

Company registration number 05260718 (England and Wales)

Yoyo Games Limited

Annual report and financial statements

For the year ended 31 December 2022

YoYo Games Limited

Company information

Directors	J Kasbohm A McParlan
Secretary	Denton Secretaries Limited
Company number	05260718
Registered office	One Fleet Place London EC4M 7WS
Auditor	Henderson Loggie LLP The Vision Building 20 Greenmarket Dundee DD1 4QB
Bankers	Barclays Bank plc 8 Marketplace Basingstoke RG21 7QB

YoYo Games Limited

Contents

	Page
Directors' report	1
Directors' responsibilities statement	2
Independent auditor's report	3 - 5
Income statement	6
Statement of financial position	7 - 8
Statement of changes in equity	9
Notes to the financial statements	10 - 25

YoYo Games Limited

Directors' report

for the year ended 31 December 2022

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

Principal activities

The principal activity of the company is the distribution of fully internet-based games on behalf of Opera Norway AS, as well as providing marketing and sales support for the IP owner in Norway.

Results and dividends

The results for the year are set out on page 6.

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

Directors

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

J Kasbohm
A McParlan

Auditor

In accordance with section 485 of the Companies Act 2006, a resolution proposing that Henderson Loggie LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

J Kasbohm
Director

24 November 2023

YoYo Games Limited

Directors' responsibilities statement

for the year ended 31 December 2022

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; and
- 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.

Yoyo Games Limited

Independent auditor's report

To the members of YoYo Games Limited

Opinion

We have audited the financial statements of YoYo Games Limited (the 'company') for the year ended 31 December 2022 which comprise the income statement, the statement of financial position, 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 101 Reduced Disclosure Framework (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 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *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.

Material uncertainty related 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Yoyo Games Limited

Independent auditor's report (continued)

To the members of YoYo Games Limited

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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.

As part of our planning process:

- We enquired of management the systems and controls the company has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. Management informed us that there were no instances of known, suspected or alleged fraud;
- We obtained an understanding of the legal and regulatory frameworks applicable to the company. We determined that the following were most relevant: COPPA regulations; health and safety; employment law (including the Working Time Directive); anti-bribery and corruption; Data Protection Act 2018; and compliance with the UK Companies Act;

Yoyo Games Limited

Independent auditor's report (continued)

To the members of YoYo Games Limited

- We considered the incentives and opportunities that exist in the company, including the extent of management bias, which present a potential for irregularities and fraud to be perpetrated, and tailored our risk assessment accordingly; and
- Using our knowledge of the company, together with the discussions held with management at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Inquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing board meeting minutes;
- Reviewing COPPA compliance including the review of the company's policies, and terms and conditions;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the carrying value of tangible fixed assets, the recoverability of debtors, right-of-use assets, and accruals; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

Blair Davidson (Senior Statutory Auditor)
For and on behalf of Henderson Loggie LLP

24 November 2023

Chartered Accountants
Statutory Auditor

The Vision Building
20 Greenmarket
Dundee
DD1 4QB

Yoyo Games Limited

Income statement

for the year ended 31 December 2022

		2022	2021
	Notes	£	£
Revenue	3	4,731,123	3,727,676
Cost of sales		(187,565)	(1,023,108)
Gross profit		4,543,558	2,704,568
Administrative expenses		(3,953,152)	(2,750,317)
Other operating income		-	14,280
Operating profit/(loss)	4	590,406	(31,469)
Finance costs	6	(24,263)	(7,855)
Other gains and losses	7	-	837,513
Profit before taxation		566,143	798,189
Tax on profit	8	(104,914)	6,079
Profit and total comprehensive income for the financial year	20	461,229	804,268

The income statement has been prepared on the basis that all operations are continuing operations.

The accompanying accounting policies and notes form an integral part of these financial statements.

