indemnify and guarantee;
- (iii) mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company;
- (iv) create and issue debentures and other securities; and
- (v) give security either outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Board shall restrict the borrowings of the Company so as to ensure that the aggregate amount of such borrowings (excluding intra-group borrowings) shall not, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to two times the Adjusted Capital and Reserves (as defined in the Articles).

6.1.12 Capitalisation of profits

The Directors may, if they are so authorised by an ordinary resolution of the Shareholders, decide to capitalise any undivided profits of the Company (whether or not they are available for distribution), or any sum standing to the credit of the Company's share premium account or capital redemption reserve. The Directors may also, subject to the aforementioned ordinary resolution, appropriate any sum which they so decide to capitalise to the persons who would have been entitled to it if it were distributed by way of dividend and in the same proportions.

6.1.13 Indemnity

As far as the Companies Act allows, the Company may:

- 6.1.13.1 indemnify any Director of the Company (or of an associated body corporate) against any liability;
- 6.1.13.2 indemnify any director of a company that is a trustee of an occupational pension scheme for employees (or former employees) of the Company (or of an associated body corporate) against liability incurred in connection with the company's activities as trustee of the scheme;
- 6.1.13.3 purchase and maintain insurance against any liability for any director referred to in 6.1.13.1 or 6.1.13.2 above; and
- 6.1.13.4 provide any director referred to in 6.1.13.1 or 6.1.13.2 above with funds (whether by loan or otherwise) to meet expenditure incurred or to be incurred by him in defending any criminal, regulatory or civil proceedings or in connection with an application for relief (or to enable any such director to avoid incurring such expenditure).

6.1.14 Return of capital

On a winding up of the Company, the Company's assets available for distribution will be divided among the members in proportion to the nominal amount paid up in respect of the shares held by them, subject to any rights attached to any shares. The liquidator may divide among the members in kind the whole or any part of the Company's assets. The liquidator may set the value he deems fair on any property of the Company and determine how the division is to be carried out between members or classes of members of the Company. The liquidator may not distribute to a member without his consent an asset to which there is attached a liability or potential liability for the owner.

6.1.15 Uncertificated Shares

Subject to the Companies Act, the Directors may permit title to shares of any class to be issued or held otherwise than by a certificate and to be transferred by means of a relevant system without a certificate.

The Directors may take such steps as it sees fit in relation to the evidencing of and transfer of title to uncertificated shares, any records relating to the holding of uncertificated shares and the conversion of uncertificated shares to certificated shares, or vice-versa.

The Company may by notice to the holder of an uncertificated share, require that share to be converted into certificated form.

The Board may take such other action that the Board considers appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of an uncertificated share or otherwise to enforce a lien in respect of it.

6.1.16 Save as otherwise disclosed in this Document there are no provisions in the Articles:

- 6.1.16.1 which would have an effect of delaying, deferring or preventing a change of control of the Company;
- 6.1.16.2 governing the ownership threshold above which shareholder ownership must be disclosed;
- 6.1.16.3 governing changes in the capital which are more stringent than is required by law.

7. Directorships and Partnerships

In addition to their directorships of the Company, the Directors are, or have been, members of the administrative, management or supervisory bodies (“**directorships**”) or partners of the following companies or partnerships, at any time in the five years prior to the date of this Document.

Current Directors:

Martin James Higginson

Current directorships and partnerships

Britten House Limited
Conkwell Grange Estate (SPV) LLP
Digitalbox Group Ltd
Digitalbox Innovations Ltd
Digitalbox Publishing (Holdings) Limited
Ellel Garden Village LLP
Immotion Studios Limited
Immotion VR Limited
M Capital Investment Partners Limited
M Capital Investment Partners (Holdings) Limited
M Capital Management Limited
M Capital Nominees LLP
M Capital (West Halkin) Limited
Miaccom Developments Limited
Miaccom Limited
Netperform Limited
The Broadway (SPV) Limited
Triangle Investments (Lancaster) LLP
VR Acquisition (Holdings) Limited
VRZONE Limited (*in the process of being dissolved*)

Former directorships and partnerships

Digitalbox Publishing Limited
Elms Hall (SPV) Limited
Gamesko Limited
Hindley Investments Limited (*dissolved*)
IDE Group Holdings PLC
Interactive Dating & Entertainment Limited
M Capital Developments Limited
MIM1 Limited
MIM2 Limited
MIM3 Limited
MIM4 Limited
Sarah Earl Productions Limited
SDE Digital Entertainment Group Limited
SDE Digital Entertainment Limited

Rodney David Findley

Current directorships and partnerships

C.2K Entertainment, Inc.

Former directorships and partnerships

Nicholas Lee

Current directorships and partnerships

ACL Capital Limited
Boustead Agriculture Limited
Chiswick School
JL Services Limited
MX Oil plc
Paternoster Resources plc
Pires Investments plc

Former directorships and partnerships

Atlas Oil and Gas Limited
Boustead Renewables Limited
London Capital Group Holdings plc
Plutus Powergen plc
Polemos plc
Metal Tiger plc
Viridas Limited (*dissolved*)

Ian Liddell

Current directorships and partnerships

Abominable Snowman Limited
Immotion Studios Limited
Liddell Jones Limited
Ranger Rob UK Limited

Former directorships and partnerships

Cuddly Monster Productions Limited
(*dissolved*)
Flipbook Limited
Lunar Productions Limited (*dissolved*)
SL360 Limited (*dissolved*)
Superschool Productions Limited (*dissolved*)
The Orchids (Westhoughton) Management Company Limited

David Marks

Current directorships and partnerships

Digitalbox Group Ltd
Digitalbox Innovations Ltd
Digitalbox Publishing (Holdings) Limited
Digitalbox Publishing Limited
Immotion Studios Limited
Lanton Investments Limited
M Capital Investment Partners (Holdings) Limited
Netperform Limited
Studio Liddell Limited
VR Acquisition (Holdings) Limited

Former directorships and partnerships

Abominable Snowman Limited
Cuddly Monster Productions Limited
(*dissolved*)
Immotion VR Limited
Lunar Productions Limited (*dissolved*)
Superschool Productions Limited (*dissolved*)
Revcontent UK Ltd
Steribottle Global Limited
Steribottle Ltd
VRZONE Limited (*in the process of being dissolved*)

Sir Robin William Miller

Current directorships and partnerships

Bikesport New.com Limited
Brave Bison Group PLC
Crash Media Group Limited
Dennis Maps Limited
Digitalbox Group Ltd
Gruppo Media Limited
IBIS Media VCT 1 PLC (*in liquidation*)
Premier Education Group PLC
Rider for Health (*in liquidation*)
Robin Miller Consultants Limited
Stradbrook Acquisition (Holdings) Limited
The Golf Foundation
Tristar Communications Limited
Widford Press Limited

Former directorships and partnerships

Amistha Holdings Limited
Butler, Tanner & Dennis Holdings Limited
(*dissolved*)
Butler, Tanner & Dennis Limited (*dissolved*)
Butler, Tanner & Dennis Maps Limited
(*dissolved*)
East of England Showground Services Limited
Stradbrook Acquisitions (Holdings) Limited
The Philanthropy Foundation Limited
Time Out Group PLC

8. Directors' confirmations

8.1 The Directors have held the following directorships in companies that have been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration or company voluntary arrangement or which entered into any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company:

<i>Director(s)</i>	<i>Company</i>	<i>Details</i>
Martin Higginson	Armco Development Limited	Dissolved on 12 May 2015 via an application for voluntary strike-off
Martin Higginson	Interactive Digital Entertainment Limited	Dissolved on 8 November 2013 via an application for voluntary strike-off
Martin Higginson	Digitalbox.Labs Limited	Dissolved on 8 March 2016 via an application for voluntary strike-off
Martin Higginson	Digitalbox Network Limited	Dissolved on 8 March 2016 via an application for voluntary strike-off
Martin Higginson	Elms Hall (SPV) Limited	Dissolved on 29 March 2016 via an application for members voluntary liquidation dated 18 December 2014
Martin Higginson	MIM1 Limited	Dissolved on 16 September 2014 via an application for voluntary strike-off
Martin Higginson	MIM2 Limited	Dissolved on 16 September 2014 via an application for voluntary strike-off

