Registered number: 09542062

YOTO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

COMPANY INFORMATION

Directors	C L M Asselman F Denker B C Drury F F Oidtmann V Wu E Brown J M Kelman
Registered number	09542062
Registered office	124 City Road London EC1V 2NX
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Southampton Science Park Chilworth Southampton SO16 7QJ

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

Introduction

The directors are pleased to present the Strategic Report for the year ended 31 December 2024. This report includes an overview of Yoto Limited (the "Company") and its subsidiary undertakings (the "Group") for the year ended 31 December 2024.

Principal activities

Yoto is a platform for kids that lets them independently interact with audio content on the Yoto Player and Yoto Mini speakers, with parents quietly in control via the Yoto app. It offers a variety of content for children to enjoy without screens, ads or microphones. The goal is to help more families enjoy screen free entertainment.

The business model is focused on our families - selling directly from Yoto to parents, as well as offering Yoto Club subscription products that give loyal customers great value. The business values the input it receives from the highly engaged Yoto community, and always listens to the recommendations and feedback from our families to drive word of mouth and ensure the product keeps getting better for all.

Business Review

The Group has been growing and expanding its business throughout the year, with a strong emphasis on customer service and innovation. Against a backdrop of economic headwinds, the Group delivered a standout financial performance, with revenue increasing by 86% from the previous year, reaching £94.8m *(2023: £51.0m)*. While profitability and cash flow were temporarily affected by one-off operational costs, including isolated product-related issues on historic models.

We are very proud to report FY24 was a year where we continued to demonstrate how strong the business model is with robust gross margins, allowing the Group to reinvest in growth. Adjusted earnings before interest, tax, depreciation, amortisation, share-based payment expense and exceptional administrative expenses (EBITDA) increased by £0.4m, despite headwinds, underlining our commitment to long term sustainable growth which strengthens the business for the long term.

The business continues to make strong operational progress, with adjusted EBITDA improving year-on-year, reflecting greater efficiency and resilient underlying performance. While the statutory loss before tax was £8.4m *(2023: £4.4m)*, this is primarily due to one-off exceptional items that do not reflect the ongoing operations of the business. Excluding these non-recurring costs (as set out within note 9 to the financial statements), the Group is showing profitable growth. Management continues to monitor underlying profitability closely and believes that adjusted EBITDA provides a more accurate picture of operational progress and cash generation capability during this period.

The Group's growth at revenue and EBITDA level has been supported by several key strategic actions, such as:

<u>Product Innovation</u>: The Group is product driven and has kept investing in research and development and engineering resource, leading to constant improvement of our audio players and a robust release of new content and software that continues to expand the range of diverse and innovative content to meet the needs of our growing families. This was most notable with the successful launch of our Creators programme where independent storytellers were able to sell their stories on the Yoto platform.

<u>Regional growth</u>: The Group continued to build on its growth in North America, with a physical rollout across 1,900 Target stores in the United states, while diversifying into new Asia-Pacific (APAC) markets, having successfully launched Australia in June 2024. This new market has added to our highly engaged family base.

<u>Data driven</u>: The Group has developed a technology infrastructure that provides valuable data insights to ensure we make data based decisions to improve customer engagement, provide a smooth customer experience and optimise operations.

Key Performance indicators (KPIs)

The KPIs highlight management's key areas of focus and illustrate the most significant year-on-year developments. Notably, the Group achieved exceptional revenue growth of 86%. While profitability and cash flow were temporarily affected by isolated product-related costs, we expect a return to stronger profitability and improved cash generation in the future.

The Group's financial key performance indicators for the year ended 31 December 2024 are as follows:

	2024	As restated 2023
Revenue	£94.8m	£51.0m
Adjusted EBITDA	£0.6m	£0.2m
Net cash from operating activities	£(1.7)m	£0.9m
Net cash from investing activities	£(2.0)m	£(1.1)m
Free Cash Flows	£(4.0)m	£(0.2)m

Refer to page 14 for a reconciliation between the Adjusted EBITDA and Operating Loss. Adjusted EBITDA is a financial key performance indicator (KPI) that measures profitability. Specifically, it shows earnings before interest, tax, depreciation, amortisation, share-based payment expense and exceptional administrative expenses.

Free Cash Flows is defined as net cash generated from operating activities (adjusted to include interest receivable), less capital expenditure. The cash generated from operating activities includes non-recurring items.

Corporate Social Responsibility

The Group is committed to both people and planet and acts accordingly. Yoto products are made to be simple and we are committed to reducing our environmental footprint. Our continued collaboration with schools via the National Literacy Trust helps us to benefit local communities, and our mission to bring positive change has evolved further this year with new charitable partners including Great Ormond Street Children's Hospital, where Yoto has donated devices, plus continued support of World Book Day - donating £1 from the sale of a selection of Yoto Cards sold during the World Book Day period which goes directly to further World Book Day's charitable mission to promote reading for pleasure and give every child and young person a book of their own.

We value diversity and inclusion in the workplace and these considerations remain a high priority as the Group grows. We remain dedicated to improving our supply chain and choosing freight options that are better for the environment, such as sea freight over air freight.

Financial Review

The Group's financial performance during the year has been strong, with revenue increasing by 86% compared to the previous year. Gross profit margin has sustained at 55% (67% excluding royalties), with cost lines scaling more slowly driving to a reduced operating loss year on year which illustrates the Group's ability to leverage margins and re-invest them to build a sustainable business. While there have been product quality issues which are now resolved, we continue to be focused on being resourceful to improve efficiencies for the long term sustainability of Yoto.

