



Financial Statements

StoryToys Limited

For the financial year ended 31 December 2022

Registered number: 459470

Company Information

Directors	Emmet O'Neill Mark Crawford Deborah Bestwick
Company secretary	Maple Secretaries Limited
Registered number	459470
Registered office	Exchequer Chambers 23 Exchequer Street Dublin 2
Independent auditor	Grant Thornton Chartered Accountants & Statutory Audit Firm 13 - 18 City Quay Dublin 2
Bankers	Allied Irish Bank, PLC Bankcentre Ballsbridge Dublin 4
Solicitors	LK Shields Solicitors 40 Upper Mount Street Dublin 2

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Directors' report

For the financial year ended 31 December 2022

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

Principal activities

The principal activity of StoryToys Limited (the Company) continued to be that of app development services.

Results and dividends

The profit for the financial year, after taxation, amounted to €3,511,058 (2021: €896,214).

The directors do not recommend payment of a dividend (2021: €Nil).

Going concern

The financial statements for the Company have been prepared by the directors on a going concern basis. The directors have considered the performance of the Company against expectations and projections, as well as the capital and liquidity position of the Company. The Company generated a profit of €3,511,058 (2021: profit of €896,214) for the financial year ended 31 December 2022 and had net current liabilities of €3,541,405 (2021: €5,871,246) and had shareholders' funds of €1,009,891 (2021: deficit of €4,520,949) as at 31 December 2022. Management also monitors the performance of the Company closely and continues to take actions to make the Company profitable in the future through stabilised turnover together with managing expenses and overheads, preparation of forecasts of expected performance and cashflows to assist in managing the capital and liquidity position.

The Company has obtained assurances from its sole shareholder Touch Press Inc and from its ultimate parent company Team17 Group plc, that it will provide financial support for a period not less than 12 months from the date of signing of the financial statements. The Company forecasts and performance up to date show continued growth and expansion for the business, the owners Team17 Group plc will continue to support the business and the directors have a reasonable expectation that the Company will have sufficient financial resources available to it to continue in operation for the foreseeable future. Therefore, management have concluded it is appropriate to prepare the financial statements on the going concern basis and they do not include any adjustments that would result if the Company was unable to continue as a going concern.

Directors and Secretaries Interests

The directors who served during the financial year were:

Emmet O'Neill
Mark Crawford
Deborah Bestwick

Neither the Directors, the Company Secretary nor their immediate families had any interest in the share capital of the Company at 31 December 2022.

Accounting records

The measures taken by the directors to ensure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014, with regard to the keeping of accounting records, are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The Company's accounting records are maintained at the Company's registered office at Exchequer Chambers, 23 Exchequer Street, Dublin 2.

Directors' report (continued)

For the financial year ended 31 December 2022

Research and development activities

The Company had research and development activities in the area of app development during the current and prior financial year.

Statement on relevant audit information

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

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

Events after the end of the financial year

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

Auditor

The auditor, Grant Thornton, continues in office in accordance with section 383(2) of the Companies Act 2014.

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



Emmet O'Neill
Director



Mark Crawford
Director

Date:

25 April 2024

Directors' responsibilities statement

For the financial year ended 31 December 2022

The directors are responsible for preparing the Directors' report and the financial statements in accordance with Irish law and regulations.

Irish company law requires the directors to prepare the financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with the Companies Act 2014 and Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 assets, liabilities and financial position of the Company for the financial year end date, of the profit or loss for that financial year and otherwise comply with the Companies Act 2014.

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

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

The directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. 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.

On behalf of the board



Emmet O'Neill
Director

Date:

25th April 2024



Mark Crawford
Director

Independent auditor's report to the members of StoryToys Limited

Opinion

We have audited the financial statements of StoryToys Limited (the Company), which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity for the financial year ended 31 December 2022, and the related 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 Irish law and accounting standards issued by the Financial Reporting Council including FRS 101 'Reduced Disclosure Framework' (Generally Accepted Accounting Practice in Ireland).

In our opinion, StoryToys Limited's financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the assets, liabilities and financial position of the Company as at 31 December 2022 and of its financial performance for the financial year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. 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 Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Independent auditor's report to the members of StoryToys Limited (continued)

Other information

Other information comprises information included in the annual report, other than the financial statements and our auditor's report thereon, including the Directors' report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the 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 in the financial statements, 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.

