Entertainment AI plc

(the "Group" or the "Company")

Audited results for the six months ended 31 December 2019

Outlook for 2020

Entertainment AI plc, a global social media and technology platform for sharing video moments to enable discovery, sharing and e-commerce through the targeting and connecting of creators, audiences and brands is pleased to present its full, audited results for the six months ended 31 December 2019 and Outlook for 2020. The Group is also today separately announcing its technology launch and a name change to SEEEN plc with the ticker symbol (AIM: SEEN) better reflecting the Group's technology and social media platform.

During 2H 2019, the Company signed a letter of intent and closed the acquisition of three operating entities creating the Group and completed a strong fundraising. The results reflected in the audited results therefore reflect three months of the Company as a cash shell (3Q) and three months of the Group (4Q).

Coincident with the formation of the Group, the Company changed its reporting period to calendar year to reflect full-year operations of the Group starting in 2020.

As a result of the timing of the transactions, comparisons between the results for the twelve months to 30 June 2019 (Blockchain's fiscal year reporting as a cash shell) and the six months to 31 December 2019 (formation of Entertainment AI plc) are not meaningful.

Copies of the Annual Report are today being posted to shareholders and will be made available to view on the Company's websites at www.entertainmentai.co.uk and seeen.com.

Key Highlights 2019

Transaction

- Formation of a technology and media platform with acquisitions of Tagasauris, Inc, GTChannel Inc, and Entertainment AI, Inc. together with £8.6 million fundraising from leading institutional investors and strategic partners and admission to AIM
- Core operating assets: (i) YouTube multichannel network with global audience, content creators and digital ad revenue ("MCN"); and (ii) intellectual property (patent, trade secrets, product designs) enabling artificial intelligence and machine learning applications to video

2019 Results For Operating Assets Acquired During Year

- Calendar year 2019 views of 12.6 billion on the Group's MCN, up 47.7% (2018: 8.5 billion)
- Average RPM (Revenue per Thousand Videos) up 11% to $1.49 (2018: $1.35)
- Gross YouTube advertising revenue on MCN of $18.7 million, up 64% (2018: $11.4 million)
- Net revenue (minus YouTube commission) of $10.5 million, up 58% (2018: $6.5 million)
- Net cash of $9.5 million at 31 December 2019

1H 2020 Subsequent Events / Outlook

- Continued significant growth in MCN views and creator channel partners despite COVID-19
- COVID-19 creates reduction in global digital advertising spend among brands leading to keeping Forecasts Under Review until general market conditions stabilise
- Market decline in digital advertising spend creates opportunity for the Group's technology to drive greater yield on spend for brands

- Pilot with Group's first external B2B customer
- Pipeline of B2B sales opportunities
- 30 June 2020 brand launch with name change to SEEEN plc and new website reflecting the Group's social media and technology platform to enable greater monetization of video, especially on mobile devices

Dr. Patrick DeSouza, Chairman of SEEEN, commented: "With our 2019 Entertainment AI plc Accounts, we close the formative chapter of our technology and social media platform, today re-branded as SEEEN. During 2019 we assembled a strong set of proprietary operating assets, strong board, execution-oriented management, global strategic partners such as Sumitomo Corporation, and first-tier institutional capital. 2020 execution is on track and we are coming to market at the right time. Market demand is accelerating for short-form video on mobile devices that can be discovered, shared and monetized through brand ads and e-commerce."

Todd Carter, CEO of SEEEN, commented: "I am proud of our team and execution during 1H in navigating the COVID-19 environment in productive ways. These are unprecedented times for SEEEN and the world, and we are incredibly grateful for our team, and their focus and resilience. With the support of our institutional investors, we have turned the operating assets we acquired in 2019 into "go-to-market" products that create new, robust and diversified revenue channels and that leverage our MCN starting point.

Our mission - to deliver new types of adaptable video content designed for action at the point of inspiration - has never been more relevant. SEEEN's users can create, enrich, share and enjoy video moments at different granularities, interlinked with each other and other kinds of information, searchable, and accessible everywhere and at every time on their internet-connected screens. And because SEEEN-enriched video content is more discoverable, connected and engaging it leads to richer opportunities for creators, brands and fans.

We have a tight focus on delivery as we transition from our launch on AIM during 4Q 2019 to our execution during 2020. Our ability to leverage data analytic and behavioral insights from our MCN continue to give us confidence that the road ahead for SEEEN will be exciting for our audience, creator and brand ecosystem and profitable for our shareholders."

The information communicated within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Enquiries:

Water Intelligence plc	
Patrick DeSouza, Executive Chairman	Tel: +1 203 654 5426
Todd Carter, CEO	
Adrian Hargrave, CFO	Tel: +44 (0)7775 701 838
WH Ireland Limited – NOMAD and Broker	Tel: +44 (0)20 7220 1666
Adrian Hadden	
James Sinclair-Ford	
Matthew Chan	
Dowgate Capital Limited – Joint Broker	Tel: +44 (0)7920 599 793
Stephen Norcross	

Chairman's Statement

The fourth quarter of 2019 marked the exciting launch of Entertainment AI and its mission to attack a global market opportunity that is rapidly unfolding and triggering the convergence of the media, technology and telecommunications sectors. More precisely, short-form video displayed over mobile devices is becoming a dominant mode of expression and social networking, as evidenced most recently by the global phenomenon of TikTok. As discussed in these pages, with today's launch of our brand – SEEEN – we aspire to deliver to our shareholders another extraordinary video platform company.

As typical when markets are disrupted, opportunities emerge. Currently, there is a scramble among various constituencies to unlock value. Consumers demand more video content to discover, share and act upon often as part of their online path to purchase. Creators seek to meet growing consumer demand by producing more content that they hope to monetize. Media companies seek to harness creators and fresh content to drive audience engagement and revenue. COVID-19 has only accelerated video consumption trends as individuals shelter-in-place. Brands, meanwhile, seek to better target and then connect with consumers by using technology and data to offer more relevant authentic content and create higher yield from their advertising spend, especially in a COVID-era of reduced operating budgets.

Entertainment AI, now SEEEN, came into being during 2H 2019 because we believe that we have a proprietary technology that enables us to organize the various constituencies – consumers, creators, brands – into a marketplace by deconstructing or "momentizing" video into relevant interest events. Video need not be consumed as a simple unitary object. Rather, by breaking apart any video into moments of interest, viewers can focus on exactly what they desire; moreover, by linking videos the way Google links text, our technology can stream more relevant packages of video to consumers as an offering. Such functionality enables our platform to drive the economics of internet-based video. Brands would pay for such targeting and creators could extract more value for their content. Meanwhile, consumers could search and find the parts of videos that they want to see and act to buy products in a frictionless way. Today, after nine months of refining our technology products and "Go to Market" strategy, we are initiating our brand as "SEEEN" to better communicate our ability to target and organize video content. Our corporate mantra is that only video that is truly "seen" may be acted upon.

We began our journey in 4Q 2019 with the following strong set of assets: (i) a world-class technology portfolio from which to create products; (ii) a large multichannel network with over 1,200 monetizable creators of content, an audience of over 12.6 billion video views generating over $10 million in annual revenue and growing; (iii) over $10 million in cash from strong, institutional funds; (iv) brand partners including Sumitomo Corporation; (v) an experienced, all-star board and execution-oriented management team; and (vi) an AIM listing. During 4Q and 1H, together with our partners, we have deployed EIS/VCT monies to put together the technology components of today's platform launch. Our CEO and team have navigated COVID-19 and a worldwide decline in digital ad spend despite the increase in our MCN viewership. Ironically, this latter reality makes the launch of our "targeting" technology during 3Q 2020 a compelling value proposition for brands as they look to produce more yield from their ad spend.

As discussed by our CEO, despite COVID-19 we have made sure to keep our eyes on the prize. We have focused on defining our first set of video platform products and developing a sales pipeline for these products. As previously announced, during 1H we have launched CreatorSuite geared for video creators and during 3Q we will be launching a product – BrandSuite – for brands. While executing this technology priority, we have continued to develop our revenue-generating multichannel network, adding viewers and also extracting important insights about audience behavior that are useful for our technology products. In pilot tests with brands during 1H 2020, we have defined the highest value functionality for prospective business customers.

In summarizing our excitement as we close the formative chapter of 2H 2019 with these Accounts, we have assembled the right components both organically and through acquisition and a capital raise. We are ready to attack the market on a mission to create a global platform. We have technology and social media market leaders like Pinterest and Adobe to look to in calibrating our business model. Through CreatorSuite and BrandSuite, we can extend revenue-generating tools to everyone in the marketplace: The "B-to-E" market – creators, consumers, brands. In this way, we can "unleash video".

Let us underscore that while we are excited by the market opportunity, we are launching SEEEN focused on execution and delivery.

Dr. Patrick DeSouza
Chairman

29 June 2020

Chief Executive Officer's Statement

Today we introduce SEEEN, an open platform for experiencing, launching & monetizing video moments. Changing a company name is an emotional topic because it is about identity. To the outside world, a corporate name change may appear as an abrupt, “out of the blue” change catching customers, partners and stakeholders off-guard. The reality of our rebrand is about aligning and integrating, from the inside out, the why, how and what of “video unleashed”. We are excited about the road ahead.

Our mission - to deliver new types of adaptable video content designed for action at the point of inspiration - has never been more relevant. The COVID-19 pandemic is reshaping lives and businesses around the world and our audiences, creatives and brand partners are no exception. More people than ever are creating and watching video online and brands are increasingly turning to video, whether product tutorials or shoppable social media posts, in search of innovative ways to boost brand identity and sales.

We are acutely aware that we are fortunate to have a service that is even more meaningful to people confined at home. SEEEN’s users can create, enrich, share and enjoy video moments at different granularities, interlinked with each other and other kinds of information, searchable and accessible everywhere and at any time on their internet-connected screens. And because SEEEN-enriched video content is more discoverable, connected and engaging, it leads to richer opportunities for creators, brands and fans.

The baseline from which we are launching SEEEN is that our MCN continues to attract both creators and audience. During 2019 the Group’s MCN achieved growth across all key metrics. Our affiliated channels grew in number to more than 10,000, approximately 1,200 of which are now monetized on YouTube. These 1,200 monetized channels delivered record view counts of 12.6 billion, up 48% on 2018 (8.5 billion). These views, in turn, yielded greater revenues (2019: $10.5m; 2018: $6.6m). Moreover, RPM (Revenue per Thousand) increased 11% to $1.49 in 2019 (2018: $1.35). These results underscore that our MCN’s content is both more engaging and increasingly suited to brand advertising.

These results also provide a foundation from which to launch our technology products. These new products will allow us to diversify revenue as we leverage our affiliated network of creators, content and audience base. We are increasing channel partners and views, both within our core audiences, as well as a new Spanish language service. Like many businesses reliant on advertising income, we have not been immune from the effects of Covid-19. Unlike other MCNs, our technology portfolio will allow us to capture advertising budgets through new revenue-generating products that create yield for brands through targeting of consumers.

<u>Operating Priorities</u>

In designing our technology products, we have a built-in advantage because of our MCN. Online video is a rich source of content from which machine learning can extract people, objects, actions, locations and narrations "in the wild". We are able to tap into and upcycle video moments from the wealth of authentic, high-quality, relatable video content generated by our creators saving our brand partners time and helping them scale their campaigns across digital touchpoints.

We have four operating priorities for 2020: (i) generating inspiring content to expand our audience base and viewer attraction to our platform; (ii) enabling shopping to realize monetizable actions by consumers using our technology; (iii) diversifying our advertising base especially through targeting relevant content and increasing digital ad revenue yield; and (iv) expanding use cases through audience data enabling us to have a robust product roadmap.

