

Supermassive Games Limited
Group Strategic Report,
Directors' Report and
Audited Consolidated Financial Statements
for the Year Ended 31 December 2023

Contents of the Consolidated Financial Statements
for the year ended 31 December 2023

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Supermassive Games Limited
Company Information
for the year ended 31 December 2023

Directors:	M Habedank A Hansen T Rehling G P Law R Henrysson
Registered office:	New Kings Court Tollgate Chandlers Ford Eastleigh Hampshire SO53 3LG
Registered number:	06096443 (England and Wales)
Auditors:	Cooper Parry Group Limited Statutory Auditor 250 Fowler Avenue Farnborough Hampshire GU14 7JP
Solicitors:	Blake Morgan New Kings Court Tollgate Chandlers Ford Eastleigh Hampshire SO53 3LG

**Group Strategic Report
for the year ended 31 December 2023**

The directors present their strategic report of the company and the group for the year ended 31 December 2023.

Fair review of business

Supermassive Games continued a strategy of primarily developing cinematic narrative games in 2023.

The group comprises Supermassive Games Limited as the parent, Supermassive Games 1 Limited, Supermassive Games 2 Limited and Supermassive Games 3 Limited as production and development subsidiaries and Starshape Games Limited which operates as a digital asset production and licensing company.

In March 2023, "Switchback VR" was released for the Playstation VR2, which was the only title released in the financial year.

In the summer of 2023, the company completed its relocation to a second high specification studio in Guildford town centre.

The studio continues to invest in its own intellectual property (including the Dark Pictures series of games) as well as work on projects on a 'Work for Hire' basis for leading publishers.

On 26 February 2024, Supermassive Games announced a reorganisation plan. Following a consultation period, 81 members of staff were made redundant. This decision followed a comprehensive review of the business by the management team, and will enable the company to better weather the headwinds currently facing the industry and grow sustainably in the years ahead.

The application of the Video Games Tax Relief continues to make a significant contribution to sources of development income and will have a positive future influence over the appetite for placing development work in the UK.

Key performance indicators - financial and non-financial

The decreased turnover and profit for the year reflect fewer work for hire contracts in 2023, the fact that there were no new game releases generating royalties in 2023, compared to both "The Quarry" and The Dark Pictures game "The Devil In Me" which released in 2022, and the impairment of ceased game developments.

By the end of 2023, Supermassive Games employed 340 staff at its two Guildford-based studios, albeit staff numbers reduced in the first half of 2024.

Principal risks and uncertainties

The directors have assessed the impact of the current economic environment on the group, its forecasted growth and corresponding impact on the group's cashflows. The directors prepare longer-term forecasts which are updated monthly, and which are incorporated into a resource plan.

Whilst the short-term performance of the videogame development and publishing sector continues to be challenging, the medium- and longer-term outlook for the industry is believed to be strong. Supermassive is well-placed to capitalise on the expected bounce-back of the industry. Nevertheless, significant risks do still exist and should be recognised here.

The principal risks to the business arise from:

1. Sales reductions due to economic factors and restricted consumer spending
2. Shifts in strategy by major publishing partners

Consumer spending

The global economic environment continues to be challenging, with various factors impacting consumers' disposable income to spend on video games. However, the company continues to innovate, incorporating new gameplay elements into its forthcoming games to attract new players, and with its strong brand in the market and targeted marketing campaigns, the business is positive in achieving the expected level of sales.

Partner strategy changes

Changes to third party publisher strategies carry a risk to the business, as they could lead to termination of Agreements. Whilst robust commercial agreements have protected rights to the greatest extent possible, the risk of termination is still present. The company is also impacted by delays to signing new work for hire agreements.

**Group Strategic Report
for the year ended 31 December 2023**

The directors have concluded that whilst the combination of these circumstances represent a level of uncertainty for the business; after considering the processes described above, the directors have a reasonable expectation that the group - benefitting from support from its ultimate commercial parent, Egmont International Holdings A/S - has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements.

Section 172(1) statement

As required by Section 172 of the Companies Act 2006, the directors of Supermassive Games Limited present the following statement, describing how they have acted in a way they consider would most likely promote the success of the company for the benefit of its members as a whole, while having regard to the matters set out in Section 172(1)(a)-(f) of the Act.

a. Decision-Making Processes

In our decision-making processes, the Board has consistently taken into account the likely long-term consequences of decisions. The company only works with top-level publishing partners on its Work For Hire projects, ensuring the long-term reputation of the company is upheld. The decision in early 2024 to reduce the number of self-published projects and make a number staff redundant was made with the long-term stability and success of the company in mind.

b. Considering the Interests of Our Employees

The Board acknowledges that our employees are fundamental to the long-term success of the company. During the financial year, we conducted multiple employee engagement surveys, utilised a confidential employee voice platform, and held numerous open-door sessions with senior leadership, which provide staff multiple forums in which they can share feedback, concerns or ideas with the company. Additionally, we have improved our studio-wide training resources for staff to use in aid of personal and professional development.

