

Build A Rocket Boy Ltd.

Annual Report and Consolidated Financial
Statements

Year Ended

31 December 2022

Company Number SC537252



Build A Rocket Boy Ltd.

Company Information

Directors	L P Benzies K Waardahl M Gerhard (Appointed 2 Aug 2022) Q Zhang Y Zhu S E Englehardt T Campbell (Until 21 Mar 2022) C Ribichaud (Until 27 Jan 2022)
Registered number	SC537252
Registered office	29 Constitution Street Edinburgh EH6 7BS
Auditors	Chiene + Tait LLP (Trading as CT) 61 Dublin Street Edinburgh EH3 6NL

Build A Rocket Boy Ltd.

Contents

	Page
Group Strategic Report	1 - 4
Directors' Report	5 - 7
Independent Auditors' Report	8 - 11
Consolidated Statement of Comprehensive Income	12
Consolidated Statement of Financial Position	13 - 14
Company Statement of Financial Position	15 - 16
Consolidated Statement of Changes in Equity	17 - 18
Company Statement of Changes in Equity	19 - 20
Consolidated Statement of Cash Flows	21
Analysis of Net Debt	22
Notes to the Financial Statements	23 - 43

Build A Rocket Boy Ltd.

Group Strategic Report For the Year Ended 31 December 2022

Introduction

The strategic report has been prepared for the year ended 31 December 2022 for Build A Rocket Boy Ltd. and its subsidiary undertakings (together, the "Group").

Principal activity and business review

During 2022, Build A Rocket Boy Group ("BARB") remained focused on developing its first game project Everywhere. During the past fiscal year, the Group continued to invest capital in securing game development talent, developing core technology, improving company infrastructure and innovating gameplay and features. As the result of this continuous investment, the Group grew its headcount to 323 as at December 31, 2022 from 222 as at December 31, 2021 and made significant progress in the development of our project. In order to accommodate the growth in employees, the company has expanded into a new studio space in Edinburgh. The Group has also announced the news of opening a French studio in Montpellier. The overall strategy accommodates the expanding needs of the global development team, which moves the Group closer to game release in 2023.

During 2022, the Group has successfully completed its Series C funding round, and has welcomed some more long time game industry professionals to the studio's leadership team.

The Group is continuing to develop its two game projects and making good progress. Considering the life cycle of the business, the directors of BARB consider the financial result to be in line with expectations.

Principal risks and uncertainties

Senior management actively manage and the board of directors of the Group regularly identify, review and mitigate the principal risks faced by the Group. There are inherent risks faced by the Group given it is in the early stages of development and in the process of developing its first products. In addition, the Group is operating in a competitive and dynamic growth market, the group remains confident to have the first game will be in the hands of players in 2023.

Financial key performance indicators

As the Group remains in the development at the pre-revenue stage, the directors consider the key financial performance indicators to be successful funding rounds, robust cost planning and monitoring and the level of tax credit achieved through Video Game Tax Relief (VGTR). The Group has successfully completed the Series C of fundraising round in 2022, so the Group can continue to invest in game development as well as other functionalities within the group. BARB will continue to benefit from VGTR tax credit from HMRC, while the directors continue to monitor expenditure levels. All other financial measurements have been sufficiently presented in the financial statements.

Streamlined Energy Carbon Reporting

An analysis of BARB's operations was completed for the baseline period and identified that total energy consumption across all sites and activities was 525,033 kWh which corresponded to emissions of approximately 99.61 tonnes of carbon dioxide equivalent (tCO₂e). This can be broken down into the contributions from each energy source:

Energy Source	Consumption (kWh)	Carbon (tCO ₂ e)
Electricity	321,683	62.21
Gas	198,730	36.28
Transport	4,620	1.12
Total	525,033	99.61

Build A Rocket Boy Ltd.

Group Strategic Report (continued) For the Year Ended 31 December 2022

Greenhouse gas emissions are categorised into three groups or 'Scopes' by the most widely used international accounting tool, the Greenhouse Gas (GHG) Protocol. Scope 1 covers direct emissions from company owned or controlled sources such as gas boilers or company vehicles. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating, and cooling consumed by the company. Scope 3 includes all other indirect emissions that occur in a company's value chain. See below BARB usage break down for more details.

Energy Source	Emissions (tCO ₂ e)	Emission Split (%)
Scope 1 (Gas)	36.28	36.42%
Scope 2 (Electricity)	62.21	62.45%
Scope 3 (Private Mileage Claims)	1.12	1.13%
Total	99.61	100.00%

For the purposes of SECR, absolute emissions need to be converted to intensity metrics and BARB have chosen to use one metric based on staff head count. The Group employed 275 staff on average across the baseline reporting period, resulting in an intensity metric of 0.36 tCO₂e/FTE. Subsequent SECR submissions should Intensity Metrics.

SECR aims to standardise energy consumption and associated carbon emission reporting throughout all industries to enable easy comparison of the relative performance of each organisation. The intensity metric used in the SECR submission is at the discretion of each individual company and BARB have chosen one based on full time equivalent staff head count. aim to show a year-on-year reduction on this baseline metric value.

Intensity Metric	Jan 22 – Dec 22
Headcount (FTE)	275
Total Emissions (tCO ₂ e)	99.61
Intensity Metric (tCO ₂ e/FTE)	0.36

Growth stage company / Development

The Group regularly reviews the market and intends to launch its first project at a desirable time subject to market conditions. However, given the ambition of the game and the complexity of the technology being developed, there remains a risk that the game will need more development time to complete. In the event that the game requires more development time to complete, the Group may require additional financing which may or may not be available.

Build A Rocket Boy Ltd.