Inspiring Content

Our first priority is to help information seekers by making it easy to find or skip to precisely where they want to go to in a video, like in a book. Google referred to this feature as “Key Moments”, in taking the user to an important part of a video clip. In 2019 we began publishing “I-want-to-know”, “I want-to-go”, “I-want-to-watch”, “I-want-to-do”, “I-want-to-buy” video clips to the Google search and social media ecosystems. In 1H 2020 we introduced an exciting new “how-to” moment type. How-to moments are presented to the user as a series of easy to navigate process steps.

During 1H 2020, we accelerated our work on projects that help our creators, brands and fans publish and enjoy inspiring video moments as they adjust to new norms. We have increased our use of machine learning and automation to accelerate our video momentization process and launched CreatorSuite to make it easier for our creative and brand partners to upcycle content, publish video moments and provide relevant feedback to our machine learning operations. During 2Q, we built on our foundation by launching an embedded widget that lets our creators curate and syndicate video moments and playlists to third party websites and channels.

We will continue to enhance our SEEEN platform’s on-demand user experience. We are now launching a redesigned owned and operated (O&O) website to help our audience better connect to interests on our platform. Over the course of 2H, we will experiment with options to give our audience the ability to curate video moments from our O&O, similar to Pinterest. By enabling curation, we expect to enrich the organization and presentation of our content and make it more adaptable and relevant as we scale beyond our traditional automotive focus in our existing and new audience geographies.

Shopping

We have arrived at a critical moment for e-commerce innovation in the marketplace. We can align our vision with the needs of consumers to easily discover and buy products from merchants they trust. There are two aspects to that strategy: (i) catalog-side inventory development; and (ii) offer-side user experience experimentation. We will make significant additional strides platforming these capabilities over the course of 2H.

The first aspect of our strategy is to build catalog-side inventory by launching a platform to enable merchants to upload catalog feeds to get distribution on high-intent shopping moments as well as access to a new analytics insight tool that lets them measure the sales impact of both paid and organic moments on the SEEEN platform. Evasive Motorsport is an example of an early adopter to the program but we expect to begin signing up more merchants to the program in 2H. While we believe that the program will gain significant traction over the long term (particularly as the pace of digital transformation accelerates the shift to shopping online), it is still early days.

At the same time, on the offer-side, we are making it easier for our audience to pivot from curiosity to commerce. During 1H we made significant strides towards designing better shopping experiences both on and off our platform starting with user journeys through discovery. Today’s shoppers are in control of their path to purchase and Google Search is often the entry point for that unique user journey. Empirically, the next step is video viewed on mobile devices. We provide explicit information about our videos and the video moments that we publish to help our content appear and rank in Google Search results.

SEEEN video moments include markup that relates to the specific concepts depicted or associated with a video moment. In this way, SEEEN video moments are discoverable directly from user queries in search engine results. We have also updated the design of our media player and the presentation of video moments on our O&O. All video moments related to a particular concept are connected within SEEEN and across the Web presenting our users with even more related content. A high degree of confidence in content understanding allows users to purchase products associated with different parts of a video directly from within the SEEEN application.

Supporting and Diversifying our Advertiser Base

In the current environment, marketers are looking for transparent returns on their ad spend, and we have the opportunity now through our technology to demonstrate our value for advertisers seeking conversion events. Our vision is to deliver measurable value by making it easier for marketers to use our services and scale on our platform. In doing so, we can diversify our advertiser base and aggregate more relevant commercial offerings

Expansion of User Cases

Video streaming is a novel application area. We are discovering new use cases, as well as deepening existing ones, and we are testing new foundational features to support both of these outcomes. First, we have launched playlisting capabilities during 2Q. Second, we are introducing a curation feature that lets our audience group video moments on similar topics into auto-organized channels. Finally, we are exploring ways to make a video more adaptable to the user's goals, preferences and knowledge. For example, using computer vision and machine learning, we plan to launch a feature that lets our audience make a “SEEEN,” which can be about any topic whether it is baking delicious bread at home, cross country ski racing or researching collector cars. SEEEN then lets you curate the content you love, share your channel with others and find new content based on what you have saved. Advertisers pay for additional promoted moments to appear in their desired audiences channels or in search results.

Additionally, we will partner with e-commerce platform providers to help get smaller merchants onto SEEEN. Partner merchants should be able to upload their product catalogs to SEEEN and create SEEEN ad campaigns with just a few clicks. We are excited to welcome more merchants to SEEEN.

<u>Outlook for 2020</u>

During 1H 2020, we made progress on our two most significant revenue product priorities. Our first priority is our CreatorSuite product, which we delivered to seeded creators during 2Q. CreatorSuite is an important bridge for our strategy to build upon our MCN base and diversify our revenue. We expect CreatorSuite’s cloud-based, microservice architecture will result in new revenue opportunities, more efficient operations, faster innovation, and better ability to experiment. We are pleased that some of our creator and brand partners are already running live video moment-based campaigns from CreatorSuite.

Our second revenue priority is promoted video moments, beginning with our owned and operated website and our next-generation video moment advertising format. We recently began pilots, testing portions of our improved offering with a few digital marketers. We plan to expand testing over several phases. We see a path to driving more direct response advertising on our owned and operated platform in 2020 and beyond through this work on video moments and creating a more personalized experience. Our improved video moments, together with our SEEEN-powered syndication widgets, should increase our market capture enabling us to be more resilient than most as businesses cope with the effects of COVID-19. Current consumer behavior illustrates the increasingly unique ways people shop even within the same categories of products. Today's shoppers are in control of their path to purchase and can explore thousands of categories, brands, and products at any moment. SEEEN supports these unique user journeys with discoverable, relevant, inspiring and connected video content.

These personalised paths to purchase have three broad implications for brands around which SEEEN's video moments deliver value. Marketers need to be there, wherever users are, be useful, with relevant and timely information, and be quick to deliver experiences that are fast and frictionless. SEEEN can help brands understand and respond to intent "in the moment" in ways that simply were not possible before.

The market backdrop makes this a very exciting time for the Group and we are fully committed to exploiting this window of opportunity and executing quickly and aggressively. Our suite of innovative technology products is now ready for the market and we continue to develop against our product roadmap. Our patented machine learning technology and deep knowledge in this space will enable us to continue to create leading-edge products for viewers, consumers and brands.

During 3Q, we have an exciting set of product launches and feature releases, starting with CreatorSuite and our Syndication Widgets. These products will complement our MCN. We have a strong balance sheet, but we remain mindful of investing prudently to capture the market opportunity.

In closing, we believe video moments are the currency of tomorrow. But to achieve this outcome, video content needs to be both intelligent and connected. Through our vision of "video unleashed", we will unlock a new generation of visual-first discovery, learning and exploration and open completely new application areas for audio-visual information on the Web.

Todd Carter
Chief Executive Officer
29 June 2020

Strategic Report

Business Review and Key Performance Indicators

Entertainment AI plc and its subsidiaries ("Group") is a global social media and technology platform for sharing video moments to enable discovery, sharing and e-commerce through the targeting and connecting of creators, audiences and brands.

The Chairman's Statement and CEO's Statement provide two core dimensions to the Group's presentation of its progress during the year as a technology and media business, together with the outlook for the Group's future developments. The Chairman's Statement presents the Group's strategy to create significant shareholder value driven by the Group's technology roadmap. The CEO's Statement provides an evaluation of our execution highlights and challenges that transform vision into reality and create a competitive advantage in the marketplace.

For the 2019 Accounts, Blockchain Worldwide plc (the "Company") is closing one chapter of its corporate history and beginning another. During 1H the Company was a cash shell. During 2H 2019 the Company was substantially transformed through a series of acquisitions and an accompanying capital raise at the end of September 2019. Post-closing of the transactions, the Group is fully funded for its business plan, owning a set of fast-growing operating assets and cutting-edge artificial intelligence technologies. During 4Q the Company began its new journey and established a calendar year reporting period to underscore the launch of its new business plan with accompanying key performance indicators (KPIs). The 2019 Strategic Report prepares the way with an overview of the Group's business plan and an initial set of KPIs around which the business will be shaped in 2020 and beyond. This Strategic Report will evolve as the Group executes its business plan fully in 2020.

Results for the six months ended 31 December 2019 reflect three months of the standalone Company as a cash shell and three months of figures for the enlarged Group as required under IFRS accounting standards. As a result, comparisons between the results for the twelve months to 30 June 2019 (Blockchain's fiscal year reporting) and the six months to 31 December 2019 (combined as Entertainment AI plc) are not meaningful.

Corporate History

Prior to 30 June, Blockchain Worldwide plc had the status of a cash shell with certain liabilities. On 23 May 2019, the Company announced that it was in discussions to acquire certain operating businesses. On 11 September 2019 the Company announced that it had entered into agreements to acquire Tagasauris, Inc., ("Tag"), GT Channel Inc.("GTC") and Entertainment AI, Inc. ("EAI Inc."). On 30 September 2019, these acquisitions were completed. The operating assets and business plan of these three companies allow the Company to compete in a fast-growing global market for short-form video content and e-commerce. In this emerging market, consumers seek to discover, share and create short-form video content either through YouTube or proprietary websites. Moreover, using mobile devices, consumers seek to take actions in a frictionless way upon seeing videos and being inspired by them. The principal action sought by consumers is to be able to purchase goods and services seen in the video. Moreover, brands seek to tap into such consumer demand creating new marketplaces connecting consumers to brands. As a result of this multi-billion dollar opportunity, there is rapid convergence of the media (content), technology (e-commerce) and telecommunications (mobile) sectors taking place. Such convergence provides opportunities for the Group and its products. On 30 September 2019, related to the acquisition of the operating assets, the Company announced the completion of a successful capital raise. To fund its business plan, the Company raised £8.6 million from institutions and private investors. The Group was admitted to AIM on 30 September 2019 following these transactions.

Company's Business Upon Admission to AIM

Coincident with the transactions that formed the new business of the Group, the Company changed its name to Entertainment AI plc (EAI). EAI is organized into two principal businesses – technology and media - that work together synergistically to create EAI's product roadmap and value proposition to the market. The synergistic nature of these business lines means that the Board and management consider the Group and its progress as one business as opposed to separate reporting entities.

<u>Technology Business</u>

Tag and EAI Inc. own various intangible assets - patents, trade secrets, licenses and product designs – that underlie a proprietary product roadmap focused on the production of video "micromoments" that enable consumers to access the most relevant features of videos for themselves. During 4Q the Company began to deploy capital to transform the Company's proprietary assets via a "Go-to-Market" plan that would capture market demand during 2H 2020. Because the Company is a technology company exploiting various media assets, one KPI used by the Board to monitor the advancement of its business plan is the pace of product releases to the market and robustness of its product roadmap.

<u>Media Business</u>

GTC is a multichannel network ("MCN") that aggregates creators of short form video content and publishes such content on YouTube. The Company also produces proprietary content and publishes that content to its owned and operated web site. Published content attracts viewers and digital ad revenue on YouTube producing gross revenues. After YouTube deducts its commission, the Company receives net revenue from YouTube. The economics of the multichannel network creates various KPIs which help the Board to monitor the business plan of its media business. These KPIs measure critical attributes: (i) number of creator channel producing monetizable content; (ii) number of views/audience attracted to such content; (iii) digital ad yield from such content and accompanying audience expressed as Revenue Per Thousand. From these KPIs, the Company can create its forecasts on net revenues and profit before taxes.

<u>Synergies from the Technology and Media Businesses</u>

Shareholder value is extracted from the synergies that the technology business and the media business unlock by working together, requiring the Group to operate as one unified business rather than as separate subsidiaries. In addition to digital ad revenue, the MCN provides an audience and content creators upon which the Company's micro-moments technology may be tested and productized in through various offerings. Business-to-business customers, such as brands and advertising agencies, seek to purchase insight and data with respect to audiences and content. Moreover, they seek to license technologies that enable them to target and match content to audience, including content generated through the Group's MCN. The Company's micro-moment technology provides business-to-business customers both data analytics and targeted reach. One KPI that provides the Board an understanding of the traction from synergies between its technology and media businesses is the number of business-to-business transactions.

