

**28 September 2021**

**Immotion Group plc**

**(“Immotion Group”, the “Company” or the “Group”)**

**Interim Results**

Immotion Group plc (AIM:IMMO), the immersive entertainment group, is pleased to announce its interim results for the six months to 30 June 2021.

**Highlights**

- H1 2021 revenue £2.8m
- Near breakeven result in H1 - EBITDA loss £31k
- Outstanding performance in Q3 – revenue circa £3m, estimated EBITDA circa £0.6m, adjusted PBT breakeven<sup>1</sup>
- Six consecutive months of underlying EBITDA profit (April-September)
- Record Group results for June, July and August
- H2 expected to be strongly cash generative. Cash on hand £0.9m (30 June 2021: £0.6m)
- Location Based Entertainment (“LBE”) division - almost all sites now open and trading
- H2 seeing growing revenue and contributions from Home Based Entertainment (“HBE”) and Uvisan
- New LBE zoo offering in production for spring 2022 launch
- New HBE product - “Vodiac” - to be beta launched in Q4 2021
- Uvisan received first significant NHS order for 64 cabinets

**Robin Miller, Chairman of Immotion Group said:**

*“Our H1 result is very encouraging, particularly as conditions in the early part of the period remained challenging to say the least. April saw us reach underlying EBITDA profit for the first time, and we have maintained this performance every month since. Our core Location Based Entertainment (“LBE”) business has recovered strongly and enjoyed a buoyant summer period.*

*Following this, we have seen a very strong start to H2 and, accordingly, we expect Q3 to deliver overall Group revenue of circa £3m and EBITDA of £0.6m. Momentum is growing in our HBE and Uvisan businesses and this augurs well for Q4 when we believe, based on current performance, they will in aggregate deliver significant revenue, margin and net cash inflow.*

<sup>1</sup> Adjusted PBT excludes share-based payments

*Our LBE business will continue to focus on larger installations while creating new content to launch into the global zoo market - which we believe to be considerably larger than the aquarium market - in the early part of next year.*

*HBE, while continuing to build momentum with the “Let’s Explore Oceans” range of content, will also be launching an exciting new product, “Vodiac”, offering a much broader and deeper choice of channels.*

*Securing our first significant order for the NHS was a major milestone for Uvisan, our UV-C disinfection business. This, plus the ongoing pandemic and resultant heightened profile of workplace safety and hygiene, gives us confidence that demand for these products is going to be with us for the foreseeable future and provides a positive backdrop for growth.*

*The creation of the HBE and Uvisan divisions has provided us with two further significant growth opportunities and the early signs are very promising. This is a real testament to the team, its entrepreneurial spirit and determination not just to survive but to prosper.*

*In conclusion, we have confidence that there are plentiful growth opportunities ahead.”*

*The information contained within this announcement is deemed by the Company to constitute inside information under the Market Abuse Regulation (EU) No. 596/2014 ("MAR") as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 and is disclosed in accordance with the Company's obligations under Article 17 of MAR.*

**Enquiries:**

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## **Overview**

We are delighted with the performance of our Group in H1. Despite a very challenging start to the year, the Group produced its best ever result with a small overall EBITDA loss for the first half of £31k on revenue of £2.8m.

This was an excellent outcome given that trading conditions in the first three months of the period were very challenging as COVID-19 restrictions persisted and many sites remained closed or severely impacted. In fact, the Group recorded an EBITDA loss of £0.2m in the first quarter.

We were delighted to see the Group finally reach underlying monthly EBITDA profit in each of the three months of the second quarter – this is a real landmark for the Group, emerging from the long periods of lockdowns to clearly demonstrate its potential.

Cost control remained a key focus and we implemented a small number of redundancies and have taken steps to reduce our occupancy costs. Administrative expenses (excluding depreciation, amortisation, impairment, share-based payments, profit/loss on asset disposals, restructuring costs and other exceptional items) fell to £1.4m (H1 2020: £1.5m), being an average of £235k per month. We expect administrative expenses to remain around this level but there may be, as would be expected, some degree of variable cost fluctuation as activity levels increase across the three businesses (e.g. travel and trade shows).

The difference between EBITDA and operating cash flow was almost entirely a result of total net working capital outflows of £0.8m in the period. This related in the main to an increase in trade and other receivables of £0.6m in the period that occurred naturally as the LBE business activity increased dramatically in Q2. Additionally, there was an overall reduction of trade and other payables of £0.2m as we caught up on liabilities that had built up during the lockdown period last year, including paying off all remaining overdue amounts to HMRC.