Group Strategic Report (continued) For the Year Ended 31 December 2022

In addition, the project the Group is developing competes with other sources of entertainment, including television, film, the internet, home entertainment products, and social networking for consumers' leisure and entertainment time and discretionary spending. An increased number of media and entertainment choices available to consumers has made it and may in the future make it more difficult to attract and obtain their attention and time which could impact future revenues and fundraising efforts.

The Group intends to rely on a small number of titles to generate its revenue. If the Group fails to manage the lifecycle of these titles, this may adversely affect its financial results.

Technology disruption/IP protection

The Group operates in a fast-moving industry, where new technology, market dynamics emerge regularly and could comprise the competitiveness of its first project. Ongoing technological change and disruption, including regulation of the industry in which the Group operates, is expected to continue to occur. The directors of the Group closely monitors the development of relevant technologies and legally protect any patent/intellectual properties of its own. Any infringement on the Group's intellectual property by unauthorised third parties may prove damaging and adversely impact the Group's performance.

Currency risk

The Group's operating costs are primarily in Pound Sterling, as such the exposure to currency risk is limited. In the future, financing and / or revenue may increasingly be in currencies other than Pound Sterling and the Group's operating costs may be increasingly diversified, which may enhance the currency risk. While there are external transactions in other currencies, the contracts are usually set up with short term periods, and there is dynamic planning process for these transactions and any costs in other currencies. The Group regularly reviews its foreign exchange exposure and arranges the currencies contract appropriately.

Cyber-security / IT system dependence

The efficiency and effectiveness of the Group's IT system and infrastructure has significant impact on the Group's operation and development activities. Such dependency has been amplified under the circumstances where some staff are working remotely.

A security breach or major system failure could significantly cause material delays in our game development progress. The Group has regularly reviewed its cyber-security processes and IT policies and has invested in its IT team, technologies and tools to best secure its data and system.

The Group has also maintained insurance policies to mitigate our risk, continued to work with insurer to update the insurance cover for various stages of the game development to reflect primary risks associated with development stages.

Employees

The Group's ability to achieve its business plan is dependent on the availability employment skills and experience across the workforce. During 2022, there were significant changes to the leadership team, loss of key personnel or the inability to recruit such individuals to the Group could adversely affect and impact the Group's ability to meet its strategic ambitions.

Build A Rocket Boy Ltd.

Group Strategic Report (continued) For the Year Ended 31 December 2022

Global Instability / Post Pandemic COVID-19

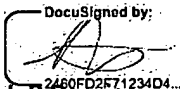
The global economy has demonstrated significant resilience through the pandemic. However, the Group is encountering risks such as workforce availability, and inflation. The situation in Ukraine provides uncertainty over the environment in which we and our suppliers operate. As a result, it may impact supplier and customer behaviour and restrictions imposed by governments may have an impact on our operations.

Future developments

In 2023 and the years after, the Group intends to continue the development and improvement of its first projects, expand the launch of additional products, and continue to monitor the market and explore opportunities.

This report was approved by the board on 8/16/2023

and signed on its behalf.

DocuSigned by:

2460FD2E71234D4...
L P Benzie
Director

Build A Rocket Boy Ltd.

Directors' Report For the Year Ended 31 December 2022

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

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have 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 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 Company and the Group and of the profit or loss of the Group for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are 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 the Group, 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Section 172 Statement

The directors have considered the needs of the company's stakeholders as part of the decision-making process. The success of the company is heavily reliant on building positive relationships with each stakeholder. Working together towards a shared goal is important to us to in delivering long -term sustainable success. Reports are regular made available to the directors by the business units about performance, strategy and key decisions taken, the directors have outweighed the prominence of its decisions in the long run and the act fairly between each stakeholder.

Shareholders: The Group holds regular meetings to report on the monthly financial position of the company. During these meetings, the executive team discuss topics such as financial performance, strategy, ethical practices, and outlook. Shareholder feedback along with details of movements in shareholder base are regularly reported to and discussed by the Board and their views are considered as part of decision-making.

Build A Rocket Boy Ltd.

Directors' Report (continued) For the Year Ended 31 December 2022

Employees: Employees is critical to the success of the company and we are continuously working on improving employee satisfaction. Based on the employee engagement surveys conducted by HR, the Group's key areas of focus has been providing health and well-being benefits and opportunities to increase employee satisfaction. We have introduced benefits such as Employee Assistance Programme, birthday gift.voucher and employee wellbeing bonus to help employees achieve maximum work and life balance.

Suppliers: Building strong relationships with suppliers allows us to obtain the best value, service and quality. There are number of suppliers that we engage in on a long term basis as we operate in a highly connected environment. As such the company have established multi-year contracts with key suppliers. In order to foster these relationships, we attend industry events, supplier workshops and training.

Community and environment: The Group has been actively donating to charities and other interest groups to that are relevant to current and emerging environmental and societal topics. The company partner with local charities and organizations at a site level to raise awareness and funds. The Group constantly strive to maintain good relationships with the community to maintain our goodwill. In addition, the Group is also actively engaging with the communities and seek to reduce environment impact of our operations.

Government and regulations: The Group is staying informed on all regulations through a wide range of industry consultation, forms, meetings. The key area of focus has been employment laws as we hire remote employees in various countries. It is important that we are compliant with the local rules and regulations to provide a safe and stable working environment for our employees.

Principal activity

The Group's principal activity for the year was that of game development.

Results and dividends

The loss for the year, after taxation, amounted to £45,646,995 (2021 - loss £35,639,124).