<i>Director(s)</i>	<i>Company</i>	<i>Details</i>
Martin Higginson	MIM3 Limited	Dissolved on 16 September 2014 via an application for voluntary strike-off
Martin Higginson	MIM4 Limited	Dissolved on 16 September 2014 via an application for voluntary strike-off
Martin Higginson	MIM5 Limited	Dissolved on 16 September 2014 via an application for voluntary strike-off
Martin Higginson	Monsternob Group plc	In the process of being dissolved for an application for administration issued by the directors on 24 May 2017. The administrators issued their report on 11 May 2018 confirming that there are insufficient funds available to be made to ordinary unsecured creditors and that notice would be filed with the Registrar of Companies to dissolve the Company
Martin Higginson	Voucherbag.com Limited	Dissolved on 13 October 2015 via an application for voluntary strike-off
Martin Higginson and David Marks	VRZONE Limited	In the process of being dissolved via an application for voluntary strike-off
Nicholas Lee	Viridas Limited	Dissolved on 1 October 2013 via an application for voluntary strike-off
Ian Liddell and David Marks	Cuddly Monster Productions Limited	Dissolved on 29 November 2016 via an application for voluntary strike-off
Ian Liddell and David Marks	Lunar Productions Limited	Dissolved on 29 November 2016 via an application for voluntary strike-off
Ian Liddell and David Marks	Superschool Productions Limited	Dissolved on 29 November 2016 via an application for voluntary strike-off
Ian Liddell	SL3660 Limited	Dissolved on 5 September 2017 via an application for voluntary strike-off
David Marks	Active You Limited	Dissolved on 15 March 2016 via an application for voluntary strike-off
David Marks	Captive Energy International plc	Dissolved on 5 December 2015 via an application for members voluntary liquidation dated 18 June 2015.
David Marks	Monsternob Ltd	Dissolved in 2009 via a members voluntary liquidation dated 3 September 2007
David Marks	Phunky Ltd	Dissolved in 2009 via a members voluntary liquidation dated 3 September 2007
David Marks	Mobiprom Ltd	Dissolved in 2009 via a members voluntary liquidation dated 3 September 2007
David Marks	Gay Street Realisations Limited	Dissolved on 15 March 2016 via an application for voluntary strike-off
David Marks	Digitalbox Netperform Limited	Dissolved on 15 March 2016 via an application for voluntary strike-off
David Marks	Leadbooster Ltd	Dissolved on 15 March 2016 via an application for voluntary strike-off

<i>Director(s)</i>	<i>Company</i>	<i>Details</i>
Sir Robin Miller	Entertainment Rights plc	Dissolved on 30 December 2010 via an administration
Sir Robin William Miller	Butler, Tanner & Dennis Holdings Limited	Dissolved on 31 January 2017 via a creditors voluntary liquidation
Sir Robin William Miller	Butler, Tanner & Dennis Limited	Dissolved on 28 May 2017 via an application for voluntary strike-off
Sir Robin William Miller	Butler, Tanner & Dennis Maps Limited	Dissolved on 28 March 2017 via a liquidation with no sums remaining owing
Sir Robin William Miller	IBIS Media VCT 1 PLC	In the process of being liquidated via an application for members voluntary winding up dated 18 January 2017
Sir Robin William Miller	Riders for Health	In the process of being liquidated via an application for members voluntary winding up dated 22 June 2016
Sir Robin Miller	Setanta Sports Holdings Limited	Entered administration on 23 June 2009

8.2 Save as set out in this Document and as at the date of this Document no Director:

8.2.1 has any unspent convictions in relation to indictable offences;

8.2.2 has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such Director;

8.2.3 has been a director of any company which, while he was a director or within 12 months after he ceases to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors;

8.2.4 has been a partner of any partnership which, while he was a partner or within 12 months after he ceases to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset;

8.2.5 has had any public criticism and/or sanction by statutory or regulatory authorities (including designated professional bodies); or

8.2.6 has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

9. Directors' interests

9.1 The table below sets out the interests that the Directors have or will have on or following Admission in the share capital of the company, together with details of the amount and percentage of immediate dilution, if any, of their interests in the capital of the Company as a result of the Placing:

Interests immediately following Admission

<i>Director</i>	<i>No. of Ordinary Shares prior to Admission</i>	<i>No. of Options prior to Admission</i>	<i>Percentage of issued Ordinary Share capital prior to Admission (%)¹</i>	<i>Percentage of Enlarged Share Capital (%)²</i>
Martin James Higginson	23,109,514	1,950,000	17.78	11.83
Rodney David Findley	9,501,016	1,250,000	7.31	4.86
Nicholas Lee	239,225 ³	–	0.18	0.12
Ian Liddell	4,902,857	1,000,000	3.77	2.51
David Marks	9,767,580	1,750,000	7.51	5.00
Sir Robin William Miller	350,024	–	0.27	0.18

1 shareholdings calculated as at 11 July 2018 and with the convertible loan notes issued to Sure Ventures remaining unconverted and excluding any Options.

2 excluding any Options.

3 held via JIM Nominees Limited.

9.2 As at 11 July 2018, Immotion Studios is owed:

9.2.1 £9,900.00 from Ian Liddell; and

9.2.2 £14,490.00 from David Marks,

each being a Director and a director of Immotion Studios, pursuant to director loan agreements entered into on 24 August 2017.

9.3 Save as set out in paragraph 9.2 above, there are no loans made or guarantees granted or provided by any member of the Group to or for the benefit of any Director.

9.4 Save as disclosed in this Document, none of the Directors has any potential conflicts of interest between their duties to the Company and their private interests or other duties they may also have.

9.5 Save as disclosed in this Document, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by the Company or any of its subsidiaries during the current or immediately preceding financial year or which was effected by the Company or any of its subsidiaries during any earlier financial year and remains in any respect outstanding or unperformed.

9.6 None of the Directors or members of their family has a financial product whose value in whole or in part is determined directly or indirectly by reference to the price of the Ordinary Shares.

10. Directors' Service Agreements and Letters of Appointment

The Directors have entered into service agreements or letters of appointment which are summarised below. Save for these agreements there are no service agreements or letters of appointment between a Director and the Company or any Subsidiaries not determinable without payment of compensation (other than statutory compensation) within one year and none are proposed to be entered into.

10.1 Executive Directors' Service Agreements

10.1.1 The Company and Martin Higginson have entered into a service agreement dated 11 July 2018, conditional on Admission, whereby Martin Higginson was appointed as Group Chief Executive Officer with effect from 12 July 2018. The service agreement is for an initial fixed term of 12 months and thereafter may be terminated by either party serving at least 6 months' written notice. The service agreement contains provisions for the Company to terminate the agreement immediately and without any notice following the payment in lieu of notice to Martin Higginson. The basic annual salary payable to Martin Higginson is £195,000.00 per annum to be reviewed annually by the Remuneration Committee (without any obligation to increase the same). The Director is entitled to participate in the Company's share option scheme and the Company may, at its discretion, pay the Director a bonus, satisfied via cash or the issue of Ordinary Shares

(or a combination of the two), of up to 1 times his annual salary at such times as may be determined by the Remuneration Committee. In addition, the Director is entitled to 30 days' holiday entitlement each calendar year. The service agreement contains restrictive covenants for a period of 12 months following the termination of Martin's employment. The service agreement will replace the Company's existing undocumented arrangement with Martin whereby he, via his service company, receives a fee of £14,583.33 plus VAT per calendar month for his services.

