

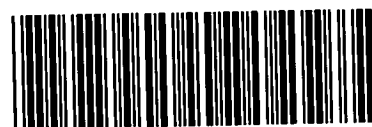
Registered number: 09083410

GENFLOW LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

THURSDAY



ACHUVRTM

A22

07/12/2023

#4

COMPANIES HOUSE

GENFLOW LTD

COMPANY INFORMATION

Director	Zeeshan Hanif
Registered number	09083410
Registered office	Klaco House 3rd Floor 28 St. John's Square London EC1M 4DN
Independent auditor	PKF Littlejohn LLP Statutory Auditor 15 Westferry Circus Canary Wharf London E14 4HD

GENFLOW LTD

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Directors' responsibilities statement	5
Independent auditors' report	6 - 9
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13 - 27

GENFLOW LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The director of Genflow Limited, "the Company" or "Genflow" is pleased to present their strategic report and audited accounts for the year ended 31 December 2022.

Business review

Genflow partners with creators to help them grow their audiences, launch their own businesses, deliver brand partnerships and unlock their true potential. Our key clients include some of the biggest social media creators in the world.

Genflow continued to grow the creator audience revenue (GMV) generated through the platform throughout the year, which contributed to an increase in Genflow Net Revenue.

Revenue recognised for the year ended 31 December 2022 was £11.3m (2021: £9m), an increase of 27%.

Gross profit margin for 2022 was 49% (2021: 54%). The decrease was a result of supply chain pressures, including the effects of the covid-19 pandemic, labour shortages and freight costs.

EBITDA for the year ended 31 December 2022 was a loss of £0.8m (2021: £0.6m) The increase was a result of continuous investment into the operational infrastructure and headcount of the business to support its future growth aspirations.

Genflow has also continued to invest in research and development, software called "Genlytics" has been developed by Genflow that uses advanced algorithms for social media analytics. It has been designed to be able to analyse social media data in real time and make business intelligence decisions from the output. This investment will drive future results and significantly provides Genflow with a unique ability and valuable intellectual property. Genflow has also made several improvements to its existing technology platform.

Principal risks and uncertainties

Genflow is aware of many of the risks and uncertainties it faces in the new fast-changing market in which it operates. Management has been implementing policies and procedures to migrate risks as they arise.

Foreign exchange risk

Genflow operates in multiple countries and transacts in multiple currencies, even though all financial operations are through the UK. Genflow incurs foreign exchange gains and losses when transferring money internationally and is impacted when reporting gains and losses on the timing differences between billing and settling incomes. Foreign exchange also impacts the financial statements upon consolidation.

Economic Risk

Risk Revenues and profitability of Genflow can be influenced by global macro economic factors, including duties and taxes imposed upon the company's import and exports, any significant fluctuations in the cost of fuel used in transport and logistics or in raw materials prices. These risks are mitigated as much as possible, for example the company has distribution centres in the UK, EU and USA, to reduce import and export duties.

Competition

The creator economy is a new fast growing industry and its industry will become more competitive, management monitors key competitors and offerings in the industry on a regular basis.

GENFLOW LTD

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Financial key performance indicators

Genflow uses various key financial performance indicators across the profit and loss account, along with the balance sheet. These include but are not limited to; revenue, gross profit margin, EBITDA and headcount.

Revenue recognised for the year ended 31 December 2022 was £11.3m (2021: £9m), an increase of 27%. The gross profit margin remained relatively constant, on account of increases in the cost base.

Gross Profit margin for the year ended 31st December 2022 was 49% (2021: 54%).

Other key performance indicators

Genflow also uses several key non-financial performance indicators including, but not limited to: Creator audience revenue, number of digital subscribers, number of orders, number of social media followers.

Financial risk management objectives and policies

The Company's activities expose it to financial risks including cash flow risk, liquidity risk, credit risk and foreign currency risk.

Cash flow risk:

The Company has in place a programme of financial and non-financial performance indicators as part of its management reporting systems. The director and management review the key financial performance indicator, being revenue, as well as other benchmarks such as profitability, cash and working capital.

