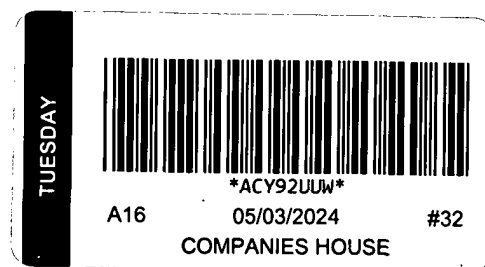


Company Registration No. 08815227 (England and Wales)

Cloud Imperium UK Ltd.

**Annual report and
group financial statements
for the year ended 31 December 2022**



Cloud Imperium UK Ltd.

Company information

Directors	Ortwin Freyermuth Christopher Roberts Erin Roberts Ezer Klein Marc Nitsche Sandi Roberts
Company number	08815227
Registered office	Manchester Goods Yard 6 Goods Yard Street Manchester United Kingdom M3 3BG
Independent auditor	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Manchester Hardman Sq 1 Hardman Square Spinningfields Manchester M3 3EB

Cloud Imperium UK Ltd.**Contents**

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Cloud Imperium UK Ltd.

Strategic report

For the year ended 31 December 2022

The directors present the strategic report for the year ended 31 December 2022.

Principal Activities

Cloud Imperium UK Ltd. operates from the UK managing the rights for the video games Star Citizen and Squadron 42 outside of the US market. Cloud Imperium UK Ltd generates its revenues from its subsidiary, Roberts Space Industries International Limited, a company engaged with publishing activities for worldwide markets excluding USA. From its revenues, it directly funds Cloud Imperium Games Limited, the largest video game development presence in the Cloud Imperium Group and all other non-publishing activities pertaining to Star Citizen and Squadron 42 outside of the USA.

Fair review of the business

During the year ended 31 December 2022, the Cloud Imperium UK Ltd. group ("the Group") reported revenue of £44.6m (2021: £36.4m) following an increase in user engagement arising from successful alpha releases during the year. Costs have risen to £43.2m (2021: £38.4m) as the Group continues to progress with the development of the video game Squadron 42 and the publishing activities associated with the video game Star Citizen. Other operating income has increased to £6.9m (2021: £5.8m) with the Group achieving a profit of £8.5m (2021: £3.9m). At 31 December 2022, the group reported net assets of £40.9m (2021: £32.4m).

The strong performance in 2022 is testament to the Group's continued objective of developing and delivering a AAA gaming experience and engaging its customer base throughout this process with regular alpha releases and community updates. The business continues to invest in and advance Squadron 42, set within the larger Star Citizen universe through Cloud Imperium Games Limited and publishing activities through Roberts Space Industries International Limited.

The economic and competitive environment is expected to remain challenging during the year ahead as global economies navigate the post pandemic recovery and governments wrestle with the challenges of high inflation. Whilst monitoring and being prepared for what may come, the directors have little influence over the macro risks presenting themselves in these unprecedented times. The results achieved by Cloud Imperium in 2022 has strengthened the financial position of the group.

By focusing on the challenges of the project, accelerating its investment into its development and publishing teams, and taking a protracted view of its finances and objectives, the directors are confident that the business model will continue to operate effectively.

Principal risks and uncertainties

Cloud Imperium has continued to grow organically with considerable momentum over the last year. Careful consideration has been taken to ensure that the business manages and controls the growth to maintain the objective of developing its ground breaking titles, Star Citizen and Squadron 42.

The Directors have closely monitored the impact on the business to date and taken necessary mitigating action where necessary.

Employees

The business needs to retain and attract a highly skilled workforce. To achieve this, the Group has invested in its premises to create a high class environment for its returning office workforce to enjoy. The culture fostered by the Board focuses on staff well-being, investment in training and opportunities for career development to ensure a low staff turnover. Strong relationships with universities ensure the possibility of attracting the best students on placements, who in turn have a high inclination to return post-graduation.

Economic Risk

The economic risks associated with Covid and Brexit continue to decline and are now considered to be part of the ordinary course of business. The rate of inflation during 2022 has continued to increase, impacting the cost of living and it is currently higher in 2023 than at any time in the recent past in key markets including UK & EU. This may result in a decline in consumer spending and increase staff costs. This is outside of the control of the Group and although inflation is forecast to fall in 2024 it is expected to remain higher than in recent years.

Technology Risk

It is imperative that the business has the systems and technology to deliver a AAA gaming experience to its customer base. A robust cyber security system is essential to ensuring our systems are secure to support the ongoing business operations. A security breach or major system failure could significantly impact the business and its ability to execute its plans. This risk is mitigated by the continued development of the systems and investment in cyber security.

Competition Risk

The risk of user engagement decreasing due to a competitor delivering a comparable video game is mitigated by Star Citizen's unique open game development model, the dialogue and communication the business has established with the Star Citizen community and by offering an unparalleled seamless AAA mass multiplayer space simulation experience with the functionality and finesse as Star Citizen does and on a scale like no other game currently in the marketplace.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

s172 statement

The directors of Cloud Imperium UK Ltd. 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 set out in s172(1) (a-f) of the Act) in the decisions taken during the year ended 31 December 2022.

The success of our business is dependent on the support of all our stakeholders. Building positive relationships with stakeholders that share our values is important to us and working together towards shared goals assist us in delivering long-term sustainable success.

The leadership team of the Group make decisions with a long-term view in mind and with the highest standards of conduct. In order to fulfil their duties, the directors take care to have regard to the likely consequences on all stakeholders of the decisions and actions which they take. Where possible, decisions are carefully discussed with the affected groups and are therefore fully understood and supported when taken.

The Board is well informed about the views of stakeholders, and it uses this information to assess the impact of decisions on each stakeholder group as part of its own decision making process. Details of the Group's key stakeholders and how we engage with them is set out below.