- 10.1.2 The Company and David Marks have entered into a service agreement dated 11 July 2018, conditional on Admission, whereby David Marks was appointed as Group Finance Director with effect from 12 July 2018. The service agreement is for an initial fixed term of 12 months and thereafter may be terminated by either party serving at least 6 months' written notice. The service agreement contains provisions for the Company to terminate the agreement immediately and without any notice following the payment in lieu of notice to David Marks. The basic annual salary payable to David Marks is £175,000.00 per annum to be reviewed annually by the Remuneration Committee (without any obligation to increase the same). The Director is entitled to participate in the Company's share option scheme and the Company may, at its discretion, pay the Director a bonus, satisfied via cash or the issue of Ordinary Shares (or a combination of the two), of up to 1 times his annual salary at such times as may be determined by the Remuneration Committee. In addition, the Director is entitled to 30 days' holiday entitlement each calendar year. The service agreement contains restrictive covenants for a period of 12 months following the termination of David's employment. The service agreement will replace the Company's existing undocumented arrangement with David whereby he receives, via his service company, a fee of £12,500.00 plus VAT per calendar month for his services.
- 10.1.3 Rod Findley entered into an Employment Agreement ('the Employment Agreement') with C.2K Entertainment Inc. ('C2K') on 21 December 2017 to serve as Group Managing Director of C2K. C2K is a subsidiary of the Company. The Employment Agreement provides his terms and conditions of employment with C2K and is subject to US law. The Company and Rodney Findley have entered into a separate service agreement, conditional on Admission dated 11 July 2018, which governs his appointment as director of the Company. The service agreement confirms that Rodney Findley was appointed as Group Commercial Director with effect from 12 July 2018. The service agreement is for an initial fixed term of 12 months and thereafter may be terminated by either party serving at least 6 months' written notice. The service agreement (as amended by the side letter) contains provisions for the Company to terminate the agreement immediately and without any notice. The basic annual salary payable to Rodney Findley under the Employment Agreement is £125,000 per annum (payable in US dollars) to be reviewed annually by the Remuneration Committee (without any obligation to increase the same). No additional remuneration is payable under the service agreement. The Director is entitled to participate in the Company's share option scheme and the Company may, at its discretion, pay the Director a bonus, satisfied via cash or the issue of Ordinary Shares (or a combination of the two), of up to 1 times his annual salary at such times as may be determined by the Remuneration Committee. In addition, the Director is entitled to 20 days' holiday entitlement each calendar year pursuant to his Employment Agreement. The service agreement contains restrictive covenants for a period of 12 months following the termination of the service agreement. The Employment Agreement also contains restrictive covenants but these covenants are only enforceable to the extent that C2K continues to pay the Director his salary and benefits during the term of the restriction
- 10.1.4 The Company and Ian Liddell have entered into a service agreement dated 11 July 2018, conditional on Admission, whereby Ian Liddell was appointed as Group Creative Director with effect from 12 July 2018. The service agreement is for an initial fixed term of 12 months and thereafter may be terminated by either party serving at least 6 months' written notice. The service agreement contains provisions for the Company to terminate the agreement immediately and without any notice following the payment in lieu of notice to Ian Liddell. The basic annual salary payable to Ian Liddell is £100,000.00 per annum to be reviewed annually by the Remuneration Committee (without any obligation to increase the same). The Director is entitled to participate in the Company's share option

scheme and the Company may, at its discretion, pay the Director a bonus, satisfied via cash or the issue of Ordinary Shares (or a combination of the two), of up to 1 times his annual salary at such times as may be determined by the Remuneration Committee. In addition, the Director is entitled to 30 days' holiday entitlement each calendar year. The service agreement contains restrictive covenants for a period of 12 months following the termination of Ian's employment.

10.2 Non-Executive Directors' Letters of Appointment

- 10.2.1 The Company and Sir Robin Miller have entered into a letter of appointment dated 11 July 2018, conditional on Admission, whereby Sir Robin was appointed as a Non-Executive Chairman of the Company. The appointment is for an initial fixed term of 12 months commencing on Admission, subject to Sir Robin offering himself up for re-election at the Company's first annual general meeting following Admission. The appointment may be terminated by either party giving one months' written notice. The agreement contains provisions for early termination in the event, *inter alia*, of a serious or repeated breach of the agreement by the Director or where the Director is disqualified from acting as a director of the Company for whatever reason. The basic annual fee payable to Sir Robin Miller is £30,000.00 per annum to be reviewed annually by the Remuneration Committee (without any obligation to increase the same). Sir Robin will also be paid £15,000.00 via his service company pursuant to a consultancy agreement dated 11 July 2018.
- 10.2.2 The Company and Nicholas Lee have entered into a letter of appointment dated 11 July 2018, conditional on Admission, whereby Nicholas Lee was appointed as a Non-Executive Director of the Company. The appointment is for an initial fixed term of 12 months commencing on Admission, subject to Nicholas offering himself up for re-election at the Company's first annual general meeting following Admission and may be terminated by either party giving one months' written notice. The agreement contains provisions for early termination in the event, *inter alia*, of a serious or repeated breach of the agreement by the Director or where the Director is disqualified from acting as a director of the Company for whatever reason. The basic annual fee payable to Nicholas Lee is £35,000.00 per annum to be reviewed annually by the Remuneration Committee (without any obligation to increase the same).
- 10.3 The appointment of each Non-Executive Director will terminate without any entitlement to compensation if he is not elected or re-elected at an annual general meeting of the Company at which he retires and offers himself up for re-election, he is required to vacate office for any reason pursuant to any provisions of the Articles, or he is removed as a director or otherwise required to vacate office under any applicable law.
- 10.4 The Company has agreed to pay, conditional on Admission the following cash bonuses to certain of the Directors and the Company Secretary in recognition for the services provided by them to the Company outside of the ordinary course of their engagement with the Company:
- 10.4.1 £75,000 to Martin James Higginson;
- 10.4.2 £75,000 to David Marks; and
- 10.4.3 £25,000 to Daniel Wortley.
- 10.5 The date of appointment to the Board for each of the Directors was as follows:
- 10.5.1 Martin Higginson – 12 December 2017;
- 10.5.2 David Marks – 12 December 2017;
- 10.5.3 Ian Liddell – 22 June 2018;
- 10.5.4 Rodney Findley – 22 December 2017;
- 10.5.5 Sir Robin Miller – 22 June 2018; and
- 10.5.6 Nicholas Lee – 22 June 2018.

11. Major Shareholders and other interests

11.1 As at 11 July 2018 (being the latest practicable date prior to the publication of this Document), the following Shareholders had a notifiable interest in the issued shares of the Company following Admission:

<i>Significant Shareholder</i>	<i>Pre-admission</i>		<i>Following Admission</i>	
	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
Martin James Higginson	23,109,514	17.78%	23,109,514	11.83%
Leonie Dobbie	12,633,607	9.72%	12,633,607	6.47%
David Marks	9,767,580	7.51%	9,767,580	5.00%
Rodney David Findley	9,501,016	7.31%	9,501,016	4.86%
Kenneth Roy Musen	7,592,251	5.84%	7,592,251	3.89%
Samuel James Higginson	7,373,171	5.67%	7,373,171	3.77%
Ian Liddell	4,902,857	3.77%		
Unicorn AIM VCT			10,000,000	5.12%
Sure Ventures	191,380	0.15%	8,043,002	4.12%
Cavendish Asset Management			7,500,000	3.84%
Octopus AIM VCT Plc			7,500,000	3.84%
Total	75,071,376	57.75%	103,020,141	52.74%

11.2 Save as disclosed in this Document, as at 11 July 2018 (being the latest practicable date prior to the publication of this Document), the Company was not aware of any person or persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

11.3 Those interested, directly or indirectly, in three per cent. or more of the issued Ordinary Shares of the Company do not now, and, following the Placing and Admission, will not, have different voting rights from other holders of Ordinary Shares.