Matters on which we are required to report by the Companies Act 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the Directors' Report is consistent with the financial statements. Based solely on the work undertaken in the course of our audit, in our opinion, the Directors' Report has been prepared in accordance with the requirements of the Companies Act 2014.

Matters on which we are required to report by exception

Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

Under the Companies Act 2014, we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of the Act have not been made. We have no exceptions to report arising from this responsibility.

Independent auditor's report to the members of StoryToys Limited (continued)

Responsibilities of management and those charged with governance for the financial statements

As explained more fully in the directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, including FRS101, and for such internal control as they 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The auditor's 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 (Ireland) 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.

As part of an audit in accordance with ISAs (Ireland), the auditor will exercise professional judgment and maintain professional scepticism throughout the audit. They will also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent auditor's report to the members of StoryToys Limited (continued)

Responsibilities of the auditor for the audit of the financial statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. 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.

Kevin Foley, FCA
for and on behalf of
Grant Thornton
Chartered Accountants
& Statutory Audit Firm
13 - 18 City Quay
Dublin 2

Date:

Statement of comprehensive income

For the financial year ended 31 December 2022

	Note	2022 €	Restated 2021 €
Revenue	4	18,676,540	14,604,790
Cost of sales		(11,294,299)	(13,020,447)
Gross profit		7,382,241	1,584,343
Administrative expenses		(3,292,275)	(1,528,608)
Operating profit	5	4,089,966	55,735
Interest payable and similar expenses	8	(78,341)	(61,809)
Profit/(loss) before taxation		4,011,625	(6,074)
Tax on profit/(loss)	9	(500,567)	902,288
Profit for the financial year		3,511,058	896,214

All amounts relate to continuing operations.

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

The notes on pages 11 to 26 form part of these financial statements.

Statement of financial position

As at 31 December 2022

	Note	2022 €	Restated 2021 €
Fixed assets			
Intangible fixed assets	10	2,367,704	1,212,146
Tangible fixed assets	11	965,443	1,096,371
		<u>3,333,147</u>	<u>2,308,517</u>
Current assets			
Debtors: amounts falling due within one year	12	4,253,962	3,010,727
Cash at bank and in hand	13	7,218,080	4,060,295
		<u>11,472,042</u>	<u>7,071,022</u>
Current liabilities			
Creditors: amounts falling due within one year	14	(15,013,447)	(12,942,268)
		<u>(3,541,405)</u>	<u>(5,871,246)</u>
Net current liabilities			
		(208,258)	(3,562,729)
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	15	(801,633)	(958,220)
		<u>(1,009,891)</u>	<u>(4,520,949)</u>
Net liabilities			
		<u>(1,009,891)</u>	<u>(4,520,949)</u>
Capital and reserves			
Share capital		281	281
Share premium account		2,853,132	2,853,132
Profit and loss account		(3,863,304)	(7,374,362)
		<u>(1,009,891)</u>	<u>(4,520,949)</u>
Shareholders' funds/(deficit)			
		<u>(1,009,891)</u>	<u>(4,520,949)</u>

The financial statements were approved and authorised for issue by the board:



Emmet O'Neill
Director



Mark Crawford
Director

Date:

25th April 2024

The notes on pages 11 to 26 form part of these financial statements.

Statement of changes in equity

For the financial year ended 31 December 2022

	Share capital	Share premium account	Profit and loss account	Total equity
	€	€	€	€
At 1 January 2021	281	2,853,132	(7,748,601)	(4,895,188)
Prior year adjustment	-	-	(404,170)	(404,170)
At 1 January 2021 (as restated)	281	2,853,132	(8,152,771)	(5,299,358)
Comprehensive income for the financial year				
Profit for the financial year	-	-	896,214	896,214
Impact on change in accounting policy	-	-	(117,805)	(117,805)
At 31 December 2021	281	2,853,132	(6,854,716)	(4,001,303)
Prior year adjustment	-	-	(519,646)	(519,646)
At 1 January 2022 (as restated)	281	2,853,132	(7,374,362)	(4,520,949)
Comprehensive income for the financial year				
Profit for the financial year	-	-	3,511,058	3,511,058
At 31 December 2022 (as restated)	281	2,853,132	(3,863,304)	(1,009,891)

The notes on pages 11 to 26 form part of these financial statements.

Notes to the financial statements

For the financial year ended 31 December 2022

1. General information

StoryToys Limited (the Company) is a company limited by shares incorporated in the Republic of Ireland under the number 459470. Its registered address is located at Exchequer Chambers, 23 Exchequer Street, Dublin 2.

