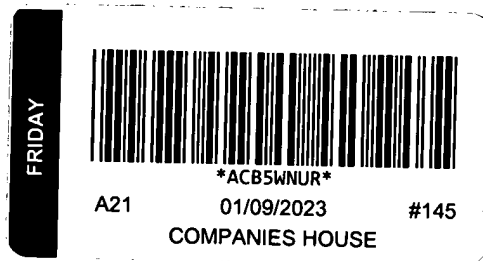


WHALAR LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



WHALAR LTD

COMPANY INFORMATION

Directors	N T Waller J Hegarty R Horler R Greenberg J J W Street A Wong
Company secretary	OHS Secretaries Limited
Registered number	09803195
Registered office	9th Floor 107 Cheapside London EC2V 6DN
Independent auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

WHALAR LTD

CONTENTS

	Page
Group Strategic Report	1 - 4
Directors' Report	5 - 6
Independent Auditors' Report	7 - 10
Consolidated Statement of Comprehensive Income	11
Consolidated Statement of Financial Position	12 - 13
Company Statement of Financial Position	14 - 15
Consolidated Statement of Changes in Equity	16 - 17
Company Statement of Changes in Equity	18 - 19
Consolidated Statement of Cash Flows	20 - 21
Notes to the Financial Statements	22 - 50

WHALAR LTD

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Introduction

The Directors of Whalar are pleased to present their Strategic Report and Audited Group accounts for the year 01 January 2022 - 31 December 2022.

Principal Activities

Whalar is a global creator commerce company which enables creators, brands and social platforms to drive growth together. Whalar partners with brands to reach consumers using social media platforms, and to stay culturally relevant through smarter creator strategies and entertaining content at scale.

We are differentiated by our four distinct lines of business: proprietary technology, brand partnership expertise, comprehensive creator talent management, and a dedicated Web3 innovation practice.

Whalar connects influencers to brands across 5 social media platforms: TikTok, Instagram, Facebook, Twitter, Snapchat and YouTube. Our Brand Partnership clients are usually large multinational companies, such as: Amazon, Google Estee Lauder, Tik Tok, Ebay, Spotify.

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

Business review

The Financial year ended 31 December 2022 was an excellent year for Whalar, with the company continuing to see significant growth in its Revenue and EBITDA.

The increase in 2022 continued the momentum of growth in social channels that was witnessed in 2020 and 2021 because of the pandemic. Covid accelerated a structural industry change, which the Creator Economy in general and Whalar as a business continue to benefit from.

Whalar also took advantage of this momentum by strategically increasing their sales teams in 2022, further driving growth in both, the Brand Partnerships division, and the Talent Management division.

Revenue recognized for FY2022 was \$112.0m
Revenue recognised for FY2021 was \$ 69.0m

EBITDA for FY2022 was \$11.7m (26% increase)
EBITDA for FY2021 was \$9.3m (1380% increase)

Change in accounting policy in 2022:

1) Reporting currency changed from GBP to USD

Whalar has changed its accounting policy for reporting financials from GBP to USD. This was done to align with the significantly higher volume of campaigns that are negotiated and delivered in USD (vs GBP). This change in reporting currency will reduce foreign exchange fluctuation in Whalar's reporting.

2) Capitalizing Development Costs

During the 2022 audit, the decision was made to capitalise Development costs that are being invested in new products. This has been reflected in the financials for 2022, and retrospectively for 2021.

New Initiatives and Products

- C-Talent Acquisition

Whalar acquired assets of C-Talent agency in May 2022. C-Talent specializes in representing Deaf and Disabled Talent, and so this acquisition will add valuable synergies to the Whalar Talent division.

- Whalar FZ LLC

Whalar established a new subsidiary in Dubai UAE, Whalar FZ LLC in Dec 2021 to expand its footprint in the MENA region.

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

Principal risks and uncertainties

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

- **Client timelines and deliverables, impacting Revenue Recognition and Cost Accruals**

Whalar operates on a project basis, based on client contracts and deliverables. Per standard accounting practice, revenue and costs are recognized monthly based on estimated project timelines. However, there are frequent changes to delivery dates (mostly due to changing client directions and budgets). This can lead to post year-end adjustments. We are mitigating against this risk by daily monitoring of budgets and timelines. We are also using campaign profitability trend analysis to post potential cost savings in the year when the campaign was booked.

- **Tiktok potential ban**

Given the current impact and influence of Tiktok in our society and on our business, a potential ban on Tiktok in the US will have a direct impact on Whalar as well as on the entire social media ecosystem. Whalar is monitoring the situation closely, and also advising clients to diversify their activities on other platforms such as Snap, YouTube etc.

- **Increased Competition**

Given the exponential rise in social media marketing by brands, there has also been a significant increase in competition in this space. Whalar however, continues to enjoy the lead that it had established as one of the early entrants in our industry, and we continue to see substantial organic growth and strong retention of our current client base. Whalar also hired a Chief Commercial Officer in Q4 2022, along with a new sales team to help pursue new logos and increase our new business roster.

- **Currency Risk**

Whalar operates in multiple countries and transacts business in USD, GBP and EUR from a receivables and payables perspective. Foreign exchange gains/losses occur at multiple points in the life cycle of a transaction. To minimize the impact of this risk, we have changed our reporting currency to USD since that is the predominant currency in our business.