12. Audit, Disclosure, Nomination, Risk and Remuneration Committees

The Directors recognise the value and importance of high standards of corporate governance. Accordingly, whilst the UK Corporate Governance Code does not apply to AIM companies, the Directors intend to observe the requirements of the UK Corporate Governance Code to the extent that they consider appropriate in light of the Company's size, stage of development and resources. The Board also proposes, so far as practicable, to follow the recommendations set out in the QCA Guidelines.

The Board has established five committees conditional on Admission, the Audit, Disclosure, Nomination, Remuneration and Risk committees, each with written terms of reference. If the need should arise, the Board may set up additional committees as appropriate.

Audit Committee

The Audit Committee shall be chaired by Nicholas Lee, and will have primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Group is properly measured and reported on and reviewing reports from the Group's auditors relating to the Group's accounting and internal controls, in all cases having due regard to the interests of Shareholders. The Audit Committee will meet three times a year. Sir Robin Miller will be the other member of the Audit Committee.

Disclosure Committee

The Disclosure Committee shall be chaired by Martin Higginson, and will ensure compliance with the AIM Rules and MAR concerning disclosure of inside information and will work 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 will meet as required. David Marks and Sir Robin Miller will be the other members of the Disclosure Committee.

Nomination Committee

The Nomination Committee shall be chaired by Sir Robin Miller, and will identify and nominate, for the approval of the Board, candidates to fill Board vacancies as and when required. The Nomination Committee will meet as required. Nicholas Lee will be the other member of the Nomination Committee.

Remuneration Committee

The Remuneration Committee shall be chaired by Sir Robin Miller, and will review the performance of the Executive Directors and determine their terms and conditions of service, including their remuneration and the grant and vesting of options (as further described at paragraph 16 of this Part V, having due regard to the interests of Shareholders. The Remuneration Committee will meet twice a year. Nicholas Lee will be the other member of the Remuneration Committee.

Risk Committee

The Risk Committee will meet twice per annum and its membership will be constituted of the Audit Committee and David Marks. It will examine the key risks that impact the Group and assess the adequacy of the group's mitigation strategies. It will have the power to call on executive Board members and senior management for the purposes of seeking information as well as making recommendations.

13. Material contracts

The following are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by a member of the Group since the Company's incorporation which: (i) are, or may be, material to the Group; or (ii) contain obligations or entitlements which are, or may be, material to the Group as at the date of this Document.

13.1 *Share purchase agreement in relation to the acquisition of Immotion Studios*

On 12 December 2017, the Company entered into a share purchase agreement with the then shareholders of Immotion Studios, which included Martin James Higginson, Ian Liddell and David Marks (the "**IS Sellers**") in relation to the acquisition of the entire issued share capital of Immotion Studios (the "**Immotion Studios SPA**"). The consideration was satisfied by the Company issuing to the IS Sellers 16,000 ordinary shares of £0.01 each in the capital of the Company, in aggregate, at a subscription price of £100.00 per share, credited as fully paid.

Under the terms of the Immotion Studios SPA, the purchase price was subject to adjustment, at the Company's election if Immotion Studios' debt was greater than and/or working capital position was less than certain forecasted levels. To date, there has been no adjustment to the purchase price. Furthermore, the IS Sellers warranted to the Company in respect of the business and assets of Immotion Studios and its subsidiary undertakings. In the event of a warranty claim, the share purchase agreement provides that the Company can elect to either require the IS Sellers to pay a cash amount to discharge any such warranty claim or convert such number of Ordinary Shares issued to the IS Sellers into deferred shares of the Company, at a conversion price of £100.00 per share, which confer limited capital distribution rights on the holder thereof. The Company has two years from the date of completion of the Immotion Studios SPA to bring a non-tax warranty claim and seven years from completion to bring a tax warranty claim. To date, the Company has not brought any warranty claim against the IS Sellers.

The IS Sellers also granted the Company customary indemnities as to their capacity and title to dispose of the share capital in Immotion Studios held by each of them together with a tax covenant in relation to historic tax liabilities of Immotion Studios. In addition, the IS Sellers agreed to indemnify the Company if its secured lender, Edinburgh Alternative Finance Limited (trading as Lending Crowd) demanded immediate repayment of all principal and interest owed by Immotion Studios following the change of control of Immotion Studios on completion of the Immotion Studios SPA. To date, the Company has not claimed under any of the indemnities granted by the IS Sellers.

13.2 *Merger agreement and supplemental agreement in relation to the acquisition of C2K*

On 21 December 2017, the Company and its then wholly-owned subsidiary Immotion Acquisitions USA, Inc. ("**Immotion USA**") entered into a merger agreement with the then shareholders of C2K, Rodney David Findley and Kenneth Roy Musen (the "**C2K Sellers**") and C2K (the "**Merger Agreement**"). The Merger Agreement provided that the Company acquired the entire issued share capital of C2K by way of a merger between Immotion USA and C2K under the General Corporation Law of the State of California following which C2K was the surviving entity and, as a result, a wholly-owned subsidiary of the Company. In consideration for the acquisition of the entire issued share capital of C2K, the Company issued 6,030 ordinary shares of £0.01 each in the capital of the Company, in aggregate, to the C2K Sellers at a subscription price of £100.00 per share, credited as fully paid.

On 21 December 2017, the C2K Sellers, the Company and Immotion USA entered into an English-law governed agreement supplemental to the Merger Agreement (the "**Supplemental Agreement**"). Under the terms of the Supplemental Agreement, the purchase price was subject to adjustment, at the Company's election if C2K's debt was great than and/or working capital position was less than certain forecasted levels. To date, there has been no adjustment to the purchase price. Furthermore, the C2K Sellers warranted to the Company in respect of the business and assets of C2K. In the event of a warranty claim, the share purchase agreement provides that the Company can elect to either require the C2K Sellers to pay a cash amount to discharge any such warranty claim or convert such number of Ordinary Shares issues to the Sellers into deferred shares of the Company, at a conversion price of £100.00 per share, which confer limited capital distribution rights on the holder thereof. The Company has two years from the date of completion of the Supplemental Agreement to bring a non-tax warranty claim and seven years from completion to bring a tax warranty claim. To date, the Company has not brought any warranty claim against the C2K Sellers.

In addition, the C2K Sellers also agreed that, in the event that C2K's secured lender demands immediate repayment of all outstanding borrowings following the change of control of C2K as a result of completion of the Merger Agreement, they would be severally liable for 50% of the amount of such borrowings to be repaid to C2K's secured lender. The Supplemental Agreement provides that the C2K Sellers be required to make a cash loan in the amount of such liability and the Company could elect to either repay such loan in cash or capitalise the loan into such number of deferred shares at a subscription price of £100.00 per share as is equal to the amount of any such loan. To date, C2K's secured lender has not demanded the immediate repayment of any such borrowings.

The C2K Sellers also granted the Company customary indemnities as to their capacity and title to dispose of the share capital in C2K held by each of them together with a tax covenant in relation to historic tax liabilities of C2K. In addition, the C2K Sellers agreed to indemnify the Company for the amount of any potential claim to be brought by one of C2K's customers in excess of an agreed threshold. To date, the Company has not claimed under any of the indemnities granted by the C2K Sellers and the potential claim has been resolved.

13.3 *Share purchase agreement in relation to the acquisition of VR Acquisition*

On 21 December 2017, the Company entered into the then majority shareholders of VR Acquisition which included David Marks, Sir Robin William Miller and Samuel Higginson (an individual connected with Martin James Higginson by virtue of being his son) (the "**VRA Majority**") and Martin James Higginson as warrantor ("**VRA Warrantor**") in relation to the acquisition of a majority interest in the issued share capital of VR Acquisition (the "**VRA SPA**"). The VRA SPA was conditional on the Company acquiring the entire issued share capital of VR Acquisition and its subsidiary undertakings from VRA Majority and the remaining shareholders of VR Acquisition. The acquisition of the entire issued share capital of VR Acquisition completed on 8 January 2018 and the consideration was satisfied via the Company issuing 9,105 ordinary shares of £0.01 each in the capital of the Company in aggregate to the then shareholders of VR Acquisition at a subscription price of £100.00 per share, credited as fully paid.