c. Fostering Business Relationships with Suppliers, Customers and Others

We have maintained strong relationships with our key stakeholders, including suppliers, customers, and business partners. The company continually works to build relationships with Publishers and all suppliers, to ensure they want to work with us on a repeat basis. We are developing communities through social media platforms, which is helping to grow the overall Supermassive Games brand with customers.

d. Impact on the Community and the Environment

The Board is committed to ensuring that the company operates responsibly within the communities in which we are based and to minimizing our environmental footprint. We continue our work to support initiatives around educational outreach and promoting the industry. We have also taken steps to reduce our carbon footprint by reducing business travel where possible, and considering alternative suppliers to secure more environmentally friendly packaging.

e. Maintaining a Reputation for High Standards of Business Conduct

Maintaining our reputation for high standards of business conduct is critical to our ongoing success. Throughout the year, we have complied with our responsibilities to report on Gender Pay Gap and Modern Day Slavery, strengthened our policies and training around GDPR and Cyber Security, and reviewed wider policies around business ethics such as bullying & harassment.

f. Acting Fairly Between Members

The Board is committed to acting fairly between all members of the company. The ultimate controlling party of the company is Egmont Fonden, and the Board makes all decisions to enhance the reputation and long-term value of that entity and its subsidiaries.

**Group Strategic Report
for the year ended 31 December 2023**

Looking Forward

The Board remains focused on promoting the long-term success of Supermassive Games Limited. As we move forward, we will continue to consider the impact of our decisions on all stakeholders, ensuring that our operations contribute positively to the broader community and environment while delivering sustainable value to our shareholders.

On behalf of the board:

G P Law - Director

8 November 2024

**Directors' Report
for the year ended 31 December 2023**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2023.

Principal activity

The principal activity of the group during the year was computer games development. The company is incorporated in the United Kingdom.

Dividends

The loss for the year, after taxation, amounted to £17,077,210 (Profit in 2022: £12,384,340).

The directors did not recommend the payment of dividend in the year (2022: £Nil).

Events since the end of the year

On 26 February 2024, Supermassive Games announced a reorganization plan, which included entering into a consultation period. Following the consultation, 81 members of staff were made redundant. This decision followed a comprehensive review of the business by the management team. Further details can be found in the Strategic Report within these financial statements.

Directors

The directors who have held office during the period from 1 January 2023 to the date of this report are as follows:

S F Laentver - resigned 9 May 2023

M Weider - resigned 9 May 2023

M F Windelen - resigned 9 May 2023

M Habedank - appointed 23 May 2023

A Hansen - appointed 23 May 2023

T Rehling - appointed 23 May 2023

G P Law and R Henrysson were appointed as directors after 31 December 2023 but prior to the date of this report.

P Samuels and J P Samuels ceased to be directors after 31 December 2023 but prior to the date of this report.

Financial risk management

The company's operations expose it to a variety of risks that include credit risk, liquidity risk and interest rate risk.

Liquidity risk

The company's cash flow is regularly monitored. In the short term liquidity risk is managed by utilising prearranged credit facilities. Liquidity risk is also managed by monitoring outstanding debtors and ensuring publishers pay milestone payments and royalties within the agreed credit terms. The business uses both short- and longer-term cash flow projections to ensure that it can appropriately manage expected short-falls in cash balances.

Credit risk

Credit risk arises primarily from credit exposures to publishers, including outstanding milestone and royalty invoices. Exposure to credit risk arising from cash and cash equivalents, deposits with banks and amounts with other financial institutions is limited to daily working capital requirements. The company assesses the credit quality of customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings. Outstanding receivables are frequently monitored and credit terms strictly controlled.

Interest rate risk

Supermassive Games Limited has £13.7m (2022: £1.8m) of intercompany debt at the year end in the form of a revolving credit facility. An element of the interest charged on this debt is based on the LIBOR rate. The company has no other interest-bearing borrowings therefore interest rate risk is considered to be low.

Disabled persons

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

**Directors' Report
for the year ended 31 December 2023**

Tax credits

As a UK based Videogame Developer, the group is able to take advantage of the Videogame Development Tax Credit scheme, which became effective in April 2014. This positions the group well to compete globally as a cost effective development centre.

Employee involvement

The group's policy is to consult and discuss with employees, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Streamlined energy and carbon reporting

Energy consumption

Aggregate of energy consumption in the year

	kWh	kWh
- Gas combustion	498,440	
- Electricity purchased	937,886	
		1,436,326

Emissions of CO2 equivalent

Scope 1 - direct emissions

	Metric tonnes	Metric tonnes
- Gas combustion	101.02	
- Fuel consumed for owned transport	194.21	
		295.23

- Vehicle fuel		0.143
Total gross emissions		295.37

Intensity ratio

Tonnes CO2e per average employee headcount		0.83
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Qualification and reporting methodology

The methodology used in the calculation of these disclosures was based on the HM Government Environmental Reporting Guidelines 2019 and the Greenhouse Gas Reporting conversion factors of 2023.