No dividends were declared for or paid during the financial year ended 31 December 2022 (2021 - Nil)

Directors

The directors who served during the year were:

L P Benzies
K Waardahl
Q Zhang
Y Zhu
S E Englebardt
M Gerhard (appointed 2 August 2022)
C J Robichaud (resigned 27 January 2022)
T M Campbell (resigned 21 March 2022)

Build A Rocket Boy Ltd.

Directors' Report (continued) For the Year Ended 31 December 2022

Research and development activities

During the year, research and development activities were undertaken in relation to platform development incurring costs including a salary element of £2,923,045 (2021 - £2,928,211) and game development incurring costs of £27,152,350 (2021 - £22,679,084).

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 and the Group'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 and the Group's auditors are aware of that information.

Post balance sheet events


The company is currently in the process of completing series D fundraising. Presently, no shares have been issued.

Auditors

The auditors, CT, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 8/16/2023

and signed on its behalf.

DocuSigned by:

P. Reizes
Director

Build A Rocket Boy Ltd.

Independent Auditor's report to the Members of Build A Rocket Boy Ltd. For the year ended 31 December 2022

Opinion

We have audited the financial statements of Build A Rocket Boy Ltd. (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the consolidated statement of comprehensive income, consolidated balance sheet, company balance sheet, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes, including a significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 group's and the parent company's affairs as at 31 December 2022 and for the group's results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2.3 of the financial statements which indicates that the Group requires further external funding in order to continue as a going concern and, at the time of signing, the parent company is currently engaged with potential investors in relation to a due diligence connected to another funding round. These events or conditions, along with other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our audit opinion is not modified in respect of the matter.

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

Other information

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

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

Build A Rocket Boy Ltd.

Independent Auditor's report to the Members of Build A Rocket Boy Ltd. For the year ended 31 December 2022 (continued)

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.

Opinions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's 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.

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.

Build A Rocket Boy Ltd.

Independent Auditor's report to the Members of Build A Rocket Boy Ltd. For the year ended 31 December 2022 (continued)

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 gained an understanding of the legal and regulatory framework applicable to the group and the industry in which it operates and considered the risk of acts by the group which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Companies Act 2006.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying support documentation;
- we have reviewed journal entries for large and unusual entries and for evidence of management override of controls;
- enquiries of the designated members;
- review of Board Minutes throughout the year; and
- obtaining an understanding of the control environment.

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

Use of our report

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

Build A Rocket Boy Ltd.

Independent Auditor's report to the Members of Build A Rocket Boy Ltd.
For the year ended 31 December 2022 (continued).

Barry Truswell (Senior Statutory Auditor)



For and on behalf of CT
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

8/24/2023

Build A Rocket Boy Ltd.

Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2022

	Note	2022 £	2021 £
Cost of sales		<u>(39,618,871)</u>	(34,070,487)
Gross loss		<u>(39,618,871)</u>	(34,070,487)
Administrative expenses		<u>(12,639,923)</u>	(5,794,215)
Other operating income	4	<u>3,851</u>	1,526
Operating Loss	5	<u>(52,254,943)</u>	(39,863,176)
Interest receivable and similar income	9	344,005	115
Interest payable and expenses	10	<u>(41,738)</u>	(405,683)
Loss before taxation		<u>(51,952,676)</u>	(40,268,744)
Tax on loss	11	<u>6,305,681</u>	4,629,620
Loss for the financial year		<u>(45,646,995)</u>	(35,639,124)
Currency translation differences		<u>180,666</u>	(175,134)
Other comprehensive income for the year		<u>180,666</u>	(175,134)
Total comprehensive income for the year		<u>(45,466,329)</u>	(35,814,258)
(Loss) for the year attributable to:			
Owners of the parent Company		<u>(45,646,995)</u>	(35,639,124)
		<u>(45,646,995)</u>	(35,639,124)
Total comprehensive income for the year attributable to:			
Owners of the parent Company		<u>(45,466,329)</u>	(35,814,258)
		<u>(45,466,329)</u>	(35,814,258)

There were no recognised gains and losses for 2022 or 2021 other than those included in the consolidated statement of comprehensive income.

The notes on pages 23 to 43 form part of these financial statements.

Build A Rocket Boy Ltd.
Consolidated Statement of Financial Position
As at 31 December 2022

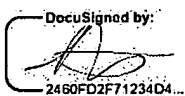
	Notes	2022 £	2021 £
Non-current Assets			
Intangible assets	12	1,793,498	1,415,373
Tangible assets	13	2,364,603	2,376,377
		<u>4,158,101</u>	<u>3,791,750</u>
Current Assets			
Debtors: amounts falling due within one year	15	12,495,299	5,739,037
Cash at bank and in hand	16	36,295,086	22,933,197
		<u>48,790,385</u>	<u>28,672,234</u>
Creditors: amounts falling due within one year	17	(33,104,262)	(25,202,953)
		<u>(33,104,262)</u>	<u>(25,202,953)</u>
Net current assets		<u>15,686,123</u>	<u>3,469,281</u>
Total assets less current liabilities		<u>19,844,224</u>	<u>7,261,031</u>
Provisions for Liabilities			
Deferred taxation	19	(245,664)	(365,413)
Net assets		<u>19,598,560</u>	<u>6,895,618</u>
Capital and reserves			
Called up share capital	20	3	2
Share premium account	22	142,714,798	85,108,797
Foreign exchange reserves	21	(781,611)	(511,166)
Other reserves	21	1,015,469	181,755
Profit and loss account		<u>(123,350,099)</u>	<u>(77,883,770)</u>
		<u>19,598,560</u>	<u>6,895,618</u>

The notes on pages 23 to 43 form part of these financial statements.

Build A Rocket Boy Ltd.