Under the terms of the VRA SPA, the purchase price was subject to adjustment and such adjustment payable by the Warrantor, at the Company's election if VR Acquisition's debt was

greater than certain forecasted levels. To date, there has been no adjustment to the purchase price. Furthermore, the Warrantor warranted to the Company in respect of the business and assets of VR Acquisition and its subsidiary undertakings. The Company has two years from the date of completion of the VRA SPA to bring a non-tax warranty claim and seven years from completion to bring a tax warranty claim. To date, the Company has not brought any warranty claim against the Warrantor.

The VRA Majority also granted the Company customary indemnities as to their capacity and title to dispose of the share capital in VR Acquisition held by each of them together with a tax covenant granted by the Warrantor in relation to historic tax liabilities of VR Acquisition. To date, the Company has not claimed under any of the indemnities set out in the VRA SPA.

13.4 *Shareholders' agreement in relation to the operation and management of the Company*

On 8 January 2018 the Company and its then shareholders, which includes Martin James Higginson, Rodney David Findley, Ian Liddell, David Marks and Sir Robin Miller entered into a shareholder agreement governing the operation and management of the Company (the "**Shareholders' Agreement**"). Each subsequent subscriber for Ordinary Shares in the Company since 8 January 2018 has adhered to, and agreed to be bound by, the terms of the Shareholders' Agreement. The Shareholders' Agreement contains obligations on the Company and the Directors to obtain the consent of Shareholders holding at least 60% in nominal value of the shares in issue prior to doing certain acts. The requisite consent of the Shareholders has been obtained in order to effect Admission and all ancillary matters related thereto. The Shareholders' Agreement will terminate with immediate effect on Admission.

13.5 *Investment by Sure Ventures*

Pursuant to the terms of a subscription agreement dated 23 April 2018 between the Company, Martin James Higginson, Rodney David Findley, David Marks and Sure Ventures (the "**Sure Ventures Subscription Agreement**"), Sure Ventures subscribed for 76 ordinary shares of £0.01 each in the capital of the Company and subscribed for £488,276.00 of convertible loan notes issued by the Company at par on the terms set out in the loan note instrument dated 23 April 2018 (the "**Sure Ventures Loan Note Instrument**").

The Sure Ventures Subscription Agreement contained standard covenants and general warranties given in favour of Sure Ventures together with the right for Sure Ventures to appoint a director or an observer to the Board.

The Sure Ventures Loan Note Instrument contained provisions relating to: (i) the payment, in full, of the loan notes in issue on the fifth anniversary of the Sure Ventures Loan Note Instrument together with all interest accrued at a rate of 3% per annum, (ii) the right of Sure Ventures to elect, at any time, to convert all, but not some, of the loan notes in issue into Ordinary Shares, (iii) the right to demand immediate redemption of the loan notes in issue, for cash, upon the occurrence of certain events of default which include the liquidation or insolvency of the Company, (iv) the requirement that the Company and the Directors obtain the consent of Sure Ventures (not to be unreasonably withheld or delayed) prior to carrying certain acts, such as, the grant of any security over the assets or undertaking of the Group. Such requirement to obtain Sure Ventures' prior consent and their right to appoint a director or observer to the Board will terminate on Admission.

On 2 July 2018 the Company received a conversion notice, conditional on Admission, from Sure Ventures. On Admission, the loan notes, together with all accrued interest, will convert into 7,851,622 Ordinary Shares, to be issued to Sure Ventures credited as fully paid.

13.6 *Agent Agreements with Beijing Leke*

Immotion VRL has been appointed as agent of Beijing Leke VR Technology, Co., Ltd ("**Beijing Leke**") and has the right to import and sell Beijing Leke's virtual reality platform in the United States of America on a non-exclusive basis (the "**USA Agent Agreement**") and in the United Kingdom on an exclusive basis (the "**UK Agent Agreement**" and together with the USA Agent Agreement, the "**Agent Agreements**").

The period of exclusivity in the UK Agent Agreement remains subject to Immotion VRL satisfying certain minimum order values and achieving defined sales targets throughout the contractual

term. Furthermore, the UK Agent Agreement will expire on 29 August 2018 unless an extension is agreed between Immotion VRL and Beijing Leke.

Immotion VRL is unable to sell or market the virtual reality platform in any region where Beijing Leke has an exclusive agent agreement in place with any third party but may sell or market the platform in any other region. Furthermore, in the event that Immotion VRL wishes to sell or market the virtual reality platform in any outdoor theme park then the prior consent of Beijing Leke must be obtained.

The parties have agreed a memorandum of understanding to extend, subject to the contract, the UK Exclusive Agent Agreement to 31 December 2019 and remove the restriction on Immotion VRL selling or marketing the VR platform in outdoor theme parks.

The copyright, patents and all other intellectual property relating to the virtual reality platform remain the property of Beijing Leke.

The Agent Agreements are governed by the laws of the People's Republic of China and contain restrictions, amongst other things, on the commercial terms which may be disclosed to third parties. If either party breaches the terms of the Agent Agreements then liquidated damages will be payable by reference to a prescribed percentage of the total contract amount depending on the nature of the breach.

13.7 *Broker Engagement Letters*

An engagement letter dated 21 February 2018 between Shard Capital and the Company, pursuant to which Shard Capital agreed to act as joint broker with WH Ireland in relation to the Placing.

An engagement letter dated 1 May 2018 between WH Ireland and the Company, pursuant to which WH Ireland agreed to act as nominated adviser and joint broker with Shard Capital in relation to Admission and the Placing.

13.8 *Nominated Adviser and Broker Agreement*

On 1 May 2018, the Company entered into a nominated adviser and broker agreement with WH Ireland pursuant to which the Company appointed WH Ireland as nominated adviser for the purposes of the AIM Rules and the Company's joint broker in relation to the Placing. The agreement sets out the scope of WH Ireland's appointment. The Company has agreed to pay WH Ireland an annual retainer fee of:

- (i) £48,000.00 during the first year of Admission;
- (ii) £54,000.00 during the second year of Admission; and
- (iii) £60,000.00 during the third year of Admission.

Such fees shall be payable quarterly in advance. The agreement contains customary undertakings and indemnities given by the Company in favour of WH Ireland. There is a minimum period of engagement of 12 months and thereafter a 3 month notice period to terminate the services of WH Ireland. Either party may terminate the agreement with immediate effect if the other party is in material breach of its obligations under the agreement.

13.9 *Registrar Agreement*

Pursuant to the agreement for the provision of registrar and associated services dated 31 May 2018 between the Registrars and the Company, the Registrars agreed to provide certain registrar and associated services to the Company in accordance with the Companies Act and, insofar as the following are applicable, the AIM Rules and/or the rules of the UK Listing Authority.

13.10 *WH Ireland Warrant Instrument*

Pursuant to the terms of a warrant instrument dated 11 July 2018, the Company has issued, conditional on Admission, warrants in favour of WH Ireland over such number of new Ordinary Shares in the Company as is equal to the aggregate of (i) 1 per cent. of the Placing Shares issued

on Admission and (ii) 1 per cent. of the Placing Shares issued to Placees procured by WH Ireland, capped at £5million, exercisable at the Placing Price expiring on the fifth anniversary of Admission.

WH Ireland have agreed with the Company that any warrants exercised and converted into Ordinary Shares will for a period of 12 months from Admission, subject to certain limitations, not be disposed of by them except with the prior written consent of the Company and Shard Capital. In addition, WH Ireland has agreed that for a period of 12 months following expiry of the initial 12 month period, not to dispose of any Ordinary Shares without prior written consent of the Company.