The Company is a subsidiary of Touch Press Inc., an entity incorporated under the laws of the United States with 100% ownership interest. The Company's ultimate parent is Team17 Group plc, a British video game developer and publisher, an entity listed on the London Stock Exchange and is incorporated under the laws of the United Kingdom.

2. Accounting policies

2.1 Basis of preparation of financial statements

The Company has transitioned to Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS101) from previously extant Irish Generally Accepted Accounting Practice for all periods presented. The financial statements have been prepared under the historical cost and on the going concern basis and in accordance with the Companies Act 2014.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The financial information presented in these financial statements has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and Interpretations issued by the International Accounting Standards Boards (IASB) and with International Accounting Standards (IAS) and Standing Interpretations Committee Interpretations. The Company has however availed of the following disclosure exemptions available under FRS 101:

- (a) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
- (b) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases.

The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.

- (c) The requirement in paragraph 38 of IAS 1 to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
 - (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - (v) paragraph 50 of IAS 41 Agriculture
- (d) The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1.
- (e) The requirements of IAS 7 Statement of Cash Flows.

Notes to the financial statements

For the financial year ended 31 December 2022

2. Accounting policies (continued)

2.1 Basis of preparation of financial statements (continued)

- (f) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- (fA) The requirements of paragraph 74A(b) of IAS 16.
- (g) The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures.
- (h) The requirements in IAS 24 to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- (i) The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

2.2 Going concern

The financial statements for the Company have been prepared by the directors on a going concern basis. The directors have considered the performance of the Company against expectations and projections, as well as the capital and liquidity position of the Company. The Company generated a profit of €3,511,058 (2021: profit of €896,214) for the financial year ended 31 December 2022 and had net current liabilities of €3,541,405 (2021: €5,871,246) and had shareholders' funds of €1,009,891 (2021: deficit of €4,520,949) as at 31 December 2022. Management also monitors the performance of the Company closely and continues to take actions to make the Company profitable in the future through stabilised turnover together with managing expenses and overheads, preparation of forecasts of expected performance and cashflows to assist in managing the capital and liquidity position.

The Company has obtained assurances from its sole shareholder Touch Press Inc and from its ultimate parent company Team17 Group plc, that it will provide financial support for a period not less than 12 months from the date of signing of the financial statements. The Company forecasts and performance up to date show continued growth and expansion for the business, the owners Team17 Group plc will continue to support the business and the directors have a reasonable expectation that the Company will have sufficient financial resources available to it to continue in operation for the foreseeable future. Therefore, management have concluded it is appropriate to prepare the financial statements on the going concern basis and they do not include any adjustments that would result if the Company was unable to continue as a going concern.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Euros.

Transactions and balances

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

Notes to the financial statements

For the financial year ended 31 December 2022

2. Accounting policies (continued)

2.3 Foreign currency translation (continued)

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

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

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

2.4 Revenue

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns and discounts.

Revenue from sales of the Company's software licences is subscription based with monthly or annual licensing fees that are recognised on a straight-line basis over the period to which the licence applies. Deferred income represents the unearned portion of revenue related to the unexpired term of the licence.

The Company recognises revenue when performance obligations have been satisfied and for the Company this is when the services have transferred to the customer and the customer has control of these.

2.5 Development cost

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 5 years.

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

2.6 Finance costs

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

Notes to the financial statements

For the financial year ended 31 December 2022

2. Accounting policies (continued)

2.7 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.

2.8 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:

Right-of-use assets	- over lease term
Fixtures and fittings	- 33% straight line
Computer equipment	- 33% straight line
Other fixed assets	- 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.

2.9 Impairment of non-financial assets

At each reporting year, fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.10 Debtors

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

2.11 Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Notes to the financial statements

For the financial year ended 31 December 2022

2. Accounting policies (continued)

2.12 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company'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 direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

Notes to the financial statements

For the financial year ended 31 December 2022

2. Accounting policies (continued)

2.13 Financial instruments (continued)

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2.14 Taxation

The tax expense for the financial year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

2.15 Leased Assets (IFRS 16)

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by its incremental borrowing rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Notes to the financial statements

For the financial year ended 31 December 2022

2. Accounting policies (continued)

2.15 Leased Assets (IFRS 16) (continued)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

The Company as a lessor

The Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

3. Judgments in applying accounting policies

The preparation of the financial statements requires management to make judgements that affect the reported amounts of assets and liabilities at the date of financial statements and the reported amount of income and expenses during the reporting period. Management evaluates its judgements on an ongoing basis. Management bases its judgements on historical experience on various other factors that are believed to be reasonable under the circumstances.