Yoyo Games Limited

Statement of financial position

As at 31 December 2022

	Notes	2022 £	£	2021 £	£
Non-current assets					
Property, plant and equipment	10		121,874		178,671
Current assets					
Trade and other receivables	11	6,715,251		2,683,602	
Cash and cash equivalents		222,608		137,975	
		<u>6,937,859</u>		<u>2,821,577</u>	
Current liabilities					
Borrowings	13	680,595		866,017	
Trade and other payables	12	1,604,709		1,255,221	
Current tax liabilities		168,859		64,926	
Other taxation and social security		113,206		60,640	
Lease liabilities	14	47,953		66,637	
		<u>2,615,322</u>		<u>2,313,441</u>	
Net current assets			<u>4,322,537</u>		<u>508,136</u>
Total assets less current liabilities			<u>4,444,411</u>		<u>686,807</u>
Non-current liabilities					
Lease liabilities	14	-	-	(44,424)	(44,424)
Provisions for liabilities					
Deferred tax liabilities	15		(1,577)		(1,388)
Net assets			<u><u>4,442,834</u></u>		<u><u>640,995</u></u>
Equity					
Called up share capital	17		2,388		2,388
Share premium account	18		3,652,362		325,735
Equity reserve	19		13,983		-
Retained earnings	20		774,101		312,872
Total equity			<u><u>4,442,834</u></u>		<u><u>640,995</u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Yoyo Games Limited

Statement of financial position (continued)

As at 31 December 2022

The financial statements were approved by the board of directors and authorised for issue on 24 November 2023 and are signed on its behalf by:

J Kasbohm
Director

Company registration number 05260718

Yoyo Games Limited

Statement of changes in equity

for the year ended 31 December 2022

	Share capital	Share premium account	Equity reserve	Retained earnings	Total
Notes	£	£	£	£	£
Balance at 1 January 2021	2,388	325,735	-	(491,396)	(163,273)
Year ended 31 December 2021:					
Profit and total comprehensive income for the year	-	-	-	804,268	804,268
Balance at 31 December 2021	2,388	325,735	-	312,872	640,995
Year ended 31 December 2022:					
Profit and total comprehensive income for the year	-	-	-	461,229	461,229
Transactions with owners in their capacity as owners:					
Credit to equity for equity settled share-based payments	-	-	-	13,983	13,983
Other movements	-	3,326,627	13,983	(13,983)	3,326,627
Balance at 31 December 2022	2,388	3,652,362	13,983	774,101	4,442,834

As described in note 18, during the current financial year Yoyo Games Limited entered into a capitalisation agreement with its immediate parent company Opera Norway AS, converting debt owed by Yoyo Games Limited to Opera Norway AS of £3,326,627 to capital. This is recognised through 'other movements' as above and included the issue of 1 ordinary share for 0.1p as part of the agreement.

As described in note 1.13, during the current financial year Yoyo Games Limited was part of a group share-based payment plan and receives a charge from its parent company for the equity provided to the employees of Yoyo Games Limited. Included within 'other movements' as above is a transfer of this charge from retained earnings to a separate equity reserve.

Yoyo Games Limited

Notes to the financial statements

for the year ended 31 December 2022

1 Accounting policies

Company information

YoYo Games Limited is a private company limited by shares incorporated in England and Wales. The registered office is One Fleet Place, London, EC4M 7WS. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

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.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraph 45(b) and 46-52 of IFRS 2 Share based payments;
- the requirements of paragraphs 10(d), 16, 38A to 38D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- the requirements in IAS 24 Related Party Disclosures 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.

Where required, equivalent disclosures are given in the group accounts of the ultimate parent company Opera Norway Limited. The group accounts of Opera Norway Limited are available to the public and can be obtained from their website at <https://investor.opera.com/sec-filings>.

1.2 Going concern

The financial statements have been prepared on a going concern basis, taking into account the operations of the company, which are based on a cost-plus arrangement. The directors have considered relevant information, including historical results, financial projections, and the impact of subsequent events in making their assessment. The directors have also evaluated the potential impact on the business of possible future scenarios arising from rising input costs and the likelihood of sustained levels of high inflation and interest rates. This analysis further includes the effectiveness of available measures to assist in mitigating the impact. Based on the financial assessments made by the directors and having regard to the resources available to the company, including the ongoing financial support of the group, the directors have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the annual report and financial statements.

1.3 Revenue

Revenue from the sale of software and licences is recognised on completion of the performance obligation, which is typically on delivery of the software and licences, at which time control has passed to the buyer, the amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the entity.

Yoyo Games Limited

Notes to the financial statements (continued)

for the year ended 31 December 2022

1 Accounting policies (continued)

Revenue from contracts for the provision of software maintenance or development is recognised on completion of the performance obligation, which is typically on the completion and launch of the software, unless the criteria are met to recognise revenue over time, when revenue is recognised evenly over the period of service. Revenues relating to management and integration fees are recognised at a point in time in the period they relate.