Our People

Our people are key to our success, and we want them to be successful individually and as a team. Our people's concerns are to know that their voice is heard and creating and sustaining employment. We have an open dialogue with shareholders and employees through the Board of Directors by way of face-to-face briefings, weekly bulletins, annual report and general meetings. Discussion through briefings cover a wide range of topics including financial performance, outlook, game development progress, milestones and opportunities, pay and benefits, governance and the opportunity to feedback to the leadership following these discussions.

Customers

Our ambition is to provide a AAA gaming experience to our customers and the success of the business depends on demand from players. We have a dedicated player relations and community management team which maintains a direct relationship with our customers through the Group's notice boards, building long-term trust through engagement and delivering game improvements through gamer feedback. The business has a unique open development model enabling the players to have a voice and feedback and input into the game's development. We use this knowledge to inform our decision-making and our use of resources for our core objective to deliver our ambitious video games.

Suppliers

Whilst the majority of the game development process is supported by our in-house teams, we do work with a number of external specialists to support areas of game development where quality is not compromised and it is cost effective to do so. Supplier engagement is primarily through a series of interactions and formal reviews. The Board recognises the relationships with suppliers are important and we review all agreements regularly to ensure they remain healthy and beneficial to the business and also to ensure they are aligned to the Group's business policies.

Government and regulators

We engage with the government and regulators through a range of industry consultations, forums and meetings to communicate our views to policy makers relevant to our business. Key areas of focus are compliance with laws, regulations and health and safety.

Community

The Group's approach is to use its position to ensure it is an asset to the communities and people with which it interacts. The Board ensures significant consideration is given to the impact of the Group's operations on the community and the environment in their decision making. The Group strives to create positive change in reducing the environmental standards while maintaining effective and continuing business practices, as well as to streamline energy and carbon reporting.

Financial Risk Management

Liquidity Risk

The Group's cash and cash equivalents consists of cash and funds on deposit. The Group's primary investment policy and strategies are focused on the preservation of capital and supporting its liquidity requirements.

Interest Rate Risk

The Group manages its cash and borrowings requirements in order to maximise interest income and minimise interest expenses, whilst ensuring the Group has sufficient liquid resources to meet the operating needs of the business. Management monitors interest rate movements and considers any material impact on maximising returns for the business.

Foreign Currency Risk

The Group's cost base is predominantly in pounds sterling whilst its revenue is generated globally, with the largest share being received in US Dollars followed by Euros. As such there is a risk that the Group's financial performance could be adversely affected by unfavourable movements in foreign exchange. The Group continues to assess ways to mitigate this risk and manage the exposure to US dollars and Euros income.

Credit Risk

Investments of cash surpluses, borrowings and derivatives instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

UK Streamlined Energy and Carbon Reporting (SECR)

The directors report under the energy and carbon report regulations 2018, implementing the UK government's policy on SECR, requires disclosure of the environmental performance of the Group's assets through calculating the Group's greenhouse gas (GHG) emissions. Our disclosure presents our carbon footprint across Scope 1 and 2 together with an appropriate intensity metric and total energy use.

Methodology GHG emissions are quantified and reported according to the greenhouse gas protocol. Consumption and production data has been collated and converted into CO2 equivalent using the UK Government 2022 conversion factors for company reporting to calculate emissions from corresponding activity data.

To collect both consumption and production data, the group has reviewed emissions data related to production, electricity purchases, fuel purchases related to staff expenses arising from business mileage in private vehicles. This information has been prepared in accordance with the GHG protocol's guidance.

Data collected is for the year ended 31 December 2022.

The GHG sources that constitute our operational boundary for the reporting period are:

- a. Scope 1: Direct emissions from company owned and controlled resources; and
- b. Scope 2: Indirect emissions from purchased energy.

Total GHG emissions and energy use with Cloud Imperium UK Ltd.'s group activities:

- Scope 1 emissions: 58.1 tCO2e (2021: 110.3)
- Scope 2 emissions: 82.0 tCO2e (2021: 82.2)
- Emissions intensity ratio: 3.31 tCO2e per £m Turnover (2021: 6.08 tCO2 per £m)
- Energy consumption: 764,207 Wh (2021: 997,073)

Energy Efficiency Action

Cloud Imperium is committed to year-on-year improvements in its operational efficiency, although noting that the latter half of 2022 is more representative of the emissions and energy consumption as the Group moved away from remote working from home to a return to the office. However, digital meetings and business travel was minimal during the year contributing to a reduction in our carbon footprint.

The Group is continually reviewing its energy consumption with the aim of delivering on-going reductions in emissions and thereby reducing its emissions intensity ratio. The Group also aims to reduce its Scope 2 emissions (the purchasing of energy) too by improving energy management structure through staff energy awareness training. During 2022, the business launched an electric company car scheme.

Outlook

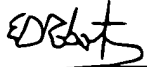
We enter 2023 confident in growing our user engagement given what we have in the pipeline and our new patch releases and updates to Star Citizen, although we are mindful that we must continue to progress Squadron 42 and this cannot be released to the public in alpha or part finished form.

The recent growth experienced generally in the gaming industry is facing negative macroeconomic headwinds and whilst confidence in the sector remains strong the directors are mindful of the challenges presented in demand and supply, referenced previously, that need to be kept in focus as we progress the ground breaking technology and properties that we are creating and delivering to our enthusiastic customers.

Cloud Imperium UK Ltd.

Strategic report (continued)
For the year ended 31 December 2022

On behalf of the board



Erin Roberts
Director

Date: 1 March 2024

Cloud Imperium UK Ltd.

Directors' report

For the year ended 31 December 2022

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

Principal activities

The principal activity of the company and group continued to be that of video games production, development and publishing.

Results and dividends

The results for the year are set out on page 12. The Group reported revenue of £44.6m (2021: £36.4m) and costs have risen to £43.2 m (2021: £38.4m). Other operating income has increased to £6.9m (2021: £5.8m) with the Group achieving a profit of £8.5m (2021: £3.9m). At 31 December 2022, the Group reported net assets of £40.9m (2021: £32.4m).