Inventories at period end were £163k (31 December 2020: £152k), primarily comprised of HBE stock held. In addition, the H1 closing balance sheet includes net HBE stock prepayments of £227k (comprised of stock in production/transit, less corresponding payments yet to be made). Having planned ahead, we should now be very well placed to capitalise on the key Q4 period.

## **Post period-end trading**

The second half has begun very strongly with record results in July and August. September will be another strong month and, with the contribution of HBE and Uvisan now growing strongly, we expect overall Group revenue for Q3 to be circa £3.0m and underlying EBITDA to be circa £0.6m.

	Q1 2021 Unaudited £m	Q2 2021 Unaudited £m	Q3 2021 Estimate £m	YTD Estimate £m
Revenue	0.8	2.0	3.0	5.8
EBITDA	(0.2)	0.2	0.6	0.6
Adjusted PBT <sup>2</sup>	(0.8)	(0.3)	0.0	(1.1)

Despite the LBE division moving into its quieter period, we are confident of a profitable fourth quarter for the Group. The HBE division has seen a strong surge in revenue and margin in September and it will have plenty of stock at its disposal to deliver significant revenue, margin and cash inflow in Q4 if this trend continues. Uvisan has seen a growing order book from its reseller and distributor network and this is translating into growing revenue and contribution.

We expect H2 to be strongly cash generative, providing us with the flexibility to bring forward any stock or equipment orders to address international shipping concerns.

The Group currently has cash of £0.9m, up from £0.6m as at 30 June 2021, which reflects the extremely strong trading of the LBE business during the summer months.

We present below our review of the period and prospects for each division and the Group.

### **Location Based Entertainment (“LBE”)**

The Group outcome in H1 was driven in the main by the recovery of the LBE Business. We saw monthly revenue in this division grow almost six-fold from January to June as sites reopened and trading conditions improved.

Total revenue in this division in the period was £2.3m and gross profit was £1.0m (being total revenue less partner share and other direct costs of sales, including rent and payroll in our ImmotionVR sites).

We believe the result is a strong endorsement of the partner model and the substantial investment made pre-pandemic to establish and grow it.

Our current portfolio is presented in the table below. I am pleased to report that almost all of our locations have now re-opened and are trading, though we expect our Australian installations in Sydney (two sites) and Melbourne (one site) to remain closed for some time to come as lockdown continues in the states of New South Wales and Victoria.

<sup>2</sup> Adjusted PBT excludes share-based payments

	Total		USA		UK		ROW	
	Sites	Headsets	Sites	Headsets	Sites	Headsets	Sites	Headsets
<b>At 1 January 2021</b>	<b>48</b>	<b>345</b>	<b>24</b>	<b>163</b>	<b>14</b>	<b>121</b>	<b>10</b>	<b>61</b>
Installed in 2021	7	70	4	52	2	14	1	4
Uninstalled in 2021	(4)	(27)	(1)	(2)	(2)	(21)	(1)	(4)
<b>At 27 September 2021</b>	<b>51</b>	<b>388</b>	<b>27</b>	<b>213</b>	<b>14</b>	<b>114</b>	<b>10</b>	<b>61</b>

In the period we opened seven new locations (64 headsets) including the 22-headset installation at Clearwater Marine Aquarium, Florida which opened in March 2021 and has traded very well throughout the summer. We were pleased that the agreement in relation to Clearwater has now been extended through to March 2023.

The current operational status of our installed base is as follows:

	Total		USA		UK		ROW	
	Sites	Headsets	Sites	Headsets	Sites	Headsets	Sites	Headsets
<b>At 27 September 2021</b>	<b>51</b>	<b>388</b>	<b>27</b>	<b>213</b>	<b>14</b>	<b>114</b>	<b>10</b>	<b>61</b>
Fully operational	44	358	24	203	14	114	6	41
Site closed	3	14	-	-	-	-	3	14
Site open but installation not operating	4	16	3	10	-	-	1	6

Throughout the period we suffered reduced capacity at Shark Reef Aquarium at Mandalay Bay, our flagship Las Vegas installation, due to local restrictions but these were finally removed from 1 July 2021 and this has had a significant positive impact on subsequent trading.

Since the period end, we have seen very strong trading in our LBE business in July and August with revenue in excess of £900k in both months, though we will see the significant

seasonal slow-down kick in from September as school holidays have now ended in the USA and UK.

As can be seen from the summer period, our LBE business has now reached a tipping point where its contribution can generate significant overall monthly profit for the Group in the summer months. Even in the quieter months, we believe it should at its current scale, cover most if not all of the Group's fixed costs of operation. This combined with the busier period for HBE, as well as growing sales in Uvisan gives us a well-balanced portfolio of businesses.