Intensity measurement

The intensity measurement ratio is total gross emissions in metric tonnes CO2e per average employee headcount.

Measures taken to improve energy efficiency

Electricity provision for both current offices (Ranger House and 65 Woodbridge Road) is on a green tariff (i.e. electricity from renewable sources) from Smartest Energy. 65 Woodbridge Road also utilises ground source heat pumps to reduce the electricity requirements for heating the building.

**Directors' Report
for the year ended 31 December 2023**

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Auditors

The audit business of Haines Watts was acquired by Cooper Parry Group Limited on 14 November 2023. Haines Watts has resigned as auditor and Cooper Parry Group Limited has been appointed in its place. Cooper Parry Group Limited will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

On behalf of the board:

G P Law - Director

8 November 2024

Independent Auditors' Report to the Members of Supermassive Games Limited

Opinion

We have audited the financial statements of Supermassive Games Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2023 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Directors' Report, but does not include the financial statements and our Auditors' 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Independent Auditors' Report to the Members of Supermassive Games Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters 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 directors

As explained more fully in the Statement of Directors' Responsibilities, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

We gained an understanding of the legal and regulatory framework applicable to the Company and Group and the industry in which it operates, and considered the risk of acts by the Company and Group that were contrary to applicable laws and regulations, including fraud. We discussed with the directors the policies and procedures in place regarding compliance with laws and regulations. We discussed amongst the audit team the identified laws and regulations, and remained alert to any indications of non-compliance.

During the audit we focussed on laws and regulations which could reasonably be expected to give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation.

Our procedures in relation to fraud, included but were not limited to: inquires of management whether they have any knowledge of any actual, suspected or alleged fraud, and discussions amongst the audit team regarding risk of fraud such as opportunities for fraudulent manipulation of financial statements. We determined that the principal risks related to posting manual journal entries to manipulate financial performance and management bias through judgements in accounting estimates and challenged the assumptions and judgements made by management in its significant accounting estimates. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud. Our tests included agreeing the financial statement disclosures to underlying supporting documentation.

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

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

**Independent Auditors' Report to the Members of
Supermassive Games Limited**

Use of our report

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

Jonathan Moughton (Senior Statutory Auditor)
for and on behalf of Cooper Parry Group Limited
Statutory Auditor
250 Fowler Avenue
Farnborough
Hampshire
GU14 7JP

11 November 2024

**Consolidated
Statement of Comprehensive
Income
for the year ended 31 December 2023**

	Notes	2023 £	2022 £
Turnover	4	21,241,016	39,117,931
Cost of sales		<u>(8,197,466)</u>	<u>(21,398,684)</u>
Gross profit		13,043,550	17,719,247
Administrative expenses		<u>(38,574,706)</u>	<u>(13,723,620)</u>
		(25,531,156)	3,995,627
Other operating income		<u>9,102,698</u>	<u>8,634,024</u>
Operating (loss)/profit		(16,428,458)	12,629,651
Interest receivable and similar income	8	<u>1,970</u>	<u>453</u>
		(16,426,488)	12,630,104
Interest payable and similar expenses	9	<u>(650,722)</u>	<u>(245,764)</u>
(Loss)/profit before taxation	10	<u>(17,077,210)</u>	<u>12,384,340</u>
Tax on (loss)/profit	12	<u>-</u>	<u>-</u>
(Loss)/profit for the financial year		(17,077,210)	12,384,340
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(17,077,210)</u>	<u>12,384,340</u>
(Loss)/profit attributable to:			
Owners of the parent		<u>(17,077,210)</u>	<u>12,384,340</u>
Total comprehensive income attributable to:			
Owners of the parent		<u>(17,077,210)</u>	<u>12,384,340</u>

Supermassive Games Limited (Registered number: 06096443)

Consolidated Statement of Financial Position
31 December 2023

	Notes	£	2023 £	£	2022 £
Fixed assets					
Intangible assets	14		16,459,091		19,641,226
Tangible assets	15		3,695,606		2,753,853
Investments	16		-		-
			<u>20,154,697</u>		<u>22,395,079</u>
Current assets					
Debtors	17	15,474,916		19,918,012	
Cash at bank and in hand		<u>2,892,352</u>		<u>2,020,960</u>	
		18,367,268		21,938,972	
Creditors					
Amounts falling due within one year	18	<u>18,924,568</u>		<u>8,436,753</u>	
Net current (liabilities)/assets			<u>(557,300)</u>		<u>13,502,219</u>
Total assets less current liabilities			<u>19,597,397</u>		<u>35,897,298</u>
Creditors					
Amounts falling due after more than one year	19		<u>777,309</u>		<u>-</u>
Net assets			<u>18,820,088</u>		<u>35,897,298</u>
Capital and reserves					
Called up share capital	21		12,056		12,056
Share premium	22		6,270,180		6,270,180
Capital redemption reserve	22		2,900		2,900
Retained earnings	22		<u>12,534,952</u>		<u>29,612,162</u>
			<u>18,820,088</u>		<u>35,897,298</u>

