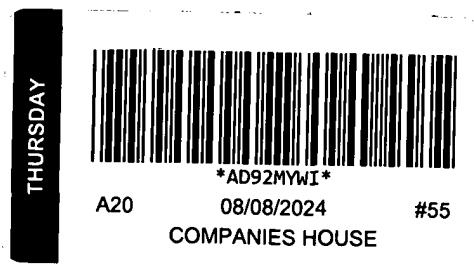


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**NINJA THEORY LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**



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**NINJA THEORY LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	K R Dolliver B O Orndorff
<b>Company secretary</b>	Reed Smith Corporate Services Limited
<b>Registered number</b>	05240956
<b>Registered office</b>	The Broadgate Tower Third Floor 20 Primrose Street London EC2A 2RS
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 101 Cambridge Science Park Milton Road Cambridge Cambridgeshire CB4 0FY
<b>Bankers</b>	Bank of America N.A. 2 King Edward Street London EC2A 1HQ
<b>Solicitors</b>	Osborne Clarke LLP One London Wall London EC2Y 5EB

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**NINJA THEORY LIMITED**

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## NINJA THEORY LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2023

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#### **Business review**

During the financial year, Ninja Theory has continued to focus on the development of the Mara and Hellblade 2 projects. Hellblade 2 has now completed and was released on 21st May 2024.

Over the course of the year, the Ninja Theory team have settled into a highly-productive rhythm of game development, utilizing their office building as a creative hub for in-person collaborating, whilst continuing to support work from home through hybrid working.

Over the year Ninja Theory has taken several opportunities to showcase Hellblade 2 in public, to an excellent reception. The team are well placed in the industry to continue building unique narrative-led experiences with the very highest production values – leading to products that have potential for both direct sales revenue and indirect revenue through game subscription services.

The directors believe that the financial results are an accurate reflection of the performance of the company during the year.

#### **Principal risks and uncertainties**

The company's principal financial assets comprise cash and intercompany receivables arising directly from its operations. The main purpose of these financial assets is to fund the company's operations.

The company's activities expose it to several financial risks. The main risks arising from the company's financial operations are credit risk and liquidity. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

The 2 major risks that Ninja Theory is exposed to are hiring and access to markets. Hiring remains challenging, however has been steady and is under review. Access to markets has remained largely unchanged, being mitigated through our acquisition by Microsoft as they are the main distributors of our products.

#### **Credit Risk**

As a wholly owned subsidiary, there has been a reduction in the number of external parties which has limited the existing credit risk to the business. The company seeks to manage its credit risk by dealing with established companies, establishing clear, contractual relationships and by identifying and addressing credit issues arising in a timely manner.

#### **Liquidity Risk**

The risk is managed through the Group Treasury function supported by local management, utilising the group cash pool to ensure sufficient cash is freely available to meet foreseeable needs.

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**NINJA THEORY LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023**

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**Financial key performance indicators**

The directors consider turnover and operating expenses to be the company's key performance indicators.

During the period, turnover was £24.0m, representing a 15.8% increase on the previous financial year (2022: £20.7m). This is a direct result of the intercompany arrangements and is in line with business activity as we ramp up development on both our key projects.

Operating Expenses (OPEX) are managed by a central team within Microsoft, who set the OPEX budget allocations on an annual basis. This year, OPEX has increased from £17.985m to £21.575m (an increase of 20.0%). This is in line with the agreed budget and directors are satisfied that this is reflective of the activities undertaken in the year.

The company continued to maintain a strong balance sheet and had net assets at 30 June 2023 of £100,403,145 (2022: £96,515,032).

**Future developments**

Following the successful release of Hellblade 2, Ninja Theory will now concentrate their efforts on various future projects.

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



**B O Orndorff**  
Director

Date: 24 July 2024

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## NINJA THEORY LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2023

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The directors present their report and the financial statements for the year ended 30 June 2023.

#### Results and dividends

The profit for the year, after taxation, amounted to £2,971,302 (2022: loss £401,535).

A Dividend of £70,000,000 (2022: £Nil) was proposed at the AGM and settled through the intercompany account in September 2023.

#### Directors

The directors who served during the year were:

K R Dolliver  
B O Orndorff

#### Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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:

- 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.