Consolidated Statement of Financial Position (continued) **As at 31 December 2022**

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

DocuSigned by:

2460FD2F71234D4...

L P Benzies

Director

8/16/2023

Build A Rocket Boy Ltd.

Company Statement of Financial Position As at 31 December 2022

	Note	2022	2021
		£	£
Fixed Assets			
Intangible assets	12	1,391,592	1,415,370
Tangible assets	13	1,174,706	1,305,539
Investments	14	8,627	8,627
		<u>2,574,925</u>	<u>2,729,536</u>
Current Assets			
Debtors: amounts falling due within one year	15	12,280,538	6,588,941
Cash at bank and in hand	16	35,150,147	22,628,438
		<u>47,430,685</u>	<u>29,217,379</u>
Creditors: amounts falling due within one year	17	(38,507,141)	(33,794,518)
		<u>(38,507,141)</u>	<u>(33,794,518)</u>
Net current liabilities		<u>8,923,544</u>	<u>(4,577,139)</u>
Total assets less current liabilities		<u>11,498,470</u>	<u>(1,847,603)</u>
Net assets/(liabilities)		<u>11,498,470</u>	<u>(1,847,603)</u>
Capital and reserves			
Called up share capital	20	2	2
Share premium account	21	142,714,799	85,108,797
Other reserves	21	1,015,469	181,755
Profit and loss account carried forward		<u>(132,231,801)</u>	<u>(87,138,157)</u>
		<u>11,498,470</u>	<u>(1,847,603)</u>

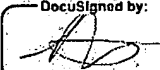
The notes on pages 23 to 43 form part of these financial statements.

Build A Rocket Boy Ltd.

Company Statement of Financial Position (continued) As at 31 December 2022

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

L P Benzies

DocuSigned by:

2460FD2F71234D4...

Director

8/16/2023

Build A Rocket Boy Ltd.

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2022

	Called up share capital	Share premium account	Foreign exchange reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2022	2	85,108,797	(511,166)	181,755	(77,883,770)	6,895,618
Comprehensive income for the year						
Loss for the year	-	-	-	-	(45,646,995)	(45,646,995)
Currency translation differences	-	-	(270,445)	-	180,666	(89,779)
Total comprehensive income for the year	-	-	(270,445)	-	(45,466,329)	(45,736,774)
Contributions by and distributions to owners						
Shares issued during the year	1	57,606,001	-	-	-	57,606,002
Share based payments	-	-	-	833,714	-	833,714
Total transactions with owners	1	57,606,001	-	833,714	-	58,439,716
As At 31 December 2022	3	142,714,798	(781,611)	1,015,469	(123,350,099)	19,598,560

The notes on pages 23 to 43 form part of these financial statements.

Build A Rocket Boy Ltd.

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital	Share premium account	Foreign exchange reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2021	2	49,530,484	(336,032)	23,839	(42,244,646)	6,973,647
Comprehensive Income for the year						
Loss for the year	-	-	-	-	(35,639,124)	(35,639,124)
Currency translation differences	-	-	(175,134)	-	-	(175,134)
Total comprehensive income for the year	-	-	(175,134)	-	(35,639,124)	(35,814,258)
Total comprehensive income for the year						
Shares issued during the year	-	35,999,986	-	-	-	35,999,986
Transaction costs	-	(421,673)	-	-	-	(421,673)
Share based payments	-	-	-	157,916	-	157,916
Total transactions with owners	-	35,578,313	-	157,916	-	35,736,229
As At 31 December 2021	2	85,108,797	(511,166)	181,755	(77,883,770)	6,895,618

The notes on pages 23 to 43 form part of the financial statement.

Build A Rocket Boy Ltd.

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

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2022	2	85,108,797	181,755	(87,138,157)	(1,847,603)
Comprehensive Income for the year					
Loss for the year	-	-	-	(45,093,644)	(45,093,644)
Total comprehensive income for the year	-	-	-	(45,093,644)	(45,093,644)
Contributions by and distributions to owners					
Shares issued during the year	1	57,606,001	-	-	57,606,002
Share based payments	-	-	833,714	-	833,714
Total transactions with owners	1	57,606,001	833,714	-	58,439,716
As At 31 December 2022	3	142,714,798	1,015,469	(132,231,801)	11,498,469

The notes on pages 23 to 43 form part of these financial statements.

Build A Rocket Boy Ltd.

Company Statement of Changes in Equity For the Year ended December 31 2021

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2021	2	49,530,484	23,839	(48,212,193)	1,342,132
Comprehensive income for the year					
Loss for the year	-	-	-	(38,925,964)	(38,925,964)
Total comprehensive income for the year	-	-	-	(38,925,964)	(38,925,964)
Contributions by and distributions to owners					
Shares issued during the year	-	35,999,986	-	-	35,999,986
Transaction costs	-	(421,673)	-	-	(421,673)
Share based payments	-	-	157,916	-	157,916
Total transactions with owners	-	35,578,313	157,916	-	35,736,229
As At 31 December 2021	2	85,108,797	181,755	(87,138,157)	(1,847,603)

The notes on pages 23 to 43 form part of these financial statements.

Build A Rocket Boy Ltd.