The company is also shielded from actual foreign exchange risk in its banking operations, since we transact in all the 3 major currencies, thereby creating a natural hedge for Whalar.

Whalar also implemented Netsuite as its new ERP system, which supports the increasing complexity of our business, such as multi-currency reporting and consolidations.

- **Working Capital**

Whalar has to manage short-term working capital closely due to the increased time lag in client collections vs payments to suppliers. Whalar however has been utilizing its invoice financing facility to the maximum extent to bridge any short-term cash flow requirements. Whalar is also in discussions to expand the facility limit upto the full AR balance, so that it can match the growth in Whalar's business.

- **Macroeconomic Conditions - Inflation and Interest Rates**

Current economic uncertainty could impact our business, as financial markets respond to projections on inflation and interest rates, and brands adjust their priorities and budgets accordingly.

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

Financial key performance indicators

Whalar uses several key financial performance indicators, being Revenue Won, Gross Revenue, Gross Profit, EBITDA and Headcount. The UK GAAP KPIs for periods ended 31 December 2021 and 31 December 2022 are shown in the table below:

\$ In millions:

	2022	2021*	Variance	Variance
	\$	\$	\$	%
Revenue Won	112	76.6	35.4	46%
Gross Revenue	112	69	43	62%
Gross Profit	46.3	27.8	18.5	67%
Headcount	279	174	105	60%

*2021 financials were restated and reported in USD.

In addition to the standard financial indicators, Whalar also uses Revenue Won as a key indicator for assessing our sales activity during a period. It is also used as an indicator for projecting future Gross Revenue.

Revenue Won is not a statutory profit and loss figure, but it reflects signed contracts from clients during a period. Therefore, it also forms the basis for our Contract Receivable (Unbilled Receivable) account which is on the Balance Sheet.

Other key performance indicators

Whalar also uses numerous key nonfinancial performance indicators including but are not limited to: Campaign Profitability, Number of campaigns, Types of campaigns, Average price per campaign, Revenue distribution by region and business unit.

This report was approved by the board on 3 August 2023 and signed on its behalf.



N T Waller
Director

**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 period.

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;
- 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 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to \$9,657,176 (2021 - \$8,511,523).

Directors

The directors who served during the year were:

N T Waller
J Hegarty
R Horler
R Greenberg
J J W Street
A Wong

Disclosure of information to auditors

Post balance sheet events

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

WHALAR LTD

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

Auditors

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

This report was approved by the board on 3 August 2023 and signed on its behalf.



N T Waller
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WHALAR LTD

Opinion

We have audited the financial statements of Whalar Ltd (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of 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 Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's profit 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 directors' 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 Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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 Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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 Group 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 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 Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the company and industry, we identified that the principal risks of non compliance with laws and regulations related to the Companies Act 2006 and UK tax legislation, and we considered the extent to which non compliance might have a material effect on the financial statements.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing accounting journal entries, in particular those journal entries which exhibited the characteristics we had identified as possible indicators of irregularities; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

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 Auditors' Report.

WHALAR LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WHALAR 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 Auditors' 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.



Anastasia Frangos (Senior Statutory Auditor)

for and on behalf of
Haysmacintyre LLP

10 Queen Street Place
London
EC4R 1AG

3 August 2023

WHALAR LTD

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 \$	As restated 2021 \$
Turnover	4	112,015,899	69,072,517
Cost of sales		(65,664,329)	(41,212,729)
Gross profit		<u>46,351,570</u>	<u>27,859,788</u>
Administrative expenses		(34,859,272)	(18,615,458)
Other operating income	5	-	10,523
Operating profit	6	<u>11,492,298</u>	<u>9,254,853</u>
Interest receivable and similar income	11	-	18
Interest payable and similar expenses	12	(18)	(955)
Other finance income		-	150,626
Profit before taxation		<u>11,492,280</u>	<u>9,404,542</u>
Tax on profit	13	(1,835,104)	(893,019)
Profit for the financial year		<u>9,657,176</u>	<u>8,511,523</u>
Profit for the year attributable to:			
Owners of the parent Company		9,657,176	8,511,523
		<u>9,657,176</u>	<u>8,511,523</u>

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

The notes on pages 22 to 50 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 \$	2021 \$
Fixed assets			
Intangible assets	14	11,027,147	2,962,806
Tangible assets	15	328,340	212,900
Investments	16	1,875,105	-
		<u>13,230,592</u>	<u>3,175,706</u>
Current assets			
Debtors: amounts falling due within one year	17	26,828,335	21,298,242
Cash at bank and in hand	18	12,285,528	12,805,431
		<u>39,113,863</u>	<u>34,103,673</u>
Creditors: amounts falling due within one year	19	(33,884,542)	(30,101,568)
Net current assets		<u>5,229,321</u>	<u>4,002,105</u>
Total assets less current liabilities		<u>18,459,913</u>	<u>7,177,811</u>
Provisions for liabilities			
Deferred taxation	21	(1,391,539)	-
		<u>(1,391,539)</u>	<u>-</u>
Net assets excluding pension asset		<u>17,068,374</u>	<u>7,177,811</u>
Net assets		<u><u>17,068,374</u></u>	<u><u>7,177,811</u></u>
Capital and reserves			
Called up share capital	22	193	193
Share premium account	23	916,420	916,420
Foreign exchange reserve	23	(153,416)	(230,925)
Other reserves	23	6,266,691	6,266,691
Profit and loss account	23	10,038,486	225,432
Equity attributable to owners of the parent Company		<u>17,068,374</u>	<u>7,177,811</u>
		<u><u>17,068,374</u></u>	<u><u>7,177,811</u></u>