Liquidity risk:

In order to maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, surplus funds are placed at banks with short notice demand features.

Credit risk:

Credit risk arises from credit exposure to cash and cash equivalents including deposits with banks. Other than the BFG Nominees Limited loan, the Company does not maintain any credit facilities.

Foreign currency risk:

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As the Company has operations in the United States and Europe, any negative movement against the sterling could negatively impact the Company's operational results in any given financial year. Genflow is shielded from actual foreign exchange risk in its banking operations. Genflow transacts in all three main currencies, which creates a natural hedge.

This report was approved by the board on 28 November 2023 and signed on its behalf.

DocuSigned by:

8B1438B589024E6...
Zeeshan Hanif
Director

GENFLOW LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The director presents their report and the financial statements for the year ended 31 December 2022.

Results and dividends

The loss for the year, after taxation, amounted to £1,341,130 (2021 - loss £1,266,348).

No dividends were declared or paid during the year (2021: £Nil).

Directors

The directors who served during the year were:

Naceur Echcharif el idrissi (resigned 31 December 2022)
Zeeshan Hanif

Political contributions

The Company has not made any donations to registered parties or other UK or non-UK political organisations in the financial year.

Future developments

The director expects the performance of the company to increase in the forthcoming year, including increasing revenue, number of creators Genflow partners with, and resulting creator audience revenue. This is a result of the continued to growth of the business.

Financial instruments

The Company only has basic financial instruments comprising of financial assets and liabilities, such as trade receivables and trade payables, arising directly from its operations.

Research and development activities

There have been activities undertaken by the company in the field of research and development. As the company is in the development phase, no research and development expenditures have been expensed.

Qualifying third party indemnity provisions

The company has not provided qualifying third-party indemnities for the benefit of its director.

Disclosure of information to auditors

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

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

Post balance sheet events

There have been no significant events affecting the Company since the year end.

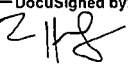
GENFLOW LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Auditor

The auditor, PKF Littlejohn LLP, will be proposed for appointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

DocuSigned by:

8B1438B589024E6...

Zeeshan Hanif
Director

Date: 28 November 2023

GENFLOW LTD

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The director is responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GENFLOW LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GENFLOW LTD

Opinion

We have audited the financial statements of Genflow Ltd (the 'Company') for the year ended 31 December 2022, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

GENFLOW LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GENFLOW LTD (CONTINUED)

Other information

The other information comprises the information included in the financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 Company or to cease operations, or have no realistic alternative but to do so.

GENFLOW LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GENFLOW LTD (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and application of cumulative audit knowledge.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from Companies Act 2006, UK taxation legislation and United Kingdom Generally Accepted Accounting Practice.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
 - enquiries of management;
 - review of board meeting minutes; and
 - review of regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. Other than the non-rebuttable presumption of a risk of fraud arising from management override of controls, we did not identify any other significant fraud risks.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

GENFLOW LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GENFLOW LTD (CONTINUED)

Use of our report

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

Stuart Leat

Stuart Leat (Senior statutory auditor)

for and on behalf of PKF Littlejohn LLP

Statutory Auditor

15 Westferry Circus
Canary Wharf
London
E14 4HD

30 November 2023

GENFLOW LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

		2022 £	2021 £
Sales	4	11,257,779	8,898,322
Cost of sales		(5,753,992)	(4,080,170)
Gross profit		5,503,787	4,818,152
Administrative expenses		(7,151,898)	(6,084,516)
Other operating income		8,058	-
Operating loss	5	(1,640,053)	(1,266,364)
Interest receivable and similar income	8	714	16
Interest payable and similar expenses	9	(1,805)	-
Loss before tax		(1,641,144)	(1,266,348)
Tax on loss	10	300,014	-
Loss for the financial year		(1,341,130)	(1,266,348)

There was no other comprehensive income for 2022 (2021:£NIL).

