

Company registration number 04304578 (England and Wales)

NATURALMOTION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

NATURALMOTION LIMITED

COMPANY INFORMATION

Directors	A Wood P Collins	{Appointed 31 May 2022} {Appointed 31 May 2022}
Company number	04304578	
Registered office	7 Savoy Court London WC2R 0EX	
Auditor	Alliotts LLP Friary Court 13-21 High Street Guildford Surrey GU1 3DL	
Business address	First Floor 6 Agar Street London WC2N 4HN	

NATURALMOTION LIMITED

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NATURMOTION LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 MARCH 2023

The directors present the strategic report on NaturalMotion Limited ("the company") for the Period ended 31 March 2023. The registered number of incorporation of the company is 04304578.

Principal activities

The principal activity of the company is that of the licensing of its intellectual property for use in the development and publishing of video games for mobile devices. The company mainly earns intercompany revenue from its parent company, Zynga Inc. ("Zynga") for the provision of the aforementioned services.

Review of business and future developments

The business has switched its focus from systematically growing and improving upon its 3D animation and simulation technology to downscale in this area, and support the group containing its mobile game R&D subsidiary. The company's technology does not represent an area of focus for the directors given the higher returns envisaged elsewhere across the group and the rise of well backed competitors providing off the shelf solutions to studios. Whilst the company's technology is highly valued amongst its existing customer base, identifying and attracting new customers is challenging in a consolidating gaming market.

Results and dividends

The company's profit before taxation for the financial year was £48,949 (2021: loss of £65,249). After charging (2021: crediting) taxation of £nil (2021: £27,907) an amount of £48,949 (2021: £37,341) was credited (2021: charged) to reserves. The directors recommend an interim ordinary dividend of £nil for the financial year (2021: nil).

Key performance indicators

A standard set of key performance indicators, including revenue, expense, and gross profit margin metrics are consistently applied at the company. Financial control is exercised through a rigorous annual budgeting process and timely monthly financial reporting. The directors are satisfied that reviews of such business and financial results reflect good business practice and that such reviews are performed in a timely manner to allow any required necessary corrective action to be taken.

Principal risks and uncertainties

The principal risks and uncertainties have been identified as the emergence of rival game developers, global recession reducing spending on mobile gaming, and the ability to grow or maintain the Zynga group's audience through the release of new games. In addition, there is a risk that the services provided by the company to Zynga Inc. may no longer be required by the parent company.

Statement by the directors in accordance with s172(1) Companies Act 2006

Employees

Staff remuneration and benefits are constantly monitored and actively benchmarked to ensure the company is offering fair compensation for the efforts of its employees. Staff training is of primary importance to the directors to ensure its employees remain at the cutting edge of mobile game development.

The company operates a framework for employee information and consultation which complies with the Information and Consultation of Employees Regulations 2004. During the year, the policy of providing employees with information about the company continued through the fortnightly studio updates, quarterly all hands meetings, and regular CEO lunches, in which employees have been encouraged to ask any questions they may have and share their views on the company's activities and performance.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development, and promotion.

Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or alternative position and to provide appropriate training to achieve this aim.

NATURALMOTION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2023

Customers

The company's sole customer is Zynga and regular communication is maintained directly between the management teams of both the company and Zynga. Feedback received from Zynga on title delivery is analysed and implemented in a timely fashion, with the results are communicated back to Zynga management. For all development activity the ultimate customer can be considered to be the player. All teams within the company develop titles according to a set of criteria that respect our players as partners, delivering them high quality, stable releases which add value to their experience.

Suppliers

Suppliers are where possible paid within their credit terms so the company can maintain good working relationships with those it considers critical to its success. The company continues to work with a list of suppliers it has worked with for many years, who understand the needs of the company and who have experience of the working practices of the company. The company along with Zynga maintains a team of individuals dedicated to the maintenance of existing supplier relationships and establishment of new ones.

On behalf of the board

A Wood
Director

12 December 2023

NATURMOTION LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the Period ended 31 March 2023. The registered number of incorporation of the company is 04304578.

Results and dividends

The results for the Period are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the Period and up to the date of signature of the financial statements were as follows:

P Phillips	(Resigned 31 May 2022)
J Parsons	(Resigned 4 February 2022)
A Rawlings	(Resigned 31 May 2022)
A Wood	(Appointed 31 May 2022)
S Belcher	(Appointed 31 May 2022 and resigned 31 May 2023)
P Evans	(Appointed 3 February 2022 and resigned 31 May 2022)
P Collins	(Appointed 31 May 2022)
J Laurence	(Appointed 9 April 2022 and resigned 31 October 2023)

None of the directors who held office at the end of the financial year or at the date of the approval of the financial statements had any disclosable interest in the shares of the company.