WHALAR LTD
REGISTERED NUMBER: 09803195

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 by:



N T Waller
Director
Date: 3 August 2023

The notes on pages 22 to 50 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 \$	As restated 2021 \$
Fixed assets			
Intangible assets	14	10,373,900	2,962,806
Tangible assets	15	141,899	74,937
Investments	16	247,585	237,484
		<u>10,763,384</u>	<u>3,275,227</u>
Current assets			
Debtors: amounts falling due within one year	17	26,751,563	21,663,989
Cash at bank and in hand	18	10,745,662	12,112,680
		<u>37,497,225</u>	<u>33,776,669</u>
Creditors: amounts falling due within one year	19	(31,652,260)	(29,698,669)
Net current assets		<u>5,844,965</u>	<u>4,078,000</u>
Total assets less current liabilities		<u>16,608,349</u>	<u>7,353,227</u>
Provisions for liabilities			
Deferred taxation	21	(1,391,539)	-
		<u>(1,391,539)</u>	<u>-</u>
Net assets		<u>15,216,810</u>	<u>7,353,227</u>
Capital and reserves			
Called up share capital	22	193	193
Share premium account	23	916,420	916,420
Foreign exchange reserve	23	239,334	235,142
Other reserves	23	6,266,691	6,266,691
Profit and loss account brought forward		(65,219)	(7,880,610)
Profit for the year		7,703,513	7,714,269
Other changes in the profit and loss account		155,878	101,122
		<u>7,794,172</u>	<u>(65,219)</u>
Profit and loss account carried forward		<u>15,216,810</u>	<u>7,353,227</u>

WHALAR LTD
REGISTERED NUMBER: 09803195

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 by:
As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive
income and related notes. The company's profit for the year was \$7,703,513 (2021: as restated \$7,714,269).



N T Waller
Director
Date: 3 August 2023

The notes on pages 22 to 50 form part of these financial statements.

WHALAR 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	Equity attributable to owners of parent Company	Total equity
	\$	\$	\$	\$	\$	\$	\$
At 1 January 2022 (as previously stated)	193	916,420	(230,925)	6,266,691	(1,965,467)	4,986,912	4,986,912
Prior year restatement - tax adjustment (see note 25)	-	-	-	-	(771,907)	(771,907)	(771,907)
Prior year restatement - change in accounting policy (see note 25)	-	-	-	-	2,962,806	2,962,806	2,962,806
At 1 January 2022 (as restated)	193	916,420	(230,925)	6,266,691	225,432	7,177,811	7,177,811
Comprehensive income for the year							
Profit for the year	-	-	-	-	9,657,176	9,657,176	9,657,176
Contributions by and distributions to owners							
Share option charge	-	-	-	-	155,878	155,878	155,878
Currency translation differences	-	-	77,509	-	-	77,509	77,509
At 31 December 2022	193	916,420	(153,416)	6,266,691	10,038,486	17,068,374	17,068,374

WHALAR 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	193	916,420	(256,059)	6,266,691	(8,387,213)	(1,459,968)
Comprehensive income for the year						
Profit for the year (see restated note 25)	-	-	-	-	8,511,523	8,511,523
Contributions by and distributions to owners						
Share option charge	-	-	-	-	101,122	101,122
Currency translation differences	-	-	25,134	-	-	25,134
At 31 December 2021 (see restated note 25)	<u>193</u>	<u>916,420</u>	<u>(230,925)</u>	<u>6,266,691</u>	<u>225,432</u>	<u>7,177,811</u>

The notes on pages 22 to 50 form part of these financial statements.

WHALAR LTD

COMPANY 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 (as previously stated)	193	916,420	235,142	6,266,691	(2,256,118)	5,162,328
Prior year tax adjustment (see note 25)	-	-	-	-	(771,907)	(771,907)
Prior year adjustment - change in accounting policy (see note 25)	-	-	-	-	2,962,806	2,962,806
At 1 January 2022 (as restated)	193	916,420	235,142	6,266,691	(65,219)	7,353,227
Comprehensive income for the year						
Profit for the year	-	-	-	-	7,703,513	7,703,513
Contributions by and distributions to owners						
Share option charge	-	-	-	-	155,878	155,878
Currency translation differences	-	-	4,192	-	-	4,192
At 31 December 2022	193	916,420	239,334	6,266,691	7,794,172	15,216,810

The notes on pages 22 to 50 form part of these financial statements.

WHALAR LTD

**COMPANY 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	193	916,420	235,142	6,266,691	(7,880,610)	(462,164)
Comprehensive income for the year						
Profit for the year	-	-	-	-	7,714,269	7,714,269
Contributions by and distributions to owners						
Share option charge	-	-	-	-	101,122	101,122
At 31 December 2021	<u>193</u>	<u>916,420</u>	<u>235,142</u>	<u>6,266,691</u>	<u>(65,219)</u>	<u>7,353,227</u>

The notes on pages 22 to 50 form part of these financial statements.