The costs of operation in the LBE division should remain relatively stable with almost all gross profit from new sites now dropping straight to the EBITDA line. Even with our conservative depreciation policies on plant and equipment (we believe lifetimes of motion platforms are considerably longer than three years), new sites should add strongly to the PBT line.

We were, as previously advised, deliberately cautious this year in terms of new site openings. However, we are seeing healthy levels of enquiries from the aquarium sector, where we now enjoy a strong reputation.

We intend to launch in the zoo market in spring 2022. We have been filming new immersive, 360-degree, live action endangered species content in Africa, which we expect to unveil in Q4, when we also hope to announce initial partner zoos. We would expect installations to begin in time for spring 2022.

We believe the zoo market to be both global and several times the size of the aquarium sector, sharing the features that attracted us to the aquarium market: large numbers of high traffic, high quality potential partners, on a global basis.

For both aquariums and zoos, our focus will be where possible to open larger formats based on the know-how we have developed at Mandalay Bay, Clearwater Marine Aquarium and Sea Life Orlando. Where size allows these new installations will take the form of mini-theatres complete with pre-show areas. We want these to be exciting new core attractions for the partner sites, as well as delivering significant revenue for both parties.

In short, we believe there are plentiful growth opportunities for our LBE business which we are well placed to capitalise upon.

### **Home Based Entertainment ("HBE")**

We launched our HBE division with sales of Let's Explore Oceans ("LEO") commencing in mid-October 2020, selling only in the UK market. In Q4 2020, we sold circa 11,000 LEO packs and recorded revenue of circa £0.7m.

We always expected the LEO product to be highly seasonal, so H1 2021 was, as expected, a quieter period. For a gift type product at its price point the LEO pack was always likely to see a drop in consumer intent to purchase post-Christmas.

Accordingly, in H1 we have sought to expand the global marketing and sales of the product, delivering to a number of key countries, including USA, Canada, Australia, as well as the UK, recording revenue of £0.3m (3,000 packs).

Though it resulted in a loss after product, marketing and fulfilment costs of circa £0.1m, this period has given us an enormous amount of learning ahead of the key Q4 period for this year and enabled us to identify the most lucrative potential global markets for Q4 2021 as well as continue development of additional experiences.

Our focus for the remainder of this year will be USA, Canada, UK and Australia. With stock on hand, and stock already purchased for delivery in coming weeks, we have the potential in Q4 to sell circa 28,000 units. Having planned forward we have secured stock at substantially lower unit cost than 2020, so that even allowing for increased shipping costs in the current shipping crisis, we are well placed.

To ensure we can supply our target markets as effectively as possible, we have established third party logistics and fulfilment relationships in the UK, USA and China and we also began trading on Amazon in both the USA and UK and we are seeing growing volumes through these channels.

Customer acquisition remains our most material cost of sale and we expect this to fall in the Q4 period when demand is strongest and customer intent high. Our key marketing channels are social media sites, which allows us to access a huge addressable market very rapidly. Amazon is obviously a key channel in its own right which complements our social media activity.

We have seen a substantial uptick in the HBE business post period end, with aggregate revenue for July and August of £253k and improving, positive margins (after product cost, customer acquisition and fulfilment). September to date has been very strong with revenue on target to end the month at circa £300k, again with strong margins.

This augurs well for the balance of the year. As noted above, between stock on hand and orders placed we have circa 28,000 pieces of LEO stock, with substantial deposits having already been paid on un-delivered stock. If the metrics seen in the last few weeks continue - with average order values of in excess of £80 and strong margins per unit being achieved - we should see very substantial revenue, margin and net cash inflow in Q4 from this division.

As far as 2022 is concerned, we will be continuing to finesse the LEO product, whilst also launching a lower price point product, "Vodiac". The new offering will boast a number of VR channels allowing us to offer a range of VR video content, both on a free and rental basis. The broadening of content, verticals and lower price point should allow us to expand significantly the potential audience. The new content, which will include our "Dinosaur Safari", will also be made available to all existing LEO users and in good time for new users opening their parcels, which will likely be concentrated around the Christmas and festive holiday season.

## **Uvisan**

This is Uvisan's first full year of trading and H1 saw it make good progress, delivering a small but profitable contribution.

The versatility of our UV-C cabinet meant we supplied a number of sectors including education (with particular success with universities), leisure, media and healthcare, with some high-profile counterparties, including our first supplies into the NHS.

It is pleasing to note that our UV-C disinfection cabinet meets the cleaning criteria of both Microsoft (HoloLens) and Hewlett Packard for their range of VR headsets (we are specifically recommended by HP as one of only two recommended UV-C disinfection products for their headsets).