No ordinary dividends were paid (2021: £nil). The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Ortwin Freyermuth
Christopher Roberts
Erin Roberts
Ezer Klein
Marc Nitsche
Sandi Roberts

Political donations

The company made no political donations in the year (2021: £nil).

Post Balance Sheet Events

On 2 July 2023, Cloud Imperium UK Ltd. became the ultimate parent of Turbulent Media Inc, a leading Montreal based studio, after previously acquiring a 25% stake in 2020. Details of the acquisition can be found in Note 24.

Independent Auditors

PricewaterhouseCoopers LLP were appointed as auditors to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Conclusions relating to going concern

Management has prepared group cash flow forecasts for at least 12 months from the date of approval of these financial statements which indicate that, taking account of a severe but plausible downside scenario, the group and company will have sufficient funds to meet its liabilities as they fall due for the next 12 months. The cash flow forecasts have been reviewed by the Directors.

Based on the going concern assessment performed, the directors are confident that the Cloud Imperium UK Limited will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Cloud Imperium UK Ltd.

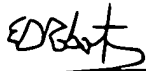
Directors' report (continued)
For the year ended 31 December 2022

Statement of disclosure to auditors

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

On behalf of the board



Erin Roberts
Director

Date: 1 March 2024

Cloud Imperium UK Ltd.

**Directors' responsibilities statement
For the year ended 31 December 2022**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Independent auditors' report to the members of Cloud Imperium UK Ltd.

Report on the audit of the financial statements

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph below, Cloud Imperium UK Ltd.'s group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2022 and of the group's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and group financial statements (the "Annual Report"), which comprise: Group Statement of Financial Position and the Company Statement of Financial Position as at 31 December 2022; Group Statement of Comprehensive Income, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity and the Group Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for qualified opinion

The Group and Company have disclosed a contingent liability within note 28 of the financial statements. This is a put option entered into by the Company in 2018 with certain minority shareholders which, if exercised, would result in a contractual obligation for the company to deliver cash or another financial asset to the holders in exchange for the shares. In accordance with FRS 102 this should have been recognised as a financial liability within the balance sheet. After initial recognition, the liability should have been subsequently measured in accordance with section 11 and section 12 of FRS 102 with the changes recognised within the Statement of Comprehensive Income. Management has outlined a valuation within Note 28 which is material, however, we were unable to obtain sufficient appropriate audit evidence in relation to this balance and so have qualified our opinion in respect of this put option.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the 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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results, including relating to unusual postings to profit and loss, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of meetings of those charged with governance;
- Challenging assumptions made by management in the selection and application of significant accounting judgements and estimates; and
- Identifying and testing the validity of journal entries, in particular any journal entries posted with unusual account combinations. We also performed unpredictable audit procedures.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

In respect solely of the limitation on our work relating to the recognition of the put option, described in the Basis for qualified opinion paragraph above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept by the company.

Under the Companies Act 2006 we are also required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

D. Solanki

Dev Solanki (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
1 March 2024

Cloud Imperium UK Ltd.**Group Statement of Comprehensive Income
For the year ended 31 December 2022**

	Notes	2022 £	2021 £
Turnover	3	44,571,575	36,394,478
Cost of sales		(41,281,941)	(34,875,220)
Gross profit		3,289,634	1,519,258
Administrative expenses		(1,962,985)	(3,539,004)
Other operating income		6,948,322	5,847,496
Operating profit	4	8,274,971	3,827,750
Share of profits of associates		178,068	117,498
Interest receivable and similar income	9	35,542	-
Interest payable and similar expenses	10	-	(3,210)
Profit before taxation		8,488,581	3,942,038
Tax on profit	11	-	-
Profit for the financial year		8,488,581	3,942,038

Profit for the financial year is all attributable to the owners of the parent company.

Total group comprehensive income for the year is all attributable to the owners of the parent company.

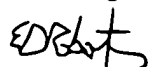
The group statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

Cloud Imperium UK Ltd.

**Group Statement Of Financial Position
As at 31 December 2022**

			2022		2021
	Notes	£	£	£	£
Fixed assets					
Intangible assets	12		1,964,162		2,295,575
Tangible assets	13		8,948,101		1,223,466
Investments	14		887,074		834,538
			<u>11,799,337</u>		<u>4,353,579</u>
Current assets					
Stocks	17	102,363		134,695	
Debtors	18	18,283,127		11,333,341	
Cash at bank and in hand		20,159,353		23,009,938	
		<u>38,544,843</u>		<u>34,477,974</u>	
Creditors: amounts falling due within one year	19	(9,484,517)		(6,460,471)	
Net current assets			<u>29,060,326</u>		<u>28,017,503</u>
Net assets			<u><u>40,859,663</u></u>		<u><u>32,371,082</u></u>
Capital and reserves					
Called up share capital	21		117		117
Share premium account	21		22,669,908		22,669,908
Retained Earnings	21		18,189,638		9,701,057
Total equity			<u><u>40,859,663</u></u>		<u><u>32,371,082</u></u>

The financial statements were approved by the board of directors and authorised for issue on 1 March 2024 and are signed on its behalf. The notes on pages 18 to 38 form part of these financial statements.



Erin Roberts
Director

Company Registration No. 08815227 (England and Wales)

Cloud Imperium UK Ltd.


**Company Statement Of Financial Position
As at 31 December 2022**

		2022		2021
				as restated
	Notes	£	£	£
Fixed assets				
Intangible assets	12	1,964,162		2,295,575
Investments	14	1,288,863		1,288,863
		<u>3,253,025</u>		<u>3,584,438</u>
Current assets				
Debtors	18	7,310,945	7,707,088	
Cash at bank and in hand		178,093	106,377	
		<u>7,489,038</u>	<u>7,813,465</u>	
Creditors: amounts falling due within one year	19	<u>(125,313)</u>	<u>(17,651)</u>	
Net current assets		<u>7,363,725</u>		<u>7,795,814</u>
Net assets		<u>10,616,750</u>		<u>11,380,252</u>
Capital and reserves				
Called up share capital	21	117		117
Share premium account		22,669,908		22,669,908
Retained Earnings		(12,053,275)		(11,289,773)
Total equity		<u>10,616,750</u>		<u>11,380,252</u>

See Note 30 for further details of the restatement.