In the process of applying the Company's accounting policies, management has made the following judgments and estimates, which have the most significant effect on the amounts recognised in the financial statements.

(i) Estimating useful lives of assets

The Company estimates the useful lives of assets with definite life based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of tangible fixed assets is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. Actual results, however may vary due to changes in estimates brought about by changes in factors mentioned above.

(ii) Internally generated intangible asset

During the year, the directors considered the recoverability of the Company's internally generated intangible asset arising from its business development, which is included in the statement of financial position.

Detailed sensitivity analysis has been carried out and the directors are confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

Notes to the financial statements

For the financial year ended 31 December 2022

3. Judgments in applying accounting policies (continued)

(iii) Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash generating unit based on expected future cash flows and uses an interest rate to calculate the present values of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Though management believes that the assumptions used in the estimation of fair values are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

(iv) Impairment of debtors

Adequate amount of allowance for impairment is provided for specific and groups of accounts, where objective evidence of impairment exists. The Company evaluates the amount of allowance for impairment based on available facts and circumstances affecting the collectability of the accounts, including, but not limited to, the length of the Company's relationship with the customers, the customers' current credit status, average age of accounts, collection experience and historical loss experience. The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

(v) Determination of realisable amount of deferred tax assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

4. Turnover

Analysis of turnover by country of destination:

	2022	2021
	€	€
Republic of Ireland	<u>18,676,540</u>	<u>14,604,790</u>

5. Profit/(loss) before taxation

The operating profit is stated after charging:

	2022	2021
	€	€
Research & development charged as an expense, net of relief	70,006	(91,790)
Depreciation of tangible fixed assets (note 11)	209,477	199,042
Amortisation of intangible assets (note 10)	538,536	151,777
Exchange differences	565,242	338,579
Defined contribution pension cost	<u>17,838</u>	<u>38,762</u>

Notes to the financial statements

For the financial year ended 31 December 2022

6. Employees

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

	2022 €	2021 €
Wages and salaries	11,607,549	12,883,183
Social insurance costs	47,158	17,258
Cost of defined contribution scheme	17,838	38,762
	<u>11,672,545</u>	<u>12,939,203</u>

During the financial year, the Company capitalised a portion of the R&D which is offset against Salaries & wages. (2021: €Nil).

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

	2022 No.	2021 No.
Director	1	1
Sales	2	1
R&D and G&A	26	16
Support	3	1
	<u>32</u>	<u>19</u>

7. Directors' remuneration

	2022 €	2021 €
Directors' emoluments	219,346	345,840
Directors' national insurance	24,564	22,579
Company contributions to defined contribution pension schemes	9,500	9,500
	<u>253,410</u>	<u>377,919</u>

8. Interest payable and similar expenses

	2022 €	2021 €
Interest payable to credit institutions	21,792	3,293
Finance leases and hire purchase contracts	56,549	58,516
	<u>78,341</u>	<u>61,809</u>

Notes to the financial statements

For the financial year ended 31 December 2022

9. Taxation

	2022 €	2021 €
Corporation tax		
Current tax on profits for the year	-	(902,288)
Deferred tax		
Origination and reversal of timing differences	500,567	-
Taxation on profit	<u>500,567</u>	<u>(902,288)</u>

Factors affecting tax charge for the financial year

The tax assessed for the financial year is higher than (2021: higher than) the standard rate of corporation tax in Ireland of 12.5% (2021: 12.5%). The differences are explained below:

	2022 €	2021 €
Profit/(loss) on ordinary activities before tax	<u>4,011,625</u>	<u>(6,074)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in Ireland of 12.5% (2021 - 12.5%)	501,453	(759)
Effects of:		
Non-deductible expenses	102,032	52,246
Capital allowances in excess of depreciation	(23,124)	(5,164)
Unrelieved tax losses carried forward	(505,104)	(2,428)
Non-taxable income	(53,068)	(566)
R&D Credit booked above the line	8,751	(12,390)
Operating lease rentals	(30,940)	(30,940)
Residual deferred tax assets in relation to prior years' losses recognised in the current year	500,567	(902,287)
Total tax charge for the financial year	<u>500,567</u>	<u>(902,288)</u>

Factors that may affect future tax charges

A deferred tax asset of €406,448 (2021: €902,287, not recognised) in relation to tax losses, capital allowance and provisions have been recognised by the directors at year end upon assessment that it is probable that taxable profit will be available against which the deferred tax assets can be utilised.