Non-Core Costs

As noted during 2H, the Company engaged in a series of transactions ranging from acquisitions to capital raising in order form its go-forward business. Such transactions costs, especially legal and financial advisory, were significant. While organic growth will be the focus of execution, because of the marketplace convergence of media, technology and telecommunications sectors, acquisitions may be part of the Company. Understanding non-core costs, as distinct from continuing operating costs, enables the Board to evaluate capital allocation choices.

Capital

The Board is mindful that it raised £8.6 million in its IPO (£6.8 million net of costs) and that such financial resources need to be applied prudently. Of the total capital raise, approximately, £5 million was categorized as EIS/VCT approved. Such funding, by regulation, is targeted for the Group's technology development. The regulations require that the Company use such investment by 30 September 2021. Cash net of borrowings is a KPI that enables the Board to manage to its budget. As part of its Net Cash KPI, the Board plans to track its deployment of EIS/VCT investment.

KPIs

Given the timing of the launch of the Company's business plan in the fourth quarter of 2019, after its admission to AIM, there are no relevant comparators. However, as a baseline for evaluation of 2020 performance, the Board will consider the following KPIs for the Group:

(i) Technology Products. The Board notes that the Group has a strong product roadmap based on its "micromoments" insight. The Group plans to file additional intellectual property in 2020. The Group spent $227,000 in 4Q on technology development of which $94,000 was capitalized.

(ii) MCN Creator Channels. At year-end 2019, the MCN had approximately 10,000 creator channels, of which 1,200 were monetized.

(iii) MCN Audience. At year-end 2019, the MCN had approximately 12.6 billion views.

(iv) MCN Average RPM. At year-end 2019, the MCN had an average RPM of $1.49.

(v) Business-to-Business Traction. At 31 December 2019, the Group initiated a pilot with Sumitomo Corporation to deploy its technology in extending e-commerce during the Rugby World Cup in Tokyo.

(vi) Non-Core Costs. During the six months to 31 December 2019, non-core costs amounted to $601,595, reflecting acquisition and listing costs. An additional $1.6 million was capitalized into the Group's Share Premium and Retained Earnings account reflecting transaction costs.

(vii) Net Cash. At the end of 2019, the Group, after transaction costs, had $9.5 million in cash. The Company invested $227,000 of EIS/VCT money in technology development.

Principal Risks and Uncertainties

The Group's objectives, policies and processes for measuring and managing risk are described in note 18. The principal risks and uncertainties to which the Group is exposed include:

Technological advances within the industry

The technology industry as a whole evolves rapidly with new entrants and ideas continuously changing the market. There is a risk that competitors react to opportunities faster, rendering the Group's technology uncompetitive which could have a material adverse impact on the prospects of the Group.

Data Protection and General Data Protection Regulation ("GDPR")

Data protection, driven in Europe by GDPR, is becoming increasingly relevant in the handling of consumer data. Any failures to follow relevant data protection rules could result in significant monetary penalties.

Foreign exchange risk

The Group has employees and contractors based overseas paid in foreign currencies and may enter into contracts priced in foreign currencies. It is therefore exposed to adverse exchange rate movements which could cause its costs to increase (relative to its reporting currency) resulting in reduced profitability for the Group.

Credit Risk

The Group's credit risk is primarily attributable to its cash and cash equivalents and trade receivables. The credit risk on other classes of financial assets is considered insignificant.

Liquidity Risk

The Group manages its liquidity risk primarily through the monitoring of forecasts and actual cash flows.

Organisational Risk

As a small Group, there is a reliance on a high proportion of key staff; the loss of any of these staff would be detrimental to the Group.

New Product Risk

The Group is creating products based on its proprietary technology, but until the products are released there is no guarantee that there will be significant uptake from customers.

Advertising Revenue Risk

The Group has historically been dependent on revenue from its YouTube MCN to generate profitability and changes to the either market conditions or regulations and the terms of advertising on YouTube could affect the Group's ability to generate revenues and profits.

Covid-19 Risk

COVID-19 could impact on the Group's ability to generate advertising income due to lower customer spending as well as reduce customers' desire to spend money on the new technologies produced by the Group given increased budgetary constraints.

Corporate Governance Statement s172 of the Companies Act

Each director must act in a way that, in good faith, would most likely promote the success of the Group for the benefit of its stakeholders. A discussion of s172 is presented in the Statement on Corporate Governance. The Strategic Report incorporates actions taken by the Group to ensure compliance with s172.

By order of the Board

Patrick DeSouza
Non-Executive Chairman

29 June 2020

Directors' Report

The Directors present their report on the affairs of Entertainment AI plc (the "Company") and its subsidiaries, referred to as the Group, together with the audited Financial Statements and Independent Auditors' report for the year ended 31 December 2019.

Principal Activities

The Group is a global social media and technology platform for sharing video micro-moments to enable discovery, sharing and e-commerce through the targeting and connecting of creators, audiences and brands.

Results

The financial performance in this report relates to the six months ended 31 December 2019 following the Board's decision to amend the Company's year end from 30 June to 31 December to reflect the formation of the Entertainment AI plc group during 4Q 2019. The Group's Statement of Comprehensive Income and the Group's financial position at the end of the year, is shown in the Financial Statements.

During this six month period, the Company was transformed by the acquisition of its three US subsidiaries; Tagasauris, GTChannel and EAI Inc. Alongside these acquisitions, the Company: (i) successfully raised £8.6 million through a placing and subscription; (ii) admitted its shares to AIM; (iii) renamed the Group from Blockchain Worldwide plc to Entertainment AI plc to reflect the transformation of the business from a cash shell to an operating business; and (iv) changed its Board to reflect the new ownership structure. As a result of these acquisitions, these results reflect the results for only the Company to 29 September 2019 and the results for the enlarged Group from the period to 30 September 2019 to 31 December 2019, rendering comparisons between this reporting period and prior financial reporting periods less relevant.

Future Developments

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 to include the disclosure of likely future developments in the Strategic Report.

Going Concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion the Directors have considered the financial position of the Group, taking into consideration the recent fundraising, together with its forecasts and projections for two years from the reporting date that take into account reasonably possible changes in trading performance including those that the Coronavirus may cause. The going concern basis of accounting has therefore been adopted in preparing the financial statements.

Dividends

The Directors do not recommend the payment of a dividend (30 June 2019: nil).

Share Price

On 31 December 2019, the closing market price of Entertainment AI plc ordinary shares was 42.5 pence. The highest and lowest prices of these shares during the year to 31 December 2019 were 52.5 pence and 38.5 pence respectively.

Capital Structure

Details of the authorised and issued share capital are shown in Note 18. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Treasury Operations & Financial Instruments

The Group operates a centralised treasury function which is responsible for managing liquidity, interest and foreign currency risks associated with the Group's activities.

The Group's principal financial instrument is cash, the main purpose of which is to fund the Group's operations.

The Group has various other financial assets and liabilities such as trade receivables and trade payables naturally arising through from its operations.

The Group's exposure and approach to capital and financial risk, and approach to managing these is set out in note 18 to the consolidated financial statements.

Subsequent Events

On 29 June 2020, the Board approved that the Company change its name from Entertainment AI plc to SEEEN plc to better communicate to the marketplace the Company's suite of products and target markets. This name change will become effective as soon as it is registered by Companies House in the UK. Upon such registration, the Company's website shall be seeen.com. All documents of the Company shall be located at the new website in accordance with AIM regulations.

In April 2020, the US subsidiaries of the Group received loan (Loan) proceeds in the amount of approximately $198,000 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses to maintain workforce stability. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months.

Directors

The Directors who served the Company during the year and up to the date of this report were as follows:

Executive Directors

Todd Carter (Appointed 30 September 2019)

Scott Schlichter (Appointed 30 September 2019)

Non-Executive Directors

Patrick DeSouza (Appointed 30 September 2019)

Akiko Mikumo (Appointed 30 September 2019)

Mike Kelly (Appointed 30 September 2019)

David Anton (Appointed 30 September 2019)

Rodger Sargent (Resigned 30 September 2019)

Jon Hale (Resigned 30 September 2019)

The biographical details of the Directors of the Company are set out on the Company's website *www.entertainmentai.co.uk*. Upon registration of the Company's new name of SEEEN, the website shall be *seen.com*.

Directors' Indemnity

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company. Appropriate directors' and officers' liability insurance cover is in place in respect of all the Directors.

Directors' Conflicts of Interest

In the event that a Director becomes aware that they, or their connected parties, have an interest in an existing or proposed transaction involving the Group, they will notify the Board in writing or at the next Board meeting.

Political Donations

The Group did not make any political donations during the six months to 31 December 2019 (12 months to 30 June 2019: £Nil).

Directors' emoluments

6 months to 31 December 2019	Salary, Fees & Bonus	Benefits	Total
	$	$	$
Executive Directors			
T Carter	50,000	-	50,000
S Schlichter	50,000	-	50,000
Non-Executive Directors			
P DeSouza	12,500	-	12,500

A Mikumo	12,500	-	12,500
M Kelly	12,500	-	12,500
D Anton	12,500	-	12,500
R Sargent	-	-	-
J Hale	-	-	-
	-	**-**	**-**

12 months to 30 June 2019	**Salary, Fees & Bonus**	**Benefits**	**Total**
	$	**$**	**$**
Non-Executive Directors			
R Sargent	-	-	-
J Hale	-	-	-
	-	-	-

Directors' interests

The Directors who held office at 31 December 2019 and subsequent to year end had the following direct interest in the ordinary shares of the Company at 31 December 2019 and at the date of this report:

	Number of shares at 31 December 2019	**% held at 31 December 2019**	**Number of shares at 29 June 2020**	**% held at 26 Jun 2020**
S Schlichter	5,870,406	11.8%	5,870,406	11.8%
P DeSouza	5,426,165	10.9%	5,426,165	10.9%
T Carter	2,813,309	5.6%	2,813,309	5.6%

In addition to the above, the following directors were granted options with no vesting period over Ordinary Shares on 30 September 2019 as part of the completion of the Group's Admission to AIM. These options were issued as part of the transactions, including the Company's admission to AIM and are not designed as options for Employee Incentivization. The Group expects to issue options for Employee Incentivization during 2020.

Name	**Number of options**	**Exercise Price**	**First exercise date**
Todd Carter	1,977,083	45p	30 September 2020
Akiko Mikumo	152,083	45p	30 September 2020
Mike Kelly	152,083	45p	30 September 2020
David Anton	152,083	45p	30 September 2020

Substantial Shareholders

As well as the Directors' interests reported above, the following interests of 3.0% and above as at the date of this report were as follows:

	Number of shares	% held
Gresham House Asset Management Limited	6,666,666	13.3%
Canaccord Genuity Group Inc.	4,444,444	8.9%
Water Intelligence plc	3,855,032	7.7%
Taro Koki	3,601,436	7.2%
Sumitomo Corporation	2,314,815	4.6%
Rathbone Investment Management Limited	1,732,540	3.5%

Employees

The Group has established employment policies which are compliant with current legislation and codes of practice. The Group is an equal opportunities employer.

Independent Auditors

Crowe U.K. LLP has expressed their willingness to continue in office. In accordance with section 489 of the Companies Act 2006, resolutions for their re-appointment and to authorise the Directors to determine the Independent Auditors' remuneration will be proposed at the forthcoming Annual General Meeting.

Statement of disclosure to the Independent Auditor

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

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware; and
- that 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 auditor is aware of that information.