Consolidated Statement of Cash Flows For the Year Ended 31 December 2022

	2022	2021
	£	£
Cashflow from operating activities		
Loss for the financial year	(45,646,995)	(35,639,124)
Adjustments for:		
Depreciation of in/tangible assets	801,854	581,262
Loss on disposal of tangible assets	756,965	32,061
Interest paid/bank loan interest	41,738	321,457
Interest received	(344,005)	(115)
Taxation charge	(6,305,681)	(4,629,620)
(Increase)/decrease in debtors	(470,871)	(531,449)
Increase in creditors	10,155,219	13,086,409
Corporation tax (paid)/received	(99,459)	5,262,435
Shared based payment expense	833,714	157,916
Foreign translation	(270,445)	(175,134)
Net cash generated from operating activities	(40,547,966)	(21,533,902)
Cash flows from investing activities		
Purchase of tangible/intangible assets	(1,825,915)	(809,492)
Proceeds from sale of fixed asset	68,031	
Sale of fixed asset		74,294
Long-term loans and bank deposits	(7,370)	-
Interest received	344,005	115
Net cash from investing activities	(1,421,249)	(735,083)
Cash flows from financing activities		
Issue of ordinary shares	57,605,993	29,749,988
Expenses paid in connection with share issue		(421,673)
Secured Bank Loans	(2,233,152)	2,233,726
Loans due from (repaid) to directors		3,569
Interest paid	(41,738)	(321,457)
Net cash used in financing activities	55,331,103	31,244,153
Net increase/(decrease) in cash and cash equivalents	13,361,888	8,975,168
Cash and cash equivalents at beginning of year	22,933,197	13,958,029
Cash and cash equivalents at the end of year	36,295,086	22,933,197

The notes on pages 23 to 43 form part of these financial statements.

Build A Rocket Boy Ltd.

Consolidated Analysis of Net Debt For the Year Ended 31 December 2022

	At 1 January 2022 £	Cash flows £	Other non- cash changes £	At 31 December 2022 £
Cash at bank and in hand	22,933,197	13,361,889	-	36,295,086
Debt due within 1 year	<u>(3,271,952)</u>	<u>2,243,147</u>	<u>-</u>	<u>(1,028,805)</u>
	<u>19,661,245</u>	<u>15,605,036</u>	<u>-</u>	<u>35,266,281</u>

The notes on pages 23 to 43 form part of these financial statements.

Build A Rocket Boy Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

1. General information

Build A Rocket Boy Ltd. is a private company, limited by shares, and is registered and incorporated in Scotland under the Companies Act. The registered office address is provided in the company information and the group's principal activity is set out in the directors' report.

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 Group management to exercise judgment in applying the Group's accounting policies (see note 3).

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 following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The consolidated financial statements have been prepared on a going concern basis which assumes continued operational existence for the foreseeable future.

At balance sheet date, the Group had consolidated net current assets of £15,686,123 (2021 - £3,469,281) and net assets of £19,598,560 (2021 - £6,895,618). At the time of financial statements being prepared, the Group is closely engaged with potential investors for Series D funding round. The Group anticipates raising substantial amount of capital to support further game development until revenue comes in. At the time of approving the financial statements, the funding round is ongoing with active due diligence process.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Build A Rocket Boy Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

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. Nonmonetary 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.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Operating leases: the Group as lessee

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

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.7 Interest income

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

2.8 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.

Build A Rocket Boy Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.10 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group 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 Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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 reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 reporting 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.

Build A Rocket Boy Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Trademarks	-	10 % Straight line
Licences	-	10 % - 50% Straight line

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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	-	10% Straight line
Office equipment	-	10% - 14.5% Straight line
Computer equipment	-	20% - 92.3% Straight line

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.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 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.

Build A Rocket Boy Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.15 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.16 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.

2.17 Financial instruments

The Group 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.

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

In the application of the company's accounting policies, which are described in note 2, directors are required to make judgments, estimates and assumptions about the carrying amounts 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.

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Assets are considered for indications of impairment. If required an impairment review will be carried out and a decision made on possible impairment. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

The valuation of the share-based payment expense requires a significant degree of judgement to be applied by management. Their value is measured using the Black Scholes option pricing model where applicable. The inputs used in the model have been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations such as volatility, future attrition rates, dividend yield and maturity of the award.

Build A Rocket Boy Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

4. Other operating income

	2022	2021
	£	£
Warrant issue income	3,851	-
Sundry income	-	1,526
	<u>3,851</u>	<u>1,526</u>

5. Operating loss

The operating loss is stated after charging:

	2022	2021
	£	£
Game development charged as an expense	27,152,350	22,679,084
Platform development charged as an expense	2,923,045	2,928,211
Exchange differences	(21,974)	1,706
Other operating lease rentals	940,859	648,501
Depreciation and amortisation	801,854	581,262
Loss on disposal	756,965	-
	<u>756,965</u>	<u>-</u>

Platform development includes an element of salary expense.

6. Auditors' remuneration

	2022	2021
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>30,000</u>	<u>25,570</u>

Build A Rocket Boy Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

7. Employees

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

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	14,663,803	8,479,813	-	-
Social security costs	1,738,980	1,868,806	-	-
Cost of defined contribution scheme	430,785	264,512	-	-
	<u>16,833,569</u>	<u>10,613,131</u>	<u>-</u>	<u>-</u>

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

	2022 No.	2021 No.
Employees (including employed directors)	<u>275</u>	<u>197</u>

The Company has no employees (2021 - 0). No director is directly remunerated through the Company (2021 - £Nil).

8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	1,062,973	1,032,105
Company contributions to defined contribution pension schemes	<u>3,285</u>	<u>13,541</u>
	<u>1,066,259</u>	<u>1,045,646</u>

During the year retirement benefits were accruing to 1 director (2021 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £558,934 (2021 - £514,083).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2021 - £NIL).