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income and related notes. The company's loss for the year was £763,502 (2021 - £3,475,137 loss restated).

The financial statements were approved by the board of directors and authorised for issue on 1 March 2024 and are signed on its behalf. The notes on page 18 to 38 form part of these financial statements.



Erin Roberts
Director

Company Registration No. 08815227 (England and Wales)

Cloud Imperium UK Ltd.

**Group Statement of Changes in Equity
For the year ended 31 December 2022**

	Share capital	Share premium account	Retained Earnings	Total
	£	£	£	£
Balance at 1 January 2021	117	22,669,908	5,759,019	28,429,044
Profit for the year	-	-	3,942,038	3,942,038
Balance at 31 December 2021	117	22,669,908	9,701,057	32,371,082
Profit for the year	-	-	8,488,581	8,488,581
Balance at 31 December 2022	117	22,669,908	18,189,638	40,859,663

Cloud Imperium UK Ltd.

**Company Statement of Changes in Equity
For the year ended 31 December 2022**

	Share capital	Share premium account	Retained Earnings	Total
	£	£	£	£
As restated for the period ended 31 December 2021:				
Balance at 1 January 2021	117	22,669,908	(2,260,918)	20,409,107
Effect of change due to restatement	-	-	(5,553,718)	(5,553,718)
Balance restated at 1 January 2021	117	22,669,908	(7,814,636)	14,855,389
Loss for the year restated	-	-	(3,475,137)	(3,475,137)
Balance restated at 31 December 2021	117	22,669,908	(11,289,773)	11,380,252
Profit for the year	-	-	(763,502)	(763,502)
Balance at 31 December 2022	117	22,669,908	(12,053,275)	10,616,750

See Note 30 for further details of the restatement.

Cloud Imperium UK Ltd.

Group statement of cash flows
For the year ended 31 December 2022

		2022	2021
	Notes	£	£
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	26	4,208,425	(5,441,117)
Interest paid		-	(3,210)
Income taxes received		-	9,251,111
Income taxes paid		-	(5,776)
Net cash generated from operating activities		4,208,425	3,801,008
Investing activities			
Purchase of tangible fixed assets	(9,716,421)	(1,295,039)	
Proceeds from disposal of tangible fixed assets	99,114	183	
Dividends received from associates	40,283	21,844	
Interest received	35,542	-	
Net cash used in investing activities		(9,541,482)	(1,273,012)
Financing activities			
Repayment of borrowings	-	(211,756)	
Net cash used in financing activities		-	(211,756)
Net (decrease)/increase in cash and cash equivalents		(5,333,057)	2,316,240
Cash and cash equivalents at beginning of year		23,009,938	20,693,698
Effect of exchange rates on cash and cash equivalents		2,482,472	-
Cash and cash equivalents at end of year		20,159,353	23,009,938

1 Accounting policies

Company information

Cloud Imperium UK Ltd. ("the company") is a private company limited by shares incorporated in England and Wales. The registered office is Manchester Goods Yard, 6 Goods Yard Street, Manchester, United Kingdom, M3 3BG.

The group consists of Cloud Imperium UK Ltd. and all of its subsidiaries as disclosed in note 15.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The accounting policies detailed below apply to both the group and the company financial statements. The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss of the company for the year ended 31 December 2022 was £763,502 (2021: £3,475,137 loss). The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Cloud Imperium UK Ltd. together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Notes to the group financial statements (continued)
For the year ended 31 December 2022

1 Accounting policies (continued)

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group statement of financial position at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.3 Going concern

Management has prepared group cash flow forecasts for at least 12 months from the date of approval of these financial statements which indicate that, taking account of a severe but plausible downside scenario, the group and company will have sufficient funds to meet its liabilities as they fall due for the next 12 months. The cash flow forecasts have been reviewed by the Directors.

Based on the going concern assessment performed, the directors are confident that the Cloud Imperium UK Limited will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.4 Turnover

Early access income

Revenue includes receipts generated from early access to an open alpha version of Star Citizen, a video game that is in development.

The majority of the Group's revenue is in the form of pledge receipts made from the company's own website. Revenue is recognised at the point at which the content is sold to the customer and the significant risks and rewards of ownership have passed to the buyer. The group has determined it appropriate to recognise and pledge receipts as revenue to match against the development costs incurred on the game. Any pledge receipts that have not yet been spent on the development of the game are treated as deferred revenue until said funds are deployed on the game development.

Subscription income

The Group generates subscription revenue which gives the subscriber exclusive perks and rewards, with the Group recognising this revenue over the subscription period.

Merchandise income

The Group receives revenue from the sale of physical merchandise.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Notes to the group financial statements (continued)
For the year ended 31 December 2022

1 Accounting policies (continued)

1.5 Cost of Sales

Cost of Sales are recognised at the fair value of the consideration paid or payable for goods or services provided in the normal course of business, and is shown net of VAT. Cost of sales includes employment costs inclusive of employment taxes, social security contributions, pensions and staff benefits, merchant fees that arise from customer sales, costs of goods sold and publishing fees.

1.6 Intangible fixed assets - goodwill

Goodwill arising on the acquisition of subsidiary and associate undertakings represents the excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired.

Goodwill arising from the acquisition of subsidiary undertakings is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill arising from the acquisition of associates is not disclosed separately but is held within the carrying amount of the investment. Subsequently, this is measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

1.7 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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

Patents & licences	10 years straight line
Intellectual Property	10 years straight line

1.8 Tangible fixed assets

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

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

Leasehold improvements	20%
Fixtures and fittings	33.3%
Computers	50%

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

1 Accounting policies (continued)

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.10 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1 Accounting policies (continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 Stocks

Stocks are physical merchandise and are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is calculated using the weighted average cost method.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in statement of comprehensive income.

