RNS Number : 7309Q
SEEEN PLC
30 June 2022

# SEEEN plc

("SEEEN", the "Group" or the "Company")

## Audited results for the year ended 31 December 2021

## Update on 1H 2022

## Notice of AGM

SEEEN plc, the global media and technology platform that offers proprietary AI products and solutions to brands, creators and publishers for harvesting video moments to enable discovery, sharing, e-commerce and improved digital marketing yield is pleased to present its audited results for the year ended 31 December 2021 and an update on 1H 2022.

The Group is on track with its commercialisation plan and has momentum with accelerating customer acquisition for its technology business and improved profitability of its multichannel video network ("MCN").

**Audited Full Year 2021 highlights:**

Global market demand in SEEEN's key markets is growing, especially in Media Monitoring, which is expected to grow to $11 billion by 2028 *(source: Fortune Business Insights)*, and video e-commerce which, in the US, is expected to grow to $35 billion by 2024 *(source: Statista)*

Key Performance Indicators (KPIs) show strong operating progress delivering EBITDA in line with market expectations

Financial KPIs

- Adjusted EBITDA* of ($1.47) million (adjusting for share-based payments and non-core items), significantly reduced from ($2.12) million in 2020 as Group transitions from product development to product sales
- Net cash of $2.1 million as of 31 December 2021
- Technology licensing sales of $0.1 million (2020: zero)
- MCN priority on profitability rather than sales

Profits increase despite decrease in MCN revenue to $8.3 million (2020: $10.1 million)

Profitability driven by increased revenue per thousand views (RPM)

RPM growth of 29% to $1.24 (2020: $0.97), reflecting focus on higher quality channel partners and increased video content relevance driven by technology

Technology KPIs

- Two product releases:

*CreatorSuite*: enables customers to drive increased views and increased customer conversions

*Dialog-To-Clip*: drives efficiencies for video editing in Adobe® Premiere Pro® with AI driven in-video search

Initial product sales:

- Vertical markets (consumer oriented - financial, sports, retail) targeted with shorter sales cycles with four customers acquired

- o Strategic customers for combined technology and managed services sales: flagship customer announced
- o E-commerce customer: US tyre retailer

* Non-core items include termination payments and one-off gain from forgiveness of Payment Protection Plan loan issued in 2020

**1H2022 Update:**

KPIs

On track to achieve monthly EBITDA break-even in early 2023 given customer win momentum

MCN Year To May 2022 has delivered record profitability reflecting contribution of AI-led managed services to two new strategic customers

- o Results achieved despite substantial revenue reduction for MCN reflecting further loss of low margin views since March 2022 following outbreak of Russia-Ukraine conflict

Current cash position of $1.6 million enables the Group to continue executing on sales pipeline

Sales pipeline strong, delivering further customer wins and corporate development partnership:

- o Follow through in key vertical markets: eight wins led by multiple financial customers
- o E-commerce: recent launch with American Leak Detection with Internet lead generation increased and initial e-commerce sales converted

  4 initial e-commerce customers
- o Corporate Development: Media monitoring strategic partnership announced with Kinetiq, Inc. using video moments and objects identified within a video to better manage and measure audience experiences

**Notice of AGM**: Copies of the Annual Report and Notice of Annual General Meeting are today being posted to shareholders and will be made available on the Company's website at seeen.com. The Company's AGM will be held at the offices of Panmure Gordon (UK) Limited, One New Change, London EC4M 9AF at 3.00 p.m. on 28 July 2022.

Dr. Patrick DeSouza, Chairman of SEEEN, commented: "2021 was a foundational year in that we transitioned effectively from a product development company using EIS/VCT resources to commercialization and an emerging leadership position in the marketplace. We have built strongly on our base operating plan and delivered more high quality, referenceable customers during 1H 2022.

With the rise of Tik Tok and YouTube moments, short form video is becoming an essential marketing vehicle for a video-first world. Our technology products enable consumers, creators and brands to harvest such video moments for commercial uses. Current market volatility only reinforces demand for our technology because customers need to tap more efficiently into advertising dollars and e-commerce opportunities. Our board and management team has worked together in relentless fashion to navigate market conditions successfully and drive sales. We appreciate the support that our shareholders have provided in realizing a valuable market opportunity."

*The information communicated within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.*

Enquiries:

**SEEEN plc**

Patrick DeSouza, Chairman
Akiko Mikumo, Interim Co-CEO
David Anton, Interim Co-CEO
Adrian Hargrave, CFO

Tel: +44 (0)7775 701 838

**Panmure Gordon (Financial Adviser, Nominated Adviser & Joint Broker)**

Alina Vaskina / Harriette Johnson (Corporate Advisory)

Tel: +44 (0)20 7886 2500

Rupert Dearden (Corporate Broking)

**Dowgate Capital Limited - Joint Broker** Tel: +44 (0)20 3903 7721

Stephen Norcross

# Chairman's Statement

SEEEN's two-and-a-half-year progress since IPO has followed a steady, upward trajectory as management has deployed capital in executing a business plan. Product development of video moments technology through 2020 has been followed in 2021 by trials with media customers needing to publish short-form video to compete for advertising dollars. The rise of TikTok and others have made our customers and pipeline of prospects realize that video moments technology is a "must have" for their businesses.

We continue to listen to our customers and are evolving our business model in 2022 to meet customer demand. We recognize that many business customers are still catching-up with the consumer shift to a video-first world and need additional support services from SEEEN. Yet despite all the macroeconomic volatility, we have enthusiasm from customers for investing in our products and services. During 2022, customers are now extending their initial commercial relationship to include new use cases for our technology such as AI monitoring of objects within the video to enable advertising attribution. To be sure, we remain disciplined with our business plan to build a technology company but need to prudently work with our trial customers to balance short-run demand for custom features with building long-term shareholder value with higher margin products that can be simply licensed. Nevertheless, overall market demand for SEEEN's technology remains strong as consumers, creators and brands each seek to exploit video moments. Moreover, in terms of increasing long run exit value for our shareholders, we also see ongoing attempts at consolidation between AI technology companies and video content companies in order to more effectively exploit rising consumer demand.

In navigating the next phase of the business plan to translate promise into a stream of customers and highly valuable business, our board and management team have worked together closely during 2H 2021 and 1H 2022. Overall, we appreciate the management team's progress, especially given Covid limitations on organization building and direct engagement with customers and sales opportunities. However, given the speed of market change, two of our Board members were enlisted to accelerate our Go-To-Market plan in 2022. As Interim Co-CEOs, Akiko Mikumo with respect to execution, and David Anton, with respect to sales, have ensured that SEEEN is on-track with its progress from technology development to market competitor. We thank the founders for their early vision in launching our business and for continuing to support the efforts of the board.

During 1H 2022, our choice to have the Board help accelerate SEEEN's Go-to-Market execution has borne fruit with an increasing number of customer wins. Particularly with the help of our senior leaders, such as the CFO and CTO, we have won for our technology business both large strategic customers such as a global publisher and smaller repeat sales within the vertical market of financial publishing. The former enables us to demonstrate our ability to upsell more of our technology products. The latter enables us to demonstrate our ability to execute repeat sales quickly. These two types of wins validate the excitement that we all have shared on this journey. It should be equally noted that while we have reinforced the growth path for our technology business, the President of our MCN video content business has also done an outstanding job maintaining our revenue base and source of testing use cases for our technology with our creators and their audiences. We feel that as these three executives have stepped forward, our board members can take a step back for 2H from day-to-day execution to provide stewardship on behalf of our investor base. I especially thank Akiko and David for moving the proverbial ball down the field in successfully helping with a transition from founders to professional management to accelerate commercialisation.

We now move confidently towards 2H 2022 and beyond with referenceable customers, a sales pipeline building on current customer successes and a pipeline of product features that our customers need and for which we are

able to extract higher margin sales. Given strong market demand for short-form entertainment during these difficult times, we look forward to working with our investors to build significant shareholder value.

**Dr. Patrick DeSouza**
*Chairman*

# Interim Co-CEOs Statement

As noted in the Chairman's statement, in the last two and a half years the Group has progressed from a technology development business to a market competitor characterised by a suite of proprietary AI products for short form video creation that is increasingly attracting customers through a repeatable sales model.

We were appointed as Interim Co-CEOs in March 2022, reflecting the Group's transition away from the development phase and into a professional execution phase with a focus on larger scale customers to whom we can sell multiple products and services for video optimisation. During this period, we have overseen a shift to accelerating customer success and deeper engagement with our customers to determine our product roadmap, which includes analytics tools, multi platform video publishing and a greater ability to analyse and access moments from video back libraries.

This transition toward a commercial phase was initiated in 2021 and is partially reflected in our financial statements for 2021. During the year, the Group achieved its first technology sales, whilst reducing adjusted operating losses to $1.4 million from $2.1 million in 2020 (adding back in amortisation, share based payments and non-core items as discussed in the Strategic Report) and statutory operating losses to $3.5 million from $4.0 million. This progress towards profitability also reflects our greater focus on profitable MCN channel partners. We have achieved such progress despite a decline in MCN revenue from $10.3 million to $8.4 million due to the loss of some large low-margin channels, as well as our efforts to re-focus our cost base to actively drive technology-led revenues. At year end, we had $2.1 million in cash with a much reduced cash cost base having utilised our EIS/VCT funds to develop our product stack by the 30 September 2021 deadline. This 2 year horizon from the Group's admission to AIM has successfully marked the transition to a market competitor.

***Foundational Year***

2021 was a foundational year, as we continued the development of our platform technologies and services (JetStream, CreatorSuite and Managed Video Optimisation Services through our MCN) and made initial sales of each of these core offerings to a significant customer. This has allowed us to define our value add more sharply whilst working together with our customer base in refining our product requirements. The market opportunity for brands, agencies, publishers and creators to understand video content at a granular (ie frame by frame) level with the help of our technology is immense. Through our work with customers, it is clear that there is no tool available to analyse video at scale and convert this analysis into short form moments that viewers can engage with.

Our unique AI video analysis process, powered by our JetStream AI technology, positions us strongly in the media monitoring and marketing technology business segments, as well as ecommerce through video. SEEEN's technology allows customers to accurately measure and catalogue their own and third party video inventory in real time. As identified by various market research publications, these media-tech segments are multi-billion dollar opportunities with 15% annual growth expected for the rest of this decade as online video continues to increase in volume and popularity versus legacy video publishing activities.

Companies are actively positioning themselves to capitalise on this shift to online video, as transactions such as Innovid's acquisition of TVSquared ($160m) and Comscore's acquisition of Shareablee ($45m) demonstrate. In each of these examples, legacy video analytics providers are acquiring access to solutions that allow them to perform analysis of social media trends at scale. Our technology offers this solution for the unique challenge that is video.

Our confidence in respect of our market positioning and successful execution is reinforced by three key factors:

1. **Customer Penetration**. In 2021 and 2022, we have won customers for all of our core products and entered into a strategic partnership with Kinetiq, Inc for entry into the media monitoring market. Discussed below are some of our most significant customer wins that have allowed us to fine tune our products for greater sales success;
2. **Core Professional Team**. We have established a management team that is executing on our client requirements; working directly with clients to add relevant product features that will accelerate the sale of our products to similar potential customers;
3. **KPI Data**. Strong KPIs across our product suite that make our technology a compelling proposition for customers, by delivering faster results, more efficient workflows and, in particular for CreatorSuite, higher revenue generation.

***Customers***

As indicated above, in organizing our Go-To-Market plan, we have executed on three strategies to demonstrate for our shareholders a significant value proposition. First, we sought to have a core execution model of customer acquisition to drive the path to profitability. We sought a strategic large customer that typically has a longer sales cycles to show our ability to upsell such as a customer with higher margin products. At the same time, we also sought to penetrate a vertical market so that we could demonstrate our ability to execute a faster sales cycle. Within a vertical, there is typically reduced customer acquisition costs because of a common return on investment sale for similar customers. Second, we sought to position ourselves in the media monitoring market given its dynamism and need for video moment products. Finally, we sought to develop our e-commerce applications as consumers rely on video moments to make impulse purchases. All three strategies produce overlapping opportunities to increase shareholder value through partnerships and possible acquisitions.

A. Core Sales Strategy

Global Publisher - In November 2021, we announced a key strategic win for our MCN with a major global publisher to provide YouTube optimisation services. This validated our strategic shift away from high revenue, but low margin, channel partners to higher margin publishing and brand clients where our technology was useful for large back catalogues and where technology upsales can be made. Using our technology and YouTube expertise, we have helped deliver record results for the global publisher. In April 2022, they achieved record views and revenues on YouTube despite the weakening advertising backdrop, more than doubling previous monthly records. These strong results have continued since. As a result of this success, we have a case study to show to similar publishers globally, including an additional win in this vertical in April 2022 with a leading US web publisher. We continue to attack this market to capitalise on the unique offering we have in this sector to search through back catalogues and generate clips and new videos from these video collections.