Build A Rocket Boy Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

9. Interest receivable

	2022 £	2021 £
Other interest receivable	344,005	115
	<u>344,005</u>	<u>115</u>

10. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	36,097	10,878
Other loan interest payable	5,641	290,493
Other interest payable	-	4,312
	<u>41,738</u>	<u>405,683</u>

11. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	(6,151,737)	(4,290,366)
Adjustments in respect of previous periods	(35,198)	(687,874)
	<u>(6,186,935)</u>	<u>(4,978,240)</u>
Deferred tax		
Origination and reversal of timing differences	16,329	348,620
Adjustment in respect of previous periods	(140,232)	
Effects of changes in tax rates	5,157	
	<u>(6,305,681)</u>	<u>(4,629,620)</u>
Taxation on loss on ordinary activities		

Factors affecting tax charge for the year

The tax credit assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

Build A Rocket Boy Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

11. Taxation (continued)

Effects of:

	2022 £	2021 £
Loss on ordinary activities before tax	(52,081,030)	(40,268,744)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(9,895,396)	(7,651,061)
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	231,098	94,410
Capital allowances for year in excess of depreciation	-	(10,574)
Income not taxable	(4,179,801)	3,293,490
Foreign Tax	87,397	-
Adjustments to tax charge in respect of previous periods	-	(687,874)
Additional deduction for R&D expenses	(721,992)	(170,901)
Losses	5,186,785	-
R&D tax credit	(808,664)	(230,751)
Remeasurement of deferred tax for changes in tax rates	-	(4,947,374)
Adjustment to tax charge in respect of previous periods - Deferred tax	(175,430)	86,163
Video game development tax credit	(5,430,470)	(4,442,870)
Video game development tax profit adjustment	-	(3,497,519)
Deferred tax not recognised	9,395,635	13,535,241
Tax rate changes	5,157	-
	<u>(6,305,681)</u>	<u>(4,629,620)</u>

Factors that may affect future tax charges

At balance sheet date there were trade losses of £114,148,968 (2021 - £83,545,582) carried forward. In line with applicable accounting standards these losses have not been incorporated into the financial statements. The reversal of current year timing differences will impact future tax charges.

Build A Rocket Boy Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

12. Intangible assets

Group

	Licences	Intellectual Property	Total
Cost or valuation*	£	£	£
At 1 January 2022	1,563,466	116,011	1,679,477
Additions	412,152	254,622	666,774
Transfers to tangible/intangible categories	15,854	-	15,854
Disposals	(125,099)	-	(125,099)
At 31 December 2022	<u>1,866,373</u>	<u>370,633</u>	<u>2,237,006</u>
Depreciation			
At 1 January 2022	197,264	66,840	264,104
Charge for the year on owned assets	234,426	(6,866)	227,560
Transfers to tangible/intangible categories	6,954	-	6,954
Disposals	(55,110)	-	(55,110)
At 31 December 2022	<u>383,534</u>	<u>59,974</u>	<u>443,508</u>
Net book value			
At 31 December 2022	<u>1,482,839</u>	<u>310,659</u>	<u>1,793,498</u>
At 31 December 2021	<u>1,366,202</u>	<u>49,171</u>	<u>1,415,373</u>

* Included within cost of intellectual property are costs totalling £163,061 relating to trademarks that have still to be registered and which have not been amortised

Note, the line 'transfers to tangible/intangible categories' is a result of a tangible and intangible asset project that was carried out by the group during the financial year. This included reviewing the nature of the assets, and as a result some assets were reclassified to their correct category.

Build A Rocket Boy Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

12. Intangible assets (continued)

Company

	Licences	Intellectual Property	Total
Cost or valuation	£	£	£
At 1 January 2022	1,563,466	83,733	1,647,199
Additions	312,358	82,123	394,481
Transfers to tangible/intangible categories	7,520	-	7,520
Disposals	(125,099)	(165,856)	(290,955)
At 31 December 2022	<u>1,758,245</u>	<u>-</u>	<u>1,758,245</u>
Depreciation			
At 1 January 2022	196,541	35,288	231,829
Charge for the year on owned assets	221,867	2,663	224,530
Transfers to tangible/intangible categories	2,632	-	2,632
Disposals	(54,387)	(37,951)	(92,338)
At 31 December 2022	<u>366,653</u>	<u>-</u>	<u>366,653</u>
Net book value			
At 31 December 2022	<u>1,391,592</u>	<u>-</u>	<u>1,391,592</u>
At 31 December 2021	<u>1,366,925</u>	<u>48,445</u>	<u>1,415,370</u>

Note, the line 'transfers to tangible/intangible categories' is a result of a tangible and intangible asset project that was carried out by the group during the financial year. This included reviewing the nature of the assets, and as a result some assets were reclassified to their correct category.

Build A Rocket Boy Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

13. Tangible fixed assets

Group

	Leasehold Improvements	Computer Equipment	Office Equipment	Total
	£	£	£	£
Cost or valuation				
At 1 January 2022	1,572,004	1,943,815	166,374	3,682,193
Additions	15,030	921,573	228,325	1,164,928
Transfers to tangible/intangible categories	(82,119)	(14,784)	81,049	(15,854)
Disposals	(90,430)	(558,912)	(45,141)	(694,483)
At 31 December 2022	1,414,485	2,291,692	430,607	4,136,784
Depreciation				
At 1 January 2022	208,153	1,010,107	87,556	1,305,816
Charge for the year on owned assets	79,093	441,985	45,758	566,836
Transfers to tangible/intangible categories	(72,112)	(5,626)	70,784	(6,954)
Disposals	17,888	(93,170)	(18,235)	(93,517)
At 31 December 2022	233,022	1,353,296	185,863	1,772,181
Net book value				
At 31 December 2022	1,181,463	938,396	244,744	2,364,603
At 31 December 2021	1,363,851	933,708	78,818	2,376,377

* Included within cost of office equipment is £20,407 of assets under construction which have not been depreciated

Note, the line 'transfers to tangible/intangible categories' is a result of a tangible and intangible asset project that was carried out by the group during the financial year. This included reviewing the nature of the assets, and as a result some assets were reclassified to their correct category.