WHALAR LTD

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 \$	As restated 2021 \$
Cash flows from operating activities		
Profit for the financial year	9,657,176	8,511,523
Adjustments for:		
Amortisation of intangible assets	86,876	-
Depreciation of tangible assets	135,235	77,358
Corporation tax (paid)/received	(504,843)	448,618
Interest paid	18	955
Interest received	-	(18)
Taxation charge	1,835,104	893,019
(Increase) in debtors	(5,425,982)	(11,466,031)
Increase in creditors	3,757,978	16,420,075
Share options charge	155,878	101,122
Foreign exchange	77,443	-
Net cash generated from operating activities	<u>9,774,883</u>	<u>14,986,621</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(8,151,217)	(2,962,806)
Purchase of tangible fixed assets	(254,174)	(201,245)
Sale of tangible fixed assets	3,565	-
Purchase of unlisted and other investments	(1,875,105)	-
Interest received	-	18
Net cash from investing activities	<u>(10,276,931)</u>	<u>(3,164,033)</u>
Cash flows from financing activities		
Repayment of other loans	-	(147,292)
Interest paid	(18)	(955)
Net cash used in financing activities	<u>(18)</u>	<u>(148,247)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(502,066)</u>	<u>11,674,341</u>
Cash and cash equivalents at beginning of year	12,787,594	1,113,253
Cash and cash equivalents at the end of year	<u><u>12,285,528</u></u>	<u><u>12,787,594</u></u>

WHALAR LTD

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 \$	As restated 2021 \$
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	12,285,528	12,805,431
Bank overdrafts	-	(17,837)
	<u>12,285,528</u>	<u>12,787,594</u>

The notes on pages 22 to 50 form part of these financial statements.

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

1. General information

Whalar Ltd is a private company, limited by shares, registered in England and Wales, registration number 09803195. The registered office and trading address is 9th Floor 107 Cheapside, London, EC2V 6DN.

The principal activity of the company in the period under review was that of using social media influencers to promote brands.

The Group consists of Whalar Ltd and all of its subsidiaries (see note 16).

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 financial statements are prepared in United States Dollars (USD), which is the functional and presentational currency of the Group.

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.

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

2. Accounting policies (continued)

2.3 Change in reporting currency

The financial statements are presented in USD \$. In the prior year the financial statements were presented in UK £ sterling. In preparing the financial statements, the directors consider it appropriate to change the presentational currency as US dollars is the functional currency of the company.

The results as previously presented in UK £ sterling have been retranslated using the following methods;

- (a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (b) for each period presented, income and expenses recognised in the period are translated at the exchange rates at the dates of the transactions; and
- (c) all resulting exchange differences are recognised in other comprehensive income.

2.4 Reduced disclosure

The Company is a qualifying entity for the purposes of FRS 102, being a member of a Group where the parent of that Group prepares publicly available consolidated financial statements, including this Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The Company has therefore taken advantage of exemptions from the following disclosure requirements for parent Company information presented within the consolidated financial statements: -

- a) Section 4 'Statement of Financial Position' - Reconciliation of the opening and closing number of shares;
- b) Section 7 'Statement of Cash Flows' - Presentation of a Statement of Cash Flow and related notes and disclosures;
- c) Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- c) Section 33 'Related Party Disclosures' - Compensation for key management personnel.

2.5 Going concern

As at the year end the Group had net assets of \$17,068,374 and cash position of \$12,285,528. Since the year end the Group has continued to be profitable and revenue continues to grow. The Financial statements have been prepared on the going concern basis. The Directors have prepared cash flow forecasts covering the 12 month period beyond the approval date of these financial statements.

These forecasts project the potential revenue profiles and cash generated from the continued operation of the business. They consider there to be sufficient existing resources to operate for the foreseeable future and to enable the group to meet its liabilities as they become due. Therefore the Board has concluded that the going concern assumption is appropriate in preparing these financial statements.

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

2. Accounting policies (continued)

2.6 Foreign currency translation

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.

On consolidation, the results of overseas operations are translated into USD 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.

2.7 Revenue

Revenue is recognised to the extent that it is probably that the economic benefits will flow to the Group and revenue can be reliably measured.

Revenue in respect of campaigns is recognised based on two separately identifiable elements, being the management fee and the remaining campaign fee. The management fee is recognised on signing of the contract and the remaining element of the fees is measured at the fair value of the consideration receivable, recognised over the life of the contract.

2.8 Contract assets and deferred income

Upon inception of a contract, at the point whereby the contract becomes legally binding, the Group recognise the full value of the contract as a contract receivable. Contract receivables represent the total value of unearned, unbilled contracts net of any expected impairment losses. Any contract receivables not billed are deferred as contract liabilities until the point at which revenue is recognised on the contracts.

2.9 Cost accruals

Cost accruals represent an estimate of costs accrued not yet invoiced at the balance sheet date. Cost accruals are based upon the cost budget per the statement of works. When contracts have been substantially completed at the balance sheet date, management will adjust the cost accrual to reflect the actual costs received after the balance sheet date.

2.10 Government Grants

Grants are accounted under the accruals model as permitted by FRS 102. Amounts received under the US Paycheck Protection Scheme are recognised as liabilities in accordance with the terms of the scheme. When it is considered reasonably certain that the terms of the scheme are met the balance is recognised as other income.