Principal risks and uncertainties

The Group is exposed to a variety of financial and operational risks that could have a material impact on its financial performance and strategic objectives. The principal risks identified and the strategies for their mitigation are outlined below:

Financial Risks

- Foreign Exchange (FX) Risk: The Group designs its products in London and manufactures them in China. To mitigate FX risk, the Group's treasury management policy dictates that a majority of its contracts are settled in US Dollars (USD). This policy aligns with the Group's customer receipts in North America, its largest market. While this approach significantly reduces FX exposure, fluctuations in USD exchange rates against other currencies could still impact profitability.

- Liquidity Risk: The Group experiences significant working capital requirements at certain periods throughout the year. To ensure sufficient resources are available to meet obligations as they fall due, the Group employs detailed cash flow forecasting. Furthermore, the Group works with banks and other lenders to secure adequate working capital facilities as required.

Operational Risks

- Economic Risk: The Group operates in markets subject to macroeconomic uncertainty. To mitigate this risk, the Group maintains a strategy of operating in diversified markets and pursuing global expansion. This diversification strategy aims to reduce reliance on any single market and provides a buffer against localised economic downturns. At this time US Tariffs are a factor affecting Yoto but with tensions de-escalating the business will calibrate to new tariff rates

- Cyber Risk: The Group acknowledges that cyber risk poses a threat to its reputation and trading performance. To mitigate this, the technology team has implemented stringent controls and safeguards, including penetration testing, to protect against cyber threats.

- Supply Chain Risk: The Group's supply chain is critical for its ability to deliver quality products and generate revenue. The Group experienced some sourcing challenges in 2024. To manage these risks, the Group maintains close communication with suppliers and actively manages operations to minimize disruption to end consumers. The Group also focuses on maturing its supply chain protocols, emphasising quality, sustainability, and adherence to best practices among suppliers.

- Product Quality Risk: Recognising the importance of product quality, the Group sets high standards for quality and sustainability and holds suppliers accountable. The Group is actively maturing its supply chain and protocols to ensure suppliers follow best practices. In instances where gaps in quality and performance are identified, the Group commits to rapidly implementing solutions.

Outlook

Despite ongoing economic uncertainties, the Group remains confident in its ability to navigate potential challenges due to its strong business model, product-led strategy, and customer loyalty.

We are pleased to report that Yoto has performed in line with our directors' projections in FY24 despite challenges. We remain confident that Yoto will continue to focus on sustainability and continuing to provide the soundtrack of childhood and help families on their own unique adventures.

Section 172(1) Statement

Introduction

This statement is made pursuant to Section 172(1) of the Companies Act 2006 and describes how the directors of Yoto Limited have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, while having due regard to the matters set out in Section 172(1)(a)-(f).

Company Purpose & Values

At Yoto, we are committed to putting **Kids in Control** by providing safe, screen-free audio experiences that inspire creativity, learning, and play. Our values - **Helping Families, Building with Empathy, Embracing Difference, Playfully Inquisitive** - guide our strategic decisions and day-to-day operations.

Key Stakeholders & Engagement

The board recognizes that understanding and considering the interests of our stakeholders is fundamental to long-term success. Our key stakeholders include:

Employees

Our people are at the heart of our success. We foster an inclusive and dynamic culture, providing opportunities for growth, training, and well-being. In the past year, we introduced enhanced employee benefits, mental health support, and professional development programs to ensure our team thrives.

Customers & Families

Yoto exists to enrich children's lives through audio experiences. We engage with our customers through surveys, community forums, and direct feedback to refine our products and services. In 2024, we enhanced parental controls, improved content accessibility, and expanded our educational offerings in response to user insights.

Suppliers & Partners

We work closely with suppliers and partners to uphold ethical sourcing, quality, and sustainability standards. This year, we strengthened our supplier selection framework and continued partnerships with responsible manufacturing partners to align with our commitment to sustainability.

Investors

We maintain transparency with our investors through regular updates on financial performance and strategic direction. In 2024, we successfully secured funding from HSBC to support international expansion and further innovation in our product lineup.

Community & Environmental Responsibility

Yoto is dedicated to reducing environmental impact and supporting the broader community. Our sustainability initiatives include responsible packaging and supporting educational programs for underprivileged children.

Section 172(1) Statement (continued)

Long-Term Decision Making

The board's decision-making framework ensures alignment with our long-term vision. This includes investments in:

- Expanding our product ecosystem to enhance accessibility and engagement.
- Strengthening our digital infrastructure to improve customer experience.
- Implementing policies to maintain a responsible and sustainable supply chain.

Governance & Compliance

The board meets regularly to review strategy, risks, and compliance with regulatory requirements. In 2024, we enhanced our risk management processes, implemented new compliance measures in line with global expansion, and improved internal financial controls to safeguard the Company's financial health.

Conclusion

The board remains committed to acting in the best interests of Yoto and its stakeholders, ensuring that our decisions align with our purpose and values while promoting sustainable growth and innovation.

Non-financial KPIs

Metric	**Description**	**2024**	*2023*
eNPS	Employee Net Promoter Score: Measures employee loyalty and satisfaction with Yoto as an employer.	**32**	*30*
CSAT	Customer Satisfaction Score: Measures customer satisfaction with specific interactions or overall experiences with Yoto products and services.	**4.44**	*4.72*

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

Ben Drury

B C Drury
Director, Founder & CEO

Date: 30/6/2025

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present their report and the financial statements for the year ended 31 December 2024.

Results and dividends

The loss for the year, after taxation, amounted to £8,422,000 *(2023: loss £4,197,000)*.