By order of the Board

Patrick DeSouza
Non-Executive Chairman

29 June 2020

Corporate Governance Statement

As a Board, we believe that practising good Corporate Governance is essential for building a successful and sustainable business in the long-term interests of all stakeholders. Entertainment AI's shares are listed on AIM, a market operated by the London Stock Exchange.

Upon Admission to AIM on 30 September 2019, Entertainment AI has adopted the QCA Corporate Governance Code. The Company has adopted a share dealing code for the Board and employees of the Company which is in conformity with the requirements of Rule 21 of the AIM Rules for Companies. The Company takes steps to ensure compliance by the Board and applicable employees with the terms of such code.

The following sections outline the structures, processes and procedures by which the Board ensures that high standards of corporate governance are maintained throughout the Group.

Further details can be found on our website at www.entertainmentai.co.uk/corporate-governance.

Takeovers and Mergers

The Company is subject to The City Code on Takeovers and Mergers.

Board

The Board, chaired by Dr. Patrick DeSouza, comprises two executive and three non-executive directors. The Board oversees and implements the Company's corporate governance programme. As Chairman, Dr. DeSouza is responsible for the Company's approach to corporate governance and the application of the principles of the QCA Code. Akiko Mikumo, Mike Kelly and David Anton are the Company's independent directors, with Akiko Mikumo being the Senior Independent Director. The Board is supported by four committees: Audit, Remuneration, Personnel and Strategy. The Audit and Remuneration Committees are the principal committees for Corporate Governance.

Each Board member commits sufficient time to fulfill their duties and obligations to the Board and the Company. They are required to attend at least 4 Board meetings annually and join Board calls that take place between formal meetings and offer availability for consultation when needed.

Board papers are sent out to all directors in advance of each Board meeting including management accounts and accompanying reports from those responsible.

Meetings held during the period between 1 July 2019 and 31 December 2019 and the attendance of directors is summarised below. Given the timing of the transactions and admission to AIM during 4Q, certain committees did not meet between completion of the transactions on 30 September 2019 and the period end.

	Board meetings	**Audit committee**	**Remuneration committee**
	Possible (attended)	**Possible (attended)**	**Possible (attended)**
Todd Carter	2/2		
Scott Schlichter	2/2		
Patrick DeSouza	2/2		
Akiko Mikumo	2/2		
Mike Kelly	2/2		
David Anton	2/2		
Rodger Sargent	2/2	1/1	
Jon Hale	2/2	1/1	

Board Committees

The Board has established an Audit Committee, Remuneration Committee, Nominations Committee and Strategy Committee with delegated duties and responsibilities.

(a) Audit Committee

The Audit Committee has the primary responsibility for monitoring the quality of internal control, ensuring that the financial performance of the Company is properly measured and reported on and for reviewing reports from the Company's auditors. The Audit Committee will meet at least twice a year at appropriate times in the reporting and audit cycle and otherwise when required. The Audit Committee will also meet with the Company's auditors at least once a year.

The Audit Committee comprises Mike Kelly, David Anton and Akiko Mikumo and is chaired by Patrick DeSouza.

(b) Remuneration Committee

The Remuneration Committee is responsible for the review and recommendation of the scale and structure of remuneration for executive directors and other designated senior management, taking into account all factors which it deems necessary. The Remuneration Committee considers all aspects of the executive directors' remuneration including pensions, benefits and share option awards. No director will be involved in any decision as to his or her own remuneration. The Remuneration Committee will meet at least twice a year and otherwise when required. In exercising this role, the Directors shall have regard to the recommendations put forward in the QCA Corporate Governance Code and, where appropriate, the QCA Remuneration Committee Guide and associated guidance.

The Remuneration Committee comprises Mike Kelly and David Anton and is chaired by Akiko Mikumo. As the Remuneration Committee will comprise all of the Independent Non-Executive Directors, this committee also considers related party matters as they arise.

(c) Nominations Committee

The Nominations Committee is responsible for consideration of future succession plans for Board members as well as to whether the New Board has the skills required effectively to manage the Enlarged Group. The Nominations Committee will also be responsible for, amongst other things, identifying and nominating members of the Board, recommending Directors to be appointed to each committee of the Board and the chair of each such committee. The Nominations Committee also arrange for evaluation of the Board.

The Nominations Committee meets on an ad-hoc basis and comprises Patrick DeSouza, Akiko Mikumo and is chaired by Mike Kelly.

(d) Strategy Committee

The strategy committee is responsible for reviewing and considering the following matters: (i) control over the strategy development and its implementation; (ii) acquisitions and business sale transactions; (iii) major investment projects, investment budget allocation and key financial targets.

The Strategy Committee comprises Patrick DeSouza, Akiko Mikumo and Mike Kelly and is chaired by David Anton.

(e) Advisory Panel

The Company has an Advisory Panel, comprised of Charlie Collier, Thomas Glocer and Chris Welty. The purpose of the Advisory Panel is to enable the Directors to draw upon the skills of these industry experts as well as supporting Entertainment AI in accessing growth opportunities via the network of contacts of each member of the Advisory Panel. The Advisory Panel meets on an ad-hoc basis and is available for consultations with Directors as required.

Board Experience

All members of the board bring complementary skill sets to the Board. One director is female and five are male. The board believes that its blend of relevant experience, skills and personal qualities and capabilities is sufficient to enable it to successfully execute its strategy. In addition, the Board receives regular updates from, amongst others, its nominated adviser, legal counsel and company secretary in relation to key rule changes and corporate governance requirements, as well as regular liaison with audit firms both in the UK and the US in respect of key disclosure and accounting requirements for the Group, especially as accounting standards evolve. In addition, each new director appointment is required to receive AIM rule training from the Company's nominated adviser at the time of their appointment.

Patrick J. DeSouza, Chairman

Term of office: Appointed 30 September 2019.

Since 2010 Dr. DeSouza has been the Executive Chairman of Water Intelligence plc, a rapidly growing AIM quoted business focusing on technology transformation of the water industry. He has 25 years of operating and financial advisory leadership experience with both public and private companies in media and technology and asset management industries. Over the last 15 years, Dr. DeSouza has also invested in and incubated technology companies centered at Yale University. Dr. DeSouza has served at the White House on the National Security Council. He is a graduate of Columbia College, Yale Law School and Stanford Graduate School. He is a member of the Council on Foreign Relations.

Todd Carter, Chief Executive Officer

Term of office: Appointed 30 September 2019.

Todd is the Co-Founder & CEO of Tagasauris, which was acquired by Entertainment AI on 30 September 2019. Prior to Tagasauris, he was Co-founder/President of OWL Multimedia, Inc. a music search technology company centered at Yale University and Co-Founder/CTO of Busy Box, a publicly traded technology company. He co-authored the AXS File Concatenation Protocol, an early standard for image metadata representation that found broad adoption in the printing and publishing industries including by Reuters, Agence France Presse, and PressLink. Todd was also a member of ISO/IEC JTC1/SC29/WG11, more commonly known as the Moving Pictures Experts Group, a working group that develops international standards for audio-visual information representation.

Scott Schlichter, Executive Director

Term of office: Appointed 30 September 2019.

Scott is the Co-Founder & CEO of GTChannel, which was acquired by Entertainment AI on 30 September 2019. Prior to GTChannel, Scott launched and managed Hysteria, Inc., Dogma Studios, and advised several start-ups including JusCollege. He has 25 years of experience in entertainment and digital video and has launched several media focused start-ups with clients including major Hollywood studios, network television companies, and cable channels.

Akiko Mikumo, Senior Independent Non-executive Director

Term of office: Appointed 30 September 2019.

Akiko is a retired partner at Weil Gotshal and Manges LLP, one of the world's leading law firms. She has over 35 years of mergers and acquisitions, securities and governance experience. Her clients have included some of the leading media and technology companies and investment firms. Akiko founded the Hong Kong office of Weil and led the growth of its London office. She served as a member of the firm's Management Committee. Ms. Mikumo is a director of Cambridge Science Corporation, a biotech investment company in Cambridge Massachusetts. Recently, she served as a fellow at Harvard's Advanced Leadership Initiative. She is a graduate of University of California, Berkeley and New York University School of Law.

Mike Kelly, Independent Non-executive Director

Term of office: Appointed 30 September 2019.

Mike is the Co-Founder of Kelly Newman Ventures, LLC, an advisory and investment firm. He was formerly Chief Executive Officer of The Weather Channel Companies, a leading weather-focused media and technology company owned by a consortium made up of The Blackstone Group, Bain Capital, and NBCU. Prior to that, he served as the President of AOL Media Networks, a division of Time Warner where he pioneered the media network strategy through a number of successful acquisitions such as Advertising.com and Tacoda. He currently serves on the Board of Directors of Cars.com (NYSE:Cars), is the non-exec Chairman of BGF backed Dianomi LTD, a UK based marketing platform and is a member of the Board of Quantcast Corporation, a US based technology company that specializes real-time advertising, He is a graduate of the University of Illinois, Champaign-Urbana.

David Anton, Independent Non-executive Director

Term of office: Appointed 30 September 2019.

David is Chief Executive Officer of Anton & Partners, a leading advertising, branding, and marketing communication company with a 20-year track record of creating impact for some of the worlds most notable brands in fashion, lifestyle, financial and automotive sectors. David is a serial entrepreneur and has founded various successful companies. He is an investor in and advisor to Village Roadshow Productions, leading movie production company. David has advised, co-founded and invested in multiple companies such as Tori Burch, Roqu Media International, Village Roadshow and Spotify among others. He is a graduate of Columbia University.

The Group has a non-Board Chief Financial Officer, Adrian Hargrave, who reports regularly to the Chief Executive Officer and Non-Executive Chairman and assist in the preparation of Board materials and in reviewing the budget and ongoing performance.

The Company Secretary is responsible for ensuring that Board procedures are followed and that all applicable rules and regulations are complied with. Adrian Hargrave currently performs the role of Company Secretary, providing an advisory role to the Board. The Company Secretary is supported and guided in this role by the Company's legal advisors.

The Directors have access to the Company's CFO/Company Secretary, NOMAD, lawyers and auditors as and when required and are able to obtain advice from other external bodies when necessary.

Board Performance and Effectiveness

The performance and effectiveness of the Board, its committees and individual Directors is reviewed by the Chairman and the Board an ongoing basis. Training is available should a Director request it, or if the Chairman feels it is necessary. The performance of the Board is measured by the Chairman and Akiko Mikumo, the Senior Independent Non-Executive Directors, with reference to the Company's achievement of its strategic goals.

Risk Management

The Directors recognise their responsibility for the Group's system of internal control and have established systems to ensure that an appropriate and reasonable level of oversight and control is provided. The Group's systems of internal control are designed to help the Group meet its business objectives by appropriately managing, rather than eliminating, the risks to those objectives. The controls can only provide reasonable, not absolute, assurance against material misstatement or loss.

The Chief Executive Officer with the assistance of the Company Secretary and the Chief Financial Officer manages a risk register for the Group that identifies key risks in the areas of corporate strategy, financial, clients, staff, environmental and the investment community. The Governance Committee of the Board are provided with a copy of the register. The register is reviewed periodically and is updated as and when necessary.

Within the scope of the annual audit, specific financial risks are also evaluated in detail, including in relation to foreign currency, interest rates, debt covenants, taxation and liquidity.

The annual budget is reviewed and approved by the Board. Financial results, with comparisons to budget and latest forecasts are reported on a monthly basis to the Board together with a report on operational achievements, objectives and issues encountered. Significant variances from plan are discussed at Board meetings and actions set in place to address them.

Approval levels for authorisation of expenditure are at set levels throughout the management structure with any expenditure in excess of pre-defined levels requiring approval from the Non-Executive Chairman and the Chief Financial Officer.

Measures continue to be taken to review and embed internal controls and risk management procedures into the business processes of the organisation and to deal with areas of improvement which come to the management's and the Board's attention. We expect the internal controls for the business to change as the business expands both geographically and in terms of product development.