Build A Rocket Boy Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

13. Tangible fixed assets (continued)

Company

	Leasehold improvements	Computer Equipment	Office Equipment	Total
Cost or valuation	£	£	£	£
At 1 January 2022	665,990	1,356,064	24,893	2,046,947
Additions	9,023	722,252	2,462	733,737
Transfers to tangible/intangible categories	(81,345)	(5,690)	79,515	(7,520)
Disposals	(30,588)	(285,423)	(14,219)	(330,230)
At 31 December 2022	563,080	1,787,202	92,651	2,442,933
Depreciation				
At 1 January 2022	201,237	533,929	6,242	741,408
Charge for the year on owned assets	55,631	398,560	17,621	471,812
Transfers to tangible/intangible categories	(71,622)	(557)	69,546	(2,633)
Disposals	25,004	46,839	(14,203)	57,640
At 31 December 2022	210,250	978,772	79,207	1,268,227
Net book value				
At 31 December 2022	352,830	808,430	13,444	1,174,706
At 31 December 2021	464,753	822,135	18,651	1,305,539

Note, the line 'transfers to tangible/intangible categories' is a result of a tangible and intangible asset project that was carried out by the group during the financial year. This included reviewing the nature of the assets, and as a result some assets were reclassified to their correct category.

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 January 2022	8,627
At 31 December 2022	8,627

Build A Rocket Boy Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

14. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Build A Rocket Boy Games Ltd.	Scotland	Ordinary	100%
Build A Rocket Girl Ltd.	Scotland	Ordinary	100%
Build A Rocket Boy Technologies Ltd.	Scotland	Ordinary	100%
Build A Rocket Boy Kft	Hungary	Ordinary	100%
Build A Rocket Boy Inc.	United States of America	Ordinary	100%
The Silva Factory Limited	Scotland	Ordinary	100%
Everywhere Game Limited	Scotland	Ordinary	100%
BARB Games Ltd.	Scotland	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2022 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Build A Rocket Boy Games Ltd	6,497,599	(594,308)
Build A Rocket Girls Ltd	1	1
Build A Rocket Boy Technologies Ltd.	(62,692)	5,414
Build A Rocket Boy Kft	3,325,081	727,515
Build A Rocket Boy Inc	(1,650,993)	(511,026)
The Silva Factory Limited	1	-
Everywhere Game Limited	1	-
BARB Games Ltd.	1	-

Build A Rocket Boy Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

15. Debtors

	Group	Group	Company	Company
	2022	2021	2022	2021
	£	£	£	£
Amounts owed by group undertakings	-	-	1,285,028	1,135,336
Other debtors	11,526,140	5,191,437	10,238,162	5,030,317
Prepayments and accrued income	969,159	547,600	757,348	423,288
	<u>12,495,299</u>	<u>5,739,037</u>	<u>12,280,538</u>	<u>6,588,941</u>

16. Cash and cash equivalents

	Group	Group	Company	Company
	2022	2021	2022	2021
	£	£	£	£
Cash at bank and in hand	36,295,086	22,933,197	35,150,147	22,628,438
	<u>36,295,086</u>	<u>22,933,197</u>	<u>35,150,147</u>	<u>22,628,438</u>

Build A Rocket Boy Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

17. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans	-	2,233,726	-	2,233,726
Trade creditors	6,719,246	6,795,826	6,244,278	6,730,152
Amounts owed to group undertakings	-	-	6,916,053	9,752,006
Other taxation and social security	641,878	211,170	-	-
Other creditors	1,218,865	1,639,238	1,089,844	1,050,323
Accruals and deferred income	<u>24,524,273</u>	<u>14,322,993</u>	<u>24,256,966</u>	<u>14,028,311</u>
	<u>33,104,262</u>	<u>25,202,953</u>	<u>38,507,141</u>	<u>33,794,518</u>

The following liabilities were secured:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loan	-	2,233,726	-	2,233,726
	<u>-</u>	<u>2,233,726</u>	<u>-</u>	<u>2,233,726</u>

18. Financial instruments

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Financial assets				
Financial assets measured at fair value through profit or loss	<u>36,295,086</u>	<u>22,933,197</u>	<u>35,150,147</u>	<u>22,628,438</u>

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Build A Rocket Boy Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

19. Deferred taxation

Group

	2022
	£
At beginning of year	365,413
Adjustment in respect of prior years	(140,232)
Deferred tax charge to income statement for the period	21,486
Movement arising from the transfer of trade	(1,003)
At end of year	<u>245,664</u>

	Group 2022	Group 2021
	£	£
Accelerated capital allowances	261,286	184,941
Tax losses carried forward	-	180,472
Other timing differences	(15,622)	-
	<u>245,664</u>	<u>365,413</u>

20. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
10,000,000 (2021 - 10,000,000) Ordinary A shares of £-0.0000001 each	1.00	1.00
2,605,220 (2021 - 2,605,220) Series A shares of £-0.0000001 each	0.26	0.26
3,702,431 (2021 - 3,702,431) Series B shares of £-0.0000001 each	0.37	0.37
7,622,638 (2021 - 2,931,595) Series C shares of £-0.0000001 each	0.76	0.29
	<u>2.39</u>	<u>1.92</u>

Per Articles, Series A, B and C have fixed dividend terms (8% of starting price) as long as dividends are paid. Series C takes precedence over Series B and Series B takes precedence over Series A, all of which are only paid if dividends are paid.