Notes to the financial statements

For the financial year ended 31 December 2022

10. Intangible assets

	Acquired software (as restated) €	Development cost €	Total €
Cost			
At 1 January 2022 (As restated)	1,242,154	671,491	1,913,645
Additions	8,242	1,685,852	1,694,094
At 31 December 2022	<u>1,250,396</u>	<u>2,357,343</u>	<u>3,607,739</u>
Amortisation			
At 1 January 2022 (As restated)	671,998	29,501	701,499
Charge for the financial year on owned assets	119,672	418,864	538,536
At 31 December 2022	<u>791,670</u>	<u>448,365</u>	<u>1,240,035</u>
Net book value			
At 31 December 2022	<u>458,726</u>	<u>1,908,978</u>	<u>2,367,704</u>
At 31 December 2021 (As restated)	<u>570,156</u>	<u>641,990</u>	<u>1,212,146</u>

The Company has restated its acquired software due to late invoice received for a license already in use since June 2017. The restatement resulted to an increase in net book value of acquired software of €565,293 at 1 January 1 2022 and €680,760 at 1 January 2021 (Note 20).

Notes to the financial statements

For the financial year ended 31 December 2022

11. Tangible fixed assets

	Fixtures and fittings €	Leased assets €	Computer equipment €	Other fixed assets €	Total €
Cost or valuation					
At 1 January 2022	32,220	1,323,770	172,966	5,485	1,534,441
Additions	-	-	79,345	-	79,345
Disposals	-	-	(1,365)	-	(1,365)
At 31 December 2022	<u>32,220</u>	<u>1,323,770</u>	<u>250,946</u>	<u>5,485</u>	<u>1,612,421</u>
Depreciation					
At 1 January 2022	32,220	238,112	162,253	5,485	438,070
Charge for the financial year on owned assets	-	194,446	15,031	-	209,477
Disposals	-	-	(569)	-	(569)
At 31 December 2022	<u>32,220</u>	<u>432,558</u>	<u>176,715</u>	<u>5,485</u>	<u>646,978</u>
Net book value					
At 31 December 2022	<u>-</u>	<u>891,212</u>	<u>74,231</u>	<u>-</u>	<u>965,443</u>
At 31 December 2021	<u>-</u>	<u>1,085,658</u>	<u>10,713</u>	<u>-</u>	<u>1,096,371</u>

Notes to the financial statements

For the financial year ended 31 December 2022

12. Debtors: Amounts falling due within one year

	2022 €	2021 €
Trade debtors	2,187,895	1,199,609
Tax recoverable	77,594	147,600
VAT repayable	37,620	24,424
Prepayments	178,682	158,917
Accrued income	1,365,723	573,162
Deferred taxation	406,448	907,015
	<u>4,253,962</u>	<u>3,010,727</u>

13. Cash at bank and in hand

	2022 €	2021 €
Cash at bank and in hand	7,218,080	4,060,295
Less: credit card debt	(23,902)	(12,545)
	<u>7,194,178</u>	<u>4,047,750</u>

14. Creditors: Amounts falling due within one year

	2022 €	2021 €
Credit card debt	23,902	12,545
Trade creditors	314,041	129,323
Amounts owed to group undertakings	8,739,819	8,244,070
Corporation tax	3,011	-
Taxation and social insurance	95,543	67,895
Lease liabilities	216,300	250,684
Other creditors	62,522	114,466
Accruals	3,196,129	2,602,981
Deferred income	2,362,180	1,520,304
	<u>15,013,447</u>	<u>12,942,268</u>

Notes to the financial statements

For the financial year ended 31 December 2022

14. Creditors: Amounts falling due within one year (continued)

	2022 €	2021 €
Other taxation and social insurance		
PAYE/PRSI control	95,543	67,895
	<u>95,543</u>	<u>67,895</u>

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

	2022 €	2021 €
Lease liabilities	801,633	958,220
	<u>801,633</u>	<u>958,220</u>

16. Deferred taxation

	2022 €
At beginning of year	907,015
Charged to profit or loss	(500,567)
At end of year	<u>406,448</u>

The deferred tax asset is made up as follows:

	2022 €	2021 €
Unused tax losses	406,448	907,015
	<u>406,448</u>	<u>907,015</u>

17. Related party transactions

The Company has availed of the exemption provided in Financial Reporting Standard 101, 'Related Party Disclosures', for subsidiary undertakings wholly owned within the group, from the requirement to give details of transactions with entities that are part of the group.