The financial statements were approved by the Board of Directors and authorised for issue on 8 November 2024 and were signed on its behalf by:

G P Law - Director

The notes form part of these financial statements

Company Statement of Financial Position
31 December 2023

	Notes	£	2023 £	£	2022 £
Fixed assets					
Intangible assets	14		24,299,455		29,058,938
Tangible assets	15		3,695,606		2,753,853
Investments	16		<u>4</u>		<u>4</u>
			27,995,065		31,812,795
Current assets					
Debtors	17	6,357,640		11,096,216	
Cash at bank and in hand		<u>2,892,352</u>		<u>2,021,042</u>	
		9,249,992		13,117,258	
Creditors					
Amounts falling due within one year	18	<u>53,764,431</u>		<u>34,469,482</u>	
Net current liabilities			<u>(44,514,439)</u>		<u>(21,352,224)</u>
Total assets less current liabilities			<u>(16,519,374)</u>		<u>10,460,571</u>
Creditors					
Amounts falling due after more than one year	19		<u>777,309</u>		<u>-</u>
Net (liabilities)/assets			<u>(17,296,683)</u>		<u>10,460,571</u>
Capital and reserves					
Called up share capital	21		12,056		12,056
Share premium	22		6,270,180		6,270,180
Capital redemption reserve	22		2,900		2,900
Retained earnings	22		<u>(23,581,819)</u>		<u>4,175,435</u>
			<u>(17,296,683)</u>		<u>10,460,571</u>
Company's (loss)/profit for the financial year			<u>(27,757,254)</u>		<u>6,034,860</u>

The financial statements were approved by the Board of Directors and authorised for issue on 8 November 2024 and were signed on its behalf by:

G P Law - Director

Consolidated Statement of Changes in Equity
for the year ended 31 December 2023

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 January 2022	10,202	17,184,856	6,168,692
Changes in equity			
Issue of share capital	1,854	-	101,488
Total comprehensive income	-	12,427,306	-
Balance at 31 December 2022	<u>12,056</u>	<u>29,612,162</u>	<u>6,270,180</u>
Changes in equity			
Total comprehensive income	-	(17,077,210)	-
Balance at 31 December 2023	<u>12,056</u>	<u>12,534,952</u>	<u>6,270,180</u>
	Capital redemption reserve £	Other reserves £	Total equity £
Balance at 1 January 2022	2,900	42,966	23,409,616
Changes in equity			
Issue of share capital	-	-	103,342
Total comprehensive income	-	(42,966)	12,384,340
Balance at 31 December 2022	<u>2,900</u>	<u>-</u>	<u>35,897,298</u>
Changes in equity			
Total comprehensive income	-	-	(17,077,210)
Balance at 31 December 2023	<u>2,900</u>	<u>-</u>	<u>18,820,088</u>

Company Statement of Changes in Equity
for the year ended 31 December 2023

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 January 2022	10,202	(1,902,391)	6,168,692
Changes in equity			
Issue of share capital	1,854	-	101,488
Total comprehensive income	-	6,077,826	-
Balance at 31 December 2022	<u>12,056</u>	<u>4,175,435</u>	<u>6,270,180</u>
Changes in equity			
Total comprehensive income	-	(27,757,254)	-
Balance at 31 December 2023	<u>12,056</u>	<u>(23,581,819)</u>	<u>6,270,180</u>
	Capital redemption reserve £	Other reserves £	Total equity £
Balance at 1 January 2022	2,900	42,966	4,322,369
Changes in equity			
Issue of share capital	-	-	103,342
Total comprehensive income	-	(42,966)	6,034,860
Balance at 31 December 2022	<u>2,900</u>	<u>-</u>	<u>10,460,571</u>
Changes in equity			
Total comprehensive income	-	-	(27,757,254)
Balance at 31 December 2023	<u>2,900</u>	<u>-</u>	<u>(17,296,683)</u>