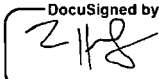
The notes on pages 13 to 27 form part of these financial statements.

GENFLOW LTD
REGISTERED NUMBER: 09083410

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	11	2,081,627	1,591,145
Tangible assets	12	82,712	92,229
Investments	13	108	9
		<u>2,164,447</u>	<u>1,683,383</u>
Current assets			
Stocks	14	329,151	754,825
Debtors: amounts falling due within one year	15	1,840,520	1,801,201
Cash at bank and in hand	16	977,499	1,022,173
		<u>3,147,170</u>	<u>3,578,199</u>
Creditors: amounts falling due within one year	17	(6,734,911)	(5,321,246)
Net current liabilities		<u>(3,587,741)</u>	<u>(1,743,047)</u>
Total assets less current liabilities		<u>(1,423,294)</u>	<u>(59,664)</u>
Creditors: amounts falling due after more than one year	18	-	(22,500)
Net liabilities		<u><u>(1,423,294)</u></u>	<u><u>(82,164)</u></u>
Capital and reserves			
Called up share capital		194	194
Share premium account		848,435	848,435
Profit and loss account		(2,271,923)	(930,793)
		<u><u>(1,423,294)</u></u>	<u><u>(82,164)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

8B1438B589024E6...

Zeeshan Hanif
Director

Date: 28 November 2023

The notes on pages 13 to 27 form part of these financial statements.

GENFLOW LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2022	194	848,435	(930,793)	(82,164)
Comprehensive income for the year				
Loss for the year	-	-	(1,341,130)	(1,341,130)
Total comprehensive income for the year	-	-	(1,341,130)	(1,341,130)
At 31 December 2022	194	848,435	(2,271,923)	(1,423,294)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2021	194	835,852	335,555	1,171,601
Comprehensive income for the year				
Loss for the year	-	-	(1,266,348)	(1,266,348)
Total comprehensive income for the year	-	-	(1,266,348)	(1,266,348)
Shares issued during the year	-	12,583	-	12,583
Total transactions with owners	-	12,583	-	12,583
At 31 December 2021	194	848,435	(930,793)	(82,164)

The notes on pages 13 to 27 form part of these financial statements.

GENFLOW LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Genflow Ltd is a private company limited by shares and incorporated in England. The company's registered number and registered office can be found on the Company Information page.

The principal activity of the company during the year was to operate a platform that enables creators to monetize their audience.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Genflow Universe Limited as at 31 December 2022 and these financial statements may be obtained from Klaco House, Third Floor, 28 St. John's Square, London, EC1M 4DN.

2.3 Going concern

The Company meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over (a) the level of demand for the Company's products; and (b) the availability of financing for the near future. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. After making enquiries, the director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the near future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

GENFLOW LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

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

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

GENFLOW LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives for 5 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it all were incurred in the research phase only.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

GENFLOW LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.11 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life, they are amortised over a period of 5 years.

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Office equipment	-	33%
------------------	---	-----

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

GENFLOW LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.16 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.17 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.19 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.20 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found,

GENFLOW LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.20 Financial instruments (continued)

an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The Company make estimates and assumptions regarding the future. Actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below.

Key judgment: Carrying value of investments

At each balance sheet date, the investment balance is allocated entirely to a cash generating unit which is assessed for indicators of impairment. If there is such an indication the recoverable amount of the cash generating unit is compared to the carrying amount of the cash generating unit.

The recoverable amount is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the consolidated statement of comprehensive income. If an impairment loss is subsequently reversed, a reversal of an impairment loss is recognised in the consolidated statement of comprehensive income.