Directors' liabilities

No liabilities subsisted to directors of the company throughout the year, and no indemnity provisions have been granted to any director during the year. No such indemnity provisions are in force as at the signing of the director's report.

Political donations

No donations were made by the company during the year for charitable or political purposes (2021: £nil).

Financial risk management

The company's operations expose it to a variety of financial risks that include the following:

Concentration risk

Throughout the year, the company derived all its revenue from its subsidiary, NaturalMotion Software Limited, its parent company Zynga Game International Limited, and its ultimate parent Zynga Inc. The company has no plans to market its products and intellectual property to other parties.

Liquidity risk

All of the cash assets held at the period ended 31 March 2023 are immediately available and not on long term deposits.

Going concern

The financial statements are prepared on a going concern basis. The directors have reviewed the going concern basis in light of the expected future trading results of the company and the cash position of the company, believing the company to have a positive trading outlook. The ultimate parent company, Take-Two Interactive Software Inc, has confirmed its intention to provide the necessary financial support to enable the company to trade for at least a period of 12 months from the date of approval of these financial statements and consequently the directors have prepared the financial statements on a going concern basis.

NATURALMOTION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2023

Auditor

In accordance with s485 of the Companies Act 2006, a resolution is proposed at the next board meeting for the re-appointment of Alliot's LLP, as auditor of the company.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 of the profit or loss of the company 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

A Wood
Director

12 December 2023

NATURALMOTION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NATURALMOTION LIMITED

Opinion

We have audited the financial statements of Naturalmotion Limited (the 'company') for the Period ended 31 March 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including 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 company's affairs as at 31 March 2023 and of its profit for the Period 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial Period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

NATURALMOTION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF NATURALMOTION LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations, and
- understanding the design of the company's remuneration policies.

NATURALMOTION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF NATURALMOTION LIMITED

Audit response to risks identified

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewed legal expenses for indications of non-compliance or legal action.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Christopher Cairns BSc FCA
Senior Statutory Auditor
For and on behalf of Alliotts LLP

12 December 2023

Chartered Accountants
Statutory Auditor

Friary Court
13-21 High Street
Guildford
Surrey
GU1 3DL

NATURALMOTION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 MARCH 2023

		Period ended 31 March 2023 £	Year ended 31 December 2021 £
	Notes		
Turnover		-	-
Administrative expenses		(7,040)	1,359
Operating (loss)/profit	3	(7,040)	1,359
Interest receivable/(payable) and similar income/(expenses)	5	55,989	(66,607)
Profit/(loss) before taxation		48,949	(65,248)
Tax on profit/(loss)	6	-	27,907
Profit/(loss) for the financial Period		48,949	(37,341)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

NATURALMOTION LIMITED

BALANCE SHEET

AS AT 31 MARCH 2023

		31 March 2023	31 December 2021
	Notes	£	£
Current assets			
Debtors	8	1,500,309	1,569,136
Cash at bank and in hand		10,861,610	10,381,045
		<u>12,361,919</u>	<u>11,950,181</u>
Creditors: amounts falling due within one year	9	(374,472)	(11,683)
Net current assets		<u>11,987,447</u>	<u>11,938,498</u>
Capital and reserves			
Called up share capital	10	475	475
Share premium account		2,504,046	2,504,046
Other reserves		2,708,431	2,708,431
Profit and loss reserves		<u>6,774,495</u>	<u>6,725,546</u>
Total equity		<u>11,987,447</u>	<u>11,938,498</u>

The financial statements were approved by the board of directors and authorised for issue on 12 December 2023 and are signed on its behalf by:

A Wood
Director

Company registration number 04304578 (England and Wales)

NATURALMOTION LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2023

	Share capital	Share premium account	Other reserves	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 January 2021	475	2,504,046	2,708,431	6,762,887	11,975,839
Year ended 31 December 2021:					
Loss and total comprehensive income	-	-	-	(37,341)	(37,341)
Balance at 31 December 2021	475	2,504,046	2,708,431	6,725,546	11,938,498
Period ended 31 March 2023:					
Profit and total comprehensive income	-	-	-	48,949	48,949
Balance at 31 March 2023	475	2,504,046	2,708,431	6,774,495	11,987,447

NATURALMOTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023

1 Accounting policies

Company information

Naturalmotion Limited is a private company limited by shares incorporated in England and Wales. The registered office is 7 Savoy Court, London, WC2R 0EX.