**Consolidated Statement of Cash Flows
for the year ended 31 December 2023**

		2023	2022
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	27	17,729,096	15,255,915
Interest paid		(650,722)	(245,764)
Net cash from operating activities		<u>17,078,374</u>	<u>15,010,151</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(14,051,144)	(10,353,012)
Purchase of tangible fixed assets		(2,157,808)	(3,018,829)
Interest received		1,970	453
Net cash from investing activities		<u>(16,206,982)</u>	<u>(13,371,388)</u>
Cash flows from financing activities			
Loan repayments in year		-	(4,289,800)
Share issue		-	103,342
Net cash from financing activities		<u>-</u>	<u>(4,186,458)</u>
Increase/(decrease) in cash and cash equivalents		<u>871,392</u>	<u>(2,547,695)</u>
Cash and cash equivalents at beginning of year	28	2,020,960	4,568,655
Cash and cash equivalents at end of year	28	<u>2,892,352</u>	<u>2,020,960</u>

The notes form part of these financial statements

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023

1. **Statutory information**

Supermassive Games Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. **Accounting policies**

Basis of preparing the financial statements

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

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

The financial statements have been prepared under the historical cost convention and in accordance with applicable standards. The principal accounting policies adopted are set out below.

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

- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The consolidated financial statements incorporate those of Supermassive Games Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

The directors consider that in order to show the net cash movement in stock, debtors and creditors the foreign exchange movement between the prior year and current year should be removed from the brought forward balances when analysing the cash flow movements.

Going concern

The directors have assessed the impact of the current economic environment on the group, its forecasted growth and corresponding impact on the group's cashflows. The directors prepare longer-term forecasts which are updated monthly, and which are incorporated into a resource plan.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2023

2. **Accounting policies - continued**

Whilst the short-term performance of the videogame development and publishing sector continues to be challenging, the medium- and longer-term outlook for the industry is believed to be strong. Supermassive is well-placed to capitalise on the expected bounce-back of the industry. Nevertheless, significant risks do still exist and should be recognised here.

The principal risks to the business arise from:

1. Sales reductions due to economic factors and restricted consumer spending
2. Shifts in strategy by major publishing partners

Consumer spending

The global economic environment continues to be challenging, with various factors impacting consumers' disposable income to spend on video games. However, the company continues to innovate, incorporating new gameplay elements into its forthcoming games to attract new players, and with its strong brand in the market and targeted marketing campaigns, the business is positive in achieving the expected level of sales.

Partner strategy changes

Changes to third party publisher strategies carry a risk to the business, as they could lead to termination of Agreements. Whilst robust commercial agreements have protected rights to the greatest extent possible, the risk of termination is still present. The company is also impacted by delays to signing new work for hire agreements.

The directors have concluded that whilst the combination of these circumstances represent a level of uncertainty for the business; after considering the processes described above, the directors have a reasonable expectation that the group - benefitting from support from its ultimate commercial parent, Egmont International Holdings A/S - has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements.

Turnover

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

Rendering of services

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

1. the amount of turnover can be measured reliably;
2. it is probable that the group will receive the consideration due under the contract;
3. the stage of completion of the contract at the end of the reporting period can be measured reliably;

and

4. the costs incurred and the costs to complete the contract can be measured reliably.

Royalty income

Royalties are recognised on an accruals basis in accordance with the substance of the relevant agreement.

Royalty income is based upon a percentage of revenue of specific products within the licensee's portfolio. Income is recognised within the corresponding period within which the licensee's revenue was generated where this information is available. In the absence of revenue information from a licensor a best estimate is used.

2. **Accounting policies - continued**

Intangible assets

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

Development expenditure capitalised is net of the Video Games Tax Relief (VGTR) receivable for that particular title. No VGTR is accrued in Supermassive Games Limited, it is accounted for in its subsidiaries. For this reason development expenditure capitalised as a group is less than the amount capitalised within Supermassive Games Limited.

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

The estimated useful lives range as follows:

Development expenditure	See accounting policy
Other intangible fixed assets	2 years straight line

Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Leasehold property	Straight line over the life of the lease
Fixtures & fittings	33% straight line
Equipment	33% straight line

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

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

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Investments in subsidiaries

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

2. **Accounting policies - continued**

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments, where the parent company has taken advantage of the exemption available to them from individually disclosing this information.

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

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are classified as recoverable in under one year and subsequently carried at cost and impaired as required. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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

Basic financial liabilities, including trade and other creditors, are classified as payable within one year are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Research and development costs

Capitalised development costs correspond to the costs incurred in the development of new games or software projects to the extent that the company has determined that:

1. the project is technically and commercially feasible;
2. the project is clearly defined and related expenditure is separately identifiable;
3. current and future costs are expected to be exceeded by future earnings;

Development costs will include payroll, outsourcing, direct costs and other relevant expenses relating to the project. Deferred development expenditure for each product is reviewed at the end of each accounting period and where the circumstances which have justified the deferral of the expenditure, as set out above, no longer apply, or are considered doubtful, an impairment provision is made.

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

2. **Accounting policies - continued**

Foreign exchange

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

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

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

Finance costs

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

Leases

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

Pensions

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand. Bank overdrafts are shown within borrowings in current liabilities.