The directors did not recommend the payment of dividend in the year *(2023: £Nil)*.

Directors

The directors who served during the year and up to the date of these financial statements were:

C L M Asselman
F Denker
B C Drury
L J R Kelly (resigned 16 June 2024)
F F Oidtmann
C Tollinche (resigned 11 December 2024)
V Wu
J M Kelman (appointed 16 December 2024)
S Hairston (appointed 11 December 2024, resigned 13 January 2025)
E Brown (appointed 13 January 2025)

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and 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 and the Group 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

The Group's financial statements have been prepared as a going concern, and the director's believe it will continue to operate for the foreseeable future. This is based on the fact the Group and Company are considered to have sufficient financial resources, including cash reserves and access to credit facilities, to meet its obligations as they fall due, and to continue to invest in the business as necessary.

The directors have conducted a thorough review of the Group and Company's financial position, including its current financial performance, cash flow projections, and financial forecasts, and have modelled sensitivities including severe but plausible downside scenarios, such as the potential impacts of the proposed changes to US tariffs. The Company acknowledges the existence of recently imposed US tariffs and the potential challenges they may pose to the business environment. Management has taken appropriate steps to mitigate any related risks through commercial and operational measures, and on the basis of current forecasts and sensitivities, does not expect these tariffs to have a material adverse impact on the Group's trading performance or its ability to continue as a going concern. As a result of this review, the directors have concluded that the business is well-placed to weather any economic uncertainties or challenges that may arise and has sufficient resources and cashflows to enable the Group and Company to meet their liabilities as they fall due for at least a period of 12 months from the date of these financial statements.

As at 31 December 2024, the Group had cash resources of £25.9m, current assets of £48.9m, current liabilities of £30.6m and net assets of £19.3m. At the year end the Group had external borrowings totalling £4.5m. Although the Group is loss making, there are sufficient cash resources and the directors consider it appropriate to prepare the financial statements on a going concern basis as a result of the detailed review described above.

Based on the work performed as described above, the directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for at least 12 months from the date of these financial statements; thus, they continue to adopt the going concern basis in preparing the financial statements.

Qualifying third party indemnity provisions

The Group provides indemnity insurance for the benefit of directors which was in place throughout the year and to the date of this report.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Company qualifies as a large entity under FRS 102 but is exempt from Streamlined Energy and Carbon Reporting (SECR) disclosures for the period. The Company does not own vehicles or procure energy directly, and operates from leased co-working offices with energy included. Therefore, Scope 1 and Scope 2 emissions are considered negligible.

Scope 3 emissions, arising from outsourced production and logistics, are currently unmeasurable. As Scope 3 disclosure is voluntary under SECR and data is unavailable, these emissions have not been reported.

Matters covered in the Group Strategic Report

Information in respect of the business review, future developments, financial risk management and exposure to risks are not shown in the Directors' Report because they are presented in the Strategic Report in accordance with s414c(ii) of the Companies Act 2006.

Post balance sheet events

On 14 January 2025, the Company incorporated Yoto Pte Ltd, a wholly owned subsidiary in Singapore.

At the date of approval of these financial statements, the impact of this incorporation on the Group's financial position and performance is not expected to be material. Management continues to assess any implications arising from this development.

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 and the Group'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 and the Group'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 and signed on its behalf.

Ben Drury
B C Drury
Director

Date: 30/6/2025

GrantThornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YOTO LIMITED

Opinion

We have audited the financial statements of Yoto Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2024, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated 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).

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 Group's and of the parent Company's affairs as at 31 December 2024 and of the Group's loss 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 Group and the parent 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 Group's and the parent 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 Group or the parent Company to cease to continue as a going concern.

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

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 Group's and the parent 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 and Financial Statements, other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report and Financial Statements. 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 Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Group and the parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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 6, 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 Group's and the parent 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 Group or the parent 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. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

The Group and parent Company are subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, to understand these:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and industry in which it operates through our general commercial and sector experience, discussions with management and review of board minutes. We determined that the most significant are those that relate to the reporting frameworks (FRS 102 and the Companies Act 2006) and tax regulations in the UK and other jurisdictions in which the Group operates.
- We enquired of management and those charged with governance, concerning the Group's policies and procedures relating to:
    - the identification, evaluation and compliance with laws and regulations;
    - the detection and response to the risks of fraud; and
    - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management and those charged with governance whether they were aware of any instances of non-compliance with laws and regulations and whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Group and parent Company's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
    - assessing the design effectiveness of controls management has in place to prevent and detect fraud;
    - challenging assumptions and judgements made by management in any significant accounting estimates and judgements;
    - identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
    - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item; and
    - in accordance with ISA 240, an element of unpredictability was incorporated into our audit.

- In addition, we completed audit procedures to conclude on the compliance of disclosures in the Annual Report and Financial Statements with applicable financial reporting requirements.
- 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;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with, audit engagement of a similar nature and complexity through appropriate training and participation
  - knowledge of the industry in which the Group operates
  - understanding of the legal and regulatory requirements specific to the Group.
    - The provisions of the applicable legislation; and
    - The applicable statutory provisions.
- We communicated relevant laws and regulations and potential fraud risks to all team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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. 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.