The emphasis in the period for Uvisan was very much on growing the reseller and distributor base and we are pleased to now have a network of 10 active resellers which, we believe, will benefit us in terms of volume moving forwards. We signed an exclusive distribution agreement for Australia and New Zealand and are pleased to report that the first container of product will be arriving there imminently. We continue to sign new agreements (including our first agreements for the USA) with partners who we believe have deep knowledge of, and customer relationships in, their vertical channels.

The global installed base of headsets is forecast to grow massively, particularly in training and education settings, and we intend to be a product of choice for businesses and organisations wanting hassle free and safe disinfection of their valuable headset fleets.

The second half will see a substantial increase in revenue as cabinet orders on hand from the reseller network begin to be fulfilled.

We chose to delay the launch of "Cleanroom by Uvisan" pending an official launch at a number of major healthcare related conferences which we are attending in the coming months.

Additionally, we are complementing the product range so that we can cater to a wider range of needs and budgets. We are looking to include UV-C air filtering equipment and static light arrays in our range, which we believe will give us a wider addressable audience and better equip us to compete for large healthcare and other public sector opportunities.

The objective in the coming 18 months is to grow Uvisan into a specialist in UV-C based disinfection rather than an opportunistic reseller of the cabinets. We believe that the heightened focus on disinfection as a result of the continuing COVID-19 pandemic and the growth of VR and AR headset use provide a very supportive backdrop.

## **Outlook**

Whilst not beyond doubt, it does now appear that the likelihood of protracted lockdowns because of the COVID-19 pandemic has diminished. The period since March 2021 has demonstrated the true potential of our LBE business and we will look to grow this significantly in 2022 as we launch our new zoo product and increasingly seek to focus on larger 'dial-moving' sites.

We believe there are huge growth opportunities in front of us in both the aquarium and zoo sectors and with a more stable environment we will look to accelerate growth as we move into 2022.

In our HBE and Uvisan businesses we have the potential for two further high growth businesses which we believe can contribute significantly to the Group and complement our LBE division.

Against this backdrop we currently feel very optimistic about our prospects for the remainder of 2021 and beyond.

**IMMOTION GROUP PLC**  
**INTERIM CONSOLIDATED INCOME STATEMENT**  
for the six months ended 30 June 2021

	Notes	Unaudited Six months to 30 June 21 £'000	Unaudited Six months to 30 June 20 £'000	Audited 12 months to 31 December 20 £'000
Revenue	3	2,760	818	2,848
Cost of sales		(1,781)	(789)	(2,382)
<b>Gross profit</b>		<b>979</b>	<b>29</b>	<b>466</b>
Other income	4	399	308	575
Administrative expenses		(2,779)	(2,867)	(5,779)
<b>Operating loss</b>		<b>(1,401)</b>	<b>(2,530)</b>	<b>(4,738)</b>
<b>Memorandum:</b>				
<b>Adjusted EBITDA</b>		<b>(31)</b>	<b>(1,212)</b>	<b>(1,690)</b>
Amortisation		(313)	(352)	(719)
Depreciation		(787)	(851)	(1,751)
Share based payments		(291)	(64)	(194)
Impairment of tangible and intangible assets		(1)	-	(253)
Profit / (loss) on disposal of fixed assets		11	(24)	(35)
Restructuring costs	5	(42)	(27)	(96)
Exceptional income	6	53	-	-
<b>Loss from operations</b>		<b>(1,401)</b>	<b>(2,530)</b>	<b>(4,738)</b>
Finance costs		(26)	(45)	(82)
Finance income		-	1	2
<b>Loss before taxation</b>		<b>(1,427)</b>	<b>(2,574)</b>	<b>(4,818)</b>
Tax credit		12	58	86
<b>Loss for the period after taxation</b>		<b>(1,415)</b>	<b>(2,516)</b>	<b>(4,732)</b>
<b>Other comprehensive income / (expense) for the period</b>				
Profit / (loss) on translation of subsidiary		(20)	67	(35)
<b>Total comprehensive expense for the period</b>		<b>(1,435)</b>	<b>(2,449)</b>	<b>(4,767)</b>
<b>Earnings per share</b>	<b>7</b>	<b>£0.01</b>	<b>£0.01</b>	<b>£0.01</b>
Basic EPS		(0.34)	(0.77)	(1.33)
Diluted EPS		(0.34)	(0.77)	(1.33)

**IMMOTION GROUP PLC**  
**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the six months ended 30 June 2021**  
**(unaudited)**