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

2. Accounting policies (continued)

2.11 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.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.12 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, over a period of 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 were all incurred in the research phase only.

During the year the Group changed its accounting policy to capitalise development costs. This has resulted in a prior year restatement (see note 25).

2.13 Interest income

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

2.14 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.

2.15 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.

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

2. Accounting policies (continued)

2.16 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

2.17 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 reporting date, except that:

- 1) 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;
- 2) Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- 3) 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 is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

2. Accounting policies (continued)

2.18 Intangible assets

Development costs

The Company capitalises development expenditure as an intangible asset when it is able to demonstrate all of the following as:

- (a) The technical feasibility of completing the development so the intangible asset will be available for use or sale.
- (b) Its intention to complete the development and to use or sell the intangible asset.
- (c) Its ability to use or sell the intangible asset.
- (d) How the intangible asset will generate probable future economic benefits.
- (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- (f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalised development expenditure is initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Capitalised development expenditure is amortised on a straight line basis over its useful life, which is 5 years. The directors consider these useful lives to be appropriate based on the useful economic life of the asset. Amortisation of development costs commences once the developed product or service is utilised.

During the year the group changed its accounting policy to capitalise developments costs. This has resulted in a prior year restatements (see note 25).

All research expenditure and development expenditure that does not meet the above conditions is expensed as incurred.

Other 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.

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

Intellectual property - 5 years straight line

2.19 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.

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

2. Accounting policies (continued)

2.19 Tangible fixed assets (continued)

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:

Office equipment	- 3 years straight line
Computer equipment	- 3 years 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.

2.20 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Other unlisted investments are measured at cost and are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in the profit or loss.

2.21 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.22 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.

2.23 Creditors

Short term creditors are measured at the transaction price.

2.24 Prior period adjustments

The comparatives have been restated due to the change in accounting policy to capitalise development costs. Details of the restatement can be found in note 25.

2.25 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.

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, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

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

2. Accounting policies (continued)

2.25 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

2.26 Equity instruments

Equity instruments issued by the Group are recorded at the fair value of the proceeds received, net of direct issue costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

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

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates. The directors consider the most significant estimates required in the preparation of the financial statements are in respect of provision against receivables, recognition of income, the depreciation of tangible fixed assets. The significant elements of estimation uncertainty are described in the associated accounting policies.

Revenue recognition

The Group recognise revenue based upon the probability that the economic benefits will flow to the Group and that revenues can be reliably measured. There are two steps to the recognition of revenue, being a management fee which is recognised upfront, and the remaining campaign fee which is recognised across the life of the contract. Management estimate the expected end date of the contract, which represents the point at which all risks and rewards are transferred to the customer, for contracts which span the year-end. The end date of the contract may differ post year-end which could have a significant impact on the period over which revenue is recognised.

Share option charge

The Company recognises a share option charge based upon the share price judged by management as at each period end. The share price is judgemental and based on management's experience of the estimated value of the shares being issued. Share options are measured at their fair value utilising a Black-Scholes valuation model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The price of the shares may differ to the estimated price which could have a significant impact on the share option charge recognised.

Campaign cost accruals

The Group recognise cost accruals based upon the agreed campaign budget. Campaign cost accruals are recognised in line with the campaign fee, which is recognised across the life of the contract. As such, there is a significant estimate relating to the campaign end date which impacts the recognition of costs.

For campaigns which are significantly complete at year-end, the Group will recognise any cost savings relating to these campaigns in the financial period. Such savings are recognised for projects which are closed out three months after the balance sheet date.

Capitalisation of development costs

Management review the work of developers during the period and make the following judgements when capitalising development costs: -

- Internal work relating to product development is reviewed against FRS102 criteria and is capitalised if management consider that the criteria have been met.
- Internal work relating to the maintenance of products is expensed to the statement of comprehensive income.

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

4. Turnover

Analysis of turnover by country of destination:

	2022	As restated 2021
	\$	\$
United Kingdom	111,178,460	66,087,482
Rest of the world	837,439	2,985,035
	<u>112,015,899</u>	<u>69,072,517</u>

5. Other operating income

	2022	As restated 2021
	\$	\$
Government grants receivable	-	10,523
	<u>-</u>	<u>10,523</u>

6. Operating profit

The operating profit is stated after charging:

	2022	As restated 2021
	\$	\$
Exchange differences	174,450	(128,251)
Depreciation	135,169	77,653
Amortisation	86,876	-
Other operating lease rentals	1,195,860	1,112,409
Share-based payment	155,878	101,122
	<u>1,748,233</u>	<u>1,162,933</u>

7. Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditors:

	2022	2021
	\$	\$
Fees payable to the Company's auditors for the audit of the consolidated and parent Company's financial statements	120,852	81,090

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

8. Fees payable to the Group's auditor and its associates in respect of

	2022	2021
	\$	\$
Taxation compliance services	17,458	6,657
Other services relating to taxation	625	3,510
All other services	95,233	109,114
	<u>113,316</u>	<u>119,281</u>

9. Employees

	Group 2022	Group 2021	Company 2022	Company 2021
	\$	\$	\$	\$
Wages and salaries	27,988,988	12,810,103	5,230,644	3,367,654
Social security costs	3,730,770	1,391,260	575,647	324,433
Cost of defined contribution scheme	611,276	266,783	117,007	72,098
	<u>32,331,034</u>	<u>14,468,146</u>	<u>5,923,298</u>	<u>3,764,185</u>

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

	Group 2022	Group 2021	Company 2022	Company 2021
	No.	No.	No.	No.
Employees	<u>230</u>	<u>133</u>	<u>58</u>	<u>35</u>

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

10. Directors' remuneration

	2022	2021
	\$	\$
Directors emoluments	1,866,142	1,346,306
Amounts receivable under long-term incentive schemes	75,236	102,301
Directors fees	105,332	82,652
	<u>1,866,142</u>	<u>1,346,306</u>

During the year there were no retirement benefits were accruing for directors (2021- \$nil) in respect of defined contribution pension schemes.