Interest income

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

Other operating income

The video games tax relief credit 'VGTR' is recognised on an accruals basis where there is a reasonable expectation that the balance will be recovered. The income is generated through a government tax incentive specific to the video games industry and does not relate to ordinary trading income. On this basis the income is recognised as 'Other operating income'.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2023

3. **Critical accounting judgements and key sources of estimation uncertainty**

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

The items in the financial statements where these judgements and estimates have been made include:

Capitalisation of development expenditure

After careful consideration the board decided it was appropriate to recognise the capitalised development expenditure for the Dark Pictures anthology as a single asset. The main factors that lead to this decision were the fact that the generated intangible assets are used on multiple titles across the anthology series and not just one single title.

Project stage of completion

Project completion is assessed based on the total costs incurred to date as a percentage of the total costs which are anticipated over the life of the project. Revenue received on projects is deferred or accrued in line with these calculations which the board deem is a more accurate reflection of the projects stage of completion.

Amortisation of development costs

The board have determined to amortise development costs over a finite period, as detailed in the Intangible assets accounting policy, which is deemed to be appropriate in line with the the forecasts prepared for the respective games.

During the current financial period, the Group changed its amortisation method from a straight-line basis to the 'sum of the years' digits method. This method is deemed to better reflect the economic benefits received from the assets, which are greater in the first year of the asset's life and diminish thereafter.

The impact on the financial statements is an increase of £4,828,749 in the current year, with future periods seeing a decrease in amortisation expense of £997,668 in year two and £3,831,081 in year three.

4. **Turnover**

The turnover and loss (2022 - profit) before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2023	2022
	£	£
United Kingdom	183,695	917,994
Europe	6,846,666	13,414,761
Rest of world	14,210,655	24,785,176
	<u>21,241,016</u>	<u>39,117,931</u>

5. **Employees and directors**

	2023	2022
	£	£
Wages and salaries	18,485,783	16,187,491
Social security costs	2,103,251	2,054,919
Other pension costs	510,073	365,332
	<u>21,099,107</u>	<u>18,607,742</u>

The average number of employees during the year was as follows:

2023	2022
<u>355</u>	<u>291</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2023

6.	Directors' emoluments	2023	2022
		£	£
	Directors' remuneration	303,771	298,080
	Directors' pension contributions to money purchase schemes	<u>2,103</u>	<u>12,535</u>
	Information regarding the highest paid director is as follows:		
		2023	2022
		£	£
	Emoluments etc	215,852	213,568
	Pension contributions to money purchase schemes	<u>(535)</u>	<u>10,000</u>
7.	Exceptional items	2023	2022
		£	£
	Impairment of intangible assets	<u>(9,117,275)</u>	<u>-</u>
8.	Interest receivable and similar income	2023	2022
		£	£
	Interest received	<u>1,970</u>	<u>453</u>
9.	Interest payable and similar expenses	2023	2022
		£	£
	Bank interest payable	<u>650,722</u>	<u>245,764</u>
10.	(Loss)/profit before taxation		
	The loss (2022 - profit) is stated after charging/(crediting):		
		2023	2022
		£	£
	Other operating leases	2,904,259	2,916,482
	Depreciation - owned assets	1,216,055	394,292
	Other intangible assets amortisation	-	9,065
	Development costs amortisation	8,116,004	4,758,586
	Foreign exchange differences	<u>92,725</u>	<u>(327,914)</u>
11.	Auditors' remuneration	2023	2022
		£	£
	Audit of the financial statements of the group and the company	53,846	49,000
	All other non-audit services	<u>18,850</u>	<u>18,000</u>
		<u>72,696</u>	<u>67,000</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2023

12. Taxation

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 December 2023 nor for the year ended 31 December 2022.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2023 £	2022 £
(Loss)/profit before tax	(17,077,210)	12,384,340
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 25 % (2022 - 19 %)	(4,269,303)	2,353,025
Effects of:		
Video games tax relief credit	(2,275,675)	(1,640,465)
Non trade loan relationships	162,188	46,609
Expenses not deductible for tax purposes	(292,610)	23,334
Capital allowances in excess of depreciation	111,661	(213,953)
Tax losses utilised during period	(185)	-
Unrelieved tax losses carried forward	6,563,924	878,725
EMI share deductions	-	(1,447,275)
Total tax charge	<u>-</u>	<u>-</u>

The corporation tax rate increased from 19% to 25% from 1 April 2023 and hence the tax charge has been calculated accordingly.