Ordinary A, Series A, B and C shares all have rights to vote at meetings and vote on proposed written resolutions of the Company.

Series A, B and C are convertible to Ordinary A shares by providing notice in writing to the Company or on qualifying public offering.

On liquidation or exit Series C has priority over Series A, B and Ordinary A shares. Series A and B have priority over Ordinary A shares.

Build A Rocket Boy Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

20. Share capital (continued)

During the year, 4,691,043 Series C shares at £0.0000001 were issued for a share price of £12.28 per share.

21. Reserves

Share premium account

The premium paid on the issue of share capital.

Foreign exchange reserve

The foreign exchange reserve comprises all foreign currency differences arising from the translation of financial statements of foreign operations from their functional currency to GBP.

Other reserves

Relates to share based payments as detailed on Note 22.

Profit and loss account

Reflects the retained earnings or losses incurred by the company to date.

22. Share based payments

Employee Share options

Build A Rocket Boy Ltd operate a CSOP Plan for selected eligible employees of the Group. The only vesting condition being that the individual remains an employee of the Group over the four year vesting period. The option may not be exercised on or after the tenth anniversary of the date of grant.

	Weighted average exercise (pence) 2022	Number 2022	Weighted average exercise (pence) 2021	Number 2021
Outstanding at the beginning of the year	4.6	966,150	4.6	166,485
Granted during the year	86.42	1,224,000	4.6	839,965
Forfeited during the year	40.49	(247,800)	4.6	(40,300)
	67.40	1,947,900	4.6	966,150
Outstanding at the end of the year				

Of the total number of options outstanding at the year end 379,429 (2021 - Nil) had vested.

Build A Rocket Boy Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

22. Share based payments (continued)

	2022 Black- Scholes	2021 Black- Scholes
Option pricing model used		
Exercise price (pence)	10.0	4.6
Weighted average contractual life (years)	4	5
Expected volatility	50%	41%
	2022 Black- Scholes	2021 Black- Scholes
Option pricing model used		
Expected dividend growth rate	0%	0%
Risk-free interest rate	1.91%	0.58%
	2022 £	2021 £
Equity-settled schemes – Share Options	684,781	157,916
	<u>684,781</u>	<u>157,916</u>

Share Warrant

A share warrant was issued during the year for services performed by a third party. The vesting condition is based on 6 months after completion of services. The warrant may not be exercised on or after the fifth anniversary of the completion of services.

	Weighted average exercise (pence) 2022	Number 2022	Weighted average exercise (pence) 2021	Number 2021
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	1,228.0	385,102	-	-
Outstanding at the end of the year	<u>1,228.0</u>	<u>385,102</u>	<u>-</u>	<u>-</u>

Of the total number of warrants outstanding at the year end Nil (2021 - Nil) had vested.

Build A Rocket Boy Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

	2022	2021
22. Share based payments (continued)		
	Black-Scholes	Black-Scholes
Option pricing model used		
Weighted average share price (pence)	408.0	-
Exercise price (pence)	1,228.0	-
Weighted average contractual life (years)	4	-
Expected volatility	50%	0%
Expected dividend growth rate	0%	0%
	2022	2021
	Black-Scholes	Black-Scholes
Option pricing model used		
Risk-free interest rate	0.92%	0%
	2022	2021
	£	£
Equity-settled schemes – Share Warrant	<u>148,933</u>	<u>-</u>
	<u>148,933</u>	<u>-</u>

23. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents employer contributions payable by the Group to the fund and amounted to £427,499 (2021- £264,512). Contributions totalling £9,972 (2021 - £49,918) were payable to the fund at the reporting date.

24. Commitments under operating leases

At 31 December 2022 the Group and the Company had future minimum lease payments due under noncancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Not later than 1 year	490,432	549,183	52,500	172,683
Later than 1 year and not later than 5 years	2,182,387	1,549,171	-	43,171
Later than 5 years	<u>3,268,125</u>	<u>1,694,250</u>	<u>-</u>	<u>-</u>
	<u>5,940,944</u>	<u>3,792,604</u>	<u>52,500</u>	<u>215,854</u>

Build A Rocket Boy Ltd.

Notes to the Financial Statements For the Year Ended 31 December 2022

25. Related party transactions

At balance sheet date £1,031,197 (2021 - £1,046,744) was owed to L P Benzies. Included in accruals is loan interest amounting to £18,062 (2021 - £42,864).

At balance sheet date £29,124 (2021 - £29,124) was owed to Calex Group Limited, a company wholly owned by L P Benzies.

At balance sheet date £6,832 (2021 - £425,860) was owed to LPBZ Commercial Ltd, a company controlled by L P Benzies.

At balance sheet date £1,521 (2021 - £1,521) was owed by VR-Chitect Ltd, a company controlled by L P Benzies.

At balance sheet date £45 (2021 - £45) was owed by LPBZ Limited, a company controlled by L P Benzies.

L P Benzies is a director and ultimate controlling party.

At balance sheet date £22,534,265 (2021 - £16,824,018) was owed to a shareholder for services provided during the year. During the year, the shareholder provided services amounting to £10,781,735 (2021 £10,573,346). Included in accruals is interest amounting to £nil (2021 - £231,850).

Balances and transactions between the Company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and therefore not disclosed in the notes.

26. Post balance sheet events

At the time of financial statements being prepared, the group is actively going through its Series D fundraising round with potential investors. The directors anticipate that the round will raise a substantial amount of share capital to cover the expenses until revenue comes in. At the time of approval of these financial statements the funding series is still ongoing and no shares have been issued or cancelled since the year end.

27. Controlling party

The ultimate controlling party is L P Benzies.