#### Future developments

Following the successful release of Hellblade 2, Ninja Theory will now concentrate their efforts on various future projects.

#### Research and development activities

The company continues its policy of developing cutting edge technical innovation in computer game development.

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**NINJA THEORY LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023**

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**Qualifying third party indemnity provisions**

The company had no qualifying indemnity provisions during the year and at the date of this report.

**Disclosure of information to auditor**

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 24 July 2024 and signed on its behalf.



**B O Orndorff**  
Director



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NINJA THEORY LIMITED

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### Opinion

We have audited the financial statements of Ninja Theory Limited (the 'company') for the year ended 30 June 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2023 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as the cost of living crisis and high interest rates, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.





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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NINJA THEORY LIMITED (CONTINUED)**

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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 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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NINJA THEORY LIMITED (CONTINUED)**

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**Matter on which we are required to report under the Companies Act 2006**

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.

**Matters on which we are required to report by exception**

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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.



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NINJA THEORY LIMITED (CONTINUED)

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### **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. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting frameworks (FRS 102 and Companies Act 2006) and the relevant tax compliance regulations. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, including laws and regulations relating to employment matters, data security and protection, health and safety, and the Modern Slavery Act;
- We obtained an understanding of how the company is complying with those legal and regulatory frameworks by making enquiries of management and those charged with governance. We corroborated our enquiries a review of legal and professional fees incurred in the year;
- We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud. Management have not communicated to the audit team any matters of non-compliance with laws, regulations, or fraud and no such matters were identified by the audit team. We corroborated this through procedures such as unusual journals testing, assessing controls and assessing the relevant governance procedures;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- It is the engagement partner's assessment that the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. Assessment of the appropriateness of the collective capabilities of the engagement team included the consideration of the engagement team's understanding and experience of, and practical experience with engagements of similar nature and complexity including appropriate training;
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NINJA THEORY LIMITED (CONTINUED)**

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A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](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.

*Grant Thornton UK LLP*

**Paul Brown**  
**Senior Statutory Auditor**  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Cambridge  
Date: 25/7/2024

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**NINJA THEORY LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2023**

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	Note	2023 £	2022 £
Turnover	4	23,994,980	20,716,635
Cost of sales		(1,753,784)	(1,794,597)
<b>Gross profit</b>		<b>22,241,196</b>	<b>18,922,038</b>
Administrative expenses		(21,575,160)	(17,985,057)
<b>Operating profit</b>	5	<b>666,036</b>	<b>936,981</b>
Interest receivable and similar income	8	2,127,742	89,786
<b>Profit before tax</b>		<b>2,793,778</b>	<b>1,026,767</b>
Tax on profit	9	177,524	(1,428,302)
<b>Profit/(loss) for the year</b>		<b>2,971,302</b>	<b>(401,535)</b>

There was no other comprehensive income for 2023 (2022: £Nil).

The notes on pages 14 to 29 form part of these financial statements.

**NINJA THEORY LIMITED**  
**REGISTERED NUMBER:05240956**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023**

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Tangible assets	10	15,802,355	18,203,874
		<u>15,802,355</u>	<u>18,203,874</u>
<b>Current assets</b>			
Stocks	11	4,310	4,310
Debtors: amounts falling due within one year	12	87,582,597	82,690,195
		<u>87,586,907</u>	<u>82,694,505</u>
Creditors: amounts falling due within one year	13	(2,986,117)	(4,383,347)
<b>Net current assets</b>		<u>84,600,790</u>	<u>78,311,158</u>
<b>Total assets less current liabilities</b>		<u>100,403,145</u>	<u>96,515,032</u>
<b>Net assets</b>		<u><u>100,403,145</u></u>	<u><u>96,515,032</u></u>
<b>Capital and reserves</b>			
Called up share capital	15	30,000	30,000
Capital redemption reserve	16	20,000	20,000
Share based payment reserve	16	438,715	-
Profit and loss account	16	99,914,430	96,465,032
		<u>100,403,145</u>	<u>96,515,032</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

24 July 2024.

**B O Orndorff**  
 Director

The notes on pages 14 to 29 form part of these financial statements.