Financial Publishing Vertical Market - In November 2021, we importantly added our first customer in the financial publishing vertical. This customer implemented CreatorSuite for all of its new videos and has published videos both directly to its own website and to YouTube. For most videos, the number of people viewing is greater on the company's website than on YouTube, which delivers a higher return per view versus the advertising income that can be generated from YouTube videos. Since this initial win in the financial publishing vertical, we have added three more customers in this sector with a robust and growing pipeline in both the UK and the US. Such customers have ranged from financial publishers seeking to drive subscriptions and direct stock sales to event organisers who want to drive more attendance to in person events and webinars.

Other Verticals

We expect to build on our success in this sector, as well as creating similar repeatable sales opportunities in the sports, retailing and political verticals where we have also made initial customer sales with successful implementations.

B. E-Commerce

E-Commerce Customers. During 2021, we launched CreatorSuite to third parties having initially trialled the technology on our own gtchannel.com website. Our initial partner, TBC Corporation, the owner of multiple tire

retailers in the United States of America, paid us $0.1 million to produce videos and drive traffic and ecommerce directly using their websites. This customer win built on the Group's core MCN automotive focus and trials customers in the automotive publishing space, such as Evasive Motorsports. Recently, we have launched an e-commerce site for American Leak Detection to sell leak detection products and services for that company's 150 locations across the US. This has already yielded its first sales for the customer. Given the demand for home services, we see a big opportunity ahead as we develop sales leads and convert them into sales.

C. Corporate Development / Market Positioning

Media monitoring - During 2021, we began exploring opportunities to apply JetStream to media monitoring for videos. Our initial pilot focused on monitoring entertainment content to provide an equality score each video. Building on this work, in February 2022 we announced a strategic partnership with Kinetiq, Inc., a leading media intelligence platform that enables its 200+ global customers to measure the effectiveness of their paid, earned and owned media, across thousands of broadcast, CTV and social channels. We have since applied this technology to enable a brand to monitor video streaming for logos, objects, facial, and other identifying images that promote their brand. Media monitoring firms need our solutions to analyse video at scale and further distribution discussions are ongoing. Working with these partners, we anticipate selling higher priced solutions on a high margin, recurring revenue basis.

***Professional Execution***

Since we took on the roles of Interim Co-CEO, we have been very impressed with the focus and commercial ability of other members of the management team. We have worked with the team to ensure we have built stronger relationships with prospective and current customers, allowing us to: sell faster, gather relevant data and define our product roadmap with relevant solutions that customers can trial before wider roll-outs.

These include Adrian Hargrave, our CFO, has been highly active in both bringing in new customers, with our wider sales team, across all our Customer strategies while making sure operational matters are being executed in timely fashion. Jacob Coby our CTO has been actively involved in client conversations and leading both our AI team and outsource software engineers in driving new product features, some of which have already been implemented as part of CreatorSuite (such as playlists and automated transcripts for creating moments). Jake Desjarlais as President of the MCN has pivoted the MCN away from lower margin business towards larger publishers and brands. This has been possible because of his expertise in developing channels with former clients such as Warner Bros, Paramount, Marvel and Hulu. This professional experience provides SEEEN with an edge in the marketplace to drive higher engagement and increased revenues through content strategies and to create a relevant technology roadmap for MCN channels.

***KPIs***

As discussed in our strategic report, we look at a variety of KPIs for the business. These include Group-wide KPIs related to sales and profitability, as well as product specific KPIs, which enhance the sales process.

Group KPIs - During 2021, we launched two new technology products based on our JetStream AI technology stack: Dialog-To-Clip and CreatorSuite. During 2022, we expect to add further modules to these products, as well as launching a new product dedicated solely to media monitoring and additional ancillary products to help our MCN client base create more efficient workflows and publish more video content to increase views and revenues.

Since the start of 2022, to build on the success of our product implementations, we are also looking at KPIs in relation to our sales funnel, including number of leads, number of proposals and deals closing. To date, we have been very successful in converting proposals into deals closing, with the pace of conversion accelerating more recently. We are very focused on increasing the number of leads generated and proposals prepared and we will be monitoring these closely in order to guide our execution pathway. In particular, we are very confident in our ability to develop repeatable sales processes in key verticals, such as financial publishing, sports and retail for CreatorSuite and with more traditional publishers.

Another relevant KPI now that we have multiple products available to customers is the percentage of clients who are purchasing more than one product or service from SEEEN. We have seen our first upsales in 2022, as well as package sales of technology and managed services, including our MCN. As we deliver results for a customer, an additional upsell is considerably faster and easier than selling products and services to a new customer. Each of our management team and senior leadership is very focused on this integrated approach to selling to our client base. In some cases, where customers have bespoke requirements, SEEEN will initially need to offer a managed services solution, which can be priced appropriately. Such managed services can be automated if we determine that sufficient market demand is present and feed the Group KPI for product development described above.

Product KPIs - CreatorSuite has proven across a variety of different implementations to bring several benefits to customers. These include increased Google Organic Search views directly from video pages (up to 100% increase), bounce rates of below 20% and clickthrough rates on end cards shown of between 5% and 15%. These metrics together deliver increased traffic, increased engagement and increased conversion for our customers. As part of our selling package, we are building a ROI (return on investment) calculator for our potential customers, so that they will immediately see the benefits that momentised videos on their website will deliver for them.

With regards to the MCN, we consider KPIs surrounding total views, creator channel partners and Revenue Per View, as described in more detail in the strategic report.

***Financials***

We have a balance sheet sufficient to execute our business plan. During 2021 in realizing our product stack, we fully deployed our EIS/VCT investment raised during the IPO. As at 31 December 2021, we had $2.1 million in cash. In making the transition to professional management, we did a good job of managing our burn rate. We reduced amounts spent on technology development and reallocated amounts towards sales and marketing. Our cash position has been assisted during 2022 as we have delivered more profitable revenues, resulting in a net cash position of approximately $1.6 million at the date of this release. We are mindful of our budget and constantly calibrate our cash burn against our monthly gross revenues to ensure that we are both able to grow the business organically, whilst protecting the business against any unforeseen challenges, such as Covid-19 and the Russia-Ukraine conflict.

Our focus on profitability and cash generation is also evidenced by the ongoing evolution of our MCN away from a revenue-only focus at the expense of supporting profits. In making our transition, we shed certain onerous legacy agency fees dating back to arrangements existing before the Group's admission to AIM. This resulted in the loss of revenue from some of the MCN's low margin channels. This reduction in MCN revenue from $10.3 million in 2020 to $8.3 million in 2021 will continue during 2022, however importantly the MCN is to become increasingly profitable. We completed our most profitable MCN month ever in April 2022 with similar levels of profitability projected for the rest of the year. This has been achieved despite the loss of advertising income from all views in Russia, which represented 25% of revenues in 2021.

With respect to technology sales, we completed our first technology sales in 2021 and generated $0.1 million of revenue. In 2022 and beyond, we expect this number to accelerate with a greater emphasis on recurring revenues rather than implementation fees.

As a result of the above, we generated an adjusted operating loss of $1.4 million (excluding Share Based Payments, Amortisation and Non-Core Items), significantly down from $2.1 million in 2020. We are on track to reduce this loss substantially during 2022 and with our ongoing customer momentum, we expect that we should be able to reach EBITDA breakeven in early 2023.

***Strategic Outlook***

We entered 2022 positively, building on the foundations we laid in 2020 and 2021 and we feel that we now have the right management team in place to drive the business forward. During the remainder of 2022, we will continue

our relentless focus on driving new customer wins with the strong data that we have for implementations of CreatorSuite, JetStream and MCN services.

These customer wins are also enabling us to further differentiate from the competition by building products that our customers are asking us for and which will have a wider base of users looking to make more of their new and existing video content. Customers need our multi-platform video publishing tools and rapid analysis of extensive video back catalogues and a turnkey media monitoring product.

We have leverageable assets. We have a strong technology team that has executed an attractive product roadmap for customers. We will continue to look to add professional expertise, particularly in relation to our sales efforts, to ensure that we capitalise on our market opportunity. In building our firm culture, given the team's responsiveness to operating challenges, we seek to promote from within and reward success.

We have demonstrated our ability to marry Managed Video Optimisation Services with our technology offerings for key clients in the publishing industry as identified above. We will continue to seek deeper integration between our MCN / Optimisation Services and technology products through the remainder of 2022 and beyond. Beyond our focus on organic growth, where appropriate, we will continue to look at accelerating market penetration by assessing acquisitions where there is a strong client base, but no technology to leverage, thus preventing true scaleability. We are attractive as we bring a turnkey technology solution for customers.

We remain well positioned despite current market volatility as the world continues to increase its dependence on video for information and decision making. As we are seeing with our customer wins, tools to take advantage of this shift are critical for publishers, brands and retailers.

Akiko Mikumo and David Anton
*Interim Co-Chief Executive Officers*

# Strategic Report

## Business Review and Key Performance Indicators

This Strategic Report outlines the business indicators to help the Board evaluate both the Group's current performance and the progress being made by the Group in applying its technology assets to its own and third-party media assets to create a leading video technology platform business.

**Group's Business**

SEEEN is organized into two businesses: (i) video moments AI technology and (ii) a YouTube multichannel network ("MCN") that provides Managed Video Optimisation Services. The two businesses have complementary assets and provide synergies as the MCN has video creators and audiences around which the Group may design and test video moments technology products. The synergistic nature of these business lines means that the Board and management consider the Group and its progress as one business as opposed to separate reporting entities.

Technology Business

The Group owns various intangible assets - patents, trade secrets, licenses and product designs - that underlie a suite of AI proprietary products focused on the production of video "micromoments" that enable consumers to access and analyse the most relevant features of videos for themselves. The Group has several KPIs against which it manages the business. In relation to technology, the Group monitors the following KPI:

i. KPI: number of product releases and substantial upgrades released by the Group during the year, which the Group can sell to its current and prospective customer base.

In unlocking shareholder value, The Group measures not only new product releases, but also progress in terms of customers for the Group's technology. The Group has three approaches to developing its sales pipeline each captured with a KPI.

i. KPI: number of customers acquired with basic licenses in a monthly recurring income structure. The Group's strategy is to penetrate certain vertical markets such as financial publishing, sports and retail. These verticals may be characterized as having relatively shorter sales cycles with similar repeatable customers.

ii. KPI: number of strategic customers acquired around which the Group can provide technology but also upsell managed services.

iii. KPI: number of customers that deploy the Group's technology for e-commerce applications as opposed to publishing video moments.

In addition, the Group has seen increasing demand for its *JetStream* offering directly. This has been evidenced by the announcement in February 2022 of a strategic partnership with Kinetiq, Inc. to resell AI-led media monitoring for its clients. Other such partners have been identified, as well as further use cases. In such cases, the Group will consider providing a licence or a white label service in order to accelerate the route to market.

Managed Video Optimisation Services

The Group's MCN aggregates creators of short form video content and publishes such content on YouTube. This business unit forms the basis for the Group's Managed Video Optimisation Services. Publishing partners, whether the MCN's creator channels or third party businesses, rely on the Group's know-how to create a content strategy that increases views and therefore digital ad revenue and brand awareness on YouTube. YouTube receives such digital ad revenue producing gross revenues. After YouTube deducts its commission, the Company receives net revenue from YouTube. The economics of the multichannel network creates various KPIs which help the Board to monitor the business plan of its Managed Video Optimisation Services. These KPIs measure critical attributes: (i) number of creator channels producing monetizable content; (ii) number of views/audience attracted to such content; (iii) digital ad yield from such content and accompanying audience expressed as Revenue Per Thousand. From these KPIs and the margins retained from creator channel partners, the Company creates its forecasts on net revenues and profit before taxes.

Synergies from the Technology and Media Businesses

As noted above, additional shareholder value is extracted from the synergies that the technology business and the Managed Video Optimisation Services business create for customers by working together.

First, the Group monitors the MCN data as a standalone business unit. Second, the Group also analyses the use of its technology features to attract an audience and content creators for the Company to test and subsequently productize its video moments technology. Example of such have been the launch in 2020 of the new, micro-moment led GTChannel website (www.gtchannel.com) and the launch of Dialog-To-Clip, the Adobe® Premiere Pro® plug-in, which was tested with several MCN associates prior to launch in May 2021 and ongoing pilots for additional technology products that streamline the creation and editing of videos for YouTube and other publishing platforms. The MCN provides a source of early-adopters for its technology products.

Non-Core / One-Time Costs (Gains)

During 2021, the Group focused on executing its business plan productizing its technology with funding from EIS/VCT proceeds raised in the fundraising in September 2019. Although the Group has stated its intention to seek acquisition and partnership opportunities, no costs were spent on these areas. The only non-core items for 2021 relate to approximately $0.3 million in respect of termination payments, paid in September 2021, and a $0.2 million gain in respect of the Payment Protection Programme (PPP) loan that was forgiven in May 2021.