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

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

Land and buildings Leasehold	Straight line over the contractual lease period
Leasehold improvements	20% straight line
Fixtures & fittings	25% - 33% straight line
Computer equipment	33% straight line

The Land and buildings Leasehold above relates to the right-of-use asset discussed further in note 14.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.5 Impairment of tangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Yoyo Games Limited

Notes to the financial statements (continued)

for the year ended 31 December 2022

1 Accounting policies (continued)

1.7 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL when the financial asset is held for trading. This is the case if:

- the asset has been acquired principally for the purpose of selling in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Interest and dividends are included in 'Investment income' and gains and losses on remeasurement included in 'other gains and losses' in the statement of comprehensive income.

Financial assets held at amortised cost

Trade receivables, amounts due from fellow group undertakings, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as financial assets held at amortised cost.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

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

The company always recognises lifetime ECL (expected credit losses) for trade receivables, which are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, 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 the time value of money where appropriate.

The company writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off are still subject to enforcement activities. Any recoveries made are recognised in profit or loss.

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 of the investment have been affected.

Notes to the financial statements (continued)

for the year ended 31 December 2022

1 Accounting policies (continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.8 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.9 Equity instruments

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

1.10 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 income statement 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.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary 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 income statement, 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.

Yoyo Games Limited

Notes to the financial statements (continued)

for the year ended 31 December 2022

1 Accounting policies (continued)

1.11 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 inventories or non-current 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.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Share-based payments

The company is part of a group share-based payment plan in the form of restricted share units (RSUs) and receives a charge from its parent company for the equity provided to the employees of Yoyo Games Limited. Each RSU entitles the individual to receive a set number of ordinary shares of Opera Limited, each with no par value or the lowest possible par value pursuant to statutory requirements. The vesting period is scheduled to run until 1 January 2025 with an weighted average remaining vesting period of 1.06 years. The vesting requirements are based upon the individuals' professional performance.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Monte Carlo valuation model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.14 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

1 Accounting policies (continued)

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1.15 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 Critical accounting estimates and judgements

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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually by management who have the relevant knowledge and expertise to do so. They are amended when necessary to reflect the current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Right-of-use assets

Management estimate the discount rate used to calculate the lease liability as the rate in the lease, if it can be readily determined, or the company's incremental borrowing rate if not. As no such interest rates were available in 2020 management considered the rate of 7.56 per cent appropriate based upon the nominal incremental borrowing rate at 1 January 2020.

Key sources of estimation uncertainty

Debtor recovery

Credit control is an important function within the business which requires management to assess on an ongoing basis the recoverability of amounts due from trade and other debtors. Where recovery is in doubt management will adequately provide against this debt and will arrive at such conclusions based on internal and external knowledge of the debtors performance and "ability to pay". Management adopt a prudent approach to credit control.

Accruals

Management estimate requirements for accruals using post year end information and information available from detailed budgets. This identifies costs and income that are expected to be incurred or received for goods/services provided by and to other parties. Accruals are only released when there is a reasonable expectation that these costs will not be invoiced in the future.

Yoyo Games Limited

Notes to the financial statements (continued)

for the year ended 31 December 2022

3 Revenue

An analysis of the company's revenue is as follows:

	2022	2021
	£	£
Revenue analysed by class of business		
Sales of Gamemaker software	615,215	1,439,302
Group management charge	4,115,908	2,288,374
	<u>4,731,123</u>	<u>3,727,676</u>
	2022	2021
	£	£
Revenue analysed by geographical market		
UK	56,592	110,779
Europe	4,154,389	2,506,171
North America	114,005	720,134
Rest of the world	406,137	390,592
	<u>4,731,123</u>	<u>3,727,676</u>

4 Operating profit/(loss)

	2022	2021
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(80,741)	12,380
Fees payable to the company's auditor for the audit of the company's financial statements	16,950	14,100
Depreciation of property, plant and equipment	112,609	101,225
Share-based payments	21,460	-
	<u></u>	<u></u>

5 Employees

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

	2022	2021
	Number	Number
Admin	14	6
Development	22	17
Sales	12	10
	<u></u>	<u></u>
Total	48	33

Yoyo Games Limited

Notes to the financial statements (continued)

for the year ended 31 December 2022

5 Employees (continued)

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	2,280,535	1,469,746
Social security costs	248,163	152,642
Pension costs	95,770	87,630
	2,624,468	1,710,018

Redundancy payments in the year amount to £30,083 (2021 - £Nil).