The Company's auditors are encouraged to raise comments on internal control in their management letter following their audit, and the points raised and actions arising are monitored through to completion by the Audit Committee.

Corporate Culture

The Group aims to operate ethically and be socially responsible in its actions. Importantly, the Board recognises that the Group's employees are its most important asset.

The Group is committed to achieving equal opportunities and to complying with relevant anti-discrimination legislation. It is established Group policy to offer employees and job applicants the opportunity to benefit from fair employment, without regard to their sex, sexual orientation, marital status, race, religion or belief, age or disability. Employees are encouraged to train and develop their careers.

The Group has continued its policy of informing all employees of matters of concern to them as employees, both in their immediate work situation and in the wider context of the Group's well-being.

In addition, all directors and senior employees are required to abide by the Group's share dealing code, which was updated at the time of admission to AIM.

Audit Committee Annual Review

The role of the Audit Committee is to monitor the quality of internal controls and check that the financial performance of the Group is properly assessed and reported on. It receives and reviews reports from the Chief Financial Officer, other members of management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The members of the Audit Committee are Patrick DeSouza (Chairman), Akiko Mikumo, Mike Kelly and David Anton.

The Chief Executive Officer and Chief Financial Officer are invited to attend parts of meetings. The external auditors attend meetings to discuss the conclusions of their work and meet with the members of the Committee. The Committee is able to call for information from management and consults with the external auditors directly as required.

The objectivity and independence of the external auditors is safeguarded by reviewing the auditors' formal declarations, monitoring relationships between key audit staff and the Company and tracking the level of non-audit fees payable to the auditors.

The currently constituted Audit Committee was established on 30 September 2019 after Admisson to AIM and had not met prior to 31 December 2019. Pre-Admission, the Company's Audit Committee as previously constituted met. The Audit Committee t is expected to meet twice during each financial year, to review the annual accounts and the interim accounts. The Committee will review with the independent auditor its judgements as to the acceptability of the Company's accounting principles. The currently constituted Audit Committee has met with the Group's external auditors since the period end in preparation for the Board to approve the 2019 accounts.

In addition, the Committee monitors the auditor firm's independence from Company management and the Company.

Remuneration Committee Annual Review

The Remuneration Committee was established on 30 September 2019 and prior to 31 December 2019 had not convened. The Committee comprises Akiko Mikumo, Mike Kelly and David Anton, with Akiko Mikumo as Chairman. The Remuneration Committee is responsible for reviewing the performance of Executive Directors and determining the remuneration and basis of service agreement. The Remuneration Committee also determines the payment of any bonuses to Executive Directors and the grant of options. Where appropriate the Committee consults the Non-Executive Chairman regarding its proposals. No Director plays a part in any discussion regarding his or her own remuneration.

Relations with Shareholders

The Company is available to hold meetings with its shareholders to discuss objectives and to keep them updated on the Company's strategy, Board membership and management.

The board also welcome shareholders' enquiries, which may be sent via the Company's website *www.entertainmentai.co.uk.* Upon registration of the Company's new name of SEEEN, the website shall be seeen,com.

Corporate Governance Statement s172 of the Companies Act

Each director must act in a way that, in good faith, would most likely promote the success of the Group for the benefit of its stakeholders. The board of directors consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters indicated in S172) in the decisions taken during the year ended 31 December 2019. Following is an overview of how the Board performed its duties during 2019.

Shareholders

The Chairman, Chief Executive Officer and Chief Financial Officer, members of the Board and senior executives on the management team have regular contact with major shareholders. The Board receives regular updates on the views of shareholders which are taken into account when the Board makes its decisions. On 30 September 2019, the Company raised capital largely from institutional investors to fund its business plan. The Company received feedback during that process, as well as subsequent meetings and calls alongside trading updates issued by the Group.

Employees

The Group encourages an environment of openness and debate and welcomes all feedback from within.

The Board communicates with senior management and employees. The Group also operates internal platforms, which staff can access as required and is a source of both discussion and sharing information relevant to employees. Details of the Group's performance are shared with all employees at appropriate times using these methods.

The Group expects a high standard from its staff and provides training to achieve this. Where possible, as new roles in the organisation arise, the Group aims to promote from within.

Customers

The Group currently has one primary revenue generating customer, which is YouTube. Through the Group's MCN, the Group provides video inventory to YouTube. In turn YouTube sells digital adverts against this video inventory. The Group aims to maintain strong relations with YouTube, including the provision of suitable videos and assisting with any queries in relation to videos provided by the MCN.

Going forwards, the Group expects to broaden its customer base and the Board will pay significant levels of attention to the quality of our delivery to all customers.

Content Creators

The Group's MCN business sources a large proportion of the content it provides from third party content creators. The Group maintains regular contact with the creators through the MCN management team. The Group is committed to conducting business with content creators fairly and in an ethical fashion.

Community

The Group is aware that the dissemination of video carries with it social responsibility to the broader community. Board and management are committed to the highest levels of professionalism in the aggregation and dissemination of video content and to ensure compliance with relevant data compliance regulations.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with the Companies Act 2006 and for being satisfied that the Financial Statements give a true and fair view. The Directors are also responsible for preparing the Financial Statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

Company law requires the Directors to prepare Financial Statements for each financial period which 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 Company and the Group for that period. In preparing those Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements. The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the Annual Report and Financial Statements are made available on a website.

As of this publication date, Financial Statements are published on the Group's website (*www.entertainmentai.co.uk*) in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors – the work carried out by the auditors does not involve the consideration of these matters and, accordingly, and the auditors accept no responsibly for any changes that may have occurred in the accounts since they were initially presented on the website. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained there.

On 29 June 2020, the Company launched SEEEN, its new brand. Upon filing with Company House, the Company's new website shall be seeen.com.

Independent Auditors’ report to the members of Entertainment AI plc

Opinion

We have audited the financial statements of Entertainment AI plc (the “Parent Company”) and its subsidiaries (the “Group”) for the period ended 31 December 2019, which comprise:

- the Group statement of comprehensive income for the period ended 31 December 2019;
- the Group and parent company statements of financial position as at 31 December 2019;
- the Group and parent company statements of cash flows for the period then ended;
- the Group and parent company statements of changes in equity for the period then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 2019 and of the Group’s loss for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 Group 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- The directors’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group’s or the parent company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £96,000 (US$120,000), based on 8% percent of normalised Group profit/(loss) before tax.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed to report to the audit committee all identified errors in excess of £4,845 (US$6,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

Entertainment AI Plc is located in London, United Kingdom where we as group auditors conducted the audit. The operations of its subsidiaries, Tagasuris Inc., GT Channel Inc., and EAI Inc. are in the United States. We conducted specific audit procedures in relation to these entities which were undertaken by component auditors, Marcum LLP.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	***How the scope of our audit addressed the key audit matter***
Acquisition accounting During the period, the company acquired three trading companies: GT Channel Inc., Entertainment AI Inc., and Tagasarius Inc. Accounting for business combinations is complex and requires the recognition of both consideration paid and acquired assets and liabilities at the acquisition date at fair value, which can involve significant judgement and estimates. There is a risk that inappropriate assumptions could result in material errors in acquisition accounting.	We obtained a copy of the sale and purchase agreements to confirm the initial consideration for these acquisitions, as well as assessing the accounting for any conditional elements of the acquisition. We performed audit work on the acquisition balance sheets to confirm the opening balances as at date of acquisition. We reviewed the work undertaken by management in respect of the valuation of intangible assets identified at date of acquisition and assessed and challenged the provisional fair value attributed to these intangible assets. We also assessed the disclosures made and application of the standard in line with IFRS.
Going concern The Board are responsible for ensuring it is appropriate to prepare the Company's financial statements on the basis that it is a going concern for a period of at least 12 months from the date of approving the financial statements.	We understand that the Board continues to monitor the economic outlook as a result of COVID-19 and considers the cash resources of the Company to be sufficient to cover ongoing operational costs for the foreseeable future. We have obtained and reviewed the Board's going concern assessment, which includes consideration of COVID-19, and associated supporting working capital forecasts. We challenged the assumptions made in the forecast, such as costs per annum and existing cash facilities maintained by the company.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 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 matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our 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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their 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 where 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 the directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements 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 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.

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.

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.

John Glasby (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

29 June 2020

Consolidated Statement of Comprehensive Income for the six months ended 31 December 2019

	Notes	Six months ended 31 December 2019 $	Year ended 30 June 2019 $
Revenue		4,288,004	-
Cost of sales		(3,851,924)	-
Gross profit		436,080	-
Administrative expenses			
– Share-based payments	6	(156,650)	-
– Amortisation of intangibles	12	(297,562)	-
– Acquisition/listing costs		(601,595)	-
– Other administrative costs		(1,173,342)	(499,336)
Total administrative expenses		(2,229,149)	(499,336)
Operating Loss		(1,793,069)	(499,336)
Finance income / (expense)	7/8	(3,257)	8,198
Loss before tax		(1,796,325)	(491,138)
Taxation expense	9	58,188	-
Loss after tax		(1,738,137)	(491,138)

Other Comprehensive Income

Exchange differences arising on translation of foreign operations		578,502	(60,962)
Total comprehensive loss for the year		**(1,159,636)**	**(552,100)**

Profit per share attributable to equity holders of Parent		**Cents**	**Cents**
Basic	10	(0.07)	(0.16)
Diluted	10	(0.07)	(0.16)

The results reflected above relate to continuing activities.

Consolidated Statement of Financial Position as at 31 December 2019

	Notes	**31 December 2019**	**30 June 2019**
		$	**$**
ASSETS			
Non-current assets			
Goodwill and indefinite life intangible assets	12	9,762,158	-
Other intangible assets	12	4,558,226	-
Trade and other receivables	14	1,800	-
		14,322,184	-
Current assets			
Trade and other receivables	14	1,814,257	-
Cash and cash equivalents	15	9,760,905	1,292,878
		11,575,162	1,292,878
TOTAL ASSETS		**25,897,346**	**1,292,878**
EQUITY AND LIABILITIES			
Equity attributable to holders of the parent			
Share capital	18	7,400,732	482,092
Share premium	19	7,677,993	1,438,523
Merger relief reserve	19	8,989,501	-
Share based payment reserve		156,650	-
Foreign exchange reserve		517,540	(60,962)
Retained earnings		(2,510,841)	(599,775)
Total Shareholders' Equity		22,231,575	1,259,878
Non-current liabilities			

Deferred tax liability	17	1,233,960	-
		1,233,960	-
Current liabilities			
Trade and other payables	16	2,431,811	33,000
Total Liabilities		**3,665,771**	**33,000**
TOTAL EQUITY AND LIABILITIES		**25,897,346**	**1,292,878**

The financial statements of Entertainment AI plc, company number 10621059, were approved by the board of Directors and authorised for issue on the 29 June 2020. They were signed on its behalf by:

Patrick De Souza
Non-Executive Chairman

The accompanying notes are an integral part of these financial statements.

Company Statement of Financial Position as at 31 December 2019

	Notes	31 December 2019	30 June 2019
		$	$
ASSETS			
Non-current assets			
Investment in Subsidiaries	13	12,984,835	-
		12,984,835	-
Current assets			
Intercompany receivables	14	2,969,903	-
Cash and cash equivalents	15	7,838,650	1,292,878
		10,808,553	1,292,878
TOTAL ASSETS		23,793,388	1,292,878
EQUITY AND LIABILITIES			
Equity attributable to holders of the parent			
Share capital	18	7,400,732	482,092
Share premium	19	7,677,993	1,438,523
Merger relief reserve	19	8,989,501	-
Share based payment reserve		156,650	-
Foreign exchange reserve		553,970	(60,962)

Retained earnings		(1,752,943)	(599,775)
Total Shareholders' Equity		23,026,904	1,259,878
Non-current liabilities			
Deferred tax liability	17	-	-
		-	-
Current liabilities			
Trade and other payables	16	767,485	33,000
Total Liabilities		767,485	33,000
TOTAL EQUITY AND LIABILITIES		23,793,388	1,292,878

The loss for the financial year in the financial statements of the parent Company was $981,239 (12 months to 30 June 2019: loss of $491,138), which related entirely to Plc costs.