	Share capital £'000	Share premium £'000	Retained earnings £'000	Foreign exchange reserve £'000	Total equity £'000
<b>Balance at 31 December 2019</b>	115	15,310	(9,105)	(45)	6,275
Total comprehensive expense for the period	-	-	(2,516)	-	(2,516)
Currency translation of overseas subsidiary	-	-	-	67	67
Issue of new shares	37	4,164	-	-	4,201
Issue costs deducted from equity	-	(328)	-	-	(328)
Share based payment expense	-	-	64	-	64
<b>Balance at 30 June 2020</b>	<b>152</b>	<b>19,146</b>	<b>(11,557)</b>	<b>22</b>	<b>7,763</b>
Total comprehensive expense for the period	-	-	(2,216)	-	(2,216)
Issue of new shares	12	1,188	-	-	1,200
Issue costs deducted from equity	-	(61)	-	-	(61)
Share based payment expense	-	-	130	-	130
Currency translation of overseas subsidiary	-	-	-	(102)	(102)
<b>Balance at 31 December 2020</b>	<b>164</b>	<b>20,273</b>	<b>(13,643)</b>	<b>(80)</b>	<b>6,714</b>
Total comprehensive expense for the period	-	-	(1,415)	-	(1,415)
Currency translation of overseas subsidiary	-	-	-	(20)	(20)
Issue of new shares	3	297	-	-	300
Issue costs deducted from equity	-	(14)	-	-	(14)
Share based payment expense	-	-	291	-	291
<b>Balance at 30 June 2021</b>	<b>167</b>	<b>20,556</b>	<b>(14,767)</b>	<b>(100)</b>	<b>5,856</b>

**IMMOTION GROUP PLC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2021

	Notes	Unaudited 30 June 2021 £'000	Unaudited 30 June 2020 £'000	Audited 31 Dec 2020 £'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		1,444	2,638	1,954
Right of use assets		207	580	306
Intangible assets	8	3,448	3,971	3,625
<b>Total non-current assets</b>		<b>5,099</b>	<b>7,189</b>	<b>5,885</b>
<b>Current assets</b>				
Inventories		163	-	152
Trade and other receivables	9	1,412	577	829
Contract assets		91	91	91
Cash and cash equivalents		629	1,811	1,664
<b>Total current assets</b>		<b>2,295</b>	<b>2,479</b>	<b>2,736</b>
<b>Total assets</b>		<b>7,394</b>	<b>9,668</b>	<b>8,621</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	10	(959)	(947)	(1,153)
Finance leases		(222)	(340)	(231)
Loans		(140)	(180)	(175)
Deferred tax		-	(7)	-
Contract liabilities		(6)	(12)	(12)
<b>Total current liabilities</b>		<b>(1,327)</b>	<b>(1,486)</b>	<b>(1,571)</b>
<b>Total current net assets</b>		<b>968</b>	<b>993</b>	<b>1,165</b>
<b>Non-current liabilities</b>				
Loans		(153)	(95)	(160)
Finance leases		(58)	(324)	(176)
Other payables		-	-	-
<b>Total non-current liabilities</b>		<b>(211)</b>	<b>(419)</b>	<b>(336)</b>
<b>TOTAL NET ASSETS</b>		<b>5,856</b>	<b>7,763</b>	<b>6,714</b>
<b>CAPITAL AND RESERVES</b>				
<b>ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>				
Issued share capital	11	167	152	164
Share premium account		20,556	19,146	20,273
Foreign exchange reserve		(100)	22	(80)
Retained earnings		(14,767)	(11,557)	(13,643)
		<b>5,856</b>	<b>7,763</b>	<b>6,714</b>

**IMMOTION GROUP PLC**  
**CONSOLIDATED CASH FLOW STATEMENT**  
for the six months ended 30 June 2021

	Unaudited Six months to 30 June 2021 £'000	Unaudited Six months to 30 June 2020 £'000	Audited 12 months to 31 Dec 2020 £'000
<b>OPERATING ACTIVITIES</b>			
Loss before tax	(1,427)	(2,574)	(4,818)
Adjustments for:			
Share based payments	291	64	194
Depreciation	787	851	1,751
(Profit) / loss on disposal of fixed assets	(11)	24	35
Amortisation	313	352	719
Impairment of intangible assets	1	-	253
Finance costs	26	45	82
Finance income	-	(1)	(2)
Foreign exchange on retranslation of fixed assets	(25)	(101)	(72)
Foreign exchange (loss) / gain	(20)	67	(35)
Taxation (paid) / refunded	(3)	-	73
<b>Operating loss before changes in working capital and provisions</b>	<b>(68)</b>	<b>(1,273)</b>	<b>(1,820)</b>
Increase in stocks	(10)	-	(152)
(Increase) / decrease in trade and other receivables	(569)	173	(132)
Increase / (decrease) in trade and other payables	(200)	(113)	92
<b>Cash used in operating activities</b>	<b>(847)</b>	<b>(1,213)</b>	<b>(2,012)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	(217)	(931)	(1,069)
Purchase of intangible assets	(138)	(288)	(545)
Disposals of property, plant and equipment	27	54	159
Foreign exchange on retranslation of fixed assets	50	-	62
<b>Cash consumed by investing activities</b>	<b>(278)</b>	<b>(1,165)</b>	<b>(1,393)</b>
<b>FINANCING ACTIVITIES</b>			
Finance costs	(26)	(45)	(82)
Finance income	-	1	2
New Loans and finance leases	116	174	302
Loan repayments	(154)	(55)	(95)
Finance lease repayments	(124)	(233)	(520)
Foreign exchange on retranslation of financing	(8)	-	(24)
Issue of ordinary shares	300	4,201	5,401
Costs on issue of shares	(14)	(328)	(389)
<b>Cash generated by financing activities</b>	<b>90</b>	<b>3,715</b>	<b>4,595</b>
<b>(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,035)</b>	<b>1,337</b>	<b>1,190</b>
Cash and cash equivalents brought forward	1,664	474	474
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<b>629</b>	<b>1,811</b>	<b>1,664</b>