6 Finance costs

	2022	2021
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	20,817	799
Interest on lease liabilities	3,446	6,264
Interest on other loans	-	792
	24,263	7,855

7 Other gains and losses

	2022	2021
	£	£
Loan liabilities waived	-	837,513

Yoyo Games Limited

Notes to the financial statements (continued)

for the year ended 31 December 2022

8 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	104,725	68,299
Adjustments in respect of prior periods	-	(1,449)
	<u>104,725</u>	<u>66,850</u>
Total UK current tax	104,725	66,850
	<u>104,725</u>	<u>66,850</u>
Deferred tax		
Origination and reversal of temporary differences	189	(98,305)
Changes in tax rates	-	23,927
Adjustment in respect of prior periods	-	1,449
	<u>189</u>	<u>(72,929)</u>
	<u>189</u>	<u>(72,929)</u>
Total tax charge/(credit)	104,914	(6,079)
	<u>104,914</u>	<u>(6,079)</u>

The charge for the year can be reconciled to the profit per the income statement as follows:

	2022	2021
	£	£
Profit before taxation	566,143	798,189
	<u>566,143</u>	<u>798,189</u>
Expected tax charge based on a corporation tax rate of 19% (2021: 19%)	107,567	151,656
Effect of expenses not deductible in determining taxable profit	248	1,682
Adjustment in respect of prior years	-	(1,449)
Depreciation on assets not qualifying for tax allowances	305	305
Effect of overseas tax rates	-	3,371
Deferred tax adjustments in respect of prior years	-	1,449
Corporation tax adjustment in relation to the prior period adjustment	-	(2,528)
Super-deduction	(3,251)	(1,772)
Loan liabilities waived	-	(159,127)
Effect of change in local deferred tax rate	-	23,927
Difference between corporation and deferred tax rates	45	(23,593)
	<u>104,914</u>	<u>(6,079)</u>
Taxation charge/(credit) for the year	104,914	(6,079)
	<u>104,914</u>	<u>(6,079)</u>

Yoyo Games Limited

Notes to the financial statements (continued)

for the year ended 31 December 2022

9 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	2022 £	2021 £
In respect of:		
Intangible assets	-	156,794
Recognised in:		
Administrative expenses	-	156,794

In the prior year, gaming software held in intangible assets was impaired by £156,794 to a carrying value of £245,100. This followed a review undertaken by Opera Norway AS with support from PricewaterhouseCoopers AS and reflected the need for the technology to have regular updates or risk having limited value. The intangible assets concerned were subsequently sold to Opera Norway AS and therefore no further impairment is required in the current year.

10 Property, plant and equipment

	Land and buildings Leasehold £	Leasehold improvements £	Fixtures & fittings £	Computer equipment £	Total £
Cost					
At 1 January 2022	699,160	11,466	90,406	133,110	934,142
Additions	-	-	-	55,812	55,812
At 31 December 2022	699,160	11,466	90,406	188,922	989,954
Accumulated depreciation and impairment					
At 1 January 2022	562,345	8,409	89,815	94,902	755,471
Charge for the year	82,089	2,291	591	27,638	112,609
At 31 December 2022	644,434	10,700	90,406	122,540	868,080
Carrying amount					
At 31 December 2022	54,726	766	-	66,382	121,874
At 31 December 2021	136,815	3,057	591	38,208	178,671

Yoyo Games Limited

Notes to the financial statements (continued)

for the year ended 31 December 2022

11 Trade and other receivables

	2022	2021
	£	£
Trade receivables	6,426	1,253
VAT recoverable	-	53,144
Amounts owed by fellow group undertakings	6,665,507	2,550,040
Prepayments and accrued income	43,318	79,165
	<u>6,715,251</u>	<u>2,683,602</u>

Amounts owed by fellow group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

12 Trade and other payables

	2022	2021
	£	£
Trade payables	65,866	113,217
Amounts owed to fellow group undertakings	1,215,744	987,185
Accruals and deferred income	323,099	154,716
Other payables	-	103
	<u>1,604,709</u>	<u>1,255,221</u>

Amounts owed to fellow group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

13 Borrowings

	2022	2021
	£	£
Borrowings held at amortised cost:		
Loans from fellow group undertakings	680,595	866,017
	<u>680,595</u>	<u>866,017</u>

The balances are due to the parent company, Opera Norway AS. This loan incurs no interest for the first 90 days and subsequently incurs interest at NIBOR + 0.9%. The loan is unsecured and repayable on demand.