Capital

The Board is mindful that it needs to apply its finances prudently to position the Group to succeed through building both a leading technology stack and sales and marketing function. At 31 December 2021, the Group had $2.1m in cash, following completion of the spending of EIS/VCT monies raised by the Group at the time of its admission to AIM. This cash needed to be used by 30 September 2021 and has been successfully deployed to develop *CreatorSuite* and *JetStream* to the point that each is a marketable product.

**KPIs**

As identified in the Group's previous annual report, the Board considered certain KPIs for the Group. As the Group evolves, it is expected that the KPIs for the business will evolve also and the Company expects to update these at the time of its interim report. KPIs were identified in the last annual report and the Board has started looking at additional KPIs against which it monitors the Group's progress. These KPIs are as follows:

(i) Technology Product Releases - During 2021, the Group released two new products. These were (i) *CreatorSuite*, which enables customers to drive increased views and increased customer conversions and (ii) *Dialog-To-Clip*, a plug-in generating efficiencies for video editing in Adobe® Premiere Pro® with AI driven in-video search. *CreatorSuite* was enhanced twice during 2021 with the release of moment creation direct from transcripts and the release of playlists. Behind these products, the Group continued to develop its AI-backbone, *JetStream*, a unique ensemble of video analysis technologies.

(ii) Vertical Market Customers - At year end 2021, the Group had signed contracts in vertical markets with 4 customers. Since year end, the number of customers who had signed contracts with the Group had increased to 12.

(iii) Strategic Customers - At year end 2021, the Group had signed contracts with one strategic customer to provide Managed Video Optimisation Services. Since the year end, one further strategic customer has been added. The Group has built a strong sales pipeline

(iv) E-Commerce Customers - At year end 2021, the Group had two e-commerce led customers. Since the year end, the Group has added two further customers in the e-commerce sector

(v) Corporate Development - Since year end, the Group has entered into a strategic partnership with Kinetiq to focus on media monitoring to help brands to understand their Return on Investment from marketing

(vi) MCN Creator Channels - At year-end 2021, the MCN had approximately 10,000 creator channels, of which approximately 1,200 were monetized. This is a reduction from the approximately 11,000 channels as at 31 December 2020, as the Group has focused on adding higher profit generating channels with strategic upsales opportunities.

(vii) MCN Audience - At year-end 2021, the MCN had approximately 12.0 billion views, down 36.0 per cent (2020: 18.7 billion).

(viii) MCN Average RPM - At year-end 2021, the MCN had an average RPM of $1.24, a 28.7 per cent. gain from 2020 (2020: $0.97).

(ix) Adjusted EBITDA - EBITDA adjusted for share-based payments and non-core items was a loss of $1.47 million, in line with market expectations for 2021 (2020: loss of $2.12 million).

(x) Non-Core Costs - During the year to 31 December 2021, there was a net non-core costs of $0.1 million (2020: nil), as outlined above.

(xi) Net Cash - At the end of 2021, the Group had $2.1 million in both gross and net cash. None of this money relates to the EIS/VCT funds raised at time of admission to AIM and is therefore available for use by the Group in an unrestricted fashion.

## Principal Risks and Uncertainties

The Group's objectives, policies and processes for measuring and managing risk are described in note 17. The principal risks and uncertainties to which the Group is exposed include:

**Technological advances within the industry**

The technology industry as a whole evolves rapidly with new entrants and ideas continuously changing the market. There is a risk that competitors react to opportunities faster, rendering the Group's technology uncompetitive which could have a material adverse impact on the prospects of the Group.

**YouTube / Google changes**

The Group's revenues have predominantly been sourced from YouTube advertising revenue. Should YouTube alter its terms of business for creators and MCNs, this could have a significant impact on the operations of the Group's MCN business

**Data Protection and General Data Protection Regulation ("GDPR")**

Data protection, driven in Europe by GDPR, is becoming increasingly relevant in the handling of consumer data. Any failures to follow relevant data protection rules could result in significant monetary penalties.

**Money-laundering and Anti-Corruption Regulations**

As the Group has to make payments to its network of creators, it is responsible for ensuring that all payments made to creators comply with all money-laundering and anticorruption regulations of the jurisdictions in which it operates. Historically, the Group has outsourced payments or made them through recognised payment wallet providers, however as the Group may be required to make direct transfers to creators, the Group monitors the increased risks associated with these direct payments.

**Foreign exchange risk**

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

**Credit Risk**

The Group's credit risk is primarily attributable to its cash and cash equivalents and trade receivables. The credit risk on other classes of financial assets is considered insignificant.

**Liquidity Risk**

The Group manages its liquidity risk primarily through the monitoring of forecasts and actual cash flows.

**Organisational Risk**

As a small Group, there is a reliance on a high proportion of key staff; the loss of any of these staff may be detrimental to the Group.

**Customer Risk**

The Group has begun to sell its products to customers, who started implementing CreatorSuite and *JetStream* related products in 2021 and increasingly in 2022. The Company is subject to such customers continuing to use the Group's products and also its ability to win new customers as projected using these initial customers as reference customers. The Board is particularly aware of this risk should the economy undergo a recession and therefore customers reduce their expenditure on new products.

**Advertising Revenue Risk**

The Group has historically been dependent on revenue from its YouTube MCN to generate profitability and changes to the either market conditions or regulations and the terms of advertising on YouTube could affect the Group's ability to generate revenues and profits. This has been felt most recently by the impact of the Russia-Ukraine war, following which all views from Russia have been demonetized, which represented approximately 25% of the Group's MCN revenue in 2021. The impact of the war has also affected advertising against videos discussing this topic.

**Covid-19 Risk**

COVID-19 could impact on the Group's ability to generate advertising income due to lower customer spending as well as reduce customers' desire to spend money on the new technologies produced by the Group given increased budgetary constraints.

**Market and Geopolitical Volatility**

The Group monitors general market conditions for their impact on sales cycles and capital markets. In the current economic environment, rapidly changing inflation indicators and interest rates affect corporate spending on technology. In the current geopolitical environment, as noted above, the Group is monitoring the current crisis in the Ukraine and Russia to forecast its impact on audiences and its MCN.

## Corporate Governance Statement s172 of the Companies Act

Each director must act in a way that, in good faith, would most likely promote the success of the Group for the benefit of its stakeholders. A discussion of s172 is presented in the Statement on Corporate Governance. The Strategic Report incorporates actions taken by the Group to ensure compliance with s172.

By order of the Board

**Adrian Hargrave**
*Chief Financial Officer*

# Directors' Report

The Directors present their report on the affairs of SEEEN plc (the "Company") and its subsidiaries, referred to as the Group, together with the audited Financial Statements and Independent Auditors' report for the year ended 31 December 2021.

## Principal Activities

The Group is a global media and technology platform whose mission is to leverage its AI and machine learning technology to more efficiently momentize video and to license such capabilities to brands, creators and publishers to enable discovery, sharing and e-commerce.

**Results**

The financial performance for the year for each of the Group and the Company, including the Group's Statement of Comprehensive Income and each of the Group's and the Company's financial position at the end of the year, is shown in the Financial Statements.

## Future Developments

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 to include the disclosure of likely future developments in each of the Chairman's Report and the Interim Co-CEOs' Report.

## Going Concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion the Directors have considered the financial position of the Group, taking into consideration the recent fundraising, together with its forecasts and projections until the end of 2022 that take into account reasonably possible changes in trading performance including those that ongoing effects of Coronavirus may cause. The going concern basis of accounting has therefore been adopted in preparing the financial statements.

## Dividends

The Directors do not recommend the payment of a dividend (31 December 2020: nil).

## Share Price

On 31 December 2021, the closing market price of SEEEN plc ordinary shares was 25.0 pence. The highest and lowest prices of these shares during the year to 31 December 2020 were 50.5 pence and 25.0 pence respectively.

## Capital Structure

Details of the authorised and issued share capital are shown in Note 15. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

## Treasury Operations & Financial Instruments

The Group operates a centralised treasury function which is responsible for managing liquidity, interest and foreign currency risks associated with the Group's activities.

The Group's principal financial instrument is cash, the main purpose of which is to fund the Group's operations.

The Group has various other financial assets and liabilities such as trade receivables and trade payables naturally arising through from its operations.

The Group's exposure and approach to capital and financial risk, and approach to managing these is set out in note 17 to the consolidated financial statements.

## Subsequent Events

On 23 February 2022, the Group announced a strategic partnership with Kinetiq, Inc., a leading media intelligence platform that enables global customers to measure the effectiveness of their paid, earned and owned media, across thousands of broadcast, CTV and social channels around the world. The companies provide "end-to-end" solutions for brands, networks and publishers to better manage and measure audience experiences, as companies look to migrate video content from traditional forms of media such as broadcast and cable to social and CTV media platforms.

On 16 March 2022, the Group announced changes to its Board of Directors. Todd Carter resigned as CEO and member of the Board to continue in a role overseeing customer success and product strategy. Akiko Mikumo and David Anton were each appointed as interim co-CEOs. Charles Burdick was proposed as an Independent Non-Executive Director and was subsequently appointed on 26 May 2022. Kevin Kohn, CEO of Kinetiq, Inc, (see above) was also appointed as a Board Observer. At the same time, the Group also announced that all of views from its MCN business in Russia had ceased generating advertising revenue. During 2021, approximately 25% of the Group's revenue was generated from views within Russia. This is expected to lead to a decrease in MCN income for 2022, however, as these channels had very low margins given distribution agreements made prior to the Group's admission to AIM, the impact on profitability is negligible.

## Directors

The Directors who served the Company during the year and up to the date of this report were as follows:

**Executive Directors**

Todd Carter (resigned 16 March 2022)

Scott Schlichter (resigned 4 August 2021)

Adrian Hargrave

**Non-Executive Directors**

Patrick DeSouza

Akiko Mikumo (became Executive Director 16 March 2022)

David Anton (became Executive Director 16 March 2022)

Mike Kelly (Resigned 9 April 2021)

Charles Burdick (appointed 26 May 2022)

## Directors' Indemnity

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

## Directors' Conflicts of Interest

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

## Political Donations

The Group did not make any political donations during the six months to 31 December 2021 (31 December 2020: £Nil).

## Directors' emoluments

| 12 months to 31 December 2021 | Salary, Fees & Bonus | Benefits | Total |
|---|---|---|---|
| | $ | $ | $ |
| **Executive Directors** | | | |
| T Carter | 159,458 | 24,878 | 184,336 |
| A Hargrave | 104,589 | 17,723 | 122,312 |
| S Schlichter* | 263,187 | 27,957 | 291,144 |
| **Non-Executive Directors** | | | |
| P DeSouza** | 12,500 | - | 12,500 |
| A Mikumo** | 12,500 | - | 12,500 |
| D Anton** | 12,500 | - | 12,500 |
| M Kelly** | 12,500 | - | 12,500 |
| | **597,234** | **70,558** | **667,792** |

* Includes $146,520.55 paid as a one-off payment upon termination of contract.

** All of the Non-Executive Directors agreed to waive their cash compensation in exchange for options at a premium to the prevailing share price in March 2021. Details of these options are in the table below

| 12 months to 31 December 2020 | Salary, Fees & Bonus | Benefits | Total |
|---|---|---|---|
| | $ | $ | $ |
| **Executive Directors** | | | |
| T Carter | 200,000 | 26,534 | 226,534 |
| S Schlichter | 200,000 | 30,073 | 230,073 |
| **Non-Executive Directors** | | | |
| P DeSouza | 50,000 | - | 50,000 |
| A Mikumo | 50,000 | - | 50,000 |
| M Kelly | 50,000 | - | 50,000 |
| D Anton | 50,000 | - | 50,000 |
| | **600,000** | **56,607** | **656,607** |

## Directors' interests

The Directors who held office at 31 December 2021 and subsequent to year end had the following direct interest in the ordinary shares of the Company at 31 December 2021 and at the date of this report:

| | Number of shares at 31 December 2021 | % held at 31 December 2021 | Number of shares at 29 June 2022 | % held at 29 June 2022 |
|---|---|---|---|---|
| P DeSouza | 5,426,165 | 10.9% | 5,426,165 | 10.9% |
| T Carter | 2,813,309 | 5.6% | 1,958,309 | 3.9% |
| A Hargrave | - | - | 125,000 | 0.3% |

In addition to the above, the following directors have options over the following shares

| Name | Options | Exercise Price | Exercise Period |
|---|---|---|---|
| Adrian Hargrave | 273,749 | 45p | 31/09/2020 - 31/09/2029 |
| Adrian Hargrave | 50,000 | 60p | 04/03/2022 - 04/03/2031 |
| Adrian Hargrave | 250,000 | 65p | 04/03/2022 - 04/03/2031 |

| | | | |
|---|---|---|---|
| Patrick DeSouza | 600,000 | 60p | 04/03/2022 - 04/03/2031 |
| Akiko Mikumo | 152,083 | 45p | 31/09/2020 - 31/09/2029 |
| Akiko Mikumo | 600,000 | 60p | 04/03/2022 - 04/03/2031 |
| David Anton | 152,083 | 45p | 31/09/2020 - 31/09/2029 |
| David Anton | 200,000 | 60p | 04/03/2022 - 04/03/2031 |
| Charles Burdick | 200,000 | 30p | 26/05/2023 - 26/05/2033 |

### Substantial Shareholders

As well as the Directors' interests reported above, the following interests of 3.0% and above as at the date of this report were as follows:

| | Number of shares | % held |
|---|---|---|
| Gresham House Asset Management Limited | 6,666,666 | 13.3% |
| Scott Schlichter | 5,870,406 | 11.8% |
| Canaccord Genuity Group Inc. | 4,752,777 | 9.5% |
| Water Intelligence plc | 3,855,033 | 7.7% |
| Taro Koki | 3,601,436 | 7.2% |
| Sumitomo Corporation | 2,314,815 | 4.6% |
| Rathbone Investment Management Limited | 1,665,696 | 3.3% |

### Employees

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

### Independent Auditors

Crowe U.K. LLP has expressed their willingness to continue in office. In accordance with section 489 of the Companies Act 2006, resolutions for their re-appointment and to authorise the Directors to determine the Independent Auditors' remuneration will be proposed at the forthcoming Annual General Meeting.