13. Individual statement of comprehensive income

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2023

14. Intangible fixed assets

Group

	Other intangible assets £	Development costs £	Totals £
Cost			
At 1 January 2023	788,441	27,775,411	28,563,852
Additions	-	14,051,144	14,051,144
Impairments	-	(9,117,275)	(9,117,275)
At 31 December 2023	<u>788,441</u>	<u>32,709,280</u>	<u>33,497,721</u>
Amortisation			
At 1 January 2023	788,441	8,134,185	8,922,626
Amortisation for year	-	8,116,004	8,116,004
At 31 December 2023	<u>788,441</u>	<u>16,250,189</u>	<u>17,038,630</u>
Net book value			
At 31 December 2023	<u>-</u>	<u>16,459,091</u>	<u>16,459,091</u>
At 31 December 2022	<u>-</u>	<u>19,641,226</u>	<u>19,641,226</u>

Amortisation on intangible assets is charged to cost of sales and administrative expenses.

Company

	Development costs £
Cost	
At 1 January 2023	40,956,332
Additions	19,943,755
Impairments	(11,707,934)
At 31 December 2023	<u>49,192,153</u>
Amortisation	
At 1 January 2023	11,897,394
Amortisation for year	12,995,304
At 31 December 2023	<u>24,892,698</u>
Net book value	
At 31 December 2023	<u>24,299,455</u>
At 31 December 2022	<u>29,058,938</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2023

15. Tangible fixed assets

Group

	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
Cost				
At 1 January 2023	1,341,599	856,090	1,265,699	3,463,388
Additions	1,681,836	183,669	292,303	2,157,808
Disposals	(95,113)	(39,977)	(44,458)	(179,548)
At 31 December 2023	<u>2,928,322</u>	<u>999,782</u>	<u>1,513,544</u>	<u>5,441,648</u>
Depreciation				
At 1 January 2023	194,430	138,808	376,297	709,535
Charge for year	489,083	296,250	430,722	1,216,055
Eliminated on disposal	(95,113)	(39,977)	(44,458)	(179,548)
At 31 December 2023	<u>588,400</u>	<u>395,081</u>	<u>762,561</u>	<u>1,746,042</u>
Net book value				
At 31 December 2023	<u>2,339,922</u>	<u>604,701</u>	<u>750,983</u>	<u>3,695,606</u>
At 31 December 2022	<u>1,147,169</u>	<u>717,282</u>	<u>889,402</u>	<u>2,753,853</u>

Company

	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
Cost				
At 1 January 2023	1,341,599	856,090	1,265,699	3,463,388
Additions	1,681,836	183,669	292,303	2,157,808
Disposals	(95,113)	(39,977)	(44,458)	(179,548)
At 31 December 2023	<u>2,928,322</u>	<u>999,782</u>	<u>1,513,544</u>	<u>5,441,648</u>
Depreciation				
At 1 January 2023	194,430	138,808	376,297	709,535
Charge for year	489,083	296,250	430,722	1,216,055
Eliminated on disposal	(95,113)	(39,977)	(44,458)	(179,548)
At 31 December 2023	<u>588,400</u>	<u>395,081</u>	<u>762,561</u>	<u>1,746,042</u>
Net book value				
At 31 December 2023	<u>2,339,922</u>	<u>604,701</u>	<u>750,983</u>	<u>3,695,606</u>
At 31 December 2022	<u>1,147,169</u>	<u>717,282</u>	<u>889,402</u>	<u>2,753,853</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2023

16. Fixed asset investments

Company

Cost

At 1 January 2023
and 31 December 2023

Net book value

At 31 December 2023
At 31 December 2022

Shares in
group
undertakings
£

4

4

4

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiaries

Starshape Games Limited

Registered office: New Kings Court, Tollgate, Chandlers Ford, Eastleigh, Hampshire, SO53 3LG.
Nature of business: Production and licensing of digital assets

Class of shares:	%
Ordinary	holding 100.00

Supermassive Games 1 Limited

Registered office: New Kings Court, Tollgate, Chandlers Ford, Eastleigh, Hampshire, SO53 3LG.
Nature of business: Computer games development

Class of shares:	%
Ordinary	holding 100.00

Supermassive Games 2 Limited

Registered office: New Kings Court, Tollgate, Chandlers Ford, Eastleigh, Hampshire, SO53 3LG.
Nature of business: Computer games development

Class of shares:	%
Ordinary	holding 100.00

Supermassive Games 3 Limited

Registered office: New Kings Court, Tollgate, Chandlers Ford, Eastleigh, Hampshire, SO53 3LG.
Nature of business: Computer games development

Class of shares:	%
Ordinary	holding 100.00

17. Debtors: amounts falling due within one year

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade debtors	1,524,050	3,387,761	1,524,050	3,387,761
Other debtors	4,857,484	7,896,225	4,833,590	7,708,455
Video games tax relief	9,093,382	8,634,026	-	-
	<u>15,474,916</u>	<u>19,918,012</u>	<u>6,357,640</u>	<u>11,096,216</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2023