13.11 *Shard Capital Warrant Instrument*

Pursuant to the terms of a warrant instrument dated 11 July 2018, the Company has issued, conditional on Admission and provided that the Net Proceeds equal £5 million or more, warrants in favour of Shard Capital over such number of new Ordinary Shares in the Company as is equal to the 2 per cent. of the Placing Shares issued to Placees procured by Share Capital, capped at £5million, exercisable at a 50% premium to the Placing Price expiring on 31 December 2019.

13.12 *Placing Agreement*

In connection with the Placing, the Company, the Directors, WH Ireland and Shard Capital entered into the Placing Agreement on 11 July 2018. The Placing Agreement is conditional on, *inter alia*, Admission occurring on 12 July 2018 or such later date as shall be agreed in writing between the Company, WH Ireland and Shard Capital but in any event, not later than 5.00 p.m. on 2 August 2018.

Pursuant to the Placing Agreement, WH Ireland and Shard Capital have agreed to use their reasonable endeavours to procure subscribers for 57,500,000 Placing Shares at the Placing Price. The Placing Agreement provides for the Company to pay all expenses of, and incidental to, the Placing and the application for Admission. The Company has also agreed to issue warrants to WH Ireland and Shard Capital, as further described in paragraphs 13.10 and 13.11 of this Part V.

Pursuant to the Placing Agreement, the Company has agreed, conditional on Admission, to pay to WH Ireland:

- (a) a corporate finance fee of £125,000.00 plus VAT; and
- (b) a commission of 5 per cent. of the aggregate value of the Placing Shares placed by WH Ireland at the Placing Price.

Pursuant to the Placing Agreement, the Company has agreed, conditional on Admission, to pay to Shard Capital:

- (a) a broking fee of £15,000.00 plus VAT; and
- (b) a commission of 5 per cent. of the aggregate value of the Placing Shares placed by the Shard Capital at the Placing Price.

The Placing Agreement contains certain customary warranties given by the Directors, which are limited in amount and time, and the Company, which are unlimited in amount but limited in time, in favour of WH Ireland and Shard Capital, including as to the accuracy of information contained in this Document and a customary indemnity in favour of WH Ireland and Shard Capital which is unlimited in time and amount.

Each of the Directors has agreed in the Placing Agreement that, subject to certain exceptions:

- (a) during the period from the date of the Placing Agreement until the date falling 365 days after Admission, he/she will not, subject to limited exceptions, without the prior consent of WH Ireland and Shard Capital, dispose of any Ordinary Shares held by him/her at the time of Admission; and

- (b) for a period of 365 days from date of expiry of the lock-up arrangements described above, to comply with certain requirements designed to maintain an orderly market in the Ordinary Shares, subject to limited exceptions.

The Directors and the Company have also given certain customary undertakings to WH Ireland and Shard Capital in connection with Admission and certain post-Admission matters.

WH Ireland and Shard Capital may terminate the Placing Agreement in customary specified circumstances prior to Admission, including where there is a breach or alleged breach of warranty or the occurrence of a specified *force majeure* event at any time prior to Admission.

13.13 *Lock-up Deed*

Pursuant to the terms of the Lock-in Deed made between certain of the Existing Shareholders excluding Sure Ventures plc, JIM Nominees Limited, John Ketcham, Robert Giles, Garry Lucas, Lancaster Royal Grammar School, The Cartoon Museum, Griffin Stenger, Benjamin Robertson, Fiske plc, Angus McSween, Charles Butler, Jamie Brooke and Paul Reynolds (together, the “**Locked-in Shareholders**”), the Company, WH Ireland and Shard Capital, the Locked-in Shareholders, who together hold, as at the date of this Document, 77,163,948 Ordinary Shares (representing 39.50 per cent. of the Enlarged Share Capital) have agreed for a period of 12 months from Admission that, subject to certain limited exceptions, they will not dispose of any of the Ordinary Shares held by him immediately prior to Admission (or enter into a transaction with the same economic effect), except with the prior written consent of WH Ireland and Shard Capital. In addition, each Lock-in Shareholder has agreed, for a further period of 12 months following the expiry of the initial 12 month period, not to dispose of any of the Ordinary Shares held by him immediately prior to Admission without the prior written consent of the Company, WH Ireland and Shard Capital.

13.14 *Director Indemnities*

Each of the Directors have entered into agreements with the Company dated 11 July 2018 pursuant to which the Company has agreed to indemnify each Director to the fullest extent permitted by English law for any costs, charges, losses, damages and liabilities incurred by him in relation to anything done, or omitted to be done, by him in connection with the lawful exercise of his powers, duties and responsibilities as a Director.

14. **Related party transactions**

From 15 September 2017 (being the date of incorporation of the Company) up to and including the date of this Document, no member of the Group has entered into any related party transactions other than as set out below and otherwise disclosed in this Document:

- 14.1 the subscription of the subscriber shares on incorporation of the Company by Martin James Higginson and David Marks, as described further at paragraph 3.1 of this Part V;
- 14.2 the subscriptions for ordinary shares of £0.01 each in the capital of the Company by certain Directors, as described further at paragraph 3.3 of this Part V;
- 14.3 the loans made by Immotion Studios to Ian Liddell and David Marks, as described further at paragraph 9.2 of this Part V;
- 14.4 the Executive Directors’ service agreements and Non-Executive Directors’ letters of appointments, as described further at paragraphs 10.1 and 10.2 of this Part V;
- 14.5 the arrangements in relation to bonuses to be paid to certain of the Directors and the Company Secretary, as further described at paragraph 10.5 of this Part V;
- 14.6 the share purchase agreement in relation to the acquisition of Immotion Studios, as described further at paragraph 13.1 of this Part V;
- 14.7 the merger agreement and supplemental agreement in relation to the acquisition of C2K, as described further at paragraph 13.2 of this Part V;
- 14.8 the share purchase agreement in relation to the acquisition of VR Acquisition, as described further at paragraph 13.3 of this Part V;

- 14.9 the shareholders' agreement in relation to the operation and management of the Company, as described further at paragraph 13.4 of this Part V;
- 14.10 the lock-up agreements, as described further at paragraph 13.13 of this Part V; and
- 14.11 the directors' indemnities, as described further at paragraph 13.14 of this Part V.

15. Employees

- 15.1 As at 31 May 2018, the Group had 54 employees.
- 15.2 None of the Group's employees is covered by a collective bargaining agreement or represented by a labour organisation. To date, the Group has not experienced any labour-related work stoppage. The Group believes that it has good relations with its employees.

16. Share Option Plan

The Company adopted the following share option plan (the "**Scheme**") on 22 June 2018:

16.1 Eligibility

All salaried employees and executive directors of the Group will be eligible to participate in the Scheme at the discretion of the Remuneration Committee.

16.2 Type of option

Options will be granted in the form of HM Revenue & Customs tax advantaged Enterprise Management Incentive ("**EMI**") options to employees of the Group who are eligible. Those who do not meet the eligibility criteria for EMI may be granted non-tax advantaged options ("**Unapproved Options**").

16.3 Grant of Options

Options may be granted by the Remuneration Committee during the period of 42 days starting:

- (a) on the date on which the Scheme is approved by the Board;
- (b) immediately after the end of a closed period under the market abuse regulation; or
- (c) at any other time if the Remuneration Committee considers that exceptional circumstances exist to justify the grant at such other time.

The Remuneration Committee may specify objective conditions or performance targets to be satisfied before an option shall vest and be capable of exercise. The Remuneration Committee may amend or waive the conditions and/or performance targets to ensure that they achieve their original purpose, provided that any amended conditions and/or performance targets are no more or no less difficult to achieve than those previously imposed.

16.4 Share capital limits

No option may be granted on any date, if the number of Ordinary Shares to be issued (or re-issued from treasury) when aggregated with the number of Ordinary Shares issued (or re-issued), or remaining capable of issue (or re-issue) to satisfy the exercise of options, or other rights granted during the preceding 10 years under the Scheme and any other employees' share scheme adopted by the Company, would exceed 10% of the number of shares in the Company in issue on that date.