1.1 Reporting period

The financial statements are presented for a period of more than one year in order to align with group companies. Therefore amounts presented under comparatives may not be entirely comparable.

1.2 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable 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 £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This 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:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A;
- Section 26 'Share based Payment': Share based payment arrangements required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Take-Two Interactive Software, Inc., available at www.sec.gov.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

NATURALMOTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.5 Financial instruments

The company 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.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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 company after deducting all of its liabilities.

NATURALMOTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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 amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

NATURALMOTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company'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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Operating (loss)/profit

	2023	2021
	£	£
Operating (loss)/profit for the period is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	-	6,750
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NATURALMOTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2023

4 Employees

The average monthly number of persons (including directors) employed by the company during the Period was:

	2023 Number	2021 Number
Management and operations	-	-
Research and development	-	-
	<hr/>	<hr/>
Total	-	-
	<hr/> <hr/>	<hr/> <hr/>

Their aggregate remuneration comprised:

	2023 £	2021 £
Wages and salaries	(404)	-
	<hr/> <hr/>	<hr/> <hr/>

The directors did not receive any emoluments in respect of their services to the company in the current or prior year.
There was no director in the company that accrued any benefit under the defined contribution pension scheme during the current or prior year.

5 Interest (receivable)/payable and similar (income)/expense

	2023 £	2021 £
Exchange differences on financing transactions	(55,989)	66,607
	<hr/> <hr/>	<hr/> <hr/>

6 Taxation

	2023 £	2021 £
Current tax		
Adjustments in respect of prior periods	-	(27,907)
	<hr/> <hr/>	<hr/> <hr/>

NATURALMOTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2023

6 Taxation

(Continued)

The actual charge/(credit) for the Period can be reconciled to the expected charge/(credit) for the Period based on the profit or loss and the standard rate of tax as follows:

	2023 £	2021 £
Profit/(loss) before taxation	48,949	(65,248)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	9,300	(12,397)
Adjustments in respect of prior years	-	(27,907)
Group relief	2,638	23,216
Deferred tax not recognised	(11,938)	(10,819)
Taxation charge/(credit) for the period	-	(27,907)

7 Subsidiaries

Details of the company's subsidiaries at 31 March 2023 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
NaturalMotion Software Limited	6 Agar Street, First Floor, London, WC2N 4HN	Developing and selling Animation Technology	Ordinary shares	100.00
NaturalMotion Games Limited	As above	Developing and publishing video games for mobile devices	Ordinary shares	100.00

8 Debtors

	2023 £	2021 £
Amounts falling due within one year:		
Corporation tax recoverable	15,876	15,876
Amounts owed by group undertakings	1,484,433	1,553,252
Other debtors	-	8
	1,500,309	1,569,136

Amounts due from group undertakings are repayable on demand.

NATURALMOTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2023

9 Creditors: amounts falling due within one year

	2023 £	2021 £
Trade creditors	-	(1,284)
Amounts owed to group undertakings	374,472	-
Corporation tax	-	1
Other creditors	-	304
Accruals and deferred income	-	12,662
	<u>374,472</u>	<u>11,683</u>

Amounts due to group undertakings are repayable on demand.

10 Share capital

	2023 Number	2021 Number	2023 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of 0.001p each	<u>47,508,454</u>	<u>47,508,454</u>	<u>475</u>	<u>475</u>

11 Financial Commitments

During the year the company continued to act as a guarantor for an office rental lease agreement on behalf of its subsidiary NaturalMotion Games Limited, guaranteeing that the company will meet the obligations under the lease should NaturalMotion Games Limited fail to.

12 Related party transactions

The company, a wholly owned subsidiary of ZINT Holdings LLC, has taken advantage of the exemption under FRS 102 not to disclose transactions with other group companies as related party transactions.

13 Ultimate controlling party

The ultimate controlling party of the company is Zynga Inc, a company incorporated in the USA. Zynga Inc prepares consolidated accounts and its registered office is 699 8th Street, San Francisco, California, 94103.

On 23rd May 2022 the parent company Zynga Inc. was acquired by Take-Two Interactive Software, Inc. and therefore the ultimate controlling party as at the date of signing the financial statements is Take-Two Interactive Software, Inc., its registered office is 110 West 44th Street, New York, New York, 10036.

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.