

**Unaudited Strategic Report, Directors' Report and
Financial Statements
for the Year Ended 31 December 2022
for
Sumo Digital Holdings Limited
Registered no: 09155970**

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Sumo Digital Holdings Limited

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for the year ended 31 December 2022**

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Sumo Digital Holdings Limited

**Company Information
for the year ended 31 December 2022**

DIRECTORS:

C Cavers
P R Porter
A M D Stewart

SECRETARY:

T Repa-Davies

REGISTERED OFFICE:

32 Jessops Riverside
Brightside Lane
Sheffield
South Yorkshire
S9 2RX
United Kingdom

REGISTERED NUMBER:

09155970 (England and Wales)

Sumo Digital Holdings Limited

Strategic Report for the year ended 31 December 2022

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

BUSINESS REVIEW

During the current and prior year, the Company acted as an intermediate holding company and did not undertake any trading. The profit for the year, after taxation, amounted to £nil (2021: £nil). The Company had net liabilities of £595,000 at the end of the year (2021: £595,000). The Directors expect the company to remain as an intermediate holding company with no trading transactions for the foreseeable future.

PRINCIPAL RISKS AND UNCERTAINTIES

As the Company does not undertake any trade, the principal risks and uncertainty for the Company is the carrying value of investments. This carrying value is supported by the trading cash flows of the indirect subsidiaries of the company. Management perform regular cash flow forecasts for the Sumo Group Limited ("Sumo Group" or "The Group"), and these are used to assess the carrying value of investments of the Company and to identify any impairments.

The Company continues to receive support from its parent company Sumo Group Limited (formerly Sumo Group plc).

GLOBAL EVENTS

Globally, countries are faced with cost of living and climate change challenges. In addition, the conflict between Russia and Ukraine remains ongoing. The impact of these challenges on the Company have been considered and no material impact is anticipated.

SECTION 172 STATEMENT

With regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006, three directors of the Company are also directors of the parent company Sumo Group Limited, and they operate the Company in line with the objectives of Sumo Group including with regard to stakeholder engagement. Further details how the directors have had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 and a detailed directors' statement required under section 414CZA of that Act, are available in the consolidated financial statements of Sumo Group Limited.

ON BEHALF OF THE BOARD:



.....
A M D Stewart
Director

26 September 2023

Sumo Digital Holdings Limited

Directors' Report for the year ended 31 December 2022

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

The principal activity is that of a holding company.

RESULTS

The profit for the year, after taxation, amounted to £nil (2021: £nil).

No dividends will be distributed for the year ended 31 December 2022.

DIRECTORS

The directors shown below have held office during the period from 1 January 2022 to the date of this report.

C Cavers

D C Wilton (resigned 1 September 2022)

P R Porter

A M D Stewart (appointed 1 September 2022)

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in UK GAAP FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance.

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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, section 172 statement and directors' report that comply with that law and those regulations.

SUBSEQUENT EVENTS

There have been no subsequent events to note since the balance sheet date.

Sumo Digital Holdings Limited

**Directors' Report - continued
for the year ended 31 December 2022**

GOING CONCERN

The directors have prepared these financial statements on a going concern basis. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and the Directors' Report.

At the balance sheet date, the Company had net assets of £595,000. The Company has obtained a letter of parental support and guarantees from Sumo Group Limited (formerly Sumo Group plc) (the "UK parent"), which provide a safeguard to support the Company's liquidity position until 30 September 2024. The directors therefore consider that the Company has adequate resources to continue in operation throughout the going concern assessment period to 30 September 2024.

Financial projections have been prepared for the consolidated results of Sumo Group Limited and its subsidiaries (the "Group") to 30 September 2024. The Group has applied downside sensitivities to these financial projections to assess the Group's ability to continue operating as a going concern. This process included applying a 'reasonable downside case' and 'worst case' scenario to both uncontracted forecast work for hire revenue and future projected game sales, to assess the impact on the Group's liquidity in each scenario. In each case, proportionate mitigating actions were assumed to reduce cash outflows accordingly without impacting on the Group's operations. In both scenarios, the Group's liquidity was maintained throughout the period of assessment.

Accordingly, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence throughout the going concern assessment period to 30 September 2024 and they have adopted the going concern basis of accounting in preparing the financial statements.

AUDIT EXEMPTION

For the year ending 31 December 2022 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

ON BEHALF OF THE BOARD:



.....
A M D Stewart
Director

26 September 2023

Sumo Digital Holdings Limited

**Statement of Comprehensive Income
for the year ended 31 December 2022**

During the current financial year, the Company received no income and incurred no expenditure. Consequently, the Company made neither a profit nor a loss and had no other recognized gains or losses.