- 16.5 Options which have been satisfied by the purchase of Ordinary Shares on the open market, or the Remuneration Committee has determined any options granted will be so satisfied, shall not count for the purposes of the limit. Options which have been released without vesting or prior to exercise shall not be included for the purposes of the limit.

16.6 Individual limits

EMI options may not be granted over Ordinary Shares the unrestricted market value of which exceeds £250,000.00 per individual. No individual limit applies for the purposes of Unapproved Options.

16.7 *Vesting*

Options will vest over a vesting period determined by the Remuneration Committee.

Early vesting of options may occur where an option holder ceases employment due to death, redundancy, retirement, injury, disability, as a result of the transfer of the option holder's employment out of the Group, or any other reason that the Committee may determine. The number of Ordinary Shares vesting shall be calculated by the Remuneration Committee by applying the relevant performance condition.

The number of Ordinary Shares vesting shall be calculated by the Remuneration Committee in its absolute discretion, taking account of the achievement of any vesting and/or performance conditions.

16.8 *Changes of control*

In the event of a change of control of the Company prior to the vesting of an option, the Remuneration Committee shall determine the number of Ordinary Shares vesting by taking into account all relevant factors, including the achievement of any vesting and/or performance conditions.

16.9 *Exercise of options*

Following exercise, the Committee will issue or procure the transfer of the relevant Ordinary Shares to the option holder as soon as is practical.

16.10 *Lapse of options*

Unexercised options will normally lapse on the earliest to occur of: the tenth anniversary of their date of grant, the winding up of the Company, the bankruptcy of the option holder, or six months following cessation of employment for a good leaver reason or on a change of control, and twelve months from an option holder's death, unless options cannot be exercised during the last 90 days of such applicable period due to regulatory reasons, in which case the Remuneration Committee may extend the period for exercise (but in the case of EMI options, not beyond the tenth anniversary of the date of grant).

16.11 *Variations in share capital*

The number of Ordinary Shares comprised in an option and the option price shall be adjusted in such manner as the Remuneration Committee considers fair and reasonable in the event of a capitalisation issue, offer by way of rights (including an open offer) or on any sub-division, reduction, consolidation or other variation of the Company's share capital.

16.12 *Rights attaching to Ordinary Shares*

If shares are listed on the official list maintained by the FCA or traded on AIM, the Company shall apply to the UK Listing Authority or the London Stock Exchange (as the case may be) for any Ordinary Shares issued to satisfy the exercise of options to be admitted to trading. Such shares will rank *pari passu* with all other issued Ordinary Shares, except any rights determined by reference to a date preceding the date on which an option is exercised.

16.13 *Amendments*

The Board may, at any time, amend the rules of the Scheme in any way it thinks fit. No amendment may be made which would adversely affect the subsisting rights of an option holder, unless a majority of option holders (calculated by reference to the number of Ordinary Shares under option held) consent to the making of that amendment.

16.14 *General*

The Company may terminate the Scheme at any time. Subject to such earlier termination, the Scheme will terminate ten years from the date of its adoption by the Company.

Option holders are required to indemnify the Group for any income tax, employee's and to the extent notified by the Committee at the date of grant of the option, any employer's national insurance contributions (or in each case their overseas equivalent) which arise in respect of such

options, and to make such arrangement for the satisfaction of those liabilities as the Committee requires.

Benefits under the Scheme are not be pensionable.

Appendix 1 to the Scheme deals with the grant of Unapproved Options to non-employees. Appendix 2 to the Scheme deals with options to be granted to US resident employees.

17. Working capital

In the opinion of the Directors, having made due and careful enquiry, and in the opinion of the Company, taking into account the Net Proceeds, the working capital is sufficient for the Group's present requirements that is for at least the 12 months from the date of this Document.

18. Significant change

Save as disclosed in this Document, there has been no significant change in the trading or financial position of the Company since 31 December 2017 being the date as at which the financial information contained in "**Part III – Financial Information on the Company**" has been prepared.

19. Litigation

19.1 Save as set out in paragraph 19.2 below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) since the Company's incorporation which may have, or have had in the recent past, significant effects on the financial position or profitability of the Group.

19.2 Immotion Studios previously established an employee benefit trust as part of the remuneration package for its founding directors. This scheme is now being investigated by HMRC. In 5 April 2016, HMRC stated that PAYE for the tax year 2009/2010 was outstanding by Immotion Studios in the amount of £93,353.80. Immotion Studios has made a provision in its 2017 audited accounts in the amount of £166,481.00 which represented a best estimate of the accrued tax and interests likely to be payable to HMRC if this action was pursued. In June 2018 Immotion Studios received correspondence from HMRC offering Immotion Studios the opportunity to settle the matter via a payment of £168,106.72 to HMRC. The Directors are currently considering this offer to settle and it is expected that this matter will be resolved following Admission.

20. City Code, mandatory offers and the Concert Party

20.1 Brief details of the Takeover Panel, the City Code and the protections they afford are given below.

20.2 The Company is a public limited company incorporated in England and Wales and its Ordinary Shares will be admitted to AIM with effect from Admission. Accordingly, the City Code applies to the Company.

20.3 Under Rule 9 of the City Code, any person who acquires, whether by a series of transactions over a period of time or not, an "**interest**" (as defined in the City Code) in shares which, taken together with shares in which he is already interested or in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally required to make a general offer to all of the remaining shareholders to acquire their shares.

20.4 Similarly, Rule 9 of the City Code also provides that when any person, together with persons acting in concert with him is interested in shares which, in aggregate, carry more than 30 per cent. of the voting rights of such company, but does not hold shares carrying 50 per cent. or more of such voting rights, a general offer will normally be required if any further interest in shares is acquired by any such person.

20.5 An offer under Rule 9 must be in cash and must be at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company in question during the 12 months prior to the announcement of the offer.

20.6 The Existing Shareholders are considered to be acting in concert with each other in relation to the company for the purposes of the City Code following Admission (the “**Concert Party**”).

20.7 The respective interests in the Company of the Concert Party members are as follows:

<i>Interests immediately following Admission</i>			
<i>Existing Shareholder</i>	<i>No. of Ordinary Shares held prior to Admission (including Options)</i>	<i>Percentage of issued Ordinary Share capital prior to Admission (%)*</i>	<i>Percentage of Enlarged Share Capital (%)*</i>
Higginson Family ¹	32,432,685	21.79	15.72
Directors ²	29,172,702	19.59	14.14
Vendors of Immotion Studios ³	18,770,286	12.61	9.10
Cash Investors ⁴	15,610,356	10.49	7.56
Vendors of VR Acquisition ⁵	16,548,706	11.12	8.02
Dobbie Family ⁶	12,930,749	8.69	6.27
Kenneth Musen	8,534,001	5.73	4.14
Ritchie Family ⁷	3,659,223	2.46	1.77
Sure Ventures	8,043,002	5.40	3.90
Employees ⁸	2,655,000	1.78	1.29
Charitable gifts by the Higginson Family ⁹	503,630	0.34	0.24
TOTAL:	<u>148,860,340*</u>	<u>100.00*</u>	<u>72.14*</u>

* calculated on the assumption, for the purposes of calculating the aggregate interest of the Concert Party only, that all Options are exercised.

1 Includes shares held by Martin Higginson and Samuel Higginson. The largest number of shares held by a member of this group is 25,059,514.

2 Excludes shares held by Martin Higginson. The largest number of shares held by a member of this group is 11,517,580.

3 The name of the individuals of this group are as follows: Jon Liddell, Andrew Jones, Paul Hepworth, Dimitrios Georgiou, Napier Brown Holdings Limited, Emma Stanyon and Daniel Wortley. This excludes shares held by the Higginson Family, the Dobbie Family and the Directors. The largest number of shares held by a member of this group is 3,872,929.