The financial statements of Entertainment AI plc, company number 10621059, were approved by the board of Directors and authorised for issue on the 29 June 2020. They were signed on its behalf by:

Patrick De Souza
Non-Executive Chairman

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

	Share Capital $	Share Premium $	Merger Reserve $	Share based payment reserve $	Foreign exchange reserve $	Retained (Losses)/ Earnings $	Total $
As at 30 June 2018	**482,092**	**1,438,523**	**-**	**-**	**-**	**(108,637)**	**1,811,978**
Loss for the year	-	-	-	-	-	(491,138)	(491,138)
Other comprehensive gain / (loss)	-	-	-	-	(60,962)	-	(60,962)
As at 30 June 2019	**482,092**	**1,438,523**	**-**	**-**	**(60,962)**	**(599,775)**	**1,259,878**
Issue of Ordinary Shares	6,918,640	7,655,061	8,989,501	-	-	-	23,563,202
Share issuance costs	-	(1,415,591)	-	-	-	(172,929)	(1,588,520)
Share-based payment expense	-	-	-	156,650	-	-	156,650
Loss for the year	-	-	-	-	-	(1,738,137)	(1,738,137)
Other comprehensive gain / (loss)	-	-	-	-	578,502	-	578,502

As at 31 December 2019	**7,400,732**	**7,505,064**	**8,989,501**	**156,650**	**517,540**	**(2,337,912)**	**22,231,575**

Company Statement of Changes in Equity

	Share Capital $	Share Premium $	Merger Reserve $	Share based payment reserve $	Foreign Exchange Reserve $	Retained (Losses)/ Earnings $	
As at 30 June 2018	**482,092**	**1,438,523**	**-**	**-**	**-**	**(108,637)**	**1,811,978**
Loss for the year	-	-	-	-	-	(491,138)	(491,138)
Other comprehensive gain /				-		-	(60,962)
As at 30 June 2019	**482,092**	**1,438,523**	**-**	**-**	**(60,962)**	**(599,775)**	**1,259,878**
Issue of Ordinary Shares	6,918,64	7,655,061	8,989,501	-	-	-	23,563,2
Share issuance costs		(1,415,591	-	-	-	(172,929)	(1,588,52
Share-based payment expense	-	-	-	156,650	-	-	163,088
Loss for the year				-	-	(981,239)	(981,239)
Other comprehensive gain /				-	614,932	-	614,932
As at 31 December 2019	**7,400,732**	**7,505,064**	**8,989,501**	**156,650**	**553,970**	**(1,581,014)**	**23,025,904**

Consolidated Statement of Cash Flows

	6 months ended 31 December 2019 $	Year ended 30 June 2019 $
Cash flows from operating activities		
Loss before tax	(1,796,325)	(491,138)
Adjustments for non-cash/non-operating items:		
Amortisation of intangible assets	297,562	-
Share based payments	156,650	-
Interest paid	3,257	-
Interest received	-	(8,198)
Operating cash flows before movements in working capital	(1,338,856)	(499,336)
Decrease/(Increase) in inventories	-	-
Increase in trade and other receivables	(717,311)	-
(Decrease)/Increase in trade and other payables	967,602	(18,264)
	250,591	(18,264)
Cash used by operations	(1,088,566)	(517,600)
Income taxes paid	-	-
Net cash generated from operating activities	(1,088,566)	(517,600)
Cash flows from investing activities		
Purchase of intangible assets	(94,794)	-
Cash on acquisition	83,587	-
Net cash used in investing activities	(11,207)	-
Cash flows from financing activities		
Issue of ordinary share capital	2,923,306	-
Premium on issue of ordinary share capital	7,655,060	-
Share issuance costs set against share premium and retained	(1,588,519)	
Interest income/(paid)	(3,257)	8,198
Net cash generated/(used by) from financing activities	8,986,590	8,198

Net increase/(decrease) in cash and cash equivalents	7,886,817	(509,402)
Effect of exchange rates on cash	581,210	(63,070)
Cash and cash equivalents at the beginning of year	1,292,878	1,865,350
Cash and cash equivalents at end of year	9,760,905	1,292,878

The Group had no financing liabilities during the period.

Company Statement of Cash Flows

	6 months ended 31 December 2019 $	**Year ended 30 June 2019 $**
Cash flows from operating activities		
Loss before tax	(979,896)	(491,138)
Adjustments for non-cash/non-operating items:		
Share based payment expense	156,050	-
Interest received	-	(8,198)
Operating cash flows before movements in working capital	(823,246)	(499,336)
Increase in trade and other receivables	(306,356)	-
Increase in trade and other payables	709,741	(18,264)
Cash used by operations	(419,861)	(517,600)
Income taxes	-	-
Net cash used by operating activities	(419,861))-	(517,600)
Cash flows from investing activities	-	-
Loans to subsidiaries	(2,637,727)	
Net cash used in investing activities	(2,637,727)	-
Cash flows from financing activities		
Issue of ordinary share capital	2,923,306	-
Premium on issue of ordinary share capital	7,655,060	-
Share issuance costs set against share premium and retained earnings	(1,588,519)	
Interest received	-	8,198

Net cash (used by)/generated from financing activities	8,989,847	8,198
(Decrease)/Increase in cash and cash equivalents	5,932,259	(509,402)
Effect of exchange rates on cash	613,513	(63,070)
Cash and cash equivalents at the beginning of period	1,292,878	1,865,350
Cash and cash equivalents at end of period	7,838,650	1,292,878

The Company had no financing liabilities during the period.

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

1 General information

The Group is a global social media and technology platform for sharing video micro-moments to enable discovery, sharing and e-commerce through the targeting and connecting of creators, audiences and brands.

The Company is a public limited company domiciled in the United Kingdom and incorporated under registered number 10621059 in England and Wales. The Company's registered office is 27-28 Eastcastle Street, London W1W 8DH.

The Company is listed on AIM, a market operated by the London Stock Exchange. These Financial Statements were authorised for issue by the Board of Directors on 29 June 2020.

2 Significant accounting policies

Basis of preparation

In previous years, the Company's accounts were presented in British Sterling (£). For this financial period and for the prior period comparative, the Group and the Company's accounts are now being presented in US Dollars ($), reflecting the change in the Group's dominant currency of operations.

These Financial Statements of the Group and Company are prepared on a going concern basis, under the historical cost convention except for certain financial instruments which are carried at fair value as specified within the individual accounting policies.

The preparation of Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Company has changed its fiscal year end from June 30 to December 31 to reflect the formation of the Entertainment AI plc group during 4Q 2019. As such, the period ended December 31, 2019 is a shortened period, comprised of six months. The comparative audited year ended June 30, 2019 is a full year but reflects on Blockchain plc, a cash shell and precursor to Entertainment AI plc.

The Financial Statements are presented in US Dollars ($), rounded to the nearest dollar.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities as they fall due for the foreseeable future. The Group is dependent for its working capital requirements on cash generated from operations and its cash holdings and from equity markets. The cash holdings of the Group at 31 December 2019 were $9.8 million.

The Directors have prepared detailed cash flow projections which are based on their current expectations of trading prospects, and accordingly the Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

The Directors have looked at the potential impact of the COVID-19 pandemic and have prepared scenario plans. Given the Group's cash position and anticipated spending rates, regardless of the impact of COVID-19 on revenue generation, the Group has sufficient cash resources for a period of at least one year from the date of these accounts.

Accordingly the going concern basis of accounting has been adopted in preparing these consolidated financial statements.

Basis of consolidation

The accompanying consolidated financial statements of Entertainment AI plc include its wholly owned subsidiaries: GT Channel, Inc., Tagasauris Inc., and EAI, Inc.

The Consolidated Statement of Comprehensive Income includes the results of all subsidiary undertakings for the period from the date on which control passes. Control is achieved where the Company (or one of its subsidiary undertakings) obtains the power to govern the financial and operating policies of an investee entity so as to derive benefits from its activities.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

All Inter-company transactions and balances and unrealized gains or losses on transactions between Group companies are eliminated in full.

Taxation

Income tax expense represents the sum of the current tax and deferred tax charge for the year.

Current tax

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

Deferred tax

Deferred income taxes are provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. Deferred income taxes are determined using tax rates that have been enacted or substantially enacted and are expected to apply when the related deferred income tax asset is realised or the related deferred income tax liability is settled.

The principal temporary differences arise from depreciation or amortisation charged on assets and tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses and are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Foreign currencies

(i) Functional and presentational currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which each entity operates ("the functional currency") which is considered by the Directors to be Pounds Sterling (£) for the Parent Company and US Dollars ($) for EAI Inc, GTChannel Inc and Tagasauris, Inc. The Financial Statements have been presented in US Dollars which represents the dominant economic environment in which the Group operates. The effective exchange rate at 31 December 2019 was £1 = US$1.3118 (30 June 2019: £1 = US$1.2695). The average exchange rate for the six months to 31 December 2019 were £1 = US$1.2600 (year to 30 June 2019: £1 = US$1.2943).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(ii) Group Companies

The results and financial position of all the Group entities that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

(a) assets and liabilities for each statement of financial position presented are translated at closing rate at the date of the statement;

(b) the income and expenses are translated at average exchange rates for period where there is no significant fluctuation in rates, otherwise a more precise rate at a transaction date is used; and

(c) all resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Revenue recognition

IFRS 15 (Revenue from Contracts with Customers) came into effect 1 January 2018. Under IFRS 15, revenue is recognized when a customer obtains control of a good or a service and thus has the ability to direct the use of and obtain the benefits from the good or service.

Nature of MCN

Entertainment AI owns 100% of GT Channel, Inc, which operates a multichannel network ("MCN"). The MCN aggregates content from creators and provides such content to YouTube who is the customer. YouTube then directs the use of such content to gain the benefit of digital ad revenue from brands. YouTube takes forty-five percent of the gross amount of digital ad revenue ("YT Commission") and then pays our MCN. YouTube provides the MCN with daily reports on its receipt of revenue from brands against the MCN's content. MCN revenue (being the digital advertising revenue received by YouTube, less the YT Commission) is earned when YouTube sells an advert against MCN content. This revenue is recognized by the MCN upon receipt of the reports from YouTube.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Loans and receivables

Trade receivables, loans, and other receivables held with the objective to collect the contractual cash flows are classified as subsequently measured at amortised cost. These are initially measured at fair value plus transaction costs. At each period end, there is an assessment of the expected credit loss in accordance with IFRS 9; with any increase or reduction in the credit loss provision charged or released to other selling and administrative expenses in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group also recognises lifetime ECLs for trade receivables and contract assets. The ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12−month ECL.

Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is any instrument with a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments (ordinary shares) are recorded at the proceeds received, net of direct issue costs.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Property, plant and equipment

All property, plant and equipment is stated at cost less accumulated depreciation.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Equipment and displays: 5 to 7 years

Motor vehicles:	5 years
Leasehold improvements:	7 years or lease term, whichever is shorter

The asset's residual values and economic lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Assets that are no longer of economic use to the business are retired.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses) or gains in the income statement.

Goodwill

Goodwill represents the excess of the fair value of the consideration over the fair values of the identifiable net assets acquired.

Goodwill arising on acquisitions is not subject to amortisation but is subject to annual impairment testing. Any impairment is recognised immediately in the Consolidated Statement of Comprehensive Income and not subsequently reversed.