The highest paid director received remuneration of \$659,550 (2021: \$618,267)

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).

The number of directors who exercised share options during the year was nil (2021: nil).

The number of directors who received shares under long term incentive schemes was 2 (2021: 2)

11. Interest receivable

	2022	As restated 2021
	\$	\$
Other interest receivable	-	18
	<u>-</u>	<u>18</u>

12. Interest payable and similar expenses

	2022	As restated 2021
	\$	\$
Other loan interest payable	18	955
	<u>18</u>	<u>955</u>

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

13. Taxation

	2022 \$	As restated 2021 \$
Corporation tax		
Current tax on profits for the year	(583,825)	(35,636)
	<u>(583,825)</u>	<u>(35,636)</u>
Foreign tax		
Foreign tax on income for the year	552,076	156,748
	<u>552,076</u>	<u>156,748</u>
Total current tax	<u>(31,749)</u>	<u>121,112</u>
Deferred tax		
Origination and reversal of timing differences	1,866,853	771,907
	<u>1,866,853</u>	<u>771,907</u>
Total deferred tax	<u>1,866,853</u>	<u>771,907</u>
Taxation on profit on ordinary activities	<u>1,835,104</u>	<u>893,019</u>

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

13. Taxation (continued)

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 \$	As restated 2021 \$
Profit on ordinary activities before tax	11,492,280	9,404,542
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	2,183,533	1,786,863
Effects of:		
Fixed asset differences	(18,648)	(3,533)
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	168,713	12,631
Other permanent differences	(51,842)	(12,511)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(1,114,995)	(700,722)
Surrender of tax losses for R&D tax credit refund	180,320	-
Changes in provisions leading to an increase (decrease) in the tax charge	-	(18,070)
Remeasurement of deferred tax for changes in tax rate	448,045	(198,252)
Difference in foreign tax rates	52,721	26,613
Other adjustments	(12,743)	-
Total tax charge for the year	1,835,104	893,019

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

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

14. Intangible assets

Group (as restated)

	Development expenditure \$	Other intangible assets \$	Total \$
Cost			
At 1 January 2022	2,962,806	-	2,962,806
Additions	-	740,123	740,123
Additions - internal	7,411,094	-	7,411,094
At 31 December 2022	<u>10,373,900</u>	<u>740,123</u>	<u>11,114,023</u>
Amortisation			
Charge for the year on owned assets	-	86,876	86,876
At 31 December 2022	<u>-</u>	<u>86,876</u>	<u>86,876</u>
Net book value			
At 31 December 2022	<u>10,373,900</u>	<u>653,247</u>	<u>11,027,147</u>
At 31 December 2021	<u>2,962,806</u>	<u>-</u>	<u>2,962,806</u>

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

14. Intangible assets (continued)

Company (as restated)

	Development expenditure \$
Cost	
At 1 January 2022	2,962,806
Additions - internal	7,411,094
At 31 December 2022	<u>10,373,900</u>
Net book value	
At 31 December 2022	<u>10,373,900</u>
At 31 December 2021	<u>2,962,806</u>

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

15. Tangible fixed assets**Group**

	Office equipment \$	Computer equipment \$	Total \$
Cost or valuation			
At 1 January 2022	192,950	195,767	388,717
Additions	125,518	128,656	254,174
Disposals	-	(3,565)	(3,565)
At 31 December 2022	<u>318,468</u>	<u>320,858</u>	<u>639,326</u>
Depreciation			
At 1 January 2022	118,013	57,804	175,817
Charge for the year on owned assets	58,556	76,613	135,169
At 31 December 2022	<u>176,569</u>	<u>134,417</u>	<u>310,986</u>
Net book value			
At 31 December 2022	<u>141,899</u>	<u>186,441</u>	<u>328,340</u>
At 31 December 2021	<u>74,937</u>	<u>137,963</u>	<u>212,900</u>

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

15. Tangible fixed assets (continued)

Company

	Office equipment \$
Cost or valuation	
At 1 January 2022	192,950
Additions	125,518
At 31 December 2022	<u>318,468</u>
Depreciation	
At 1 January 2022	118,013
Charge for the year on owned assets	58,556
At 31 December 2022	<u>176,569</u>
Net book value	
At 31 December 2022	<u>141,899</u>
At 31 December 2021	<u>74,937</u>

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

16. Fixed asset investments

Group

	Unlisted investments \$
Cost or valuation	
Additions	1,875,105
At 31 December 2022	<u>1,875,105</u>

Other investments relates to 42.5% interest held in Mempoerse Inc. by a subsidiary company. Other investments are not accounted for as an associated undertaking because the Group is not in a position to exercise significant influence.