Sophie Murton

Sophie Murton FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Southampton
Date: 30/6/2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 £000	As restated* 2023 £000
Turnover	4	**94,788**	*50,992*
Cost of sales		**(42,438)**	*(22,333)*
Gross profit		**52,350**	*28,659*
Distribution costs		**(16,469)**	*(9,628)*
Administrative expenses		**(44,635)**	*(23,002)*
Operating loss	5	**(8,754)**	*(3,971)*
Interest receivable and similar income	10	**592**	*75*
Interest payable and similar expenses	11	**(246)**	*(498)*
Loss before taxation		**(8,408)**	*(4,394)*
Tax on loss	12	**(14)**	*197*
Loss for the financial year		**(8,422)**	*(4,197)*
Currency translation differences		**227**	*(216)*
Other comprehensive income/(expense) for the year		**227**	*(216)*
Total comprehensive expense for the year		**(8,195)**	*(4,413)*
Reconciliation from operating loss to adjusted EBITDA			
Operating loss		*(8,754)*	*(3,971)*
Adjusted to add back:			
Depreciation		*161*	*149*
Amortisation		*724*	*510*
Foreign exchange differences		*241*	*1,429*
Share-based payments		*1,205*	*951*
Exceptional administrative expenses		*7,002*	*1,127*
Adjusted EBITDA		*579*	*195*

* The comparative figures have been restated to reflect (i) the reclassification of Licensing costs to Cost of sales, and (ii) a correction of a prior year misstatement relating to share-based payment expenses. Further details are provided in Note 31.

The notes on pages 25 to 56 form part of these financial statements.

YOTO LIMITED
REGISTERED NUMBER:09542062

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2024

	Note		2024 £000		*As restated* 2023 £000
Fixed assets					
Intangible assets	13		**3,075**		*1,341*
Tangible assets	14		**355**		*359*
			3,430		*1,700*
Current assets					
Stocks	16	**13,936**		*8,094*	
Debtors: amounts falling due within one year	17	**9,058**		*5,528*	
Cash at bank and in hand	18	**25,922**		*25,874*	
		48,916		*39,496*	
Creditors: amounts falling due within one year	19	**(30,572)**		*(13,397)*	
Net current assets			**18,344**		*26,099*
Total assets less current liabilities			**21,774**		*27,799*
Creditors: amounts falling due after more than one year	20		**(5)**		*(18)*
Provisions	22		**(2,430)**		*(1,452)*
Net assets			**19,339**		*26,329*
Capital and reserves					
Called up share capital	24		**5**		*5*
Share premium account	25		**45,440**		*45,440*
Retranslation reserve	25		**(34)**		*(261)*
Share based payment reserve	25		**4,591**		*3,386*
Profit and loss account	25		**(30,663)**		*(22,241)*
Shareholders' funds			**19,339**		*26,329*

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2024

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

Ben Drury

B C Drury
Director

Date: 30/6/2025

* The comparative figures have been restated to reflect (i) the reclassification of certain balances from Creditor to Provisions, and (ii) a correction of a prior year misstatement relating to share-based payment expenses. Further details are provided in Note 31.

The notes on pages 25 to 56 form part of these financial statements.

YOTO LIMITED
REGISTERED NUMBER:09542062

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2024

	Note		2024 £000		*As restated** 2023 £000
Fixed assets					
Intangible assets	13		**3,075**		*1,341*
Tangible assets	14		**342**		*347*
Investments	15		**-**		*-*
			3,417		*1,688*
Current assets					
Stocks	16	**6,037**		*2,910*	
Debtors: amounts falling due within one year	17	**72,338**		*11,729*	
Cash at bank and in hand	18	**11,334**		*20,532*	
		89,709		*35,171*	
Creditors: amounts falling due within one year	19	**(72,380)**		*(9,904)*	
Net current assets			**17,329**		*25,267*
Total assets less current liabilities			**20,746**		*26,955*
Creditors: amounts falling due after more than one year	20		**(5)**		*(18)*
Provisions for liabilities					
Provisions	22		**(2,106)**		*(903)*
Net assets			**18,635**		*26,034*
Capital and reserves					
Called up share capital	24		**5**		*5*
Share premium account	25		**45,440**		*45,440*
Share based payment reserve	25		**4,485**		*3,314*
Profit and loss account	25		**(31,295)**		*(22,725)*
Shareholders' funds			**18,635**		*26,034*

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2024

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent Company for the year was £8,570,000 *(2023: £4,602,000)*.

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

Ben Drury

B C Drury
Director

Date: 30/6/2025

* The comparative figures have been restated to reflect (i) the reclassification of certain balances from Creditor to Provisions, and (ii) a correction of a prior year misstatement relating to share-based payment expenses. Further details are provided in Note 31.

The notes on pages 25 to 56 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	Called up share capital	Share premium account	Foreign exchange reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2024 (as previously stated)	5	45,440	(261)	-	(18,855)	26,329
Prior year adjustment - *correction of error* (see note 31)	-	-	-	3,386	(3,386)	-
At 1 January 2024 (as restated)	5	45,440	(261)	3,386	(22,241)	26,329
Comprehensive loss for the year						
Loss for the year	-	-	-	-	(8,422)	(8,422)
Exchange differences on translation of subsidiaries	-	-	227	-	-	227
Total comprehensive income for the year	-	-	227	-	(8,422)	(8,195)
Contributions by and distributions to owners						
Movements in other reserves	-	-	-	1,205	-	1,205
Total transactions with owners	-	-	-	1,205	-	1,205
At 31 December 2024	5	45,440	(34)	4,591	(30,663)	19,339

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Called up share capital	Share premium account	Retranslation reserve	Share based payment reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2023 (as previously stated)	5	27,573	(45)	-	(15,609)	11,924
Prior year adjustment - correction of error (see note 31)	-	-	-	2,435	(2,435)	-
At 1 January 2023 (as restated)	5	27,573	(45)	2,435	(18,044)	11,924
Comprehensive income for the year						
Loss for the year	-	-	-	-	(4,197)	(4,197)
Exchange differences on translation of subsidiaries	-	-	(216)	-	-	(216)
Total comprehensive income for the year	-	-	(216)	-	(4,197)	(4,413)
Contributions by and distributions to owners						
Shares issued during the year	-	18,209	-	-	-	18,209
Expenses on shares issued during the year	-	(342)	-	-	-	(342)
Movements in other reserves	-	-	-	951	-	951
Total transactions with owners	-	17,867	-	951	-	18,818
At 31 December 2023	5	45,440	(261)	3,386	(22,241)	26,329

Details of the of the prior year restatement can be found in note 31.