Other intangible assets

Intangible assets are recorded as separately identifiable assets and recognised at historical cost less any accumulated amortisation. These assets are amortised over their definite useful economic lives on the straight-line method.

Amortisation is computed using the straight-line method over the definite estimated useful lives of the assets as follows:

	Years
Customer lists	4
Product development	4

Any amortisation is included within administrative expenses in the statement of comprehensive income.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The asset's residual values and economic lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses) or gains in the Statement of Comprehensive Income.

Research and development

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled.

- It is technically feasible to complete the intangible asset so that it will be available for use or resale;
- Management intends to complete the intangible asset and use or sell it;
- There is an ability to use or sell the intangible;
- It can be demonstrated how the intangible asset will generate possible future economic benefits;
- Adequate technical, financial and other resource to complete the development and to use or sell the intangible asset are available; and

- The expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense in the period incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and are amortised from the point at which they are ready for use on a straight-line basis over the asset's estimated useful life.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that is subject to risks and returns that are different from those of other business segments.

Impairment reviews

Assets that are subject to amortisation and depreciation are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be fully recoverable. Assets that are not subject to amortisation and depreciation are reviewed on an annual basis at each year end and, if there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its net selling price and its value in use. Any impairment loss arising from the review is charged to the Statement of Comprehensive Income whenever the carrying amount of the asset exceeds its recoverable amount.

Share based payments

The Group has made share-based payments to certain Directors, employees and advisers by way of issue of share options. The fair value of these payments is calculated either using the Black Scholes option pricing model or by reference to the fair value of any fees or remuneration settled by way of granting of options. The expense is recognised on a straight-line basis over the period from the date of award to the date of vesting, based on the best estimate of the number of shares that will eventually vest.

Critical accounting estimates and judgements

The preparation of Financial Statements in conformity with International Financial Reporting Standards requires the use of judgements together with accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of income and expenses during the reporting period. Although these judgements and estimates are based on management's best knowledge of current events and actions, the resulting accounting treatment estimates will, by definition, seldom equal the related actual results.

The key judgements in respect of the preparation of the financial statements are in respect of the accounting for acquisitions, determination of separately identifiable assets on acquisition, the determination of cash generating units, the evaluation of segmental information, the evaluation of whether there is any indication of any impairment in investments, intangibles, goodwill or receivables and whether deferred tax assets should be recognized for tax losses.

The estimates and assumptions that have a risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year for the consolidated group are the fair value of assets arising on acquisition, carrying value of the goodwill, the carrying value of the other intangibles (see note 10 for all of these) and the carrying value of the investments at the parent company level (see note 12). Please see relevant notes for these areas.

When the Group makes an acquisition, it recognizes the identifiable assets and liabilities, including intangible assets, at fair value with the difference between the fair value of net assets acquired and the fair value of consideration paid comprising goodwill. The key assumptions and estimates used to determine the valuation of intangible assets acquired are typically the forecast cash flows, based on discount rate and customer attrition or replacement cost.

3 Segmental Analysis

The Group generated all of its revenue in the period from one customer, YouTube, a wholly owned subsidiary of Google. All revenues are generated in the USA.

No additional disaggregated segmental information is provided on the basis that the business is managed as one operation by the determination of the Chief Operating Decision Maker.

4 Expenses by nature

The Group's operating loss has been arrived at after charging:

	Note	6 months ended 31 December 2019 $	12 months ended 30 June 2019 $
Employee costs		230,365	-
Software Engineering Consultants		211,956	-
Agency fees		310,927	-
Rent		8,782	21,588
Amortization charge		297,562	
Professional fees		170,136	276,742
Acquisition / listing costs		601,595	-

	6 months ended 31 December 2019 $	Year ended 30 June 2019 $
Auditors remuneration		
Fees payable to the Group's auditor for audit of Parent Company and Consolidated Financial Statements	37,092	19,005
Fees payable to the Group's auditor for non-audit services	58,976	60,816

The Group auditors are not the auditors of the US subsidiary companies. The fees paid to the auditor of the US subsidiary companies were $36,000 (30 June 2019: nil) for the audit of these companies with no payments for other services.

5 Employees and Directors

The Directors are considered to be the key management of the business.

	6 months ended 31 December 2019	Year ended 30 June 2019 $
Staff costs for all employees, including Directors consist of:		
Wages and Salaries	387,015	-
Social Security Costs	-	-
	387,015	-

Information regarding Directors emoluments are as follows:

	6 months ended 31 December 2019 $	Year ended 30 June 2019 $
Short-Term employee benefits		
Directors' fees, salaries and benefits	150,000	-
Social Security Costs	-	-
	150,000	-

The highest paid Director received emoluments of $50,000 (30 June 2019: Nil).

The average number of full-time employees (including Directors) in the Group during the year was:

	6 months ended 31 December 2019	Year ended 30 June 2019
Directors	2	2
Management	3	-
Other	2	-
	7	2

Note: The Group also uses contractors for a variety of software engineering work. These costs are represented in Software Engineering Consultants in Note 3 above to 7 consultants.

6 Share options

4,616,481 options were granted at the time of the acquisition to certain directors, employees and advisers as part of the completion of the series of transactions completed on 30 September 2019.

In addition, the Company plans to grant share options at its discretion to incentivize Directors, management and advisors.

The options recorded below are accounted for as equity settled options. Should the options remain unexercised after a period of ten years from the date of grant the options will expire unless an extension is agreed to by the board. Options are exercisable at a price equal to an exercise price determined by the board.

Details for the share options and warrants granted, exercised, lapsed and outstanding at the year-end are as follows:

	Number of share options 2019	Weighted average exercise price ($)
Outstanding at beginning of year	-	-
Granted during the year	4,616,481	0.554
Forfeited/lapsed during the year	-	-
Exercised during the year	-	-
Outstanding at end of the year	4,616,481	0.554
Exercisable at end of the year	-	-

Fair value of share options

During the year, the Group granted 4,616,481 Share Options to certain Directors, Employees and Advisers in the United States of America, with an exercise price of £0.45 ($0.554). In addition, the Group agreed to grant 380,206 Share Options to certain Directors, Employees and Advisers in the United Kingdom, pending HMRC approval of valuation of the pricing to make the Options EMI compliant. It is expected that these Options will be granted during 2020.

The fair value of options granted during the prior year has been calculated using the Black Scholes model which has given rise to fair values per share ranging from 13.4p to 18.6p. This is based on a risk-free rate of 0.365% and volatility of 76%.

The Black Scholes calculations for the options granted during the year resulted in a charge of $156,650 which has been expensed in the year.

The weighted average remaining contractual life of the share options as at 31 December 2019 was 9.75 years.

Options arrangements that exist over the Company's shares at year end are detailed below:

Grant	31 December 2019	30 June 2019	Date of Grant	Exercise price	Exercise period From	To
AIM Admission Grant	4,616,481	-	30/9/2019	$0.594	30/9/2020	30/9/2029
Total	**4,616,481**	**-**				

All share options are equity settled on exercise.

(1) On 30 September 2019, concurrent with the Group's admission to AIM, the Group granted 4,616,481 Share Options to certain Directors, employees and advisers, all with an exercise price of 45 pence ($0.594), These options all vested immediately. Half of the Share Options are exercisable on the first anniversary of grant and the other half are exercisable on the second anniversary of grant, In addition, the Group agreed to issue a further 380,206 Share Options to UK employees and advisers, which will be issued upon approval for an EMI Scheme during 2020.

7 Finance income

	6 months ended 31 December 2019 $	12 months ended 30 June 2019 $
Interest income	-	8,198

8 Finance expense

	6 months ended 31 December 2019 $	12 months ended 30 June 2019 $
Interest expense	3,257	-

9 Taxation

The major components of income tax expense for the periods ending 31 December 2019 and 30 June 2019 are as follows:

Group	6 months ended 31 December 2019 $	12 months ended 30 June 2019 $
Current tax:		-
Current corporation tax (benefit) in the year	4,300	-
Prior year over provision	-	-
Total Tax charge (benefit)	**4,300**	**-**

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits and losses as follows:

	6 months ended 31 December 2019 $	12 months ended 30 June 2019 $
Total loss on ordinary activities before tax	(1,796,325)	(491,138)
Loss on ordinary activities at the standard rate of corporation tax in the US of 21% (30 June 2019: UK 19%)	(377,228)	(93,316)
Non-deductible expenses		
	165,945	-
eductible expenses		
State taxes net of federal benefit	(178,142)	-

Losses not utilised	331,237	93,316
Total Tax charge / (benefit)	**(58,188)**	**-**

No deferred tax asset has been recognised due to the uncertainty surrounding future profits.

10 Earnings per share

The loss per share / diluted loss per share has been calculated using the loss for the year and the weighted average number of ordinary shares outstanding during the year, as follows:

	6 months ended 31 December	**12 months ended 30 June 2019**
Loss for the year attributable to equity holders of the Parent ($)	(1,738,137)	(491,138)
Weighted average number of ordinary shares	26,627,958	3,041,667
Diluted weighted average number of ordinary shares	26,627,958	3,041,667
Loss per share (cents)	(0.07)	(0.16)
Diluted loss per share (cents)	(0.07)	(0.16)

All figures in the calculation above have been prepared as if the 12 for 1 share capital consolidation effected on 30 September 2019 had occurred prior to 1 July 2018.

11 Acquisitions

On September 30, 2019, the Company acquired 100% of the issued share capital of GT Channel, Inc., Tagasauris Inc., and EAI, Inc for an aggregate consideration of 27,092,886 shares with a fair value of $12,984,835, which was satisfied in full on the date of acquisition. Acquisition expenses of approximately $196,820 are included within the consolidated statement of comprehensive income. Details of the purchase consideration, the net assets acquired, and provisional assessment of goodwill are as follows:

	TAG	GTC	EAI	Total
Purchase Price	$	$	$	$
Cash paid	-	-	-	-
Ordinary shares issued	5,248,017	5,112,808	2,624,009	12,984,835
Total purchase consideration	5,248,017	5,112,808	2,624,009	12,984,835

Net Assets Acquired

	TAG	GTC	EAI	Total
Cash	28,699	54,889	-	83,587

Accounts receivable	-	897,372	-	897,372
Security deposits	-	1,800	-	1,800
Other receivables	199,573	-	-	199,573
Intangible assets	1,939,263	2,821,371	-	4,760,994
Deferred tax liabilities	(506,826)	(789,622)	-	(1,296,448)
Accrued expenses	(42,796)	(930,797)	-	(973,594)
Accounts payable	(237,123)	(213,485)	-	(450,608)
	1,604,340	1,242,055	-	2,660,261
Add: Goodwill	3,867,228	3,270,921	2,624,009	9,762,158
Net Assets Acquired	5,248,017	5,112,808	2,624,009	12,984,835

Goodwill of $9,762,158 recognized on these acquisitions represents the amount paid for future sales growth from both new customers and new products, operating cost synergies and employee know-how.

From the date of acquisition to 31 December 2019, the newly acquired businesses contributed $4,288,004 to revenue and $515,610 to operating losses.

Had these acquisitions been completed at the beginning of the period Group revenue would have been $5,661,114 and operating losses would have been $2,248,963.

12 Intangible assets

Group	Goodwill Arising on Consolidation	Other Intangible Assets	Development Costs	Totals
	$	$	$	$
Cost				
At 1 July 2018	-	-	-	-
Additions	-	-	-	-
At 30 June 2019	-	-	-	-
Additions (see note 12)	9,762,158	4,760,994	94,794	14,617,946
At 31 December 2019	9,762,158	4,760,994	94,794	14,617,946

Accumulated amortisation				
At 1 July 2018	-	-	-	-
At 30 June 2019	-	-	-	-
Amortisation	-	297,562	-	297,562
Impairment	-	-	-	-
At 31 December 2019	-	297,562	-	297,562
Net Book Value				
At 31 December 2019	9,762,158	4,463,432	94,794	14,320,384
At 30 June 2019	-	-	-	-

The cost of other intangible assets comprises customer lists and technology development acquired at the date of acquisition. The other intangible assets are being amortised over a period of 4 years. Amortisation is charged to administrative costs in the Statement of Comprehensive Income.