18. Creditors: amounts falling due within one year

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade creditors	172,489	607,811	44,830	559,012
Amounts owed to group undertakings	13,662,063	1,800,437	48,882,390	28,186,724
Social security and other taxes	590,578	535,168	590,578	535,168
Other creditors	838,531	555,024	838,531	555,024
Accruals and deferred income	3,660,907	4,938,313	3,408,102	4,633,554
	<u>18,924,568</u>	<u>8,436,753</u>	<u>53,764,431</u>	<u>34,469,482</u>

19. Creditors: amounts falling due after more than one year

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Accruals and deferred income	<u>777,309</u>	<u>-</u>	<u>777,309</u>	<u>-</u>

20. Leasing agreements

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2023	2022
	£	£
Within one year	1,351,026	753,800
Between one and five years	<u>3,750,783</u>	<u>1,680,404</u>
	<u>5,101,809</u>	<u>2,434,204</u>

Company

	Non-cancellable operating leases	
	2023	2022
	£	£
Within one year	1,352,367	753,800
Between one and five years	<u>3,749,442</u>	<u>1,680,404</u>
	<u>5,101,809</u>	<u>2,434,204</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2023

21. Called up share capital

	2023 £	2022 £
Allotted, called up and fully paid		
3,000 (2021: 3,000) Ordinary shares of £1.00 each	3,000	3,000
3,000 (2021: 3,000) Ordinary B shares of £1.00 each	3,000	3,000
1,200 (2021: 1,200) Ordinary C shares of £1.00 each	1,200	1,200
1,000 (2021: 1,000) Ordinary D shares of £1.00 each	1,000	1,000
1,770 (2021: 355) Ordinary E shares of £1.00 each	1,770	1,770
1,530 (2021: 1,530) Ordinary F shares of £1.00 each	1,530	1,530
5,561 (2021: 1,165) Employee Non Voting shares of £0.10 each	556	556
	<u>12,056</u>	<u>12,056</u>

Dividends are payable on all classes of shares.

In the event of a winding up, the assets of the company are distributed in proportion to the amounts paid up on all classes of shares.

22. Reserves

Group

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 January 2023	29,612,162	6,270,180	2,900	35,885,242
Deficit for the year	(17,077,210)			(17,077,210)
At 31 December 2023	<u>12,534,952</u>	<u>6,270,180</u>	<u>2,900</u>	<u>18,808,032</u>

Company

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 January 2023	4,175,435	6,270,180	2,900	10,448,515
Deficit for the year	(27,757,254)			(27,757,254)
At 31 December 2023	<u>(23,581,819)</u>	<u>6,270,180</u>	<u>2,900</u>	<u>(17,308,739)</u>

Capital redemption reserve

This represents the nominal value of shares repurchased by the company and cancelled.

Profit and loss account

This represents retained profits or losses.

23. Pension commitments

The group operates a defined contribution scheme. The pension cost charge represents contributions payable by the group to the fund and amounted to £510,073 (2022: £365,332). Contributions totalling £Nil (2022: £Nil) were payable to the fund at the Statement of financial position date and are included in creditors.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2023

24. **Related party disclosures**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

25. **Post balance sheet events**

On 26 February 2024, Supermassive Games announced a reorganization plan, which included entering into a consultation period. Following the consultation, 81 members of staff were made redundant. This decision followed a comprehensive review of the business by the management team. Further details can be found in the Strategic Report within these financial statements.

26. **Ultimate controlling party**

The ultimate controlling party is Egmont Fonden, a company incorporated in Denmark, whose registered office is Vognmagergade 11, 1148 Copenhagen K, Denmark.

27. **Reconciliation of operating (loss)/profit to cash generated from operations**

	2023	2022
	£	£
Operating (loss)/profit	(16,428,458)	12,629,651
Depreciation, amortisation & impairment	18,449,334	5,161,943
Loss on disposal of development costs	-	416,018
	<u>2,020,876</u>	<u>18,207,612</u>
Decrease/(increase) in trade and other debtors	4,443,096	(8,784,003)
Increase in trade and other creditors	11,265,124	5,832,306
Cash generated from operations	<u>17,729,096</u>	<u>15,255,915</u>

28. **Cash and cash equivalents**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2023

	31/12/23	1/1/23
	£	£
Cash and cash equivalents	<u>2,892,352</u>	<u>2,020,960</u>

Year ended 31 December 2022

	31/12/22	1/1/22
	£	£
Cash and cash equivalents	<u>2,020,960</u>	<u>4,568,655</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2023

29. Analysis of changes in net funds

	At 1/1/23 £	Cash flow £	At 31/12/23 £
Net cash			
Cash at bank and in hand	2,020,960	871,392	2,892,352
	<u>2,020,960</u>	<u>871,392</u>	<u>2,892,352</u>
Total	<u>2,020,960</u>	<u>871,392</u>	<u>2,892,352</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.