### Statement of disclosure to the Independent Auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

By order of the Board

**Adrian Hargrave**
*Chief Financial Officer*

## Corporate Governance

As a Board, we believe that practising good Corporate Governance is essential for building a successful and sustainable business in the long-term interests of all stakeholders. SEEEN's shares are listed on AIM, a market operated by the London Stock Exchange.

SEEEN has adopted the QCA Corporate Governance Code. The Company has adopted a share dealing code for the Board and employees of the Company which is in conformity with the requirements of Rule 21 of the AIM Rules for Companies. The Company takes steps to ensure compliance by the Board and applicable employees with the terms of such code.

The following sections outline the structures, processes and procedures by which the Board ensures that high standards of corporate governance are maintained throughout the Group.

Further details can be found on our website at seeen.com.

## Takeovers and Mergers

The Company is subject to The City Code on Takeovers and Mergers.

## Board

The Board, chaired by Dr. Patrick DeSouza, comprises three executive and two non-executive directors and it oversees and implements the Company's corporate governance programme. As Chairman, Dr. DeSouza is responsible for the Company's approach to corporate governance and the application of the principles of the QCA Code. Charles Burdick is the Company's independent director. The Board is supported by four committees: Audit, Remuneration, Nominations and Strategy. The Audit and Remuneration Committees are the principal committees for Corporate Governance.

Each Board member commits sufficient time to fulfill their duties and obligations to the Board and the Company. They are required to attend at least 4 Board meetings annually and join Board calls that take place between formal meetings and offer availability for consultation when needed.

Board papers are sent out to all directors in advance of each Board meeting including management accounts and accompanying reports from those responsible.

Meetings held during the year to 31 December 2021 and the attendance of directors is summarised below.

| | **Board meetings** | **Audit committee** | **Remuneration committee** |
|---|---|---|---|
| | **Possible (attended)** | **Possible (attended)** | **Possible (attended)** |
| Todd Carter | 6/6 | | |
| Adrian Hargrave | 4/4 | | |
| Scott Schlichter | 4/4 | | |
| Patrick DeSouza | 6/6 | 2/2 | |
| Akiko Mikumo | 6/6 | 2/2 | 1/1 |
| Mike Kelly | 2/2 | 1/1 | 1/1 |
| David Anton | 6/6 | 2/2 | 1/1 |

## Board Committees

## Board Committees

The Board has established an Audit Committee, Remuneration Committee, Nominations Committee and Strategy Committee with delegated duties and responsibilities.

(a) Audit Committee

The Audit Committee has the primary responsibility for monitoring the quality of internal control, ensuring that the financial performance of the Company is properly measured and reported on and for reviewing reports from the Company's auditors. The Audit Committee will meet at least twice a year at appropriate times in the reporting and audit cycle and otherwise when required. The Audit Committee will also meet with the Company's auditors at least once a year.

The Audit Committee is chaired by Charles Burdick and comprises of himself and Patrick DeSouza.

(b) Remuneration Committee

The Remuneration Committee is responsible for the review and recommendation of the scale and structure of remuneration for executive directors and other designated senior management, taking into account all factors which it deems necessary. The Remuneration Committee considers all aspects of the executive directors' remuneration including pensions, benefits and share option awards. No director will be involved in any decision as to his or her own remuneration. The Remuneration Committee will meet at least twice a year and otherwise when required. In exercising this role, the Directors shall have regard to the recommendations put forward in the QCA Corporate Governance Code and, where appropriate, the QCA Remuneration Committee Guide and associated guidance.

The Remuneration Committee is chaired by Patrick DeSouza and comprises himself and Charles Burdick.

(c) Nominations and Strategy Committee

Given the size of the Group, it is considered appropriate that all members of the Board sit on the Nominations and Strategy Committees. As such, whenever matters arise that would be appropriate for such committees, these will be considered at Board meetings.

(d) Advisory Panel and Board Observers

The Company has an Advisory Panel, comprised of Charlie Collier, Thomas Glocer and Chris Welty. The purpose of the Advisory Panel is to enable the Directors to draw upon the skills of these industry experts as well as supporting SEEEN in accessing growth opportunities via the network of contacts of each member of the Advisory Panel. The Advisory Panel meets on an ad-hoc basis and is available for consultations with Directors as required.

In addition, the Company has two Board Observers, Taketo Kokubo of Sumitomo Corporation and Kevin Kohn, the CEO of Kinetiq, Inc. with whom the Company signed a strategic partnership in March 2022. Both of these individuals and invited to Board meetings on an ad hoc basis.

(d) Advisory Panel and Board Observers

The Company has an Advisory Panel, comprised of Charlie Collier, Thomas Glocer and Chris Welty. The purpose of the Advisory Panel is to enable the Directors to draw upon the skills of these industry experts as well as supporting SEEEN in accessing growth opportunities via the network of contacts of each member of the Advisory Panel. The Advisory Panel meets on an ad-hoc basis and is available for consultations with Directors as required.

In addition, the Company has two Board Observers, Taketo Kokubo of Sumitomo Corporation and Kevin Kohn, the CEO of Kinetiq, Inc. with whom the Company signed a strategic partnership in March 2022. Both of these individuals and invited to Board meetings on an ad hoc basis.

## Board Experience

All members of the board bring complementary skill sets to the Board. One director is female and five are male. The board believes that its blend of relevant experience, skills and personal qualities and capabilities is sufficient to enable it to successfully execute its strategy. In addition, the Board receives regular updates from, amongst others, its nominated adviser, legal counsel and company secretary in relation to key rule changes and corporate governance requirements, as well as regular liaison with audit firms both in the UK and the US in respect of key disclosure and accounting requirements for the group, especially as accounting standards evolve. In addition, each new director appointment is required to receive AIM rule training from the Company's nominated adviser at the time of their appointment.

### Patrick J. DeSouza, Chairman

*Term of office:* Appointed 30 September 2019.

Since 2010 Dr. DeSouza has been the Executive Chairman of Water Intelligence plc, a rapidly growing AIM quoted business focusing on technology transformation of the water industry. He has 25 years of operating and financial advisory leadership experience with both public and private companies in media and technology and asset management industries. Over the last 15 years, Dr. DeSouza has also invested in and incubated technology companies centered at Yale University. Dr. DeSouza has served at the White House on the National Security Council. He is a graduate of Columbia College, Yale Law School and Stanford Graduate School. He is a member of the Council on Foreign Relations.

### Akiko Mikumo, Interim Co-CEO

*Term of office:* Appointed 30 September 2019.

Akiko is a retired senior partner at Weil Gotshal and Manges LLP, one of the world's leading law firms. She has over 35 years of mergers and acquisitions, securities and governance experience. Her clients have included some of the leading media and technology companies and investment firms. She served as a member of the firm's Management Committee for over 12 years. Ms. Mikumo was previously a director of Cambridge Science Corporation, a biotech investment company in Cambridge, Massachusetts. Ms. Mikumo is a member of the Advisory Board of University of California, Berkeley and is chair of the Nominating Committee. Recently, she served as a fellow at Harvard's Advanced Leadership Initiative. She is a graduate of University of California, Berkeley and New York University School of Law.

### David Anton, Interim Co-CEO

*Term of office:* Appointed 30 September 2019.

David is Chief Executive Officer of Anton & Partners, a leading advertising, branding, and marketing communication company with a 20-year track record of creating impact for some of the world's most notable brands in fashion, lifestyle, financial and automotive sectors. David is a serial entrepreneur and has founded various successful companies. He is an investor in and advisor to Village Roadshow Productions, leading movie production company. David has advised, co-founded and invested in multiple companies such as Tori Burch, Roqu Media International, Village Roadshow and Spotify among others.

### Charles Burdick, Independent Non-Executive Director

*Term of office:* Appointed 16 May 2022.

Charles has a significant track record as an executive in media and telecommunications, with roles including CFO and CEO of Telewest plc, a FTSE 100 cable TV and media company; CEO of HIT Entertainment plc, the children's IPR company previously listed on AIM; and Chairman and CEO of Comverse Technology, a NASDAQ-quoted technology business.

### Adrian Hargrave, Chief Financial Officer

*Term of office:* Appointed 4 March 2021.

Adrian has been Chief Financial Officer of SEEEN plc since its admission to AIM on 30 September 2019. Previously, he has been Corporate Development Director at Water Intelligence plc. Prior to this, he worked as a corporate financier and Qualified Executive with AIM companies for the last 15 years.

The Company Secretary is responsible for ensuring that Board procedures are followed and that all applicable rules and regulations are complied with. Adrian Hargrave, the CFO, currently performs the role of Company Secretary, providing an advisory role to the Board. The Company Secretary is supported and guided in this role by the Company's legal advisors.

The Directors have access to the Company's CFO/Company Secretary, NOMAD, lawyers and auditors as and when required and are able to obtain advice from other external bodies when necessary.

## Board Performance and Effectiveness

The performance and effectiveness of the Board, its committees and individual Directors is reviewed by the Chairman and the Board on an ongoing basis. Training is available should a Director request it, or if the Chairman feels it is necessary. The performance of the Board is measured by the Chairman with reference to the Company's achievement of its strategic goals.

## Risk Management

The Directors recognise their responsibility for the Group's system of internal control and have established systems to ensure that an appropriate and reasonable level of oversight and control is provided. The Group's systems of internal control are designed to help the Group meet its business objectives by appropriately managing, rather than eliminating, the risks to those objectives. The controls can only provide reasonable, not absolute, assurance against material misstatement or loss.

The Chief Financial Officer manages a risk register for the Group that identifies key risks in the areas of corporate strategy, financial, clients, staff, environmental and the investment community. The Audit Committee is provided with a copy of the register. The register is reviewed periodically and is updated as and when necessary.

Within the scope of the annual audit, specific financial risks are also evaluated in detail, including in relation to foreign currency, interest rates, debt covenants, taxation and liquidity.

The annual budget is reviewed and approved by the Board. Financial results, with comparisons to budget and latest forecasts are reported on a monthly basis to the Board together with a report on operational achievements, objectives and issues encountered. Significant variances from plan are discussed at Board meetings and actions set in place to address them.

Approval levels for authorisation of expenditure are at set levels throughout the management structure with any expenditure in excess of pre-defined levels requiring approval from the Non-Executive Chairman and the Chief Financial Officer.

Measures continue to be taken to review and embed internal controls and risk management procedures into the business processes of the organisation and to deal with areas of improvement which come to the management's and the Board's attention. We expect the internal controls for the business to change as the business expands both geographically and in terms of product development.

The Company's auditors are encouraged to raise comments on internal control in their management letter following their audit, and the points raised and actions arising are monitored through to completion by the Audit Committee.

## Corporate Culture

The Group aims to operate ethically and be socially responsible in its actions. Importantly, the Board recognises that the Group's employees are its most important asset.

The Group is committed to achieving equal opportunities and to complying with relevant anti-discrimination legislation. It is established Group policy to offer employees and job applicants the opportunity to benefit from fair employment, without regard to their sex, sexual orientation, marital status, race, religion or belief, age or disability. Employees are encouraged to train and develop their careers.

The Group has continued its policy of informing all employees of matters of concern to them as employees, both in their immediate work situation and in the wider context of the Group's well-being.

In addition, all directors and senior employees are required to abide by the Group's share dealing code, which was updated at the time of admission to AIM.

## Audit Committee Annual Review

The role of the Audit Committee is to monitor the quality of internal controls and check that the financial performance of the Group is properly assessed and reported on. It receives and reviews reports from the Chief Financial Officer, other members of management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The members of the Audit Committee are Charles Burdick (Chairman) and Patrick DeSouza.