**IMMOTION GROUP PLC**  
**NOTES TO THE INTERIM REPORT**  
**for the six months ended 30 June 2021**

**1. Corporate information**

The interim consolidated financial statements of the Group for the period ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 27 September 2021. Immotion Group plc (“the Company”) is a Public Limited Company quoted on AIM, incorporated in England and Wales. The interim consolidated financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006.

**2. Statement of Accounting policies**

**2.1 Basis of Preparation**

The entities consolidated in the half year financial statements of the Company for the six months to 30 June 2021 comprise the Company and its subsidiaries (together referred to as “the Group”).

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual audited consolidated financial statements for the year ended 31 December 2020.

The directors are satisfied that, at the time of approving the consolidated interim financial statements, it is appropriate to adopt a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

**2.2 Accounting Policies**

The interim results announcement has been prepared in accordance with IFRS, International Accounting Standards and Interpretations issued by the International Accounting Standards Board, as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRS. The consolidated financial statements have been prepared under the historical cost convention.

The principal accounting policies adopted in the preparation of these interim consolidated financial statements are consistent with those followed in the preparation of the Group’s annual audited consolidated financial statements for the year ended 31 December 2020, except for the new and revised IFRSs effective 1 January 2021. None of the new IFRS and IFRS amendments effective on 1 January 2021 have had a material impact on the interim consolidated financial statements of the Group.

The preparation of these consolidated half year financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates in preparing these consolidated half year financial statements.

**Going concern** – at the time of approving the interim financial statements, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence. The going concern basis of accounting has therefore been adopted in preparing the interim financial statements.

In reaching this conclusion, the Directors considered the financial position of the Group and prepared forecasts to 31 December 2022, taking into account reasonably possible changes in trading.

Whilst the forecasts prepared did not indicate a requirement for additional funding to enable the Group to continue being able to operate as a going concern, the Directors note that there remains considerable uncertainty as to the impact that the ongoing COVID-19 pandemic could have on the Location Based Entertainment business in particular. If there were to be further lockdowns, for example, this could have a material impact on the Group’s ability to generate revenue from partner and ImmotionVR sites. Should this happen, the Directors may need to consider mitigating actions such as seeking any government support available, identifying cost savings and/or seeking external finance in the form of debt or equity.

**Impairment of intangible assets and goodwill** – recoverable amounts are based on value in use calculations using management’s best estimate of future performance. On the basis of the forecast cash flows prepared it is concluded that no impairment of intangible assets and goodwill is required.

## 2.2 Accounting Policies (continued)

**Government grants and assistance** - the Group has applied IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance – in relation to Government grants received in the period to 30 June 2021 (further details in Note 4).

In accordance with IAS 20 the accruals' method of accounting has been adopted.

- grants in recognition of specific expenses are recognised in profit or loss in the same period as the relevant expenses;
- grants related to depreciable assets are recognised in profit or loss over the periods and in the proportions in which depreciation expense on those assets is recognised; and
- grants related to non-depreciable assets which require the fulfilment of certain obligations are recognised in profit or loss over the periods that bear the cost of meeting the obligations.

## 3 Segmental Information

The Group's primary reporting format for segmental information is business segments which reflect the management reporting structure in the Group. There have been no changes to the segments employed within the period.