The notes on pages 25 to 56 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2024 (as previously stated)	5	45,440	-	(19,411)	26,034
Prior year adjustment - correction of error (see note 31)	-	-	3,314	(3,314)	-
At 1 January 2024 (as restated)	5	45,440	3,314	(22,725)	26,034
Comprehensive income for the year					
Loss for the year and total comprehensive income	-	-	-	(8,570)	(8,570)
Total comprehensive income for the year	-	-	-	(8,570)	(8,570)
Contributions by and distributions to owners					
Movements in other reserves	-	-	1,171	-	1,171
Total transactions with owners	-	-	1,171	-	1,171
At 31 December 2024	5	45,440	4,485	(31,295)	18,635

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Called up share capital	Share premium account	Share based payment reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2023 (as previously stated)	5	27,573	-	(15,727)	11,851
Prior year adjustment - correction of error (see note 31)	-	-	2,396	(2,396)	-
At 1 January 2023 (as restated)	5	27,573	2,396	(18,123)	11,851
Comprehensive income for the year					
Loss for the year and total comprehensive income	-	-	-	(4,602)	(4,602)
Total comprehensive income for the year	-	-	-	(4,602)	(4,602)
Contributions by and distributions to owners					
Shares issued during the year	-	18,209	-	-	18,209
Expenses on shares issued during the year	-	(342)	-	-	(342)
Movements in other reserves	-	-	918	-	918
Total transactions with owners	-	17,867	918	-	18,785
At 31 December 2023	5	45,440	3,314	(22,725)	26,034

Details of the of the prior year restatement can be found in note 31.

The notes on pages 25 to 56 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 £000	*As restated** *2023* *£000*
Cash flows from operating activities		
Loss for the financial year	**(8,422)**	*(4,197)*
Adjustments for:		
Depreciation of tangible assets	**161**	*149*
Amortisation of intangible assets	**723**	*510*
Impairments of intangible fixed assets	**4**	*21*
Impairment of receivables	**223**	-
Interest payable	**246**	*498*
Impairment of inventory	**69**	-
Interest receivable	**(592)**	*(75)*
Taxation charge	**14**	*(197)*
Increase in stocks	**(5,910)**	*(4,056)*
Increase in debtors	**(3,740)**	*(1,184)*
Increase in creditors	**13,798**	*6,582*
Increase in provisions	**978**	*1,172*
Corporation tax (paid)/received	**(502)**	*682*
Foreign exchange	**-**	*(4)*
Share-based payment expense	**1,205**	*951*
Net cash generated from operating activities	**(1,745)**	*852*
Cash flows from investing activities		
Purchase of intangible fixed assets	**(2,689)**	*(985)*
Proceeds from sale of intangible assets	**225**	-
Purchase of tangible fixed assets	**(175)**	*(162)*
Proceeds from sale of tangible fixed assets	**18**	-
Interest received	**592**	*75*
Net cash from investing activities	**(2,029)**	*(1,072)*

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 £000	*As restated** *2023* *£000*
Cash flows *from* financing activities		
Net proceeds from issue of share capital	**29**	*17,868*
Net proceeds from borrowings	**3,812**	*(1,199)*
Interest paid	**(246)**	*(498)*
Net cash used in financing activities	**3,595**	*16,171*
Net (decrease)/increase in cash and cash equivalents	**(179)**	*15,951*
Cash and cash equivalents at beginning of year	**25,874**	*10,139*
Foreign exchange gains and losses	**227**	*(216)*
Cash and cash equivalents at the end of year	**25,922**	*25,874*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**25,922**	*25,874*
	25,922	*25,874*

* Details of the of the prior year restatement can be found in note 31.

1. General information

Yoto Limited ("the Company") is a private company limited by shares & incorporated in England and Wales. Registered number 09542062. Its registered head office is located at 124 City Road, London, EC1V 2NX.

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 Company's financial statements are presented in Sterling and all value are rounded to the nearest thousand pounds (£000) except when otherwise stated.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions – Company only

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

2.3 Basis of consolidation

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2. Accounting policies (continued)

2.4 Going concern

The Group's financial statements have been prepared as a going concern, and the director's believe it will continue to operate for the foreseeable future. This is based on the fact the Group and Company are considered to have sufficient financial resources, including cash reserves and access to credit facilities, to meet its obligations as they fall due, and to continue to invest in the business as necessary.

The directors have conducted a thorough review of the Group and Company's financial position, including its current financial performance, cash flow projections, and financial forecasts, and have modelled sensitivities including severe but plausible downside scenarios, such as the potential impacts of the proposed changes to US tariffs. The Company acknowledges the existence of recently imposed US tariffs and the potential challenges they may pose to the business environment. Management has taken appropriate steps to mitigate any related risks through commercial and operational measures, and on the basis of current forecasts and sensitivities, does not expect these tariffs to have a material adverse impact on the Group's trading performance or its ability to continue as a going concern. As a result of this review, the directors have concluded that the business is well-placed to weather any economic uncertainties or challenges that may arise and has sufficient resources and cashflows to enable the Group and Company to meet their liabilities as they fall due for at least a period of 12 months from the date of these financial statements.