14 Lease liabilities

	2022	2021
	£	£
Maturity analysis		
Within one year	47,953	66,637
In two to five years	-	44,424
	<u>47,953</u>	<u>111,061</u>
Total undiscounted liabilities	<u>47,953</u>	<u>111,061</u>

Yoyo Games Limited

Notes to the financial statements (continued)

for the year ended 31 December 2022

14 Lease liabilities (continued)

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2022	2021
	£	£
Current liabilities	47,953	66,637
Non-current liabilities	-	44,424
	<u>47,953</u>	<u>111,061</u>
	2022	2021
	£	£
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	<u>3,446</u>	<u>6,264</u>

The above leases relate to the rental of the companies office premises at River Court, 5 West Victoria Dock Road, Dundee, DD1 3JT. Under IFRS 16 these leases have been capitalised as finance leases as described in the accounting policies at note 1.14. The details of the right-of-use asset included within tangible fixed assets is shown below.

The average lease term is 8 years. The average effective borrowing rate for the year was 7.56%. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Other leasing information is included in note 21.

Yoyo Games Limited

Notes to the financial statements (continued)

for the year ended 31 December 2022

15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs	Provisions	IFRS 16	Development costs	Total
	£	£	£	£	£
Liability at 1 January 2021	(12,051)	-	10,008	76,360	74,317
Deferred tax movements in prior year					
Charge/(credit) to profit or loss	11,224	(2,004)	(5,602)	(100,474)	(96,856)
Effect of change in tax rate - profit or loss	(3,348)	-	3,161	24,114	23,927
Liability at 1 January 2022	(4,175)	(2,004)	7,567	-	1,388
Deferred tax movements in current year					
Charge/(credit) to profit or loss	9,153	(3,362)	(5,602)	-	189
Liability at 31 December 2022	<u>4,978</u>	<u>(5,366)</u>	<u>1,965</u>	<u>-</u>	<u>1,577</u>

Deferred tax assets and liabilities are offset in the financial statements only where the company has a legally enforceable right to do so.

16 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>95,770</u>	<u>87,630</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

17 Share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of 0.1p each	2,210,001	2,210,000	2,210	2,210
Ordinary A shares of 0.1p each	177,750	177,750	178	178
	<u>2,387,751</u>	<u>2,387,750</u>	<u>2,388</u>	<u>2,388</u>

Yoyo Games Limited

Notes to the financial statements (continued)

for the year ended 31 December 2022

17 Share capital (continued)

Each ordinary share carries one vote and is entitled to participate pari passu with other ordinary shares in any dividend or capital contribution. As described in note 18, during the year Yoyo Games Limited issued 1 ordinary share for 0.1p as part of a capitalisation agreement with its immediate parent company Opera Norway AS.

Each ordinary A share carries one vote and is entitled to participate pari passu with other ordinary shares in any dividend or capital contribution.

Share capital represents the nominal value of share capital subscribed for.

18 Share premium account

	2022	2021
	£	£
At the beginning of the year	325,735	325,735
Other movements	3,326,627	-
At the end of the year	3,652,362	325,735

The share premium account represents the amount subscribed for share capital in excess of the nominal value.

During the current financial year Yoyo Games Limited entered into a capitalisation agreement with its immediate parent company Opera Norway AS, converting debt owed by Yoyo Games Limited to Opera Norway AS of £3,326,627 to capital. This is recognised through 'other movements' as above.

19 Equity reserve

	2022	2021
	£	£
At the beginning of the year	-	-
Other movements	13,983	-
At the end of the year	13,983	-

Equity reserves include all current and prior years movements on the share-based payment transactions as described in note 1.13. An exemption, under FRS 101, from disclosing transactions within share-based payments has been claimed.

20 Retained earnings

Retained earnings represents all other net gains and losses and transactions with owners not recognised elsewhere.

Yoyo Games Limited

Notes to the financial statements (continued)

for the year ended 31 December 2022

21 Other leasing information

Lessee

The operating leases represent leases of minor office equipment from third parties. The leases are negotiated over terms of 3 years. There are no options in place for either party to extend the lease terms.

Amounts recognised in profit or loss as an expense during the period in respect of lease arrangements are as follows:

	2022	2021
	£	£
Expense relating to leases of low-value assets	<u>2,001</u>	<u>2,001</u>

Information relating to lease liabilities is included in note 14.

22 Related party transactions

An exemption, under FRS 101, from disclosing transactions with companies in the same group has been claimed.

No guarantees have been given or received.

23 Directors' transactions

No transactions took place with directors during the current or prior year. Directors of the company are remunerated through the parent company.

24 Controlling party

The immediate parent company is Opera Norway AS, a company incorporated in Oslo, Norway. The parent company is Opera Limited, a company incorporated in the Cayman Islands. Opera Limited is listed on National Association of Securities Dealers Automated Quotations (NASDAQ).

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