GENFLOW LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Product	4,380,719	3,363,580
Service	5,754,969	5,178,054
Intercompany	1,122,091	356,688
	<u>11,257,779</u>	<u>8,898,322</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	7,210,143	6,700,606
Rest of Europe	1,152,741	993,891
Rest of the world	1,159,471	511,575
USA	1,735,424	692,250
	<u>11,257,779</u>	<u>8,898,322</u>

5. Operating loss

The operating loss is stated after charging:

	2022 £	2021 £
Exchange differences	(17,795)	23,196
Depreciation	54,709	41,899
Amortisation	781,432	617,542
	<u>781,432</u>	<u>617,542</u>

6. Auditors' remuneration

	2022 £	2021 £
Fees payable to the Company's auditors for the audit of the Company's financial statements	38,500	27,554
Fees payable to the Company's auditors in respect of:		
All non-audit services not included above	<u>10,700</u>	<u>-</u>

GENFLOW LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2022	2021
	£	£
Wages and salaries	3,978,040	3,854,047
Social security costs	965,140	642,127
Cost of defined contribution scheme	141,568	83,686
	<u>5,084,748</u>	<u>4,579,860</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2022	2021
	No.	No.
Employees	<u>87</u>	<u>68</u>

8. Interest receivable

	2022	2021
	£	£
Other interest receivable	714	16
	<u>714</u>	<u>16</u>

9. Interest payable and similar expenses

	2022	2021
	£	£
Other loan interest payable	1,805	-
	<u>1,805</u>	<u>-</u>

GENFLOW LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

10. Taxation

	2022 £	2021 £
Corporation tax		
Adjustments in respect of previous periods	(300,014)	-
	<u>(300,014)</u>	<u>-</u>
Total current tax	<u>(300,014)</u>	<u>-</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Tax on loss	<u>(300,014)</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2021 - the same as) the standard rate of corporation tax in the UK of 19% (2021 - 19%) as set out below:

	2022 £	2021 £
Loss on ordinary activities before tax	<u>(1,641,144)</u>	<u>(1,266,348)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(311,817)	(240,606)
Effects of:		
Fixed asset differences	(2,576)	(3,426)
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	6,991	13,676
Additional deduction for R&D expenditure	-	(222,199)
Surrender of tax losses for R&D tax credit refund	(300,014)	93,108
Movement in deferred tax not recognised	307,402	127,204
Other differences	-	(67,771)
Tax not recognised	-	300,014
Total tax charge for the year	<u>(300,014)</u>	<u>-</u>

Factors that may affect future tax charges

In the spring budget 2021, the UK government announced that from 01 April 2023, the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021.

GENFLOW LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

11. Intangible assets

	Patents £	Development expenditure £	Total £
Cost			
At 1 January 2022	18,642	3,288,390	3,307,032
Additions	15,180	1,256,734	1,271,914
At 31 December 2022	<u>33,822</u>	<u>4,545,124</u>	<u>4,578,946</u>
Amortisation			
At 1 January 2022	3,435	1,712,452	1,715,887
Charge for the year on owned assets	4,341	777,091	781,432
At 31 December 2022	<u>7,776</u>	<u>2,489,543</u>	<u>2,497,319</u>
Net book value			
At 31 December 2022	<u>26,046</u>	<u>2,055,581</u>	<u>2,081,627</u>
At 31 December 2021	<u>15,207</u>	<u>1,575,938</u>	<u>1,591,145</u>

All development costs are amortised over their estimated useful lives, which is on average 5 years. This reflects management's best estimate of the period of time over which the group will benefit from the amounts capitalised.

The remaining amortisation period for the development costs ranges from 1-5 years.

GENFLOW LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

12. Tangible fixed assets

	Computer equipment £
Cost	
At 1 January 2022	154,039
Additions	45,192
	<hr/>
At 31 December 2022	199,231
	<hr/>
Depreciation	
At 1 January 2022	61,810
Charge for the year on owned assets	54,709
	<hr/>
At 31 December 2022	116,519
	<hr/>
Net book value	
At 31 December 2022	82,712
	<hr/>
At 31 December 2021	92,229
	<hr/>

13. Fixed asset investments

	Investments in subsidiary companies £	Investments in associates £	Total £
Cost or valuation			
At 1 January 2022	8	1	9
Additions	100	-	100
Disposals	-	(1)	(1)
	<hr/>	<hr/>	<hr/>
At 31 December 2022	108	-	108
	<hr/>	<hr/>	<hr/>

During the year, the Company incorporated a 100% owned subsidiary called Genflow Ventures Ltd.