Company

	Investments in subsidiary companies \$
Cost or valuation	
At 1 January 2022	237,484
Additions	10,101
At 31 December 2022	<u>247,585</u>

WHALAR LTD

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

16. Fixed asset investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Whalar GmbH	c/o R/GA Berlin, Schönhauser Allee 37, 10435 Berlin, Germany	Ordinary	100%
Whalar Inc	55 Water St, 3rd Floor, Brooklyn, New York, 11201	Ordinary	100%
Whalar Development, S.L.	Alameda Principal 21, 3- 302, 29001 Malage, Spain	Ordinary	100%
*Whalar Media LLC	55 Water St, 3rd Floor, Brooklyn, New York, 11201	Ordinary	100%
Whalar Estonia OÜ	Harju country, Tallinn, Kesklinna linnaosa, Pärnu mnt 15, 10141	Ordinary	100%
Whalar FZ-LLC	Dubai Media City, Building 05, Commercial office desk DMC-BLD05- VD-G00-426, Dubai, UAE	Ordinary	100%

*indirectly held

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) \$
Whalar GmbH	64,557	20,764
Whalar Inc	1,443,533	1,233,268
Whalar Development, S.L.	175,169	182,705
*Whalar Media LLC	504,887	247,405
Whalar Estonia OÜ	24,606	13,359
Whalar FZ-LLC	40,599	37,872

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

17. Debtors

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
Trade debtors	16,412,281	10,802,720	16,412,279	10,742,720
Amounts owed by group undertakings	-	-	669,430	357,458
Other debtors	604,034	1,797,190	318,888	1,565,542
Prepayments, accrued income and contract assets	9,230,988	8,221,412	8,769,934	8,522,955
Tax recoverable	581,032	1,606	581,032	-
Deferred taxation	-	475,314	-	475,314
	<u>26,828,335</u>	<u>21,298,242</u>	<u>26,751,563</u>	<u>21,663,989</u>

18. Cash and cash equivalents

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
Cash at bank and in hand	12,285,528	12,805,431	10,745,662	12,112,680
Less: bank overdrafts	-	(17,837)	-	-
	<u>12,285,528</u>	<u>12,787,594</u>	<u>10,745,662</u>	<u>12,112,680</u>

19. Creditors: Amounts falling due within one year

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
Bank overdrafts	-	17,837	-	-
Trade creditors	11,963,080	8,724,265	11,857,510	8,546,812
Amounts owed to group undertakings	-	-	573,637	968,146
Corporation tax	45,627	2,793	-	2,793
Other taxation and social security	777,250	549,835	549,341	525,818
Other creditors	2,599,942	698,224	2,218,143	298,945
Accruals and deferred income	18,498,643	20,108,614	16,453,629	19,356,155
	<u>33,884,542</u>	<u>30,101,568</u>	<u>31,652,260</u>	<u>29,698,669</u>

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

20. Financial instruments

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
Financial assets				
Financial assets measured at fair value	<u>24,845,743</u>	<u>20,402,359</u>	<u>25,309,964</u>	<u>12,082,527</u>
Financial liabilities				
Financial liabilities measured at fair value	<u>(21,972,828)</u>	<u>(17,962,057)</u>	<u>(20,067,776)</u>	<u>-</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and group debtors.

Financial liabilities measured at amortised cost comprise trade creditors, group creditors and other creditors.

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

21. Deferred taxation

Group

	2022 \$
At beginning of year	475,314
Charged to profit or loss	(1,866,853)
At end of year	<u>(1,391,539)</u>

Company

	2022 \$
At beginning of year	475,314
Charged to profit or loss	(1,866,853)
At end of year	<u>(1,391,539)</u>

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
Fixed asset timing differences	(2,628,950)	(759,191)	(2,628,950)	(759,191)
Short term timing differences	7,309	4,403	7,309	4,403
Losses	1,230,102	1,230,102	1,230,102	1,230,102
	<u>(1,391,539)</u>	<u>475,314</u>	<u>(1,391,539)</u>	<u>475,314</u>

22. Share capital

	2022 \$	2021 \$
Allotted, called up and fully paid		
14,195,725 (2021 - 14,195,725) Ordinary shares of £0.00001 each	193	193
	<u>193</u>	<u>193</u>

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

23. Reserves

Share premium account

Includes any premiums received by the company on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Foreign exchange reserve

Includes all exchange gains or losses accumulated on non-monetary items measured at fair value and posted in statement of comprehensive income during the period.

Other reserves

Included within other reserves is \$6,266,691 (2021: \$6,266,691) of cash received in advance of shares.

Profit and loss account

Includes all current and prior period retained profits and losses.

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

24. Share-based payments

The group operates an Enterprise Management Incentive Scheme and a non Enterprise Management Incentive Scheme for the purpose of incentivising key members of staff. All share options issued by the company are valued at the fair value at the grant date. As at the date of the grant, management have considered the likelihood of vesting conditions being met. Based on these, management have adjusted the number of equity instruments expected to vest. The share based remuneration expense for the period ended 31 December 2022 was \$155,878 (2021: \$101,122).