The Interim Co-CEOs and Chief Financial Officer are invited to attend parts of meetings. The external auditors attend meetings to discuss the conclusions of their work and meet with the members of the Committee. The Committee is able to call for information from management and consults with the external auditors directly as required.

The objectivity and independence of the external auditors is safeguarded by reviewing the auditors' formal declarations, monitoring relationships between key audit staff and the Company and tracking the level of non-audit fees payable to the auditors.

The Audit Committee met twice in 2021 to review the annual accounts and the interim accounts. The Committee will review with the independent auditor its judgements as to the acceptability of the Company's accounting principles.

In addition, the Committee monitors the auditor firm's independence from Company management and the Company.

## Remuneration Committee Annual Review

The Remuneration Committee met once in 2021. The Committee currently comprises Patrick DeSouza and Charles Burdick, with Patrick DeSouza as Chairman. Prior to the appointment as Interim Co-CEOS, Akiko Mikumo and David Anton had formed part of the Remuneration Committee. The Remuneration Committee is responsible for reviewing the performance of Executive Directors and determining the remuneration and basis of service agreement. The Remuneration Committee also determines the payment of any bonuses to Executive Directors and the grant of options. No Director plays a part in any discussion regarding his or her own remuneration.

## Relations with Shareholders

The Company is available to hold meetings with its shareholders to discuss objectives and to keep them updated on the Company's strategy, Board membership and management.

The board also welcome shareholders' enquiries, which may be sent via the Company's website *seeen.com.*

## Corporate Governance Statement s172 of the Companies Act

Each director must act in a way that, in good faith, would most likely promote the success of the Group for the benefit of its stakeholders. The board of directors consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters indicated in S172) in the decisions taken during the year ended 31 December 2021. Following is an overview of how the Board performed its duties during 2021.

## Shareholders

The Chairman, Chief Executive Officer and Chief Financial Officer, members of the Board and senior executives on the management team have regular contact with major shareholders. The Board receives regular updates on the views of shareholders which are taken into account when the Board makes its decisions. In particular, the Company met with its largest shareholders to report on progress at the time of publication of its annual audited results and its interim unaudited results. The Company received feedback during that process, as well as subsequent meetings and calls alongside trading updates issued by the Group.

## Employees

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

The Board communicates with senior management and employees. The Group also operates regular internal Company-wide meetings via video conference calls, which staff can access as required and is a source of both discussion and sharing information relevant to employees. Details of the Group's performance are shared with all employees at appropriate times using these methods.

The Group expects a high standard from its staff and provides training to achieve this. Where possible, as new roles in the organisation arise, the Group aims to promote from within.

## Customers and Partners

The Group has a different set of customers and partners for its various products and services. YouTube is the Group's primary customer for its MCN, as it receives videos from the Group and its channel partners against which it generates advertising revenue. In addition, the Group has direct customer relationships for both technology products and its Managed Video Optimisation Services where customers pay a monthly fee to the Group, which is often structured as a fixed component and a variable fee for performance. All customers and channel partners are treated with professionalism and the Group aims to work with all such stakeholders in developing its product roadmap further.

## Community

The Group is aware that the dissemination of video carries with it social responsibility to the broader community. Board and management are committed to the highest levels of professionalism in the aggregation and dissemination of video content and to ensure compliance with relevant data compliance regulations.

# Statement of Directors' Responsibilities

## Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with the Companies Act 2006 and for being satisfied that the Financial Statements give a true and fair view. The Directors are also responsible for preparing the Financial Statements in accordance with International Financial Reporting Standards ("IFRSs").

Company law requires the Directors to prepare Financial Statements for each financial period which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Company and the Group for that period. In preparing those Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements. The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, disclose with reasonable accuracy at any time the financial position of the Company and the Group, and to enable them to ensure that the Financial Statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Website publication

The Directors are responsible for ensuring the Annual Report and Financial Statements are made available on a website. Financial Statements are published on the Group's website (*seeen.com*) in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors - the work carried out by the auditors does not involve the consideration of these matters and, accordingly, and the auditors accept no responsibly for any changes that may have occurred in the accounts since they were initially presented on the website. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

# Independent Auditors' report to the members of SEEEN plc

### Opinion

We have audited the financial statements of SEEEN plc (the "Parent Company") and its subsidiaries (the "Group") for the period ended 31 December 2021, which comprise:

- the Group statement of comprehensive income for the year ended 31 December 2021;
- the Group and parent company statements of financial position as at 31 December 2021;

- the Group and parent company statements of changes in equity for the year then ended;
- the Group and parent company statements of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing management's financial projections for the Group and parent company for a period of more than 12 months from the date of approval of the financial statements.
- Checking the numerical accuracy of management's financial projections.
- Challenging management on the assumptions underlying those projections and sensitised them to reduce anticipated net cash inflows from future trading activities.
- Considering potential downside scenarios and the resultant impact on available funds.
- Obtained the latest financial results post year end 31 December 2021 to review how the group and parent company are trending toward achieving the forecast.
- Performed sensitivity analysis on key inputs of the forecast by calculating the impact of various scenarios and considering the impact on the group and parent company's ability to continue as a going concern in the event of not meeting the forecast.
- Assessing the completeness and accuracy of the matters described in the going concern disclosure within the significant accounting policies as set out in Note 2.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Overview of our audit approach**

*Materiality*

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be $150,000 (2020: $165,000), based on 4.8% of loss before tax per draft figures obtained from pre-year end management accounts. As the Group is a trading group, we determined that the use of a trading-based metric was the most appropriate to use for determining materiality.

Materiality for the parent Company financial statements as a whole was set at $112,500 based on 0.6% of total assets per draft figures from pre-year end management accounts.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. Performance materiality was set at 70% of materiality for the financial statements as a whole, which equates to $105,000 (2020: $123,000) for the Group and $78,750 for the parent company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Directors to report to it all identified errors in excess of $5,600 (2020: $8,250). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

*Overview of the scope of our audit*

SEEEN Plc is located in London, United Kingdom. Our audit was conducted remotely. The operations of its subsidiaries, Tagasuris Inc., GT Channel Inc., and EAI Inc. are in the United States. We conducted specific audit procedures in relation to these entities which were undertaken by component auditors, Marcum LLP. All group companies were within the scope of audit testing.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We set out below, together with going concern included above in the Conclusions Relating to Going Concern section, those matters we considered to be key audit matters.

This is not a complete list of all risks identified by our audit.

| ***Key audit matter*** | ***How the scope of our audit addressed the key audit matter*** |
|---|---|
| **Carrying value of goodwill and other intangible assets**<br><br>The carrying value of goodwill and other intangible assets at 31 December 2021 was $15.0 million (2020: $15.1 million).<br><br>The Group's intangible assets comprise of goodwill arising on acquisition of subsidiaries, customer relationships and technology developments.<br><br>When assessing the carrying value of goodwill and intangible assets, management makes judgements regarding the appropriate cash generating unit, strategy, future trading and profitability and the assumptions underlying these. We considered the risk that goodwill and/or other intangible assets were impaired.<br><br>The key judgements are in relation to revenue growth and customer acquisitions. Changes in these factors could result in an impairment to the carrying value of the goodwill and intangible assets. | We evaluated, in comparison to the requirements set out in IAS 36, management's assessment (using discounted cash flow models) as to whether goodwill and/or other intangible assets were impaired. We challenged, reviewed and considered by reference to external evidence, management's impairment and fair value models as appropriate and their key estimates, including the discount rate. We reviewed the appropriateness and consistency of the process for making such estimates.<br><br>We obtained management's discounted cash flow models supporting the intangible asset valuation. We challenged the key assumptions into the model, including the forecast revenue and gross margin, discount rates and growth rates. We compared cash flow forecasts used in the impairment review to historical performance, and challenged where forecasts indicated performance that deviated significantly from historical performance, in the absence of significant changes in the business or market environment.<br><br>Discount rates and terminal growth rates were benchmarked to externally derived data and our knowledge of sector performance, to evaluate the reasonableness of these assumptions. Sensitivity analysis was performed on the key assumptions such as growth, customer acquisitions, margin and discount rates to identify those assumptions to which the goodwill or intangible asset valuation was highly sensitive. |
| **Carrying value of investments and intercompany receivables - Parent Company** | We considered with management whether any further indications of impairment existed. This |

| | |
|---|---|
| The carrying value of investments in subsidiaries in the parent company financial statements at 31 December 2021 was $12.2 million (2020: $15.2 million), as well as an intercompany balance of $2.8 million (2020: $2.9m million), after an impairment in the current year of $5.1 million. The valuation of these investments and the recovery of the intercompany balance are almost entirely dependent on the successful execution of the business plan. Changes in the carrying value of the groups intangible assets, or a failure to execute the business plan would likely result in a further impairment to the carrying value of the investments in and loans to subsidiaries. | includes considering the existence of any indication of discontinued operating activities, management's future plans for the business, the ability of the business to achieve its business plan, together with the carrying value of the group's intangible assets and the market capitalisation of the Group.<br><br>In assessing whether any further impairment may be required, because the value of the investment in subsidiaries is highly related to the recoverability of the goodwill and intangible assets our work was substantially that as set out in the KAM above. |

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion based on the work undertaken in the course of our audit

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of the directors for the financial statements**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and the procedures in place for ensuring compliance. Based on our understanding of the Group and industry, discussions with management and the Board of Directors we identified financial reporting standards and Companies Act 2006 as having a direct effect on the amounts and disclosures in the financial statements. Our work included direct enquiry of management, reviewing Board and relevant committee minutes and inspection of correspondence.

As part of our audit planning process we assessed the different areas of the financial statements, including disclosures, for the risk of material misstatement. This included considering the risk of fraud where direct enquiries were made of management and those charged with governance concerning both whether they had any knowledge of actual or suspected fraud and their assessment of the susceptibility of fraud. We considered the risk was greater in areas involving significant management estimate or judgement. Based on this assessment we designed audit procedures to focus on key areas of estimate or judgement, this included specific testing of journal transactions, both at the year end and throughout the year.

Other laws and regulations where non-compliance may have a material effect on the Group's operations are Data Protection and GDPR.

Our audit procedures included:

- enquiry of management about the Group's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- review of minutes of meetings of the Board of Directors;
- enquiry of management about litigations and claims;
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions, in particular those items included in the Key Audit Matters;
- analytical procedures to identify any unusual or unexpected relationships;
- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; and
- review of accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

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

**Use of our report**

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

the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

John Glasby (Senior Statutory Auditor)

for and on behalf of

**Crowe U.K. LLP**

Statutory Auditor

London

# Consolidated Statement of Comprehensive Income

| | Notes | Year ended 31 December 2021 | Year ended 31 December 2020 |
|---|---|---|---|
| | | $ | $ |
| | | Audited | Audited |
| **Revenue** | | 8,537,729 | 10,135,053 |
| **Cost of sales** | | (7,633,917) | (9,040,727) |
| **Gross profit** | | **903,812** | **1,094,326** |
| Administrative expenses | | | |
| - Share-based payments | 5 | (349,925) | (618,192) |
| - Amortisation of intangibles | 9 | (1,605,924) | (1,214,564) |
| - Other administrative costs | 3 | (2,461,951) | (3,215,463) |
| Total administrative expenses | | (4,417,800) | (5,048,219) |
| **Operating Loss** | | **(3,513,988)** | **(3,953,893)** |
| Finance expense | 6 | (3,835) | (6,562) |
| **Loss before tax** | | **(3,517,823)** | **(3,960,455)** |
| Taxation | 7 | 323,510 | 340,740 |
| **Loss after tax** | | **(3,194,313)** | **(3,619,715)** |
| **Other Comprehensive Income** | | | |
| ***Items that will not be reclassified to profit and loss*** | | | |
| Exchange differences arising on translation of foreign operations | | (33,880) | (317,805) |
| **Total comprehensive loss for the year** | | **(3,228,193)** | **(3,943,876)** |
| **Loss per share attributable to equity holders of Parent** | | **Cents** | **Cents** |
| Basic | 8 | (6.39) | (7.25) |
| Diluted | 8 | (6.39) | (7.25) |

The results reflected above relate to continuing activities.