1.12 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

1.13 Financial instruments

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

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

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

Basic financial assets

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

Impairment of financial assets

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Notes to the group financial statements (continued)
For the year ended 31 December 2022

1 Accounting policies (continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

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

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.14 Equity instruments

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

1.15 Taxation

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

Current tax

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

Video Games Tax Relief ("VGTR")

VGTR tax credits are included within current tax. They are only recognised where the directors believe that a tax credit will be recoverable. This is based upon the Group's experience of obtaining the required certification to facilitate its titles in development to qualify for VGTR and success of previous submitted claims. An estimate is made throughout the year, and a tax receivable is recognised based on qualifying expenditure during the year.

1 Accounting policies (continued)

1.16 Employee benefits

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

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 Retirement benefits

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

1.18 Leases

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

1.19 Foreign exchange

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

1.20 Capitalisation of development expenditure

The research and development costs are expensed as incurred have been written off to the statement of comprehensive income according to the accounting policy choice. Research and development expenses consist primarily of personnel-related expenses associated with the company's research and development staff, including salaries, benefits and bonuses. Research and development expenses include third party contractor costs and professional service fees and expenses associated with computer equipment, software and subscription services and allocated overhead.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Notes to the group financial statements (continued)
For the year ended 31 December 2022

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Video game tax relief estimate

The key accounting estimate within the financial statements for this group is the valuation of the video games tax relief available. The estimate is based on the assessment of the value of qualifying expenditure as per HMRC legislation and guidance plus assessment of the qualification of the underlying game as eligible for the tax relief.

Revenue recognition

The Group has determined it most appropriate to recognise any pledge receipts as revenue to match against the development costs incurred on the game. Any pledge receipts that have not yet been spent on the development of the game are treated as deferred revenue until these funds are deployed on game development.

3 Turnover

An analysis of the group's turnover is as follows:

	2022 £	2021 £
Turnover analysed by class of business		
Early access	42,309,197	34,257,251
Subscription	2,053,880	1,784,244
Merchandise	208,498	352,983
	<u>44,571,575</u>	<u>36,394,478</u>
	2022 £	2021 £
Turnover analysed by geographical market		
EU	19,288,568	16,413,892
Non-EU	25,283,007	19,980,586
	<u>44,571,575</u>	<u>36,394,478</u>

4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(3,334,741)	99,966
Depreciation of owned tangible fixed assets	1,898,651	900,366
(Profit)/loss on disposal of tangible fixed assets	(5,979)	249
Amortisation of intangible assets	331,413	310,523
Operating lease charges	<u>3,334,131</u>	<u>938,918</u>

Cloud Imperium UK Ltd.**Notes to the group financial statements (continued)**
For the year ended 31 December 2022**5 Auditors' remuneration**

	2022	2021
	£	£
Fees payable to the company's auditors and associates:		
For audit services		
Audit of the financial statements of the group and company	59,500	16,000
Audit related assurance services	157,500	-
Audit of the financial statements of the company's subsidiaries	70,000	43,500
	<u>287,000</u>	<u>59,500</u>

During the year ended 31 December 2022, fees payable to the company's auditors and associates for non-audit services was £nil (2021: £nil).

6 Employees

The average monthly number of persons employed by the group and company during the year was:

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Development	479	432	-	-
Publishing, Community & Marketing	55	39	-	-
Support	39	35	-	-
Total	<u>573</u>	<u>506</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	26,644,304	22,862,080	-	-
Social security costs	3,306,676	2,600,809	-	-
Other pension costs	1,644,662	1,425,060	-	-
	<u>31,595,642</u>	<u>26,887,949</u>	<u>-</u>	<u>-</u>

7 Directors' and Key Management Personnel Remuneration

	2022	2021
	£	£
Directors' remuneration		
Remuneration for qualifying services	511,107	498,070
Company pension contributions to defined contribution schemes	18,150	15,750
	<u>529,257</u>	<u>513,820</u>

Cloud Imperium UK Ltd.

Notes to the group financial statements (continued)
For the year ended 31 December 2022

7 Directors' and Key Management Personnel Remuneration (continued)

Emoluments of the highest paid director were £390,775 (2021: £413,655).

Remuneration for key management personnel (which includes Directors' remuneration) are:

	2022 £	2021 £
Remuneration for qualifying services	1,018,683	1,006,620
Company pension contributions to defined contribution schemes	77,068	80,489
	<u>1,095,751</u>	<u>1,087,109</u>

There are phantom share awards for certain employees of the UK Group which are settled by a related party of the UK Group. The awards would pay-out based on operating dividends or change of control of this UK Group or the related party.

See Note 30 for further details of the restatement.

8 Other operating income

Included in other operating income is the video games tax credit receivable to the group of £6,948,322 (2021: £5,653,220).

9 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	<u>35,542</u>	<u>-</u>

10 Interest payable and similar expenses

	2022 £	2021 £
Other interest on financial liabilities	<u>-</u>	<u>3,210</u>

Notes to the group financial statements (continued)
For the year ended 31 December 2022

11 Tax on profit

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£	£
Profit before taxation	8,488,581	3,942,038
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	1,612,830	748,987
Enhanced losses arising from the video game tax relief	(8,301,833)	(6,570,908)
Difference between the video game tax relief rate at which credit is claimed and corporation tax rate	(1,667,598)	(1,448,481)
Permanent capital allowances in excess of depreciation	(433,078)	43,629
Income not taxable	(22,398)	(3,997)
Deferred tax not recognised	2,535,726	3,849,637
Remeasurement of deferred tax for changes in tax rates	(671,971)	(2,272,087)
Tax credit included in other operating income	6,948,322	5,653,220
Taxation charge	-	-

12 Intangible assets

Group	Goodwill	Patents & licences	Intellectual Property	Total
	£	£	£	£
Cost				
At 1 January 2022 and 31 December 2022	405,149	2,064,144	1,359,186	3,828,479
Accumulated amortisation and impairment				
At 1 January 2022	405,149	312,241	815,514	1,532,904
Amortisation charged for the year	-	195,494	135,919	331,413
At 31 December 2022	405,149	507,735	951,433	1,864,317
Carrying amount				
At 31 December 2022	-	1,556,409	407,753	1,964,162
At 31 December 2021	-	1,751,903	543,672	2,295,575

Cloud Imperium UK Ltd.