Sumo Digital Holdings Limited

**Statement of Financial Position
As at 31 December 2022**

		2022		2021	
	Notes	£'000s	£'000s	£'000s	£'000s
FIXED ASSETS					
Investments	5		-		-
CURRENT ASSETS					
Debtors	6	730		730	
		730		730	
CREDITORS					
Amounts falling due within one year	7	1,325		1,325	
NET CURRENT LIABILITIES			(595)		(595)
TOTAL NET LIABILITIES			(595)		(595)
CAPITAL AND RESERVES					
Share capital	8		-		-
Share premium	9		-		-
Retained earnings	9		(595)		(595)
SHAREHOLDERS' FUNDS			(595)		(595)

For the year ending 31 December 2022 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements were approved by the Board of Directors on 26 September 2023 and were signed on its behalf by:



.....
A M D Stewart
Director

The notes on pages 10 – 15 form part of these financial statements.

Sumo Digital Holdings Limited

**Statement of Changes in Equity
for the year ended 31 December 2022**

	Share capital	Retained earnings	Share premium	Total equity
	£'000s	£'000s	£'000s	£'000s
Balance at 1 January 2021		(595)	-	(595)
Changes in equity				
Total comprehensive income	-	-	-	-
Balance at 31 December 2021	-	(595)	-	(595)
Changes in equity				
Total comprehensive income	-	-	-	-
Balance at 31 December 2022	-	(595)	-	(595)

The notes on pages 10 – 15 form part of these financial statements.

Sumo Digital Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2022

1. GENERAL INFORMATION

Sumo Digital Holdings Limited is a limited liability company, limited by shares, incorporated and domiciled in England and Wales. Its registered head office is located at 32 Jessops Riverside, Brightside Lane, Sheffield, S9 2RX.

The principal activity of the Company is that of a holding company.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The results of the Company and its subsidiaries are included in the consolidated accounts of Sumo Group Limited and the Company has therefore taken advantage of the exemption available under section 400 of the Companies Act 2006 and not prepared group accounts.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

The following principal accounting policies have been applied:

Going concern

The directors have prepared these financial statements on a going concern basis. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and the Directors' Report.

At the balance sheet date, the Company had net assets of £595,000. The Company has obtained a letter of parental support and guarantees from Sumo Group Limited (formerly Sumo Group plc) (the "UK parent"), which provide a safeguard to support the Company's liquidity position until 30 September 2024. The directors therefore consider that the Company has adequate resources to continue in operation throughout the going concern assessment period to 30 September 2024.

Financial projections have been prepared for the consolidated results of Sumo Group Limited and its subsidiaries (the "Group") to 30 September 2024. The Group has applied downside sensitivities to these financial projections to assess the Group's ability to continue operating as a going concern. This process included applying a 'reasonable downside case' and 'worst case' scenario to both uncontracted forecast work for hire revenue and future projected game sales, to assess the impact on the Group's liquidity in each scenario. In each case, proportionate mitigating actions were assumed to reduce cash outflows accordingly without impacting on the Group's operations. In both scenarios, the Group's liquidity was maintained throughout the period of assessment.

Sumo Digital Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2022

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES - continued

Going concern - continued

Accordingly, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence throughout the going concern assessment period to 30 September 2024 and they have adopted the going concern basis of accounting in preparing the financial statements.

Financial instruments

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

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Amounts owed by group undertakings include balances owed by fellow members of Sumo Group Limited group.

Financial liabilities

The Company classifies its financial liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the statement of financial position.

Amounts owed to group undertakings include balances owed by fellow members of Sumo Group Limited group.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Debtors

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

Sumo Digital Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2022

Creditors

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

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

3. JUDGEMENTS IN ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the preparation of the financial statements the Directors, in applying the accounting policies of the Company, make some judgements and estimates that effect the reported amounts in the financial statements.

The following are the areas requiring the use of judgement and estimates that may significantly impact the financial statements:

Impairment of investments

Management reviews the carrying value of investments at each reporting date, based on the forecast cash flows of those investments.

Impairment of intercompany debtors

Management reviews the carrying value of intercompany debtors at each reporting date, based on the forecast cash flows of those companies.

4. EMPLOYEES AND DIRECTORS

There were no employees during the period other than directors as disclosed. Other directors were remunerated by other members of the Group, headed by Sumo Group Limited, of which the Company is a member during the period.

5. INVESTMENTS

	Investments in subsidiaries £'000s
COST	
At 1 January 2022 and 31 December 2022	-
NET BOOK VALUE	
At 31 December 2022	-
At 31 December 2021	-