# Consolidated Statement of Financial Position

| | Notes | 31 December 2021 $ | 31 December 2020 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Goodwill and indefinite life intangible assets | 9 | 9,762,158 | 9,762,158 |
| Other intangible assets, net | 9 | 5,255,018 | 5,320,876 |
| Trade and other receivables | | 1,800 | 1,800 |
| | | 15,018,976 | 15,084,834 |
| **Current assets** | | | |
| Trade and other receivables | 11 | 751,524 | 1,790,074 |
| Cash and cash equivalents | 12 | 2,086,249 | 5,336,502 |
| | | 2,837,773 | 7,126,576 |
| **TOTAL ASSETS** | | **17,856,749** | **22,211,410** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to holders of the parent** | | | |
| Share capital | 15 | 7,400,732 | 7,400,732 |
| Share premium | 15 | 7,677,993 | 7,677,993 |
| Merger relief reserve | | 8,989,501 | 8,989,501 |
| Share based payment reserve | | 1,124,768 | 774,842 |
| Foreign exchange reserve | | 165,855 | 199,735 |
| Retained earnings | | (9,324,869) | (6,130,556) |
| **Total Shareholders' Equity** | | **16,033,980** | **18,912,247** |
| | | | |
| **Non-current liabilities** | | | |
| Deferred tax liability | 14 | 569,710 | 893,220 |
| | | **569,710** | **893,220** |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | 13 | 1,253,059 | 2,207,943 |
| Borrowing | 20 | - | 198,000 |
| **Total Current Liabilities** | | **1,253,059** | **2,405,943** |
| **TOTAL EQUITY AND LIABILITIES** | | **17,856,749** | **22,211,410** |

The financial statements of SEEEN plc, company number 10621059, were approved by the board of Directors and authorised for issue on the 29 June 2022. They were signed on its behalf by:

**Adrian Hargrave**
*Chief Financial Officer*

# Company Statement of Financial Position

| | Notes | 31 December 2021 $ | 31 December 2020 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investment in Subsidiaries | 10 | 12,192,026 | 15,166,851 |
| | | 12,192,026 | 15,166,851 |

| | | | |
|---|---|---|---|
| **Current assets** | | | |
| Trade and other receivables | 11 | 2,825,149 | 2,969,903 |
| Cash and cash equivalents | 12 | 1,301,405 | 4,399,957 |
| | | 4,126,554 | 7,369,860 |
| **TOTAL ASSETS** | | **16,318,580** | **22,536,711** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to holders of the parent** | | | |
| Share capital | 15 | 7,400,732 | 7,400,732 |
| Share premium | 15 | 7,677,993 | 7,677,993 |
| Merger reserve | | 8,989,501 | 8,989,501 |
| Share based payment reserve | | 1,124,768 | 774,842 |
| Foreign exchange reserve | | 118,779 | 427,684 |
| Retained earnings | | (9,197,895) | (3,073,206) |
| **Total Shareholders' Equity** | | **16,113,878** | **22,197,546** |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | 13 | 204,702 | 339,165 |
| **Total Liabilities** | | 204,702 | 339,165 |
| **TOTAL EQUITY AND LIABILITIES** | | **16,318,580** | **22,536,711** |

The loss for the financial year in the financial statements of the parent Company, which related entirely to Plc costs, was $6,124,689 and $1,320,263 for the 12 months ended 31 December 2021 and 2020, respectively.

The financial statements of SEEEN plc, company number 10621059, were approved by the board of Directors and authorised for issue on the 29 June 2022. They were signed on its behalf by:

**Adrian Hargrave**
*Chief Financial Officer*

# Consolidated Statement of Cash Flows

| | Year ended 31 December 2021 $ | Year ended 31 December 2020 $ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Loss before tax | (3,517,823) | (3,947,618) |
| Adjustments for non-cash/non-operating items: | | |
| Amortisation of intangible assets | 1,605,924 | 1,214,564 |
| Gain on extinguishment of debt | (198,000) | |
| Share based payments | 349,926 | 618,192 |
| Interest paid | 3,833 | 6,562 |
| **Operating cash flows before movements in working capital** | (1,756,140) | (2,108,300) |
| | | |
| Decrease/(Increase) in trade and other receivables | 1,038,554 | 24,179 |
| (Decrease)/Increase in trade and other payables | (954,885) | (223,865) |
| | 83,669 | (199,686) |
| **Cash used by operations** | (1,672,471) | (2,307,986) |
| | | |
| Income taxes paid | - | - |
| **Net cash used by operating activities** | (1,672,471) | (2,307,986) |
| | | |
| **Cash flows from investing activities** | | |

| | | |
|---|---|---|
| Purchase of intangible assets | (1,540,066) | (1,977,211) |
| Cash on acquisition | - | - |
| **Net cash used in investing activities** | (1,540,066) | (1,927,211) |
| **Cash flows from financing activities** | | |
| Proceed from loan | - | 198,000 |
| Interest income/(paid) | (3,833) | (6,562) |
| **Net cash (used by)/generated from financing activities** | (3,833) | 191,438 |
| **Net increase/(decrease) in cash and cash equivalents** | (3,216,370) | (4,043,759) |
| **Effect of exchange rates on cash** | (33,882) | (380,644) |
| **Cash and cash equivalents at the beginning of year** | 5,336,502 | 9,760,905 |
| **Cash and cash equivalents at end of year** | 2,086,250 | 5,336,502 |

There have been no changes in liabilities arising from financing activities, other than the forgiveness of the PPP loan in May 2021 as noted in Note 20 to these accounts, which has not been recognised in this statement of cash flows.

# Company Statement of Cash Flows

| | Year ended 31 December 2021 $ | Year ended 31 December 2020 $ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Loss before tax | (6,124,689) | (1,320,263) |
| Adjustments for non-cash/non-operating items: | | |
| Share based payment expense | 349,926 | 618,192 |
| Change in carrying value of investment in subsidiaries | 5,075,122 | - |
| **Operating cash flows before movements in working capital** | (699,641) | (702,071) |
| Decrease (Increase) in trade and other receivables | - | - |
| (Decrease) Increase in trade and other payables | (134,460) | (428,319) |
| **Cash used by operations** | (834,101) | (1,130,390) |
| Income taxes | - | - |
| **Net cash used by operating activities** | (834,101) | (1,130,390) |
| **Cash flows from investing activities** | - | - |
| Loans to subsidiaries | (2,326,770) | (2,182,016) |
| **Net cash used in investing activities** | (2,326,770) | (2,182,016) |
| **(Decrease)/Increase in cash and cash equivalents** | (3,160,871) | (3,312,406) |

| | | |
|---|---|---|
| **Effect of exchange rates on cash** | 62,319 | (126,287) |
| **Cash and cash equivalents at the beginning of period** | 4,399,957 | 7,838,650 |
| **Cash and cash equivalents at end of period** | 1,301,405 | 4,399,957 |

There have been no changes in liabilities arising from financing activities.

# Notes to the Financial Statements

### 1 General information

The Group is a global media and technology platform whose mission is to leverage its AI and machine learning technology to more efficiently momentize video and to license such capabilities to brands, creators and publishers to enable discovery, sharing and e-commerce. The Company is a public limited company domiciled in the United Kingdom and incorporated under registered number 10621059 in England and Wales. The Company's registered office is 27-28 Eastcastle Street, London W1W 8DH.

The Company is listed on AIM, a market operated by the London Stock Exchange. These Financial Statements were authorised for issue by the Board of Directors on 29 June 2022.

### 2 Significant accounting policies

**Basis of preparation**

These Financial Statements of the Group and Company are prepared on a going concern basis, under the historical cost convention except for certain financial instruments which are carried at fair value as specified within the individual accounting policies.

These financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Parent Company financial statements present information about the Company as a separate entity.

Both the Company and consolidated financial statements have been prepared and approved by the Directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"). On publishing the Company financial statements here together with the consolidated financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and statement of comprehensive income and related notes.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The Financial Statements are presented in US Dollars ($), rounded to the nearest dollar.

**Going concern**

The financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities as they fall due for the foreseeable future. The Group is dependent for its working capital requirements on cash generated from operations and its cash holdings. The cash holdings of the Group at 31 December 2021 and 31 December 2020 were $2.1 million and $5.3 million, respectively.

Given the stage of development of the Group's products, the Directors have implemented a reduction in development spend, partially offset by an increase in sales and marketing. The Directors have prepared detailed cash flow projections which are based on their current expectations of trading prospects, as well as scenarios where (i) sales fail to materialize as expected and (ii) potential further impacts of COVID-19 pandemic and advertising impacts caused by the Ukraine-Russia conflict on trading. Under all these scenarios, the Group has sufficient cash resources for at least on year from the date of these accounts, although the Board has plans to reduce cash burn by approximately 50 per cent. from current levels should product sales fail to materialize, which provides the Group with sufficient cash resources for an extended period. Accordingly, the Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

**Basis of consolidation**

The accompanying consolidated financial statements of SEEEN plc include its wholly owned subsidiaries: GT Channel, Inc., Tagasauris Inc., and SEEEN, Inc.

The Consolidated Statement of Comprehensive Income includes the results of all subsidiary undertakings for the period from the date on which control passes. Control is achieved where the

Company (or one of its subsidiary undertakings) obtains the power to govern the financial and operating policies of an investee entity so as to derive benefits from its activities.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

All Inter-company transactions and balances and unrealized gains or losses on transactions between Group companies are eliminated in full.

**Revenue recognition**

Under IFRS 15, revenue is recognized when a customer obtains control of a good or a service and thus has the ability to direct the use of and obtain the benefits from the good or service.

*Nature of MCN*

SEEEN owns 100% of GT Channel, Inc, which operates a multichannel network ("MCN"). The MCN aggregates content supplied by creators. The MCN then provides such content to YouTube, who is the customer. YouTube then directs the use of such content to gain the benefit of digital ad revenue from brands. YouTube takes forty-five per cent. of the gross amount of digital ad revenue and then pays the MCN. The Group recognises the payment received from YouTube as revenue, being the net amount after the deduction of forty-five per cent. of the gross advertising revenue. YouTube provides the MCN with daily reports on its receipt of revenue from brands against the MCN's content. Revenue to the MCN is recognized upon receipt of such reports from YouTube.

The MCN pays the creators who have supplied videos to the MCN and these payments are recognized as Cost of Sales in the Group's statement of comprehensive income.

***Property, plant and equipment***

All property, plant and equipment is stated at cost less accumulated depreciation.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Equipment and displays: 5 to 7 years

Motor vehicles: 5 years

Leasehold improvements: 7 years or lease term, whichever is shorter

The asset's residual values and economic lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Assets that are no longer of economic use to the business are retired.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses) or gains in the income statement.

***Goodwill***

Goodwill represents the excess of the fair value of the consideration over the fair values of the identifiable net assets acquired.

Goodwill arising on acquisitions is not subject to amortisation but is subject to annual impairment testing. Any impairment is amortisation immediately in the Consolidated Statement of Comprehensive Income and not subsequently reversed.

***Other intangible assets***

Intangible assets are recorded as separately identifiable assets and amortised at historical cost less any accumulated amortisation. These assets are amortised over their definite useful economic lives on the straight-line method.

Amortisation is computed using the straight-line method over the definite estimated useful lives of the assets as follows:

| | Years |
|---|---|
| Customer lists | 4 |
| Product development | 4 |

Any amortisation is included within total administrative expenses in the statement of comprehensive income.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The asset's residual values and economic lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are reocgnised within other (losses) or gains in the Statement of Comprehensive Income.

**Research and development**

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled.

- It is technically feasible to complete the intangible asset so that it will be available for use or resale;
- Management intends to complete the intangible asset and use or sell it;
- There is an ability to use or sell the intangible;
- It can be demonstrated how the intangible asset will generate possible future economic benefits;
- Adequate technical, financial and other resource to complete the development and to use or sell the intangible asset are available; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense in the period incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and are amortised from the point at which they are ready for use on a straight-line basis over the asset's estimated useful life.

**Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that is subject to risks and returns that are different from those of other business segments. During the year to 31 December 2021, the majority of revenue for the Group was generated from its MCN operation. As the Group's revenue mix evolves, the Directors expect to split out revenue by type in the Accounts.

**Impairment reviews**

Assets that are subject to amortisation and depreciation are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be fully recoverable. Assets that are not subject to amortisation and depreciation are reviewed on an annual basis at each year end (including goodwill) and, if there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its net selling price and its value in use. Any impairment loss arising from the review is charged to the Statement of Comprehensive Income whenever the carrying amount of the asset exceeds its recoverable amount.

**Share based payments**

The Group has made share-based payments to certain Directors, employees and advisers by way of issue of share options. The fair value of these payments is calculated either using the Black Scholes option pricing model or by reference to the fair value of any fees or remuneration settled by way of granting of options. The expense is amortisation on a straight-line basis over the period from the date

of award to the first date of exercise, based on the best estimate of the number of shares that will eventually vest.

***Taxation***

Income tax expense represents the sum of the current tax and deferred tax charge for the year.

***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's and Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the year end.

***Deferred tax***

Deferred income taxes are provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. Deferred income taxes are determined using tax rates that have been enacted or substantially enacted and are expected to apply when the related deferred income tax asset is amortisation or the related deferred income tax liability is settled.

The principal temporary differences arise from depreciation or amortisation charged on assets and tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses and are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

***Cash and cash equivalents***

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less.