Notes to the group financial statements (continued)
For the year ended 31 December 2022

12 Intangible assets (continued)

Company	Patents & licences £	Intellectual Property £	Total £
Cost			
At 1 January 2022 and 31 December 2022	2,064,144	1,359,186	3,423,330
Accumulated amortisation and impairment			
At 1 January 2022	312,241	815,514	1,127,755
Amortisation charged for the year	195,494	135,919	331,413
At 31 December 2022	507,735	951,433	1,459,168
Carrying amount			
At 31 December 2022	1,556,409	407,753	1,964,162
At 31 December 2021	1,751,903	543,672	2,295,575

13 Tangible assets

Group	Leasehold improvements £	Fixtures and fittings £	Computers £	Total £
Cost				
At 1 January 2022	737,246	1,437,490	3,210,674	5,385,410
Additions	4,277,623	3,996,216	1,442,582	9,716,421
Disposals	(725,102)	(83,506)	-	(808,608)
At 31 December 2022	4,289,767	5,350,200	4,653,256	14,293,223
Accumulated depreciation and impairment				
At 1 January 2022	595,777	1,208,282	2,357,885	4,161,944
Depreciation charged in the year	405,608	610,586	882,457	1,898,651
Eliminated in respect of disposals	(634,059)	(81,414)	-	(715,473)
At 31 December 2022	367,326	1,737,454	3,240,342	5,345,122
Carrying amount				
At 31 December 2022	3,922,441	3,612,746	1,412,914	8,948,101
At 31 December 2021	141,469	229,208	852,789	1,223,466

The company had no tangible fixed assets at 31 December 2022 or 31 December 2021.

Cloud Imperium UK Ltd.

Notes to the group financial statements (continued)
For the year ended 31 December 2022

14 Investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	15	-	-	462,206	462,206
Investments in associates	16	887,074	834,538	826,657	826,657
		<u>887,074</u>	<u>834,538</u>	<u>1,288,863</u>	<u>1,288,863</u>

Movements in fixed asset investments

Group	Shares in group undertakings and participating interests £
Cost or valuation	
At 1 January 2022	834,538
Amortisation	(85,250)
Dividends received	(40,282)
Share of profit	178,068
At 31 December 2022	<u>887,074</u>
Carrying amount	
At 31 December 2022	<u>887,074</u>
At 31 December 2021	<u>834,538</u>

Movements in fixed asset investments

Company	Shares in group undertakings and participating interests £
Cost or valuation	
At 1 January 2022 and 31 December 2022	<u>1,288,863</u>
Carrying amount	
At 31 December 2022	<u>1,288,863</u>
At 31 December 2021	<u>1,288,863</u>

Cloud Imperium UK Ltd.**Notes to the group financial statements (continued)**
For the year ended 31 December 2022**15 Subsidiaries**

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Address	Class of shares held	% Held	
			Direct	Indirect
Cloud Imperium Games Limited	1	Ordinary	100.00	-
Cloud Imperium Rights Ltd.	1	Ordinary	100.00	-
Roberts Space Industries International Limited	1	Ordinary	100.00	-
Roberts Space Industries Germany	2	Ordinary	100.00	-
Gemini 42 Productions Limited	1	Ordinary	-	100.00

Registered office addresses (all UK unless otherwise indicated):

- 1 Manchester Goods Yard, 6 Goods Yard Street, Manchester, England, M3 3BG
- 2 ONE, Brussels Street 1-3, 60327 Frankfurt am Main

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves	Profit/(Loss)
	£	£
Cloud Imperium Games Limited	20,999,510	6,948,322
Cloud Imperium Rights Ltd.	(13,557)	(9,934)
Roberts Space Industries International Limited	9,527,834	2,228,579
Roberts Space Industries Germany	122,723	18,687
Gemini 42 Productions Limited	8,202	8,192

16 Associates

Separate company financial statements are required to be prepared by law. Financial statements for the Turbulent Media Inc. are prepared and publicly available.

Details of associates at 31 December 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held
			Direct
Turbulent Media Inc.	3981 Boul. Saint-Laurent, Bureau 888, Montréal (Québec), Canada, H2W 1Y5	Ordinary	25.00

17 Stocks

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Finished goods and goods for resale	102,363	134,695	-	-

Cloud Imperium UK Ltd.

Notes to the group financial statements (continued)
For the year ended 31 December 2022

18 Debtors

	Group	2021	Company	2021
	2022		2022	
	£	£	£	£
Amounts falling due within one year:				
Corporation tax recoverable	12,601,156	5,652,834	-	-
Amounts owed by group undertakings	-	-	6,261,420	7,364,917
Other debtors	4,099,521	4,117,523	1,040,013	185,146
Prepayments and accrued income	1,582,450	1,562,984	9,512	157,025
	<u>18,283,127</u>	<u>11,333,341</u>	<u>7,310,945</u>	<u>7,707,088</u>

Included within amounts owed to group undertakings is £5,092,601 (2021: £1,085,068) owed by Cloud Imperium Games Limited and £1,168,819 (2021: £6,279,848) owed by Roberts Space Industries International Limited. These balances have occurred in the ordinary course of business, are interest-free and are repayable on demand.