**NINJA THEORY LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2023**

	Called up share capital	Capital redemption reserve	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 July 2022	30,000	20,000	-	96,465,032	96,515,032
<b>Comprehensive income for the period</b>					
Profit for the year	-	-	-	2,971,302	2,971,302
Share based payment	-	-	916,811	-	916,811
Transfer to profit and loss account	-	-	(478,096)	478,096	-
<b>At 30 June 2023</b>	<b>30,000</b>	<b>20,000</b>	<b>438,715</b>	<b>99,914,430</b>	<b>100,403,145</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2022**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2021	30,000	20,000	96,866,567	96,916,567
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(401,535)	(401,535)
<b>At 30 June 2022</b>	<b>30,000</b>	<b>20,000</b>	<b>96,465,032</b>	<b>96,515,032</b>

The notes on pages 14 to 29 form part of these financial statements.

**NINJA THEORY LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2023**

	2023 £	2022 £
<b>Cash flows from operating activities</b>		
Profit/(loss) for the financial year	2,971,302	(401,535)
<b>Adjustments for:</b>		
Depreciation of tangible assets	2,943,945	2,948,865
Interest received	(2,127,738)	(89,786)
Taxation charge	(177,524)	1,428,302
Decrease/(increase) in debtors	582,627	(1,233,341)
Increase in amounts owed by groups	(8,689,635)	(3,606,503)
Increase/(decrease) in creditors	860,054	(942,366)
Share-based payment	916,810	-
Corporation tax received	1,134,847	-
Foreign exchange	-	10,450
<b>Net cash used in operating activities</b>	<b>(1,585,312)</b>	<b>(1,885,914)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(542,426)	(848,036)
Interest received	2,127,738	89,786
<b>Net cash from investing activities</b>	<b>1,585,312</b>	<b>(758,250)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>-</b>	<b>(2,644,164)</b>
Cash and cash equivalents at beginning of year	-	2,654,614
Foreign exchange gains and losses	-	(10,450)
<b>Cash and cash equivalents at the end of year</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
	-	-



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## NINJA THEORY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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#### 1. General information

Ninja Theory Limited is a private company, limited by shares, and is incorporated in England and Wales with a registration number 05240956. The registered office is shown in the company information.

The principal activity of Ninja Theory is the creation and development of video games based on both existing and new IPs.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 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 company's financial statements are presented in Sterling and all values are rounded to the nearest pound (£) except when otherwise stated.

The following principal accounting policies have been applied:

##### 2.2 Going concern

There are two aspects that contribute to Ninja Theory's going concern assessment. Firstly, Ninja Theory prepares a long range plan, which is submitted to the parent company and agreed on an annual basis and contains the forecast OPEX requirements for the next 3 financial years. These plans are produced in line with our title deliveries and the requirements of these projects in order to hit internally agreed milestones for production and delivery. Secondly, prior to the start of each financial, the next FY forecast is updated based on finalised plans for the upcoming year and this budget is agreed with the parent company. This revised OPEX budget is then the budget that Ninja Theory will work to for the next financial. Cash requirements are met via drawdowns on the Intercompany Loan balance. On the basis of the parent company's commitment to both the long range plan and the OPEX budget for the next financial, Ninja Theory consider that they operate as a going concern.

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## NINJA THEORY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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#### 2. Accounting policies (continued)

##### 2.3 Revenue

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

Revenue arising from published IP (in this period – Hellblade and Bleeding Edge) is recognised on a receivable basis, as either agent or principal depending on the nature of the relationship with the route to market and platform provider.

PC platform income is recognised gross with an associated cost of sale for the fees deducted by the platform.

Console platform income is recognised at the wholesale price (agency income) when sold to the associated store (with no associated cost of sale).

Revenue from physical unit sales is recognised on despatch of the physical units by the distributor, and as a form of royalty income it is recognised on a net basis (with no associated cost of sale).

Intercompany recharge income is recognised in line with the agreements between Ninja Theory and its parent company. This is recognised on a receivable basis in the month in which it is generated.

##### 2.4 Tangible fixed assets

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

Land is not depreciated.

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

Depreciation is provided on the following basis:

Motor vehicles	- 4 years straight line
Fixtures & fittings	- 4 years straight line
Computer equipment	- 3 years straight line
Property - building	- 50 years straight line
Property - fixtures & fittings	- 5 years straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

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## NINJA THEORY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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#### 2. Accounting policies (continued)

##### 2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each Statement of Financial Position date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

##### 2.6 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.

##### 2.7 Financial instruments

The company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's Statement of Financial Position 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 trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, 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.

Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other receivables due within the operating cycle fall into this category of financial instruments.

##### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

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## NINJA THEORY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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#### 2. Accounting policies (continued)

##### 2.7 Financial instruments (continued)

###### 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 the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

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

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

###### Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the company will continue to recognise the value of the portion of the risks and rewards retained.

###### Derecognition of financial liabilities

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

##### 2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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## NINJA THEORY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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#### 2. Accounting policies (continued)

##### 2.9 Foreign currency translation

The company's functional and presentational currency is GBP.

###### Transactions and balances

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

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

Foreign exchange gains and losses are recognised in the Statement of Comprehensive Income within 'Administrative expenses'.

##### 2.10 Pensions

###### Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

##### 2.11 Holiday pay accrual

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

##### 2.12 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

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## NINJA THEORY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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#### 2. Accounting policies (continued)

##### 2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

##### 2.14 Current and deferred taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Tax credits in relation to video games tax relief are recognised in the accounts when the appropriate Video Game Tax Relief certificate for the game has been issued by the BFI, at which point we view the tax credit as probable and therefore should be recognised in the accounts.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits and any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

##### 2.15 Equity reserves

Share capital consists of the nominal value of issued shares.

The capital redemption reserve is a non-distributable reserve representing the nominal value of paid up share capital that has been repaid.

The profit and loss account includes all current and prior period retained earnings.

##### 2.16 Research and development

Research and development costs are charged to the profit and loss in the year of expenditure.

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## NINJA THEORY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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#### 2. Accounting policies (continued)

##### 2.17 Share based payments

In respect of share awards granted by the parent company, Microsoft Corporation; to the employees of the company. The estimated fair value of equity-based instruments are recognised as an expense over the vesting period with a corresponding credit to share based payment reserve in the company's Statement of Changes in Equity. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period and adjusted for the effect of non-market based vesting conditions. The fair value of share awards is determined on the date of grant, based on the fixed value stock awards. These are settled by the issue of a variable number of shares based on the market value of these shares at the vesting dates.

#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. There is one area of the financial statements where judgement has been applied:

- The recognition of revenue as either agent or principal, management have considered the indicators around setting the pricing of products, user support and the bad debt risk. The judgement is that for console platforms and physical unit sales the revenue should recognised as agent on a net basis with no associated cost of sale. The judgement is that for PC platforms the revenue should recognised as principal on a gross bases with a cost of sales. See note 2.3 for more information about the revenue recognition policy.

#### 4. Turnover

An analysis of turnover by class of business is as follows:

	2023 £	2022 £
Contract income	262,861	172,391
Self published income	907,104	1,446,076
Intercompany recharge income	22,825,015	19,098,168
	<u>23,994,980</u>	<u>20,716,635</u>

Analysis of turnover by country of destination:

	2023 £	2022 £
United States	23,143,580	19,656,518
Rest of the world	851,400	1,060,117
	<u>23,994,980</u>	<u>20,716,635</u>

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**NINJA THEORY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

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**5. Operating profit**

The operating profit is stated after charging:

	2023 £	2022 £
Research & development costs	11,042,865	8,910,951
Depreciation costs	2,943,947	2,948,865
Exchange differences	34,468	(13,337)
Other administrative costs	3,226,181	2,973,670
	<u>11,042,865</u>	<u>8,910,951</u>

**6. Auditor's remuneration**

	2023 £	2022 £
Fees payable to the company's auditor for the audit of the company's financial statements	119,480	103,069
	<u>119,480</u>	<u>103,069</u>

**Fees payable to the company's auditor and its associates in respect of:**

Taxation services	57,918	14,250
Preparation of the financial statements, including iXBRL tagging	3,600	3,090
Other non-audit services	3,605	-
	<u>65,123</u>	<u>17,340</u>



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**NINJA THEORY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

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**7. Employees**

Staff costs were as follows:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>9,001,453</b>	<b>8,632,559</b>
Social security costs	<b>1,203,815</b>	<b>1,062,258</b>
Cost of defined contribution scheme	<b>395,724</b>	<b>327,941</b>
	<b><u>10,600,992</u></b>	<b><u>10,022,758</u></b>

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

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Directors	<b>2</b>	<b>2</b>
Development, office and management	<b>104</b>	<b>105</b>
	<b><u>106</u></b>	<b><u>107</u></b>

During the year, no director received any emoluments (2022: £Nil).