***Foreign currencies***

***(i) Functional and presentational currency***

Items included in the Financial Statements are measured using the currency of the primary economic environment in which each entity operates ("the functional currency") which is considered by the Directors to be Pounds Sterling (£) for the Parent Company and US Dollars ($) for SEEN, Inc, GTChannel, Inc and Tagasauris, Inc. The Financial Statements have been presented in US Dollars which represents the dominant economic environment in which the Group operates. The effective exchange rate at 31 December 2021 was £1 = US$1.3757 (31 December 2020 was £1 = US$1.3627). The average exchange rate for the year to 31 December 2021 was £1 = US$1.3520 (31 December 2020 was £1 = US$1.2837).

***Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

***(ii) Group Companies***

The results and financial position of all the Group entities that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

(a) assets and liabilities for each statement of financial position presented are translated at closing rate at the date of the statement;

(b) the income and expenses are translated at average exchange rates for period where there is no significant fluctuation in rates, otherwise a more precise rate at a transaction date is used; and

(c) all resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

**Financial instruments**

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

***Loans and receivables***

Trade receivables, loans, and other receivables held with the objective to collect the contractual cash flows are classified as subsequently measured at amortised cost. These are initially measured at fair value plus transaction costs. At each period end, there is an assessment of the expected credit loss in accordance with IFRS 9; with any increase or reduction in the credit loss provision charged or released to other selling and administrative expenses in the statement of comprehensive income.

***Impairment of financial assets***

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group also recognises lifetime ECLs for trade receivables and contract assets. The ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

***Financial liabilities***

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method.

***Equity instruments***

An equity instrument is any instrument with a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments (ordinary shares) are recorded at the proceeds received, net of direct issue costs.

***Derecognition of financial liabilities***

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

**Critical accounting estimates and judgements**

The preparation of Financial Statements in conformity with International Financial Reporting Standards requires the use of judgements together with accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of income and expenses during the reporting period. Although these judgements and estimates are based on management's best knowledge of current events and actions, the resulting accounting treatment estimates will, by definition, seldom equal the related actual results.

The following are the critical judgements and estimations that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts reocgnised in the financial statements.

*Impairment of goodwill*

Impairment of the valuation of the goodwill relating to the acquisition of subsidiaries is considered annually for indicators of impairment to ensure that the asset is not overstated within the financial statements. The annual impairment assessment in respect of goodwill requires estimates of the value in use (or fair value less costs to sell) of subsidiaries to which goodwill has been allocated. This requires the Directors to estimate the future cash flows and an appropriate discount factor, in order that the net present value of those cash flows can be determined. Discounted cash flow forecasts give due consideration to the impact of COVID-19 on the future cash flows, and are stress tested under a range of scenarios. Further details are provided in note 9 to the financial statements.

*Impairment of investment in subsidiaries*

Impairment of the valuation of the investment in subsidiaries relating to the acquisition of subsidiaries and subsequent funding of such subsidiaries is considered annually for indicators of impairment to

ensure that the asset is not overstated within the financial statements. The annual impairment assessment in respect of such investment requires estimates of the value in use (or fair value less costs to sell) of subsidiaries to which investment has been allocated. This requires the Directors to estimate the future cash flows and an appropriate discount factor, in order that the net present value of those cash flows can be determined. Discounted cash flow forecasts give due consideration to the impact of COVID-19 on the future cash flows, and are stress tested under a range of scenarios. Further details are provided in note 10 to the financial statements.

*Amortisation of intangible assets*

The periods of amortisation adopted to write down capitalised intangible assets requires judgements to be made in respect of estimating the useful lives of the intangible assets to determine an appropriate

amortisation rate. Technology and website development costs are being amortised on a straight-line basis over the period during which the economic benefits are expected to be received, which has been estimated at 4 years.

## 3 Expenses by nature

The Group's operating profit has been arrived at after charging:

| | Note | Year ended 31 December 2021 $ | Year ended 31 December 2020 $ |
|---|---|---|---|
| Employee costs | | 724,457 | 1,151,339 |
| Severance costs | | 291,144 | - |
| Consulting services | | 128,490 | 368,261 |
| Agency fees | | 614,053 | 650,802 |
| Rent | | 11,145 | 19,592 |
| Professional fees | | 233,600 | 319,447 |
| Listing fees | | 14,372 | 9,845 |
| Other | | 444,690 | 696,177 |

| | Year ended 31 December 2021 $ | Year ended 31 December 2020 $ |
|---|---|---|
| **Auditors remuneration** | | |
| Fees payable to the Group's auditor for audit of Parent Company and Consolidated Financial Statements | 37,856 | 37,227 |
| Fees payable to the Group's auditor for non-audit services | 4,056 | 53,902 |

The Group auditors are not the auditors of the US subsidiary companies. The fees paid to the auditor of the US subsidiary companies were $40,000 (31 December 2020: $36,000) for the audit of these companies with no payments for other services.

## 4 Employees and Executive Directors

The Executive Directors are considered to be the key management of the business.

`

| | Year ended 31 December 2021 $ | Year ended 31 December 2020 $ |
|---|---|---|

| | | |
|---|---|---|
| Staff costs for all employees, including Executive Directors consist of: | | |
| Wages and Salaries | 1,015,601 | 1,151,339 |
| Share Based Payments Expense | 349,925 | 618,192 |
| | 1,365,526 | 1,721,138 |

Information regarding Executive Directors emoluments are as follows:

| | Year ended 31 December 2021 | 6 months ended 31 December 2020 |
|---|---|---|
| | $ | $ |
| *Short-Term employee benefits* | | |
| Directors' fees, salaries and benefits | 547,234 | 600,000 |
| Social Security Costs | 70,558 | 56,607 |
| | 617,792 | 150,000 |

The highest paid Executive Director received emoluments of $291,144, including termination payment (31 December 2020: $230,073).

The average number of employees (including Directors) in the Group during the year was:

| | Year ended 31 December 2021 | 6 months ended 31 December 2020 |
|---|---|---|
| Directors (executive and non-executive) | 5 | 5 |
| Management | 2 | 3 |
| Other | 3 | 4 |
| | 10 | 11 |

Note: The Group also uses five full time consultants on its proprietary technology products and other third party contractors whose workload is varied each month for software engineering and product development. These costs are represented in Consulting Services in Note 3 above.

## 5 Share options

The Company grants share options at its discretion to Directors, management and advisors. These are accounted for as equity settled options. Should the options remain unexercised after a period of ten years from the date of grant the options will expire unless an extension is agreed to by the board. Options are exercisable at a price equal to an exercise price determined by the board.

Details for the share options and warrants granted, exercised, lapsed and outstanding at the year-end are as follows:

| | Number of share options 2021 | Weighted average exercise price (GBp) 2021 |
|---|---|---|
| Outstanding at beginning of year | 4,996,887 | 45.0 |
| Granted during the year | 3,400,000 | 62.9 |
| Forfeited/lapsed during the year | - | - |
| Exercised during the year | - | - |
| Outstanding at end of the year | 8,396,887 | 52.2 |

| | | |
|---|---|---|
| Exercisable at end of the year | 4,996,887 | 45.0 |

During the year the Company issued options to existing directors and staff in exchange for reducing their cash compensation, as well as issuing employee incentivization grants for retention purposes. The Group has also issued options in 2022 as outlined in Note 21 below.

***Fair value of share options***

During the year, the Group granted 3,400,000 Share Options to certain Employees and Consultants with exercise prices ranging from 60 pence to 65 pence ($0.84 to $0.91) with graduated three year vesting and subject to continued employment (or involvement in the case of consultant) by the Company.

The fair value of options granted during 2021 has been calculated using the Black Scholes model which has given rise to a fair value per share of 9.1p to 14.3p. This is based on a risk-free rate of 0.84% and volatility of 53.0% and that the options will be exercised on the first date of the exercise period.

The Black Scholes calculations for the options granted during the year resulted in an annual charge of $130,729 which has been expensed in 2021.

The weighted average remaining contractual life of the share options as at 31 December 2021 was 8.35 years.

Options arrangements that exist over the Company's shares at year end are detailed below:

| | | | | | Exercise period | |
|---|---|---|---|---|---|---|
| **Grant** | **31 December 2021** | **31 December 2020** | **Date of Grant** | **Exercise price** | **From** | **To** |
| AIM Admission Grant Options | 4,996,887 | 4,996,887 | 30/9/2019 | 45p | 30/9/2020 | 30/9/2029 |
| 2021 Director Fee Options | 1,450,000 | - | 4/3/2021 | 60p | 4/3/3024 | 4/3/2031 |
| 2021 Incentive Options | 1,300,000 | - | 4/3/2021 | 65p | 4/3/3024 | 4/3/2031 |
| 2021 Incentive Options | 650,000 | - | 13/5/2021 | 65p | 13/5/3024 | 13/5/2031 |
| **Total** | **8,396,887** | **4,996,887** | | | | |

All share options are equity settled on exercise.

Further options have been granted since 31 December 2021 and information on these can be found in Note 21 (Subsequent Events) to these Accounts.

## 6 Finance expense

| | **Year ended 31 December 2021 $** | **Year ended 31 December 2020 $** |
|---|---|---|
| Interest expense | 3,833 | 6,562 |

## 7 Taxation

The major components of income tax expense for the periods ending 31 December 2021 and December 2020 are as follows:

| **Group** | **Year ended 31 December 2021 $** | **Year 31 December 2020 $** |
|---|---|---|
| Current tax: | - | - |

| | | |
|---|---|---|
| Current tax (benefit) on profits in the year | - | - |
| Prior year over provision | - | - |
| **Total Tax charge (benefit)** | **0** | **-** |
| Deferred tax current year | (323,510) | (340,740) |
| Deferred | - | - |
| **Total Tax charge (benefit)** | **(323,510)** | **(340,740)** |

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits and losses as follows:

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits and losses as follows:

| | **Year ended 31 December 2021** | **Year ended 31 December 2020** |
|---|---|---|
| | **$** | **$** |
| Total loss on ordinary activities before tax | (3,517,822) | (3,947,618) |
| Loss on ordinary activities at the standard rate of corporation tax in the US of 21% (30 June 2020: 21%) | (738,743) | (829,000) |
| Non-deductible expenses | | |
| | 51,557 | 118,989 |
| eductible expenses | | |
| State taxes net of federal benefit | (223,583) | (227,980) |
| Other tax adjustments, reliefs and transfers | 186 | - |
| Adjustment in respect of prior year | (648) | (144) |
| Deferred tax not recognised / valuation allowance | 587,721 | 585,022 |
| Changes in rates | - | 15,069 |
| **Total Tax charge** | **(323,510)** | **(338,044)** |

At the balance sheet date, the Group had unused tax losses (as reported on the Group's tax returns) of $11,787,927 available for offset against future profits. $1,776,191 represents unrecognized deferred tax assets thereon. The deferred tax asset has not been recognized due to uncertainty over timing of utilization.

## 8 Earnings per share

The loss per share has been calculated using the profit for the year and the weighted average number of ordinary shares outstanding during the year, as follows:

| | **Year ended 31 December 2021** | **Year ended 31 December 2020** |
|---|---|---|
| Loss for the year attributable to equity holders of the Parent ($) | (3,194,313) | (3,619,715) |
| Weighted average number of ordinary shares | 49,957,876 | 49,957,876 |
| Diluted weighted average number of ordinary shares | 49,957,876 | 49,957,876 |
| **Loss per share (cents)** | (6.39) | (7.25) |

| | | |
|---|---|---|
| **Diluted loss per share (cents)** | (6.39) | (7.25) |

## 9 Intangible assets

| Group | Goodwill Arising on Consolidation | Other Intangible Assets | Development Costs | Totals |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Cost** | | | | |
| At 31 December 2019 | 9,762,158 | 4,463,432 | 94,794 | 14,320,384 |
| Additions | - | - | 1,977,213 | 1,977,213 |
| Amortisation | - | (1,190,249) | (24,315) | (1,214,564) |
| **At 31 December 2020** | 9,762,158 | 3,273,183 | 2,047,692 | 15,083,033 |
| Additions | - | - | 1,540,066 | 1,540,066 |
| Amortisation | - | (1,190,249) | (415,675) | (1,605,924) |
| **At 31 December 2021** | 9,762,158 | 2,082,934 | 3,172,083 | 15,017,175 |

The cost of other intangible assets comprises customer lists and technology development acquired at the date of acquisition. The other intangible assets are being amortised over a period of 4 years. Amortisation is charged to administrative costs in the Statement of Comprehensive Income.