19 Creditors: amounts falling due within one year

	Group	2021	Company	2021
	2022		2022	
	£	£	£	£
Trade creditors	1,236,083	1,632,909	21,960	1,588
Amounts owed to group undertakings	-	-	71,355	-
Corporation tax payable	10,087	9,122	-	-
Other taxation and social security	3,319,952	3,295,311	-	63
Other creditors	1,899,248	1,050,549	-	-
Accruals and deferred income	3,019,147	472,580	31,998	16,000
	<u>9,484,517</u>	<u>6,460,471</u>	<u>125,313</u>	<u>17,651</u>

Included within amounts owed to group undertakings is £71,355 (2021: £nil) owed to Cloud Imperium Rights Limited. This balance has occurred in the ordinary course of business, is interest-free and repayable on demand.

20 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>1,644,662</u>	<u>1,425,060</u>

A defined contribution pension scheme is operated for all qualifying employees of the group. The assets of the scheme are held separately from those of the group in an independently administered fund.

Notes to the group financial statements (continued)
For the year ended 31 December 2022

21 Reserves

Called up share capital

Group and company	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of 0.001p (2021: 0.01p) each	11,715,800	1,171,580	117	117

During the year, there was a sub-division of Ordinary shares which revised the total number of issued shares to 11,715,800 with a nominal value of 0.001p each. There has been no change in the total share capital balance as a result.

1,877,400 of the 11,715,800 shares have the right to put their shares back to the company for repurchase as set out in note 28.

Share premium account

The share premium account represents the difference between the funds raised through the issue of new shares (less costs directly associated with such issue) and the nominal value of the shares issued.

Retained earnings

Retained earnings represents cumulative profits or losses net of dividends paid and other adjustments.

22 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group	2021	Company	2021
	2022		2022	
	£	£	£	£
Within one year	6,751,683	1,302,829	-	-
Between two and five years	30,332,110	15,717,511	-	-
In over five years	28,271,325	25,578,504	-	-
	<u>65,355,118</u>	<u>42,598,844</u>	<u>-</u>	<u>-</u>

Cloud Imperium UK Ltd.**Notes to the group financial statements (continued)**
For the year ended 31 December 2022**23 Related party transactions**

Roberts Space Industries Corporation	2022	2021
	£	£
Balance brought forward as at 1 January	10,659	4,888
Transactions in period	(511,370)	5,771
Amounts due (to)/from Roberts Space Industries Corporation as at 31 December	(500,711)	10,659

The transactions in the period relate to the settlement of costs recharged from Roberts Space Industries Corp.

Cloud Imperium Games, LLC	2022	2021
	£	£
Balance brought forward as at 1 January	(250,863)	(77,401)
Transactions in period	302,429	(173,462)
Amounts due from/(to) Cloud Imperium Games, LLC as at 31 December	51,566	(250,863)

The transactions in the period relate to the recharge of expenses incurred by Cloud Imperium Games, LLC.

Cloud Imperium Games Texas, LLC	2022	2021
	£	£
Balance brought forward as at 1 January	(86,507)	(67,819)
Transactions in period	(869,424)	(18,688)
Amounts due to Cloud Imperium Games Texas, LLC as at 31 December	(955,931)	(86,507)

The transactions in the period relate to the recharge of expenses incurred by Cloud Imperium Games Texas, LLC.

Cloud Imperium Rights, LLC	2022	2021
	£	£
Balance brought forward as at 1 January	(95)	(298)
Transactions in period	(9,410)	203
Amounts due to Cloud Imperium Rights, LLC as at 31 December	(9,505)	(95)

The transactions in the period relate to the recharge of expenses incurred by the Group to Cloud Imperium Rights, LLC.

Cloud Imperium UK Ltd.

Notes to the group financial statements (continued)
For the year ended 31 December 2022

23 Related party transactions (continued)

Cloud Imperium US, LLC	2022	2021
	£	£
Balance brought forward as at 1 January	173,285	(572,493)
Transactions in period	859,408	745,778
	<u>1,032,693</u>	<u>173,285</u>
Amounts due from Cloud Imperium US, LLC as at 31 December	<u>1,032,693</u>	<u>173,285</u>

The transactions in the period relate to the recharge of expenses incurred by Cloud Imperium US, LLC.

Cloud Imperium Games Corporation	2022	2021
	£	£
Balance brought forward as at 1 January	-	158,823
Transactions in period	-	(158,823)
	<u>-</u>	<u>-</u>
Amounts due from Cloud Imperium Games Corporation as at 31 December	<u>-</u>	<u>-</u>

The transactions in the period relate to the recharge of expenses incurred by the group to Cloud Imperium Games Corporation.

Turbulent Media, Inc.	2022	2021
	£	£
Balance brought forward as at 1 January	-	(13,957)
Transactions in period	-	13,957
	<u>-</u>	<u>-</u>
Amounts due from Turbulent Media, Inc. as at 31 December	<u>-</u>	<u>-</u>

The transactions in the period relate to the recharge of expenses incurred by Turbulent Media, Inc.

Roberts Space Industries Corporation, Cloud Imperium Games, LLC, Cloud Imperium Games Texas, LLC, Cloud Imperium Rights, LLC, Cloud Imperium US, LLC are considered related parties as Christopher Roberts is the ultimate controlling party of these companies and the UK Group.

Turbulent Media, Inc. is considered a related party by virtue of being an associate of the Group.

The balances owed at the year end are included within other debtors and other creditors.

Cloud Imperium UK Ltd.**Notes to the group financial statements (continued)**
For the year ended 31 December 2022**24 Non-adjusting Post Balance Sheet Events**

Cloud Imperium UK Ltd. sold its 25% shareholding in Turbulent Media Inc to 9491-4561 Quebec Inc on 2 July 2023 in exchange for 25% of the share capital of 9491-4561 Quebec Inc. Cloud Imperium UK Ltd. acquired the remaining 75% of 9491-4561 Quebec Inc on 2 July 2023 for a consideration including professional fees of \$9,843,791 Canadian Dollars. The entity 9491-4561 Quebec Inc is the ultimate parent company of Turbulent Media Inc.