	Weighted average exercise price \$ 2022	Number 2022	Weighted average exercise price \$ 2021	Number 2021
Outstanding at the beginning of the year	0.61	2,067,909	0.47	1,501,264
Granted during the year	1.77	489,079	0.87	674,917
Forfeited during the year	0.56	(6,988)	0.46	(108,272)
Outstanding at the end of the year	0.83	2,550,000	0.61	2,067,909
			2022	2021
Option pricing model used			Black Scholes	Black Scholes
Weighted average share price (\$)			0.83	0.61
Weighted average contractual life (months)			36	36
Expected volatility			46%	53%
Risk-free interest rate			5.46%	0.11%

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

25. Prior year adjustment

During 2022, the Group made the decision to capitalise development costs which was a change in accounting policy. As per previous policy, development costs were expensed in the respective years. Therefore, the change in accounting policy has resulted in a prior year restatement in 2021 including the tax impact on the capitalisation of development costs. Total restatements have impacted the prior year's consolidated statement of comprehensive income by increasing the profit for the year from \$6.3m to \$8.5m. Net assets per the consolidated statement of financial position have increased from \$4.9m to \$7.2m. Net assets per the company statement of financial position have increased from \$5.1m to \$7.3m. The errors have been corrected by restating each of the affected financial statement line items for prior periods. The following tables summarise the impacts on the Group's consolidated and Company's financial statements.

i. Consolidated statement of financial position

As at 31 December 2021 in US Dollars	As previously reported	Adjustments	As restated
	\$	\$	\$
Fixed assets			
Intangible assets	-	2,962,806	2,962,806
Tangible assets	212,900	-	212,900
Total fixed assets	212,900	2,962,806	3,175,706
Current assets			
Debtors: amounts falling due within one year	22,070,149	(771,907)	21,298,242
Cash at bank and in hand	12,805,431		12,805,431
Total current assets	34,875,580	(771,907)	34,103,673
Total liabilities	(30,101,568)	-	(30,101,568)
Net assets	4,986,912	2,190,899	7,177,811
Called up share capital	193	-	193
Share premium account	916,420	-	916,420
Foreign exchange reserve	(230,925)	-	(230,925)
Other reserves	6,266,691	-	6,266,691
Retained earnings	(1,965,467)	2,190,899	225,432
Total equity	4,986,912	2,190,899	7,177,811

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

25. Prior year adjustment (continued)

ii. Consolidated statement of comprehensive income

<i>For the year ended 31 December 2021 in US Dollars</i>	As previously reported	Adjustments	As restated
	\$	\$	\$
Turnover	69,072,517	-	69,072,517
Cost of sales	(41,585,304)	372,575	(41,212,729)
Gross profit	27,487,213	372,575	27,859,788
Administrative expenses	(21,205,689)	2,590,231	(18,615,458)
Other operating income	10,523	-	10,523
Operating profit	6,292,047	2,962,806	9,254,853
Interest receivable and similar income	18	-	18
Interest payable and similar expenses	(955)	-	(955)
Other finance income	150,626	-	150,626
Profit before taxation	6,441,736	2,962,806	9,404,542
Tax on profit	(121,112)	(771,907)	(893,019)
Profit for the financial year	6,320,624	2,190,899	8,511,523

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

25. Prior year adjustment (continued)

iii. Company statement of financial position

As at 31 December 2021 <i>in US Dollars</i>	As previously reported	Adjustments	As restated
	\$	\$	\$
Fixed assets			
Intangible assets	-	2,962,806	2,962,806
Tangible assets	74,937	-	74,937
Investments	237,484	-	237,484
Total fixed assets	312,421	2,962,806	3,275,227
Current assets			
Debtors: amounts falling due within one year	22,435,896	(771,907)	21,663,989
Cash at bank and in hand	12,112,680	-	12,112,680
Total assets	34,548,576	(771,907)	33,776,669
Total liabilities	(29,698,669)	-	(29,698,669)
Net assets	5,162,328	2,190,899	7,353,227
Called up share capital	193	-	193
Share premium account	916,420	-	916,420
Foreign exchange reserve	235,142	-	235,142
Other reserves	6,266,691	-	6,266,691
Retained earnings	(2,256,118)	2,190,899	(65,219)
Total equity	5,162,328	2,190,899	7,353,227

26. 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 contributions payable by the group to the fund and amounted to \$117,007 (2021 - \$72,098). Contributions totalling \$29,236 (2021 - \$17,822) were payable to the fund at the reporting date and are included in creditors.

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

27. Commitments under operating leases

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

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
Not later than 1 year	369,821	1,179,842	157,821	841,894
Later than 1 year and not later than 5 years	-	386,237	-	174,268
	<u>369,821</u>	<u>1,566,079</u>	<u>157,821</u>	<u>1,016,162</u>

28. Related party transactions

As permitted by FRS102 paragraphs 1.12e and 33.1a, the company has taken advantage of the exemption from disclosing the transactions entered into between two or more members of a group as all subsidiary undertakings are wholly-owned by a member of that group.

J Hegarty a director of Whalar Limited, is a director and shareholder of The Garage Entertainment Ltd, who during the year invoiced \$20,085 (plus VAT) to Whalar Limited. This was in respect of 22 places on The Business of Creativity course (at a reduced rate of \$913 per person).

J Street and N Waller both directors and shareholders of Whalar Limited, both own 15% of Gratsy LLC of whom were invoiced \$90,550 during the year.

29. Post balance sheet events

The group acquired additional equity interest in Mempoverse Inc. post year end.

30. Controlling party

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