**Goodwill and Impairment**

The carrying value of goodwill in respect of each acquisition was as follows:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| GTChannel, Inc | 3,165,023 | 3,165,023 |
| Tagasauris, Inc | 3,643,678 | 3,643,678 |
| Entertainment AI, Inc | 2,953,457 | 2,953,457 |
| **Total** | 9,672,158 | 9,672,158 |

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. In order to perform this test, management is required to compare the carrying value of the relevant cash generating unit ("CGU") including the goodwill with its recoverable amount. The recoverable amount of the CGU is determined from a value in use calculation. Management has assessed that there is one CGU encompassing all of the Group's subsidiaries. This is based on the Group's business plan as stated in its admission document, as well as considering how the Group is managed and directed. The subsidiary entities offer a combination of cross-supplied technology and services that will enable the Group to create a Multi Platform Network. This synergistically leverages the Group's technology, current customer base and wider business plan and strategic partners. These features are each supplied by the different acquisitions made in the period and as such, the Directors consider provisionally that it is most appropriate that the CGU consist of all three subsidiaries.

The recoverable amount of the CGU has been determined from a review of the current and anticipated performance of this unit through to the end of 2024. In preparing this projection, a discount rate of 10% has been used based on the weighted average cost of capital and a perpetual growth rate of 2% has been assumed, justified by the longer term prospects for the online and digital video industry. The discount rate was based on the Company's cost of capital as estimated by management. Management has also made assumptions around the growth / customer acquisition in relation to its products it has launched in 2021 and 2022. This includes adding new, profitable channel partners to its MCN, selling its media monitoring services through 3rd parties and increasing its *CreatorSuite* client base. If management assumptions were to reduce by 50%, i.e. if the Group was only able to obtain half of the expected customer numbers across categories, this would reduce the carrying value of the goodwill by $2 million. No other reasonable change in the other assumptions made by management would presently result in an impairment.

## 10 Investment in subsidiary undertakings

| Company | Cost of investment $ | Loan to group undertaking | Total |
|---|---|---|---|

| | | $ | $ |
|---|---|---|---|
| **Cost** | | | |
| At 31 December 2020 | 12,984,835 | 2,182,106 | 15,166,851 |
| Additions | - | 2,100,207 | 2,100,207 |
| **At 31 December 2021** | 12,984,835 | 4,282,313 | 17,267,058 |
| **Impairment** | | | |
| At 31 December 2020 | - | - | - |
| **At 31 December 2021** | (5,075,122) | - | (5,075,122) |
| **Carrying amount** | | | |
| At 31 December 2020 | 12,984,835 | 2,182,106 | 15,166,851 |
| **At 31 December 2021** | 7,909,713 | 4,282,313 | 12,192,026 |

The Directors annually assess the carrying value of the investment in the subsidiaries and in their opinion an impairment provision of $5,075,122 is required to bring the value of investments into line with the net assets of the Group as a whole. In addition to the above, the Company also recognises loans to group undertakings totalling $2,825,149 in current assets on the Company balance sheet.

The subsidiary undertakings during the year were as follows:

| | Registered office address | Country of incorporation | Interest held % |
|---|---|---|---|
| GTChannel, Inc. | 199 Whitney Avenue, New Haven, Connecticut 06511 U.S. | US | 100% |
| Tagasauris, Inc. | 199 Whitney Avenue, New Haven, Connecticut 06511 U.S. | US | 100% |
| Entertainment AI, Inc. | 199 Whitney Avenue, New Haven, Connecticut 06511 U.S. | US | 100% |

All subsidiaries are owned directly by the Parent Company.

## 11 Trade and other receivables

| | Group | | Company | |
|---|---|---|---|---|
| | 31 December 2021 $ | 31 December 2020 $ | 31 December 2021 $ | 31 December 2020 $ |
| Trade and other receivables | 751,524 | 1,790,074 | - | - |
| Intercompany receivables | - | - | 2,825,149 | 2,969,903 |

In determining the recoverability of accounts receivable, the Company considers any changes in the credit quality of the accounts receivable from the date credit was initially granted up to the reporting date. The accounts receivable that are neither past due nor impaired relate to customers that the Company has assessed to be creditworthy based on the credit evaluation process performed by management which considers both customers' overall credit profile and its payment history with the Company. Any loss allowance is determined in accordance with IFRS 9.

## 12 Cash and cash equivalents

| | Group | | Company | |
|---|---|---|---|---|
| | Year ended 31 December 2021 $ | Year ended 31 December 2020 $ | Year ended 31 December 2021 $ | Year ended 31 December 2020 $ |

| | | | | |
|---|---|---|---|---|
| Cash at bank and in hand | 2,086,249 | 5,336,502 | 1,301,405 | 4,399,957 |

## 13 Trade and other payables

| | Group | | Company | |
|---|---|---|---|---|
| | Year Ended 31 December 2021 $ | Year Ended 31 December 2020 $ | Year Ended 31 December 2021 $ | Year Ended 31 December 2020 $ |
| Trade payables | 471,983 | 521,044 | 68,418 | 164,173 |
| Accruals and other payables | 781,076 | 1,686,899 | 136,284 | 174,991 |
| | 1,253,059 | 2,207,943 | 204,702 | 339,164 |

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs and are payable within 3 months.

## 14 Deferred Tax

| | Total $ |
|---|---|
| Balance as at 1 January 2021 | (893,220) |
| Deferred tax on acquisition of subsidiaries | - |
| Deferred tax charge for the year | 323,510 |
| **Balance At 31 December 2021** | (569,710) |

The deferred tax provision comprises:

| | 31 December 2021 $ | 31 December 2020 $ |
|---|---|---|
| Deferred tax liability arising from acquisition of intangible assets | 569,710 | 893,220 |
| **Total** | 569,710 | 893,220 |

At the balance sheet date, the Group had unused tax losses (as reported on the Group's tax returns) of $11,787,927 available for offset against future profits. $1,776,191 represents unrecognized deferred tax assets thereon. The deferred tax asset has not been recognized due to uncertainty over timing of utilization.

## 15 Share capital

The issued share capital in the year was as follows:

**Group & Company**

| | Ordinary Shares of 12 pence each Number | Shares held in treasury Number | Total Number |
|---|---|---|---|
| **At 31 December 2020** | 49,957,876 | - | 49,957,876 |
| **At 31 December 2021** | 49,957,876 | - | 49,957,876 |

**Group & Company**

| | Share capital $ | Share premium $ |
|---|---|---|

| | | |
|---|---|---|
| **At 31 December 2020** | 7,400,732 | 7,677,903 |
| **At 31 December 2021** | 7,400,732 | 7,677,903 |

During the year to 31 December 2021, the Company issued no new shares.

## 16 Financial instruments

### Financial instruments

As at the dates presented, the Group has classified its financial instruments as follows:

| At 31 December 2021 | Loans and Receivables at Amortized Cost $ | Other Financial Liabilities at Amortized Cost $ | Fair Value through Profit or Loss $ | Total $ |
|---|---|---|---|---|
| Financial Assets | | | | |
| Cash | 2,086,249 | - | - | 2,086,249 |
| Trade and Other Receivables | 751,524 | - | - | 751,524 |
| Financial Liabilities | | | | |
| Trade and Other Payables | - | 1,253,059 | - | 1,253,059 |
| Borrowings - Current | - | - | - | - |

| At 31 December 2020 | Loans and Receivables at Amortized Cost $ | Other Financial Liabilities at Amortized Cost $ | Fair Value through Profit or Loss $ | Total $ |
|---|---|---|---|---|
| Financial Assets | | | | |
| Cash | 5,336,502 | - | - | 5,336,502 |
| Trade and Other Receivables | 1,790,075 | - | - | 1,790,075 |
| Financial Liabilities | | | | |
| Trade and Other Payables | - | 2,207,943 | - | 2,207,943 |
| Borrowings - Current | - | 198,000 | - | - |

### Credit risk management

The Company is exposed to credit risk associated with its accounts receivable. Credit risk is minimized substantially by ensuring the credit worthiness of the entities with which it carries on business. Most of the Group's revenues are derived from its MCN business. The key counterparty for this business is YouTube. The performance obligations arise at the time that MCN videos generate advertising or other income on YouTube. YouTube makes a monthly payment to the Group, approximately 20 days in arrears. In the periods to 31 December 2021 and 31 December 31 2020, the Company did not experience any significant instance of non-payment from its customers and expects this to continue to be the case, thus a provision has not been made for potentially uncollectable amounts.

The Company's accounts receivable aging as follows:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Current | 751,524 | 1,789,834 |

| | | |
|---|---|---|
| 31-60 days | - | - |
| 61-90 days | - | - |
| >90 days | - | 240 |
| | 751,524 | 1,790,074 |
| Allowance for doubtful accounts | - | - |
| Total | 751,524 | 1,790,074 |

**Interest rate risk management**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. The Company's exposure to interest rate risk is based on short-term fixed interest rates. At 31 December 2021, the Company's exposure to interest rate risk was determined to be nominal.

**Capital risk management**

In managing its capital, the Group's primary objective is to maintain a sufficient funding base to enable working capital, research and development commitments and strategic investment needs to be met and therefore to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders. In making decisions to adjust its capital structure to achieve these aims, including through new share issues, the Group considers not only its short-term position but also its long term operational and strategic objectives.

The capital structure of the Group currently consists of equity comprising issued capital, reserves and retained earnings. The Group is not subject to any externally imposed capital requirements. The Group monitors this expenditure and is on track to spend the required funds by such date.

**Foreign currency risk management**

Foreign exchange transaction risk arises when individual Group operations enter into transactions denominated in a currency other than the dominant economic currency of the Group. The principal risk arises from the Group's holding company and payments made in relation to the holding company's activities in the United Kingdom.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities were:

| | Group | | Company | |
|---|---|---|---|---|
| | Year ended 31 December 2021 $ | Year ended 31 December 2020 $ | Year ended 31 December 2021 $ | Year ended 31 December 2020 $ |
| **Assets** | | | | |
| Sterling | 1,059,409 | 1,766,102 | 1,059,409 | 1,766,102 |
| **Liabilities** | | | | |
| Sterling | 370,082 | 284,890 | 370,082 | 284,890 |

As shown above, at 31 December 2021 the Group had Sterling denominated monetary net assets of $689,327 (31 December 2020: $1,481,212). If Sterling weakens by 10% against the US dollar, this would decrease net assets by $68,933 (31 December 2020: $148,121) with a corresponding impact on reported losses. Changes in exchange rate movements resulted in a loss from exchange differences on a translation of foreign exchange of $132,420 in the year to 31 December 2021 (year to 31 December 2020: loss of $350,241), resulting primarily from the holding of cash in sterling.

**Liquidity risk management**

Ultimate responsibility for liquidity management rests with management. The Group's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due and so cash holdings may be high during certain periods throughout the period. The Group currently has no bank borrowing or overdraft facilities, following the forgiveness of the PPP loan received in May 2021. All liabilities are current and expected to be settled within 3 months.

The Group's policy in respect of cash and cash equivalents is to limit its exposure by reducing cash holding in the operating units and investing amounts that are not immediately required in funds that

have low risk and are placed with a reputable bank.

**18 Contingent liabilities**

The Directors are not aware of any material contingent liabilities.

**19 Related party transactions**

The Directors are not aware of any related party transactions.

**20 Borrowing**

On April 30, 2020, the Company received a loan, from the bank, in the amount of $198,000 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), and is administered by the U.S. Small Business Administration (SBA). Under the terms of the CARES Act, the PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loan granted under the PPP, at which time the Company will recognize the forgiven amount as income. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds for: payroll costs and mortgage interest, rent or utility costs and the maintenance of employee and compensation levels. The Company used the twenty-four-week forgiveness period and applied for forgiveness of the PPP loan in accordance with the terms of the PPP. On 5 May 2021, the Company's PPP loan was forgiven.

**21 Subsequent events**

On 23 February 2022, the Group announced a strategic partnership with Kinetiq, Inc., a leading media intelligence platform that enables global customers to measure the effectiveness of their paid, earned and owned media, across thousands of broadcast, CTV and social channels around the world. The companies provide "end-to-end" solutions for brands, networks and publishers to better manage and measure audience experiences, as companies look to migrate video content from traditional forms of media such as broadcast and cable to social and CTV media platforms.

On 16 March 2022, the Group announced changes to its Board of Directors. Todd Carter resigned as CEO and member of the Board to continue in a role overseeing customer success and product strategy. Akiko Mikumo and David Anton were each appointed as interim co-CEOs. Charles Burdick was proposed as an Independent Non-Executive Director and was subsequently appointed on 26 May 2022, at which time he was granted an option over 200,000 ordinary shares of 12 pence each ("Ordinary Shares") at an exercise price of 30 pence per Ordinary Share. Kevin Kohn, CEO of Kinetiq, Inc, (see above) was also appointed as a Board Observer. At the same time, the Group also announced that all of views from its MCN business in Russia had ceased generating advertising revenue. During 2021, approximately 25% of the Group's revenue was generated from views within Russia This is expected to lead to a decrease in MCN income for 2022, however, as these channels had very low margins given distribution agreements made prior to the Group's admission to AIM, the impact on profitability is negligible.

**22 Control**

The Company is under the control of its shareholders and not any one party. The shareholdings of the directors and entities in which they are related are as outlined within the Director's Report.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our Privacy Policy.

END

FR UKAURUKUNUUR