25 Subsidiaries exempt from audit

Listed below are subsidiaries controlled and consolidated by the group, where the directors have taken the exemption from having an audit of its financial statements. This exemption is taken in accordance with the Companies Act 2006 s479A.

Company name	Company number
Cloud Imperium Rights Ltd.	10934694
Gemini 42 Productions Limited	14011339

26 Cash generated from/(absorbed by) operations

	2022	2021
	£	£
Profit for the year after tax	8,488,581	3,942,038
Adjustments for:		
Share of results of associates	(178,068)	(117,498)
Finance costs	-	3,210
Investment income	(35,542)	-
(Gain)/loss on disposal of tangible fixed assets	(5,979)	249
Amortisation and impairment of intangible assets	416,662	395,772
Depreciation and impairment of tangible fixed assets	1,898,647	900,366
Taxation credited	(6,948,322)	(5,653,220)
Foreign exchange	(2,482,472)	-
Movements in working capital:		
Decrease/(increase) in stocks	32,332	(56,297)
Increase in debtors	(3,777,869)	(4,132,709)
Increase in creditors	6,800,455	760,721
Decrease in deferred income	-	(1,483,749)
Cash generated from/(absorbed by) operations	4,208,425	(5,441,117)

27 Analysis of changes in net funds - group

	1 January 2022	Cash flows	31 December 2022
	£	£	£
Cash at bank and in hand	23,009,938	(2,850,585)	20,159,353

Notes to the group financial statements (continued)
For the year ended 31 December 2022

28 Financial commitments, guarantees and contingent liabilities

Coutts & Co. holds a charge over all the company's right, title and interest in and to the Video Game in relation to the outstanding loan facility. As at the reporting date, the balance of the loan was £nil (2021: £nil).

A contingent liability exists with respect to 1,877,400 of the 11,715,800 issued shares as at 31 December 2022. The holders of the 1,877,400 shares have the right to put their shares back to the Company for repurchase at a minimum return premium of 6% per annum on the initial purchase price. For 1,599,900 shares they also have a value formula based upon the three years' average revenue leading up to the start of the exercise period.

These rights were exercisable only between 1 January 2024 and 31 March 2024 for 277,500 shares but the holder has waived their rights relating to this period. For 1,599,900 shares their first put rights are exercisable between 1 January 2025 and 31 March 2025 and for all 1,877,400 between 1 January 2028 and 31 March 2028.

Based upon representations from the holders and given the company's financial position, budgets and forecasts the company currently assesses the probability of the holders exercising their put rights to be remote.

Consequently, consistent with prior years, the company has not recognised this put option as a financial liability measured at the net present value of the expected payments. If it were to do so at the minimum return value on the investment for those shares it would generate a liability of £29.0m to December 2021 and £31.1m to December 2022 using a discount rate of 7.32%. This would rise to £44.5m and £47.8m for 2021 and 2022 respectively, based upon a multiple applied to an estimate of three prior years revenue leading up to the exercise dates. There are many assumptions underpinning the calculation multiple before the probability of it being exercised is considered, and the fact that this is considered remote is the primary reason for not recognising the uncertain net present value of this potential contingent liability.

Another reason for not recognising is due to the nature of the put terms, as if exercised the put proceeds would be payable out of available cash in excess of that required to effectively operate the business and thus that liability would remain undischarged until such available cash became available.

Management will continue to monitor the position and if the circumstances change on the underlying assumptions or terms any change requiring it to be treated differently will be recognized in the financial statements.

29 Controlling party

The ultimate controlling party is Christopher Roberts due to his majority shareholding in Cloud Imperium UK Ltd.

Notes to the group financial statements (continued)
For the year ended 31 December 2022

30 Prior period adjustment

The Company has presented publishing costs as deferred costs under debtors: amounts falling due after more than one year in each accounting year in the period 1 January 2015 to 31 December 2021. The publishing costs should have been presented within cost of sales in the statement of comprehensive income.

The current year publishing costs have been correctly classified in cost of sales and the prior year comparatives as at 31 December 2021 have been restated to conform with current year presentation.

There are changes to the Company statement of comprehensive income, Company statement of financial position and company Statement of changes in equity as a result of this reclassification.

Changes to the statement of financial position - company

	As previously reported £	Adjustment at 1 Jan 2021 £	Adjustment at 31 Dec 2021 £	As restated at 31 Dec 2021 £
Current assets				
Debtors due within one year	15,006,342	(5,553,718)	(1,745,536)	7,707,088
Capital and reserves				
Retained earnings	(3,990,519)	(5,553,718)	(1,745,536)	(11,289,773)
Total equity	(18,679,506)	5,553,718	1,745,536	(11,380,252)

Changes to the statement of changes in equity - company

Retained earnings	(3,990,519)	(5,553,718)	(1,745,536)	(11,289,773)
Total equity	(18,679,506)	5,553,718	1,745,536	(11,380,252)

The aggregate amount of publishing costs chargeable from the Company's wholly owned subsidiary, Roberts Space Industries International Limited, that have not being recognised in statement of comprehensive income in the period from 1 January 2015 to 31 December 2020 is £5,553,718.

Changes to the income statement - company

	As previously reported £	Adjustment £	As restated £
Period ended 31 December 2021			
Cost of sales	(34,350,560)	(1,745,536)	(36,096,096)
Loss after taxation	(1,729,601)	(1,745,536)	(3,475,137)

We have identified errors relating to publishing costs charged from the Company's wholly owned subsidiary Roberts Space Industries International Limited, that have not being recognised in statement of comprehensive income in each accounting year in the period from 1 January 2015 to 31 December 2021. The total impact of this error is to increase cost of sales by £1,745,536 in the year ended 31 December 2021.

Directors and key management personnel restatement

The directors and key management personnel remuneration note has been restated to separately present the key management personnel remuneration in accordance with Section 33 of FRS 102. Refer to note 7 for the disclosure.