**8. Interest receivable and similar income**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Intercompany interest receivable	<b><u>2,127,742</u></b>	<b><u>89,786</u></b>

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NINJA THEORY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023

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9. Taxation

	2023 £	2022 £
<b>Corporation tax</b>		
Current tax on profits for the year	790,277	2,762,059
Adjustments in respect of previous periods	(4,182,408)	14,415
<b>Total current tax</b>	<u>(3,392,131)</u>	<u>2,776,474</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(73,345)	(2,005,830)
Adjustments in respect of previous periods	3,287,952	657,658
<b>Total deferred tax</b>	<u>3,214,607</u>	<u>(1,348,172)</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(177,524)</u>	<u>1,428,302</u>

**NINJA THEORY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**9. Taxation (continued)**

**Factors affecting tax charge for the period**

The tax assessed for the year is lower than (2022: *higher than*) the standard rate of corporation tax in the UK of 20.5% (2022: 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	<u>2,793,778</u>	<u>1,026,767</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.5% (2022: 19%)	572,724	195,086
<b>Effects of:</b>		
Differences on non-qualifying fixed asset	406,568	372,697
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,299	4,404
Video Games Tax Relief (VGTR) deduction	(2,054,054)	75,331
Changes in tax rate	4,610	(667,749)
Other tax adjustments, reliefs and transfers	1,969,808	-
Adjustments to tax charge in respect of prior periods (VGTR)	(4,182,408)	14,415
Adjustments to tax charge in respect of prior periods - deferred tax	3,287,952	657,659
Movement in unrecognised deferred tax asset	-	776,459
Other timing differences leading to an increase (decrease) in taxation	(184,023)	-
<b>Total tax charge for the year</b>	<u>(177,524)</u>	<u>1,428,302</u>

**Factors that may affect future tax charges**

The Finance Act 2021 was substantively enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023 on profits over £250,000. The rate for small profits under £50,000 will remain at 19%. When the company's profits fall between £50,000 and £250,000, the lower and upper limits, it will be able to claim an amount of marginal relief providing a gradual increase in corporation tax rate. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

NINJA THEORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023

10. Tangible fixed assets

	Freehold land £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Property £	Total £
<b>Cost</b>						
At 1 July 2022	3,680,000	99,166	472,680	3,997,844	15,108,966	23,358,656
Additions	-	-	102,601	379,327	60,500	542,428
At 30 June 2023	<u>3,680,000</u>	<u>99,166</u>	<u>575,281</u>	<u>4,377,171</u>	<u>15,169,466</u>	<u>23,901,084</u>
<b>Depreciation</b>						
At 1 July 2022	-	82,116	389,966	2,624,846	2,057,854	5,154,782
Charge for the year on owned assets	-	8,184	59,641	858,392	2,017,730	2,943,947
At 30 June 2023	<u>-</u>	<u>90,300</u>	<u>449,607</u>	<u>3,483,238</u>	<u>4,075,584</u>	<u>8,098,729</u>
<b>Net book value</b>						
At 30 June 2023	<u><u>3,680,000</u></u>	<u><u>8,866</u></u>	<u><u>125,674</u></u>	<u><u>893,933</u></u>	<u><u>11,093,882</u></u>	<u><u>15,802,355</u></u>
At 30 June 2022	<u><u>3,680,000</u></u>	<u><u>17,050</u></u>	<u><u>82,714</u></u>	<u><u>1,372,998</u></u>	<u><u>13,051,112</u></u>	<u><u>18,203,874</u></u>

**NINJA THEORY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**11. Stocks**

	2023 £	2022 £
Goods for resale	<u>4,310</u>	<u>4,310</u>

The carrying value of stocks are stated net of impairment losses totalling £Nil (2022: £Nil).

Included in cost of sales during the year was an amount of goods for resale of £Nil (2022: £Nil).