Sumo Digital Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2022

5. INVESTMENTS (CONTINUED)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

	Class of shares	Holding	Nature of Business
Project Republica Bidco Limited	Ordinary	100%	Holding Group
Sumo Digital Holdings Limited	Ordinary	100%	Holding Group
Sumo Digital Group Limited	Ordinary	100%	Holding Group
Sumo Digital Entertainment Limited	Ordinary	100%	Holding Group
Sumo Digital Limited	Ordinary	100%	Video game development
Sumo Digital (Genus) Limited	Ordinary	100%	Video game development
Cirrus Development Limited	Ordinary	100%	Video game development
Aghoco 1337 Limited	Ordinary	100%	Employee benefit trust trustee
Mistral Entertainment Limited	Ordinary	100%	Video game development
Sumo Video Games Private Limited	Ordinary	100%	Video game development
Sumo Games Development Limited	Ordinary	100%	Video game development
Atomhawk Design Limited	Ordinary	100%	Visual design
Atomhawk Canada Limited	Ordinary	100%	Visual design
The Chinese Room Limited	Ordinary	100%	Video game development
Riverside Games Limited	Ordinary	100%	Dormant
Sumo Digital (Chili) Limited	Ordinary	100%	Video game development
Sumo Digital (Locus) Limited	Ordinary	100%	Video game development
Red Kite Games Limited	Ordinary	100%	Video game development
Red Kite Software Development Limited	Ordinary	100%	Video game development
Lab42 Limited	Ordinary	100%	Video game development
Auroch Digital (Coco) Limited	Ordinary	100%	Video game development
AGHOCQ 1952 Limited	Ordinary	100%	Dormant
PixelAnt Games sp. Z.o.o.	Ordinary	100%	Video game development
PixelAnt Games (Czech Republic) s.r.o.	Ordinary	100%	Video game development

All the companies listed above are incorporated in England and Wales, and have a registered address of 32 Jessops Riverside Brightside Lane, Sheffield, S9 2RX, with the following exceptions:

Name	Country of incorporation	Address
Sumo Video Games Private Limited	India	MCCIA Trade Tower, B Building, 205-206, Senapati Bapat Rd, Chattushringi, Gokhale Nagar, Pune, Maharashtra 411016
Atomhawk Canada Ltd	Canada	Suite 678, 999 Canada Place, Vancouver, British Columbia, V6C 3E1
PixelAnt Games sp. Z.o.o.	Poland	Wroclaw, at ul. Agrestowa 131 BC/1, 53-035 Warsaw
PixelAnt Games (Czech Republic) s.r.o.	Czech Republic	V celnici 1031/4, 11000, Praha

Of the above subsidiaries, only Sumo Digital Group Limited is held directly.

Sumo Digital Holdings Limited

**Notes to the Financial Statements
for the year ended 31 December 2022**

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000s	2021 £'000s
Amounts owed by subsidiary undertakings	<u>730</u>	<u>730</u>

The above amounts are repayable on demand and non-interest bearing.

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000s	2021 £'000s
Amounts owed to subsidiary undertakings	<u>1,325</u>	<u>1,325</u>

The above amounts are repayable on demand and non-interest bearing.

8. SHARE CAPITAL

Allotted, issued and fully paid:

Class	Number	Nominal value	2022 £	2021 £
Ordinary A	7,349	£0.01	73	73
Ordinary B	2,840	£0.01	28	28
C1-C4 Ordinary	4,000	£0.00001	-	-
D1	400	£0.01	4	4
D2	2	£0.01	-	-
D3	190	£0.01	2	2
D4	465	£0.01	5	5
D5	500	£0.01	5	5
E1-E4	4	£0.01	-	-
			<u>117</u>	<u>117</u>

All shares rank pari passu in all respects except as noted below:

- 1) A and E shares have rights to certain dividends should certain performance targets (as specified in the Articles of Association) be achieved;
- 2) C and D shares carry no rights to dividends;
- 3) E shares carry no rights to dividends other than as noted in point 1 above;
- 4) Certain provisions exist in event of the realisation (a sale, listing or winding up) which vary between the type of shares held (as specified in the Articles of Association);
- 5) Except in certain circumstances specified in the Articles of Association:
 - i. The votes capable of being cast by each holder of the D1, D2, D3 and D4 shares shall be 5% of all the votes capable of being cast on any resolution of the Company (such that the D shares in aggregate hold 20% of the voting rights);
 - ii. The balance of all the votes capable of being cast on any resolution of the Company shall be cast by the holders of A shares pro rata to their holdings of A shares;
 - iii. The B, C and E shares carry no voting rights.

Sumo Digital Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2022

9. RESERVES

Share premium

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares is deducted from share premium.

Retained earnings

Includes all current and prior period profit and losses.

10. CONTINGENT LIABILITIES

The Company is party to the Sumo Group Limited ("Sumo Group" or "The Group") £15m bank facility (£12m RCF; £3m overdraft). The Group had gross cash balances of £33.4m at 31 August 2023 after all drawdowns were fully repaid in July 2022. The facility has a maturity date of November 2023.

Yorkshire Bank holds a debenture giving a fixed and floating charge over the Company's assets as security for any borrowings held by the group of companies, headed by Sumo Group Limited, of which this Company is a member.

11. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption included in FRS101 Reduced Disclosure Framework to not disclose details of transactions with Group undertakings, on the grounds that it is the subsidiary company of a Group whose accounts are publicly available.

12. CONTROLLING PARTY

The Company's immediate parent undertaking is Project Republica Bidco Limited, a company incorporated in England and Wales.

Up until 17 January 2022, the ultimate parent undertaking and the largest and smallest group for which consolidated financial statements are prepared was Sumo Group Limited (formerly Sumo Group Plc).

Following 17 January 2022, the ultimate parent undertaking and controlling party became Tencent Holdings Limited, through its indirect wholly owned subsidiary, Sixjoy Hong Kong Limited.

13. SUBSEQUENT EVENTS

There have been no subsequent events to note since the balance sheet date.