As at 31 December 2024, the Group had cash resources of £25.9m, current assets of £48.9m, current liabilities of £30.6m and net assets of £19.3m. At the year end the Group had external borrowings totalling £4.5m. Although the Group is loss making, there are sufficient cash resources and the directors consider it appropriate to prepare the financial statements on a going concern basis as a result of the detailed review described above.

Based on the work performed as described above, the directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for at least 12 months from the date of these financial statements; thus, they continue to adopt the going concern basis in preparing the financial statements.

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation currency

The Group and 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 dates of the transactions.

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

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

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

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2. Accounting policies (continued)

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer. This occurs when the goods are delivered to the customer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Shipping revenue

Shipping revenue is earned on delivery of goods to end customers. This is ancillary to the sale of goods.

Subscription model

Customers can purchase credits through a subscription model. Revenue from the sale of these credits is initially recognised as deferred income within liabilities.
Revenue is recognised when credits are redeemed and the related goods are delivered to the customer, at which point the Group transfers the significant risks and rewards of ownership, in line with the sale of goods policy above.

Recognition aligns to the sale of goods policy detailed above.

2.7 Research and development

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

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

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2. Accounting policies (continued)

2.9 Finance costs

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

2.10 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.11 Share-based payments

Equity-settled share-based payments are measured at the fair value of the options at the grant date. The fair value is recognised as an expense in the profit and loss account on a straight-line basis over the vesting period, based on the Company's estimate of the number of options that will ultimately vest.

A corresponding credit is recognised in equity, within a separate share-based payment reserve.

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

2.12 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company and the Group operate and generate income.

2. Accounting policies (continued)

2.13 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software	-	3	years
Intellectual Property	-	10	years
Other intangible fixed assets	-	3	years

Amortisation is charged to profit or loss on a straight line basis over the estimated useful lives set out above. Impairment costs are charged to profit or loss during the period in which they are identified.

2.14 Impairment of intangible assets

Intangible assets are reviewed for indicators of impairment at each reporting date. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in profit or loss if the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Impairment losses previously recognised are reversed only if the reasons for the impairment have ceased to apply.

2. Accounting policies (continued)

2.15 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Plant and machinery	- 4 years on a straight line basis
Fixtures and fittings	- 5 years on a reducing balance basis
Computer equipment	- 5 years on a reducing balance basis

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.

Repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

At each reporting date the Group and Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined, which is the higher of its fair value less costs to sell and its value in use. Any impairment loss is recognised immediately as an expense within the profit or loss.

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2. Accounting policies (continued)

2.17 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 determined on a First In, First Out (FIFO) basis.

At each Balance Sheet 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 profit or loss.

Goods in Transit

Goods in transit are recorded as inventory and included in the financial statements when the risks and rewards of ownership have passed to the Company. The value of goods in transit includes the cost of the goods and any directly attributable costs necessary to bring the goods to their present location and condition.

Inventory Held by Third Parties

Inventory held by third parties is recorded at the lower of cost and net realisable value. Cost includes the purchase price, direct materials, direct labour, and directly attributable overhead costs. Any provision for obsolescence or impairment is recognised when it is probable that the net realisable value is lower than cost.

2.18 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.19 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

2. Accounting policies (continued)

2.20 Financial instruments

The Group 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 Group's Balance Sheet when the Group 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 debtors, cash and bank balances, are initially measured at their transaction price (adjusted for transaction costs except in the initial measurement of financial assets that are subsequently measured at fair value through profit and loss) 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 Group's cash and cash equivalents, trade and most other debtors due within the operating cycle fall into this category of financial instruments.

Impairment of financial assets

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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.

2. Accounting policies (continued)

2.20 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 Group after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other creditors, bank loans, other loans and loans due to fellow group companies are initially measured at their transaction price (adjusting for transaction costs except in the initial measurement of financial liabilities that are subsequently measured at fair value through profit and loss). 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 creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade creditors 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 Group 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 Group 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 Group's contractual obligations expire or are discharged or cancelled.

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

The preparation of financial statements in compliance with FRS 102 requires management to exercise judgement in applying the Group's accounting policies.

A critical accounting estimate or judgement is one for which a reasonable change in the 12 months from balance sheet date could give rise to a material impact on the financial statements. The directors do not consider there to be any critical accounting estimates within these financial statements.

3. Judgements in applying accounting policies (continued)

The following is considered to be a critical accounting judgement:

Product recall and legal proceedings

As noted in note 27, the Group faces a US legal complaint stemming from a global voluntary product recall. While recall costs incurred to date are measurable and accounted for, no provision has been made for the legal claim given the early stage of proceedings and pending motion to dismiss. The Group will continue to monitor the situation.

4. Turnover (Group)

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

	2024 **£000**	*As restated** *2023* *£000*
Sales of goods	**88,281**	*37,707*
Shipping revenue	**1,545**	*952*
Subscription revenue	**4,942**	*2,633*
Other revenue	**20**	*9,700*
	94,788	*50,992*

Analysis of turnover by country of destination:

	2024 **£000**	*2023* *£000*
North America	**73,708**	*36,037*
Rest of the world	**21,080**	*14,955*
	94,788	*50,992*

* The prior year comparatives have been restated to reflect a more granular classification of revenue streams in accordance with FRS 102. This resulted in a reallocation of revenue from "Sales of goods" into more specific categories, without impact on total revenue.