### 6 months to 30 June 2021

	Location Based Entertainment (LBE) £'000	Home Based Entertainment (HBE) £'000	Head Office £'000	Total 6 months to 30 June 2021 £'000
Revenue	2,302	337	121	2,760
Cost of sales	(1,302)	(436)	(43)	(1,781)
Government grants	313	57	14	384
Rent income	-	-	15	15
Admin expenses*	(439)	(343)	(627)	(1,409)
<b>Operating profit / (loss)</b>	<b>874</b>	<b>(385)</b>	<b>(520)</b>	<b>(31)</b>
Amortisation	(255)	(47)	(11)	(313)
Depreciation	(717)	-	(70)	(787)
Profit on disposal of fixed assets	11	-	-	11
Impairment of tangible and intangible assets	(1)	-	-	(1)
Restructuring costs	(3)	(39)	-	(42)
Exceptional income	-	-	53	53
Finance costs	-	-	(26)	(26)
Finance income	-	-	-	-
Share based payments	-	-	(291)	(291)
Taxation	-	-	12	12
<b>Loss for the period</b>	<b>(91)</b>	<b>(471)</b>	<b>(853)</b>	<b>(1,415)</b>

\*Administrative expenses exclude depreciation, amortisation, impairment, profit on disposal of fixed assets, exceptional income, restructuring costs and share based payments.

Revenue in the Head Office segment is comprised of income from Uvisan and licensing of the Group's content to third parties.

### 3. Segment Information (continued)

	External revenue by location of customer			Location of assets			Net tangible capital expenditure by location of assets		
	30 Jun	30 Jun	31 Dec	30 Jun	30 Jun	31 Dec	30 Jun	30 Jun	31 Dec
	2021	2020	2020	2021	2020	2020	2021	2020	2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
USA	2,090	301	1,176	1,920	1,988	1,542	182	692	813
UK	327	345	1,395	5,361	7,449	6,901	29	239	266
Australia	163	85	124	26	41	35	6	-	8
Canada	44	-	-	-	-	-	-	-	-
China	33	7	35	6	12	9	-	-	-
Saudi Arabia	20	29	35	34	65	50	-	-	-
UAE	17	39	38	32	74	56	-	-	6
Other	66	12	45	15	39	28	-	-	2
<b>Total</b>	<b>2,760</b>	<b>818</b>	<b>2,848</b>	<b>7,394</b>	<b>9,668</b>	<b>8,621</b>	<b>217</b>	<b>931</b>	<b>1,095</b>

The Group had certain customers whose revenue individually represented 10% or more of the Group's total revenue. For the six months ended 30 June 2021, two customers accounted for 31% and 20% of the revenue respectively.

### 4 Other Income

	Unaudited Six months to 30 June 21 £'000	Unaudited Six months to 30 June 20 £'000	Audited 12 months to 31 Dec 20 £'000
UK and USA national & local government COVID-19 relief programmes	384	259	479
Property rentals	15	49	96
	<b>399</b>	<b>308</b>	<b>575</b>

The Group is satisfied that it has met all the conditions relating to grants received and that no liability for repayment of any of the grants exists.

### 5 Restructuring costs

	Unaudited Six months to 30 June 21 £'000	Unaudited Six months to 30 June 20 £'000	Audited 12 months to 31 Dec 20 £'000
Business restructuring	(2)	13	16
COVID-19 effects - redundancies and aborted projects	44	14	80
	<b>42</b>	<b>27</b>	<b>96</b>

## 6 Exceptional income

	Unaudited Six months to 30 June 21 £'000	Unaudited Six months to 30 June 20 £'000	Audited 12 months to 31 Dec 20 £'000
Liability to HMRC for Loan Charge taxation revised	53	0	0

As a result of the Loan Charge review commissioned by the UK Government in 2019 the Group's liability to HMRC for Loan Charge taxation, and interest thereon, was reduced by a total of £53k. Confirmation of this reduction was received from HMRC in March 2021.

## 7 Earnings per share

The calculation of the group basic and diluted loss per ordinary share is based on the following data:

	Unaudited Six months to 30 June 21 £'000	Unaudited Six months to 30 June 20 £'000	Audited 12 months to 31 Dec 20 £'000
<b>The earnings per share is based on the following:</b>			
Continuing earnings post tax loss attributable to shareholders	(1,415)	(2,516)	(4,732)
Discontinued earnings post tax attributable to shareholders	-	-	-
Basic weighted average number of shares	412,738,083	328,286,069	356,941,188
Diluted weighted average number of shares	412,738,083	328,286,069	356,941,188
	<b>£0.01</b>	<b>£0.01</b>	<b>£0.01</b>
Basic earnings per share	(0.34)	(0.77)	(1.33)
Diluted earnings per share	(0.34)	(0.77)	(1.33)

Earnings per ordinary share has been calculated using the weighted average number of shares in issue during the period. The weighted average number of equity shares in issue in the period to 30 June 2021 was 412,738,083.