Goodwill and Impairment

The carrying value of goodwill in respect of each acquisition is as follows:

	31 December 2019	30 June 2019
GTChannel, Inc	3,270,921	-
Tagasauris, Inc	3,867,228	-
Entertainment AI, Inc	2,624,009	-
Total	9,762,158	-

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. In order to perform this test, management is required to compare the carrying value of the relevant cash generating unit ("CGU") including the goodwill with its recoverable amount. The recoverable amount of the CGU is determined from a value in use calculation. Management has provisionally assessed that there is one CGU encompassing all of the Group's subsidiaries. This is based on the Group's business plan as stated in its admission document as well as considering how the Group is managed and directed. The subsidiary entities offer a combination of cross-supplied technology and services that will enable the Group to create a Multi Platform Network. This leverages the Group's technology, current customer base and wider business plan and strategic partners synergistically. These features are each supplied by the different acquisitions made in the period and as such, the Directors consider provisionally that it is most appropriate that the CGU consist of all three subsidiaries.

The recoverable amount of the CGU has been determined from a review of the current and anticipated performance of this unit. In preparing this projection, a discount rate of 10% has been used based on the weighted average cost of capital and a perpetual growth rate of 3% has been assumed. It has been assumed investment in capital equipment will equate to depreciation over the year. The discount rate was based on the Company's cost of capital as estimated by management.

13 Investment in subsidiary undertakings

Company	Subsidiary Undertakings $
Cost	
At 30 June 2019	-
Additions	12,984,835
At 31 December 2019	12,984,835
Impairment	
At 30 June 2019	-
At 31 December 2019	-
Carrying amount	
At 30 June 2019	-
At 31 December 2019	12,984,835

The Directors annually assess the carrying value of the investment in the subsidiary and in their opinion no impairment provision is currently necessary

The net carrying amounts noted above relate to the US incorporated subsidiaries.

The subsidiary undertakings during the year were as follows:

	Registered office address	Country of incorporation	Interest held %
GTChannel, Inc.	199 Whitney Avenue, New Haven, Connecticut 06511 U.S.	US	100%
Tagasauris, Inc.	199 Whitney Avenue, New Haven, Connecticut 06511 U.S.	US	100%
Entertainment AI, Inc.	199 Whitney Avenue, New Haven, Connecticut 06511 U.S.	US	100%

All subsidiaries are owned directly by the Parent Company.

14 Trade and other receivables

	Group		Company	
	6 months ended 31 December 2019 $	Year ended 31 December 2018 $	Year ended 31 December 2019 $	Year ended 31 December 2018 $
Trade and other receivables	1,814,257	-	-	-
Intercompany receivables	-	-	2,969,903	-

In determining the recoverability of accounts receivable, the Company considers any changes in the credit quality of the accounts receivable from the date credit was initially granted up to the reporting date. The accounts receivable that are neither past due nor impaired relate to customers that the Company has assessed to be creditworthy based on the credit evaluation process performed by management which considers both customers' overall credit profile and its payment history with the Company. Any loss allowance is determined in accordance with IFRS 9.

15 Cash and cash equivalents

	Group		Company	
	6 months ended 31 December 2019 $	**12 months ended 30 June 2019 $**	**6 months ended 31 December 2019 $**	**12 months ended 30 June 2019 $**
Cash at bank and in hand	9,760,905	1,292,878	7,838,650	1,292,878

16 Trade and other payables

	Group		Company	
	6 months ended 31 December 2019 $	**12 months ended 30 June 2019 $**	**6 months ended 31 December 2019 $**	**12 months ended 30 June 2019 $**
Trade payables	1,066,027	33,000	564,309	33,000
Accruals and other payables	1,365,784	-	126,546	-
Due to Group undertakings	-	-	77,839	-
	2,431,811	33,000	768,604	33,000

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs and are payable within 3 months.

17 Deferred Tax

	Total $
Balance as at 1 July 2019	-
Deferred tax on acquisition of subsidiaries	(1,296,448)
Deferred tax credit for the period	62,488
Balance At 31 December 2019	(1,233,960)

The deferred tax provision comprises:

	31 December 2019 $	**30 June 2019 $**
Deferred tax on intangible assets	(1,233,960)	-

Total	(1,233,960)	-

18 Share capital

For purposes of this footnote, all references to number of shares will be treated as if the 12 for 1 share consolidation had occurred prior to 1 July 2018. The share consolidation took place on 30 September 2019. The issued share capital in the year was as follows:

Group & Company

	Ordinary Shares Number	Shares held in treasury Number	Total Number
At 30 June 2019	3,041,666	-	3,041,666
At 31 December 2019	49,957,876	-	49,957,876

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At 30 June 2019, the actual number of ordinary shares of 1 penny each in the Company was 36,500,000, as the share consolidation had not yet occurred.

Group & Company

	Share capital $	Share premium $
At 30 June 2019	482,092	1,438,523
At 31 December 2019	7,400,732	16,494,565

During the 6 months to 31 December 2019, the Company issued the following shares:

Date	Description	No of shares issued	Price per share ($)	Gross share value ($)	Cash received ($)
30/9/2019	Issue of 12 p shares	27,092,886	0.48	12,984,835	-
30/9/2019	Issue of 12 p shares	3,472,222	0.44	1,536,125	1,536,125
30/9/2019	Issue of 12 p shares	16,351,102	0.55	9,042,241	9,042,241

On 30 September 2019, the Company issued 46,916,210 ordinary shares of 12 pence each. These were all issued pursuant to separate agreements and, therefore, at different prices per ordinary share. 27,092,886 ordinary shares were issued in relation to the acquisition of the Company’s three subsidiaries and the price per share was the last mid-market price of the Company’s prior to the Company’s suspension of trading, being 39 pence. 3,472,222 ordinary shares were issued pursuant to a subscription for ordinary shares at a price of 36 pence per ordinary share in cash. 16,351,102 ordinary shares were issued pursuant to a placing at a price of 45 pence per ordinary share in cash.

19 Reserves

The share premium account represents the amount received on the issue of ordinary shares by the Company, other than those recognized in the merger reserve described below, in excess of their nominal value and is non-distributable.

The share-based payment reserve arises from the requirement to value share options in existence at the fair value at the date they are granted, it is the recognition of the fair value over the vesting period.

The foreign exchange reserve represents the exchange differences on retranslation of foreign operations.

The merger relief reserve represents the amount received on the issue of ordinary shares by the Company in excess of their nominal value on acquisition of subsidiaries where merger relief under section 612 of the Companies Act 2006 applies. The merger reserve consists of the merger relief on the issue of shares to acquire GTChannel, Inc., Tagasauris, Inc. and Entertainment AI, Inc., all on 30 September 2019.

20 Financial instruments

Financial instruments

As at the dates presented, the Company has classified its financial instruments as follows:

At 31 December 2019	**Loans and Receivables at Amortized Cost $**	**Other Financial Liabilities at Amortized Cost $**	**Fair Value through Profit or Loss $**	**Total $**
Financial Assets				
Cash	9,760,905	-	-	9,760,905
Trade and Other Receivables	1,814,257	-	-	1,814,257
Financial Liabilities				
Trade and Other Payables	-	2,431,812	-	2,431,812

At 30 June 2019	Loans and Receivables at Amortized Cost $	Other Financial Liabilities at Amortized Cost $	Fair Value through Profit or Loss $	Total $
Financial Assets				
Cash	1,290,332	-	-	1,290,332
Trade and Other Receivables	-	-	-	-
Financial Liabilities				
Trade and Other Payables	-	32,999	-	32,999

Credit risk management

The Company is exposed to credit risk associated with its accounts receivable. Credit risk is minimized substantially by ensuring the credit worthiness of the entities with which it carries on business. Credit terms are provided on a case by case basis. In the periods to December 31, 2019 and June 30, 2019, the Company did not experience any significant instance of non-payment from its customers, thus a provision has not been made for potentially uncollectable amounts.

The Company's accounts receivable aging as follows:

	31 December 2019	30 June 2019
Current	1,814,060	-
31-60 days	-	
61-90 days	-	-
>90 days	197	-
	1,814,257	-
Allowance for doubtful accounts	-	-
Total	1,814,257	-

Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. The Company's exposure to interest rate risk is based on short-term fixed interest rates. At 31 December 2019, the Company's exposure to interest rate risk was determined to be nominal.

Capital risk management

In managing its capital, the Group's primary objective is to maintain a sufficient funding base to enable working capital, research and development commitments and strategic investment needs to be met and therefore to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders. In making decisions to adjust its capital structure to achieve these aims, including through new share issues, the Group considers not only its short-term position but also its long term operational and strategic objectives.

The capital structure of the Group currently consists of cash and equity comprising issued capital, reserves and retained earnings. The Group is not subject to any externally imposed capital requirements.

Foreign currency risk management

Foreign exchange transaction risk arises when individual Group operations enter into transactions denominated in a currency other than the dominant economic currency of the Group. The principal risk arises from the Group's holding company and payments made in relation to the holding company's activities in the United Kingdom.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities were:

	Group		Company	
	6 months ended 31 December 2019 $	**Year ended 30 June 2019 $**	**6 months ended 31 December 2019 $**	**Year ended 30 June 2019 $**
Assets				
Sterling	7,838,650	1,292,878	7,838,650	1,292,878
Liabilities				
Sterling	768,604	32,999	768,604	32,999

As shown above, at 31 December 2019 the Group had Sterling denominated monetary net assets of $7,070,046 (30 June 2019: $1,259,879). If Sterling weakens by 10% against the US dollar, this would decrease net assets by $707,005 (30 June 2019: $125,988) with a corresponding impact on reported losses. Changes in exchange rate movements resulted in a gain from exchange differences on a translation of foreign exchange of $578,502 in the six months to 31 December 2019 (year to 30 June 2019: loss of $60,962), resulting primarily from the holding of cash in sterling.

Liquidity risk management

Ultimate responsibility for liquidity management rests with management. The Group's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due and so cash holdings may be high during certain periods throughout the period. The Group currently has no bank borrowing or overdraft facilities.

The Group's policy in respect of cash and cash equivalents is to limit its exposure by reducing cash holding in the operating units and investing amounts that are not immediately required in funds that have low risk and are placed with a reputable bank.

20 Contingent liabilities

The Directors are not aware of any material contingent liabilities.

21 Related party transactions

During 2019, Water Intelligence plc, a related party by virtue of a common Director, paid for some of the costs of the transaction prior to the Group receiving the fundraising proceeds. The total outstanding balance payable by the Group as at 31 December 2019 was $52,019. This balance has since been repaid in full by the Group.

22 Subsequent events

The Company has performed a review of events occurring subsequent to statement of financial position date through 29 June 2020, the date which the financial statements were available to be issued. Other than what has been discussed below, no other significant events have been identified, that would require disclosure in the notes to the financial statements.

On 29 June 2020, the Board approved that the Company change its name from Entertainment AI plc to SEEEN plc to better communicate to the marketplace the Company's suite of products and target markets. This name change will become effective as soon as it is registered by Companies House in the UK. Upon such registration, the Company's website shall be seeen.com. All documents of the Company shall be located at the new website in accordance with AIM regulations.

In April 2020, the US subsidiaries of the Group received loan (Loan) proceeds in the amount of approximately $198,000 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months.

23 Control

The Company is under the control of its shareholders and not any one party. The shareholdings of the directors and entities in which they are related are as outlined within the Director's Report.