GENFLOW LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

13. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Genflow Ireland Limited	Century House, Harold's Cross Road, Dublin 6w, Ireland	Partners with creators to help them grow their audiences, launch their own businesses, deliver brand partnerships and unlock their true potential.	Ordinary	100%
Genflow Inc	1209 Orange Street, City of Wilmington, County of New Castle, Delaware, 19801	Partners with creators to help them grow their audiences, launch their own businesses, deliver brand partnerships and unlock their true potential.	Ordinary	100%
Genflow Ventures Limited	Klaco House, Third Floor, 28 St. John's Square, London, EC1M 4DN	Partners with creators to help them grow their audiences, launch their own businesses, deliver brand partnerships and unlock their true potential.	Ordinary	100%

14. Stocks

	2022 £	2021 £
Work in progress	120,798	509,245
Stock	208,353	245,580
	<u>329,151</u>	<u>754,825</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stocks are stated after provisions for impairment of £Nil (2021: £Nil).

GENFLOW LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

15. Debtors

	2022 £	2021 £
Trade debtors	400,647	330,163
Amounts owed by group undertakings	627,294	540,600
Amounts owed by joint ventures and associated undertakings	-	26,528
Other debtors	412,329	246,624
Prepayments and accrued income	400,250	657,286
	<u>1,840,520</u>	<u>1,801,201</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

16. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	977,499	1,022,173
	<u>977,499</u>	<u>1,022,173</u>

17. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	450,669	241,493
Amounts owed to group undertakings	3,996,210	2,728,472
Other taxation and social security	490,241	288,948
Other creditors	1,542,313	1,363,850
Accruals and deferred income	255,478	698,483
	<u>6,734,911</u>	<u>5,321,246</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

GENFLOW LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

18. Creditors: Amounts falling due after more than one year

	2022 £	2021 £
Other creditors	-	22,500
	<u>-</u>	<u>22,500</u>

19. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
194 (2021 - 194) Ordinary Shares shares of £1.00 each	194	194
	<u>194</u>	<u>194</u>

20. Reserves

Share premium account

The share premium account represents the difference between the par value of the shares issued and the issue price.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

21. Pension commitments

The Company operates a defined contribution pension plan. The assets of the plan are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £141,568 (2021 - £83,686). Contributions totaling £13,157 (2021 - £8,311) were payable to the fund at the balance sheet date.

22. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	34,522	196,430
Later than 1 year and not later than 5 years	-	34,522
	<u>34,522</u>	<u>230,952</u>

GENFLOW LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

23. Related party transactions

The Company has taken advantage of the exemptions provided by section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

As at 31 December 2022 the Company owed Genflow Universe Ltd £3,985,240 (2021: £2,727,575).

As at 31 December 2022 the Company was owed £168,309 (2021: £18,466) by Genflow Ireland Ltd.

As at 31 December 2022 the Company was owed £458,965 (2021: £37,344) by Genflow Inc.

The Company earned revenue from Fuelcakes of which Zeeshan Hanif is a director in the year to the value of £13,468 (2021: £45,965). The Company was owed £Nil (2021: £Nil) by Fuelcakes at 31 December 2022.

The Company earned revenue from Conqr of which Zeeshan Hanif is a director in the year to the value of £549 (2021: £3,038). The Company was owed £Nil (2021: £26,528) by Conqr at 31 December 2022.

The Company earned revenue from Ownu Fit of which Zeeshan Hanif is a director in the year to the value of £200,054 (2021: £Nil). The Company was owed £10,970 (2021: £Nil) at 31 December 2022.

24. Ultimate controlling party

The immediate parent undertaking is Genflow Universe Limited, which is registered at Klaco House, Third Floor, 28 St. John's Square, London, EC1M 4DN.

In the opinion of the director there is no ultimate controlling party.