## 8. Intangible Assets

	Other intangible assets £'000	Goodwill acquired on acquisition £'000	Development costs £'000	Total £'000
<b>Cost</b>				
<b>At 1 January 2021</b>	545	2,438	2,166	5,149
Additions	5	-	133	138
Foreign exchange adjustment	-	-	(6)	(6)
<b>At 30 June 2021</b>	<b>550</b>	<b>2,438</b>	<b>2,293</b>	<b>5,281</b>
<b>Amortisation</b>				
<b>At 1 January 2021</b>	527	-	997	1,524
Charge	10	-	303	313
Foreign exchange adjustment	-	-	(4)	(4)
<b>At 30 June 2021</b>	<b>537</b>	<b>-</b>	<b>1,296</b>	<b>1,833</b>
<b>Net book value</b>				
<b>30 June 2021</b>	<b>13</b>	<b>2,438</b>	<b>997</b>	<b>3,448</b>
31 December 2020	18	2,438	1,169	3,625

Development costs are fully amortised on a straight-line basis over 3 years.

For projects which are still underway and are not ready to be used no amortisation has been charged.

Other intangible assets are being amortised principally over a period of 3 years. Domains are amortised over 10 years. Websites and trademarks are amortised over 2 years.

Goodwill is not amortised.

Amortisation is charged to administrative costs in the Statement of Comprehensive Income.

## 9. Trade and other receivables

	Unaudited Six months to 30 June 21 £'000	Unaudited Six months to 30 June 20 £'000	Audited 12 months to 31 Dec 20 £'000
Trade receivables	364	107	102
Accrued income	290	8	71
Prepayments:			
- Home Based Entertainment stock in production/transit	351	-	288
- Other	248	233	235
Corporation tax	81	118	65
Other receivables	78	111	68
	<u>1,412</u>	<u>577</u>	<u>829</u>

#### 10. Trade and other payables

	Unaudited Six months to 30 June 21 £'000	Unaudited Six months to 30 June 20 £'000	Audited 12 months to 31 Dec 20 £'000
Trade payables	500	415	594
Accruals	280	164	263
Payroll taxes and social security	50	206	146
Other payables	129	162	150
	<u>959</u>	<u>947</u>	<u>1,153</u>

#### 11. Share Capital

Called up share capital Allotted, issued and fully paid	No.	Value £'000
Ordinary shares of 0.040108663 pence each	415,538,083	167

Shares issued in the 6 month period to 30 June 2021:

Date	Description	No shares	Price/share £	Gross share value £	Cash received £
26.03.2021	Issue of shares of 0.040108663p each	6,000,000	0.05	300,000	300,000
		<u>6,000,000</u>		<u>300,000</u>	<u>300,000</u>
<b>As at 30 June 2020</b>		<b>379,538,083</b>		<b>20,490,582</b>	<b>17,275,440</b>
<b>As at 31 December 2020</b>		<b>409,538,083</b>		<b>21,690,582</b>	<b>18,475,440</b>
<b>As at 30 June 2021</b>		<b>415,538,083</b>		<b>21,990,582</b>	<b>18,775,440</b>

## 12. Related party transactions

M J Higginson, a director of Immotion Group plc, is a director and controlling shareholder of M Capital Investment Properties Limited. Services to the value of £47,167 (year to 31 December 2020: £122,250) were invoiced in the period by M Capital Investment Properties Limited to Immotion Group plc. At 30 June 2021, Immotion Group plc owed £Nil (31 December 2020: £4,125) to M Capital Investment Properties Limited.

R Miller, a director of Immotion Group plc, is a director of Robin Miller Consultants Ltd. In the period, services totalling £7,500 (year to 31 December 2020: £15,000) were billed to Immotion Group plc from Robin Miller Consultants Ltd. At 30 June 2021, £1,250 (31 December 2020: £1,250) was owing from Immotion Group Plc to Robin Miller Consultants Ltd.

M J Higginson, a director of Immotion Group plc, is a director and shareholder in Huddled Group Limited. Services to the value of £16,407 (year to 31 December 2020: £88,182) were invoiced in the period by Huddled Group Limited to the Group. At 30 June 2021, the Group owed £Nil (31 December 2020: £15,452) to Huddled Group Limited.

D Marks, a director of Immotion Group plc, was advanced a loan in a prior period by the subsidiary Immotion Studios Limited. Interest is currently charged on the loan at 2% per annum. At 30 June 2021, D Marks owed £15,831 (31 December 2020: £15,678) inclusive of interest, to the Group.

The total amounts paid to key management personnel during the period was £284,363 (year to 31 December 2020: £544,335). The key management personnel are considered to be the directors of Immotion Group plc.