**12. Debtors: amounts falling due within one year**

	2023 £	2022 £
Amounts owed by group undertakings	83,019,723	74,330,087
Other debtors	2,868	1,482
Prepayments and accrued income	1,028,887	2,224,955
Tax recoverable	3,347,794	2,735,739
Deferred taxation	183,325	3,397,932
	<u>87,582,597</u>	<u>82,690,195</u>

Amounts owed by group undertakings include recharges to Microsoft Incorporation the ultimate parent company and interest of 8% per annum. Amounts are due within one year.

**13. Creditors: amounts falling due within one year**

	2023 £	2022 £
Trade creditors	486,593	212,716
Corporation tax	914,695	3,171,976
Other taxation and social security	566,662	298,048
Other creditors	47,520	66,949
Accruals and deferred income	970,647	633,658
	<u>2,986,117</u>	<u>4,383,347</u>

**NINJA THEORY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**14. Deferred taxation**

	2023 £	2022 £
At the beginning of the period	3,397,932	2,049,760
Charged to profit or loss	(3,214,607)	1,348,172
<b>At the end of the period</b>	<b>183,325</b>	<b>3,397,932</b>

The deferred tax asset is made up as follows:

	2023 £	2022 £
Fixed asset timing differences	66,981	16,663
Short term timing differences	116,344	17,412
Losses and other deductions	-	3,363,857
	<b>183,325</b>	<b>3,397,932</b>

A deferred tax asset of £Nil (2022: £1,407,448) has not been recognised in the financial statements on the grounds that it is not reasonably certain of sufficient profits being generated to utilise these tax losses.

**15. Share capital**

	2023 £	2022 £
<b>Allotted, called up and fully paid</b>		
10,000 (2022: 10,000) A Ordinary shares of £1 each	10,000	10,000
5,000 (2022: 5,000) B Ordinary shares of £1 each	5,000	5,000
5,000 (2022: 5,000) C Ordinary shares of £1 each	5,000	5,000
5,000 (2022: 5,000) D Ordinary shares of £1 each	5,000	5,000
5,000 (2022: 5,000) E Ordinary shares of £1 each	5,000	5,000
	<b>30,000</b>	<b>30,000</b>

All shares give the holder one vote at the AGM.  
Shares rank equally on liquidation or other return of assets and in terms of dividends.

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## NINJA THEORY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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#### 16. Reserves

##### Capital redemption reserve

A non-distributable reserve, following the redemption or purchase of the company's own shares.

##### Share based payment reserve

This reserve records the fair value of equity-settled share-based payments recognised less the shares that have vested during the year.

##### Profit & loss account

Includes all current & prior periods retained profits & losses.

#### 17. Share-based payments

In October 2021, Special Stock Awards (SSA's) also known as a Restricted Stock Unit (RSU) were introduced for the executive directors and in May 2022 they were introduced for other key personnel in the Group. Awards are a one-time stock award and are awarded at the discretion of the parent company - Microsoft. In accordance with the scheme rules, the SSA vests over a period of time and upon vesting, the awardee will receive Microsoft common shares which will be owned outright by the awardee.

The stock awards vests 25% one year from the award date and then 6.25% every three months thereafter until fully vested in 4 years – provided the awardees remain continuously employed at Ninja Theory throughout that time. The number of shares will be calculated by dividing the stock award value by the closing Microsoft stock price on the approval date, rounding partial shares up to the nearest whole share.

Because there is no ownership of the stock until vesting, the taxable event occurs at vest. The fair market value (FMV) of the shares vested is typically considered income to the employee. If there are taxes required to be withheld, Microsoft satisfies this obligation by withholding vested shares.

On the day of the vest, the previous market day's closing fair market value (FMV) is used to calculate taxes.

#### 18. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £395,724 (2022: £327,941). Contributions totalling £81,864 (2022: £Nil) were payable to the fund at the reporting date and are included in creditors.

#### 19. Related party transactions

Key management personnel compensation in the period amounted to £1,988,431 (2022: £2,255,943). There were no other related party transactions in either period. The company is a wholly owned subsidiary of Microsoft Corporation and has taken advantage of the exemption conferred by FRS 102 not to disclose transactions with Microsoft Corporation or other wholly owned subsidiaries within the group.

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**NINJA THEORY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

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**20. Controlling party**

The ultimate parent company is Microsoft Corporation, a company incorporated in Washington, USA.

A copy of the accounts can be found published online at <https://www.microsoft.com/en-us/Investor/annual-reports.aspx>