4 The names of the individuals of this group are as follows: Gary Martin, Griffin Stenger, John Ketcham, Broadway Ventures Limited, Spencer Moulton, Peter Edmondson, JIM Nominees Limited, Colston Trustees as Trustees of Curtis Banks SIPP – T Santry, Colston Trustees as Trustees of Curtis Banks SIPP – C W Stemp, Colston Trustees as Trustees of Curtis Banks SIPP – M Stemp and Nicolas Papaioannou. This excludes shares held by the Vendors of VR Acquisition and the Ritchie Family. The largest number of shares held by a member of this group is 3,518,159.

5 The names of the individuals of this group are as follows: Angus McSween, Paul Reynolds, Perseus International Limited, Simon Mizzi, Patrick Brennan, Storia Credit Holdings Limited, Fiske plc, Charles Shepherd, Garry Lucas, John Hepworth, Mark Hepworth, Robert Giles, Jamie Brooke, Charles Butler, Mahmud Kamani, Clare Hughes, Benjamin Robertson, John Alexander Glynne Davies, Gabriel Fysh and Pitchcroft Capital Limited. This excludes shares held by the Higginson Family, the Dobbie Family, the Ritchie Family, the Vendors of Immotion Studios and the Cash Investors. The largest number of shares held by a member of this group is 3,321,452.

6 Includes shares held by Leonie Dobbie and William Dobbie. The largest number of shares held by a member of this group is 12,633,607.

7 The names of the individuals of this group are as follows: Alasdair Ritchie, Cameron Ritchie, Duncan Ritchie and Janice Ritchie. The largest number of shares held by a member of this group is 2,855,593.

8 The names of the individuals of this group are as follows: Peter Caddock, Fiona York, Artur Grzybowski, Paul Collimore and Arek Antoniak. This excludes any shares held by the Higginson Family, the Directors, Kenneth Musen and the Vendors of Immotion Studios. The largest number of shares held by this group is 700,000.

9 The names of the individuals of this group are as follows: Lancaster Royal Grammar School Charity and The Cartoon Museum. The largest number of shares held by a member of this group is 251,815.

20.8 The members of the Concert Party will have an aggregate interest in 72.14 per cent. of the Enlarged Share Capital (calculated on the basis of the assumption set out in the table above for this paragraph 20 only).

20.9 As the Concert Party will hold more than 50% of the Company's voting share capital at Admission, members of the Concert Party will be able, subject to note 4 on Rule 9.1 of the City Code, to acquire further shares in the Company without incurring any obligation under Rule 9 of City Code to make a general offer.

20.10 Certain of the Concert Party members (being the Higginson Family, the Dobbie Family, the Directors, Kenneth Roy Musen, Mark Hepworth, Paul Hepworth, John Hepworth, Andrew Jones, Jon Liddell, Charles Robert Leonard Shepherd and Pitchcroft Capital Limited) holding, in aggregate, 48.98 per cent. of the Enlarged Share Capital (calculated on the basis of the assumption set out in the table above for this paragraph 20 only) have each confirmed to the Company that no changes will be made regarding:

20.10.1 the location of the Group's business;

20.10.2 the continued employment of the Group's employees and management, including any material changes in employment;

20.10.3 employer contributions to any of the Group's pension schemes, the accrual of benefits for any existing members and the admission of new members; or

20.10.4 the maintenance of any existing trading facilities for the Ordinary Shares (i.e trading of the Company's shares on AIM),

and there will no redeployment of the fixed assets of the Company as a result of the Placing, save as disclosed in this Document. This confirmation is given pursuant to Schedule Two of the AIM Rules and not under Rule 19.6 of the City Code.

21. Takeover offers

In addition to Rule 9 of the City Code (further details of which are set out at paragraph 20 of this Part V), the Companies Act will also apply in the context of a takeover bid, further details of which are set out below.

Squeeze-out

Under the Companies Act, if a "takeover offer" (as defined in section 974 of the Companies Act) is made for the Ordinary Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. of the Ordinary Shares to which the takeover offer relates (the "Takeover Offer Shares") and not less than 90 per cent. of the voting rights attached to the Takeover Offer Shares within three months of the last day on which its offer can be accepted, it is able to compulsorily acquire the remaining 10 per cent. In order to do so, it would send a notice to Shareholders who had not, at such time, accepted the takeover offer telling them that it will compulsorily acquire their Takeover Offer Shares and then, six weeks later, it would execute a transfer of the outstanding Takeover Offer Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for those Shareholders in the event that they had not accepted the offer at such time. The consideration to the Shareholders whose Takeover Offer Shares were acquired compulsorily under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

Sell-out

The Companies Act also gives minority Shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all of the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held, or had agreed to acquire, not less than 90 per cent. of the Ordinary Shares to which the offer related, any Shareholder to which the offer related who had not accepted the offer could, by a written communication to the offeror, require it to acquire those Ordinary Shares. The offeror is required to give any Shareholder notice of his right to be bought out within one month of that matter arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his or her rights, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

As at the date of this Document, the Company is not in receipt of, nor subject to, a takeover offer.

22. General

- 22.1 Moore and Smalley of Priory Close, St Mary's Gate, Lancaster, Lancashire, LA1 1XB has been appointed as the auditors of the Company and are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.
- 22.2 haysmacintyre has given and has not withdrawn its consent to the inclusion in this Document of its accountant's report in "**Part III – Financial Information on the Company**" in the form and context in which it is included and has authorised the contents of that report for the purposes of Schedule Two of the AIM Rules for Companies. haysmacintyre have confirmed that they do not have a material interest in the Company other than by virtue of acting as reporting accountants.
- 22.3 WH Ireland Limited of 24 Martin Lane, London, EC4R 0DR, which is regulated by the FCA, has given and has not withdrawn its consent to the inclusion in this Document of its name in the form and context in which it is included.
- 22.4 Shard Capital Partners LLP of 23rd floor 20 Fenchurch Street, London, EC3M 3BY, which is regulated by the FCA, has given and has not withdrawn its consent to the inclusion in this Document of its name in the form and context in which it is included.
- 22.5 The total expenses incurred (or to be incurred) by the Company in connection with Admission and the Placing are approximately £0.75 million. The estimated Net Proceeds, after deducting fees and expenses in connection with the Placing are approximately £5.0 million.
- 22.6 Save as disclosed in this Document no dividends have been declared by the Company, in respect of the financial years covered by the report in Part III of this Document.
- 22.7 There are no arrangements under which future dividends are waived or agreed to be waived.
- 22.8 The Ordinary Shares will only be traded on AIM.
- 22.9 Save as disclosed in this Document, there are no environmental issues that may affect the Company's utilisation of the tangible fixed assets.
- 22.10 Save as disclosed in this Document, no person (except for fees payable to the professional advisers whose names are set out on pages 8 and 9 of this Document and payments to trade suppliers), has received any fees, securities or other benefit to a value of £10,000.00 or more, whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.
- 22.11 This Document has not been approved by the FCA.
- 22.12 Save as disclosed in this Document, there have been no significant recent trends in production, sales and inventory and costs and selling prices since 31 December 2017.
- 22.13 Save as disclosed in this Document, there are no trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Group's prospects for at least the current financial year.
- 22.14 The Ordinary Shares being issued pursuant to the Placing have a nominal value of 0.040108663p each. The rights attaching to the Ordinary Shares will be uniform in all respects and they will form a single class for all purposes.
- 22.15 Directors' and officers' liability insurance has been effected by the Company in respect of each of the Directors for an aggregate sum of £1,000,000.00.
- 22.16 Save as disclosed in this Document, the Directors are unaware of any exceptional factors which have influenced the Company's activities.
- 22.17 Where information has been sourced from a third party, this information has been accurately reproduced so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

23. Availability of this Document

- 23.1 Following Admission, copies of this Document may be collected, free of charge during normal business hours, from the registered office of the Company at East Wing, Ground Floor The Victoria, Mediacity, Manchester, M50 3SP.
- 23.2 In addition, this Document will be published in electronic form and be available on the Company's website at <https://immotion.co.uk/>, subject to certain access restrictions applicable.

Dated: 12 July 2018