18. Events after the end of the financial year

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

Notes to the financial statements

For the financial year ended 31 December 2022

19. Controlling party

The Company's immediate parent undertaking is Touch Press Inc., a company incorporated in the United States of America.

The Company's ultimate parent undertaking is Team17 Group plc, an entity listed on the London Stock Exchange and is incorporated under the laws of the United Kingdom.

20. Restatement

The Company has restated its balances from prior year. The impact of the restatement in the statement of financial position as follows:

	As previously stated 1 January 2021 €	Effect of restatement 1 January 2021 €	Restated 1 January 2021 €	As previously stated 1 January 2022 €	Effect of restatement 1 January 2022 €	Restated 1 January 2022 €
Fixed assets						
Intangible fixed assets	-	680,769	680,769	646,853	565,293	1,212,146
Tangible fixed assets	5,885	-	5,885	1,096,371	-	1,096,371
	<u>5,885</u>	<u>680,769</u>	<u>686,654</u>	<u>1,743,224</u>	<u>565,293</u>	<u>2,308,517</u>
Current assets						
Debtors: amounts falling due within one year	1,326,178	-	1,326,178	3,010,727	-	3,010,727
Cash at bank and in hand	1,639,392	-	1,639,392	4,060,295	-	4,060,295
	<u>2,965,570</u>	<u>-</u>	<u>2,965,570</u>	<u>7,071,022</u>	<u>-</u>	<u>7,071,022</u>
Current liabilities						
Creditors: amounts falling due within one year	(7,866,643)	(1,084,939)	(8,951,582)	(11,857,329)	(1,084,939)	12,942,268
Net current liabilities	<u>(4,901,073)</u>	<u>(1,084,939)</u>	<u>(5,986,012)</u>	<u>(4,786,307)</u>	<u>(1,084,939)</u>	<u>(5,871,246)</u>
Total assets less current liabilities	<u>(4,895,188)</u>	<u>(404,170)</u>	<u>(5,299,358)</u>	<u>(3,043,083)</u>	<u>(519,646)</u>	<u>(3,562,729)</u>
Creditors: amounts falling due after more than one year	-	-	-	(958,220)	-	(958,220)
Net liabilities	<u>(4,895,188)</u>	<u>(404,170)</u>	<u>(5,299,358)</u>	<u>(4,001,303)</u>	<u>(519,646)</u>	<u>(4,520,949)</u>

Notes to the financial statements

For the financial year ended 31 December 2022

20. Restatement (continued)

	As previously stated 1 January 2021 €	Effect of restatement 1 January 2021 €	Restated 1 January 2021 €	As previously stated 1 January 2022 €	Effect of restatement 1 January 2022 €	Restated 1 January 2022 €
Capital and reserves						
Called up share capital presented as equity	281	-	281	281	-	281
Share premium reserve	2,853,132	-	2,853,132	2,853,132	-	2,853,132
Profit and loss account	(7,748,601)	(404,170)	(8,152,771)	(6,854,716)	(519,646)	(7,374,362)
Shareholders' funds/(deficit)	(4,895,188)	(404,170)	(5,299,358)	(4,001,303)	(519,646)	(4,520,949)

The Company has restated its balances from prior year. The impact of the restatement in the statement of comprehensive income as follows:

	As previously stated 31 December 2021	Effect of restatement 31 December 2021	Restated 31 December 2021
Revenue	14,604,790	-	14,604,790
Cost of sales	(13,020,447)	-	(13,020,447)
Gross profit	1,584,343	-	1,584,343
Administrative expenses	(1,413,132)	(115,476)	(1,528,608)
Operating profit	171,211	-	55,735
Interest payable and similar expenses	(61,809)	-	(61,809)
Profit before taxation	109,402	-	(6,074)
Tax on profit	902,288	-	902,288
Profit for the financial year	1,011,690	-	896,214

The Company has restated its acquired software due to a late invoice received for licenses already in use since June 2017. The restatement resulted to an increase of intangible assets and accruals for the same amount of €680,769.

Subsequent changes to the intangible assets relate to its yearly amortisation.

21. Approval of financial statements

The board of directors approved these financial statements for issue on