5. Operating loss (Group)

The operating loss is stated after charging:

	2024 £000	*2023 £000*
Research & development charged as an expense	**6**	*5*
Exchange differences	**241**	*1,429*
Amortisation of intangible assets	**724**	*510*
Impairment	**4**	*21*
Depreciation of tangible assets	**161**	*149*
Lease payments charged as an expense	**392**	*246*

6. Auditor's remuneration (Group)

During the year, the Group obtained the following services from the Company's auditor:

	2024 £000	*2023 £000*
Fees payable to the Company's auditor for the audit of the consolidated and parent Company's financial statements	**154**	*77*
Fees payable to the Company's auditor in respect of:		
Tax fees	**56**	*25*
Accounts preparation	**5**	*4*
Other assurance services	**5**	*-*

7. Employees

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

	Group 2024 £000	*Group 2023 £000*	**Company 2024 £000**	*Company 2023 £000*
Wages and salaries	**8,911**	*6,694*	**7,229**	*5,393*
Social security costs	**1,408**	*941*	**967**	*618*
Cost of defined contribution scheme	**273**	*184*	**273**	*164*
	10,592	*7,819*	**8,469**	*6,175*

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

	Group 2024 No.	*Group 2023 No.*	**Company 2024 No.**	*As restated* Company 2023 No.*
Products and operations	**121**	*84*	*101*	*82*
Administrative staff	**23**	*14*	*18*	*14*
	144	*98*	*119*	*96*

* The prior year Company employee numbers have been restated to correctly reflect the average monthly number of employees rather than the employees at the end of the year. This has resulted in an increase in employees from 80 to 96.

8. Directors' remuneration (Group)

	2024 £000	2023 £000
Directors' emoluments	**343**	*300*
Group contributions to defined contribution pension schemes	**27**	*15*
	370	*315*

During the year retirement benefits were accruing to 2 directors *(2023: 2)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £184k *(2023: £161k).*

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £14k *(2023: £8k).*

5 *(2023: 5)* directors did not receive remuneration for their services to the Group. These directors are employed and remunerated by investor entities of the Group and their services to the Group and Company are considered to be incidental to their services to the investor entity and their investees as a whole. Therefore, no amounts for their remuneration have been included or disclosed within these financial statements.

9. Exceptional costs (Group)

	2024 £000	*2023 £000*
Yoto mini voluntary recall	**6,107**	*656*
Service disruptions (One-off)	**569**	*48*
Automation projects	**131**	*309*
Other exceptional items	**195**	*114*
	7,002	*1,127*

During the year, the Group incurred exceptional costs totaling £7.0 million *(2023: £1.1 million)*. These costs relate primarily to the following non-recurring items:

Yoto Mini Voluntary Recall: £6.1 million *(2023: £0.7 million)* was incurred due to a voluntary product recall of the Yoto Mini, encompassing logistics, replacements, and associated remediation efforts.

Service disruptions (One-off): £0.6 million *(2023: £0.05 million)* related to one-time goodwill payments and refunds issued to customers affected by isolated service and delivery disruptions.

Automation Projects: £0.1 million *(2023: £0.3 million)* reflects specific IT-led automation initiatives. These one-off projects aim to streamline internal systems and are not expected to continue as part of recurring operational activities.

Other Exceptional Items: £0.2 million *(2023: £0.1 million)* includes various non-operational, one-off settlement costs not expected to recur in future periods.

*Exceptional costs are included within administrative expenses. See page 14.

10. Interest receivable and similar income (Group)

	2024 £000	*2023 £000*
Bank interest receivable	**592**	*75*

11. Interest payable and similar expenses (Group)

	2024 £000	*2023 £000*
Interest payable	**246**	*498*

12. Taxation (Group)

	2024 £000	2023 £000
Corporation tax		
Corporation tax	**14**	*(265)*
Adjustments in respect of previous periods	-	*68*
Total current tax	**14**	*(197)*
Deferred tax		
Origination and reversal of timing differences	-	*(32)*
Adjustments in respect of prior periods	-	*32*
Total deferred tax	-	-
Taxation on loss on ordinary activities	**14**	*(197)*

12. Taxation (Group) (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2023: higher than)* the standard rate of corporation tax in the UK of 25% *(2023: 23.52%)*. The differences are explained below:

	2024 £000	*As restated* *2023* *£000*
Loss on ordinary activities before tax	**(8,408)**	*(4,394)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% *(2023: 23.52%)*	**(2,102)**	*(1,033)*
Effects of:		
Fixed asset timing differences	**-**	*(1)*
Expenses not deductible for tax purposes	**567**	*261*
Additional deduction for R&D expenditure	**(439)**	*(466)*
Surrender of tax losses for R&D tax credit refund	**570**	*492*
Foreign tax - other	**23**	*13*
Movement in deferred tax not recognised	**1,395**	*459*
Other permanent differences	**-**	*2*
Adjustment in respect of prior periods (current & inter-co)	**-**	*68*
Adjustments in respect of prior periods (deferred tax)	**-**	*32*
Remeasurement of deferred tax for changes in tax rates	**-**	*(24)*
Total tax charge for the year	**14**	*(197)*

Deferred tax asset not recognised

A deferred tax asset of £5,525,000 *(2023: £4,129,000)* has not been recognised on the basis that there is insufficient evidence that the asset will be recoverable. The deferred tax asset not recognised is made up as follows:

- Fixed asset timing differences: £(65,000) *(2023: £(173,000))*
- Short-term timing differences: £84,000 *(2023: £73,000)*
- Losses and other deductions: £5,506,000 *(2023: £4,229,000)*

13. Intangible assets

Group and Company

	Other £000	Software Development £000	Intellectual Property £000	Total £000
Cost				
At 1 January 2024	1,758	414	385	2,557
Additions	2,406	282	1	2,689
Disposals	(3)	(307)	-	(310)
Transfers	23	(23)	-	-
At 31 December 2024	4,184	366	386	4,936
Amortisation				
At 1 January 2024	980	161	75	1,216
Charge for the year on owned assets	538	147	39	724
On disposals	(2)	(81)	-	(83)
Impairment charge	4	-	-	4
At 31 December 2024	1,520	227	114	1,861
Net book value				
At 31 December 2024	2,664	139	272	3,075
At 31 December 2023	*778*	*253*	*310*	*1,341*

Amortisation on intangible assets is charged to administrative expenses.

Other intangible assets comprise of largely Brand and Content Production.

14. Tangible fixed assets

Group

	Plant and machinery £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 January 2024	**491**	**59**	**211**	**761**
Additions	**92**	**1**	**82**	**175**
Disposals	**(44)**	**-**	**-**	**(44)**
At 31 December 2024	**539**	**60**	**293**	**892**
Depreciation				
At 1 January 2024	**294**	**24**	**84**	**402**
Charge for the year on owned assets	**99**	**12**	**50**	**161**
Disposals	**(26)**	**-**	**-**	**(26)**
At 31 December 2024	**367**	**36**	**134**	**537**
Net book value				
At 31 December 2024	**172**	**24**	**159**	**355**
At 31 December 2023	*197*	*35*	*127*	*359*

14. Tangible fixed assets *(continued)*

Company

	Plant and machinery £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 January 2024	491	59	193	743
Additions	92	1	77	170
Disposals	(44)	-	-	(44)
At 31 December 2024	539	60	270	869
Depreciation				
At 1 January 2024	294	24	78	396
Charge for the year on owned assets	99	12	46	157
Disposals	(26)	-	-	(26)
At 31 December 2024	367	36	124	527
Net book value				
At 31 December 2024	172	24	146	342
At 31 December 2023	*197*	*35*	*115*	*347*

15. Fixed asset investments (Company)

The Company holds a direct investment in its subsidiaries at a historical cost of £157. This investment was fully impaired as at both the current and prior year ends.

Subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Registered office	Nature of business	Class of shares	Holding
Yoto Inc	228 Park Ave S #48734, New York, NY 10003, USA	Trading	Ordinary	100%
Yoto SAS	8 Rue Saint Augustin, 75002, Paris	Trading	Ordinary	100%

Both subsidiaries are included in the consolidated financial statements.

16. Stocks

	Group 2024 £000	*Group 2023 £000*	**Company 2024 £000**	*Company 2023 £000*
Stock - finished goods	**13,936**	*8,094*	**6,037**	*2,910*

Group

The carrying value of stocks are stated net of provision for impairment totalling £69k *(2023: £Nil)*. Provisions for impairment were recognised in profit and loss.

Company

The carrying value of stocks are stated net of provision for impairment totalling £39k *(2023: £Nil)*. Provisions for impairment were recognised in profit and loss.

17. Debtors: Amounts falling due within one year

	Group 2024 £000	*Group 2023 £000*	Company 2024 £000	*Company 2023 £000*
Trade debtors	**5,619**	*3,337*	**1,509**	*1,246*
Amounts owed by group undertakings	**-**	*-*	**67,678**	*8,304*
Other debtors	**3,439**	*2,191*	**3,151**	*2,179*
	9,058	*5,528*	**72,338**	*11,729*

Group

The trade debtors balance includes £1,178k *(2023: £1,784k)* of cash received from customers via third-party sales platforms for fulfilled orders. These amounts were held in platform accounts at the year-end and were remitted to the Group shortly after the reporting date in line with standard payout schedules.

A provision for impairment of £303k *(2023: £Nil)* was recognised against trade debtors.

Company

The trade debtors balance includes £717k *(2023: £474k)* of cash received from customers via third-party sales platforms for fulfilled orders. These amounts were held in platform accounts at the year-end and were remitted to the Group shortly after the reporting date in line with standard payout schedules.

A provision for impairment of £10k *(2023: £Nil)* was recognised against trade debtors.

Amounts owed by Group undertakings are interest free, unsecured and due on demand.

18. Cash and cash equivalents

	Group 2024 £000	*Group 2023 £000*	Company 2024 £000	*Company 2023 £000*
Cash at bank and in hand	**25,922**	*25,874*	**11,334**	*20,532*

19. Creditors: Amounts falling due within one year

	Group 2024 £000	*Group As restated 2023 £000*	Company 2024 £000	*Company As restated 2023 £000*
Bank loans (note 21)	**11**	*9*	**11**	*9*
Other loans (note 21)	**4,529**	*707*	**4,529**	-
Trade creditors	**5,772**	*4,257*	**4,521**	*3,256*
Amounts owed to group undertakings	-	-	**50,324**	*398*
Other taxation and social security	**3,545**	*2,250*	**2,078**	*1,765*
Other creditors	**3,907**	*1,586*	**951**	*156*
Accruals and deferred income	**12,808**	*4,588*	**9,966**	*4,320*
	30,572	*13,397*	**72,380**	*9,904*

Group

Included within other creditors are outstanding pension contributions totalling £72k *(2023: £42k).*

Other loans represent a trade loan facility that is payable within the short term, which the Company has used to support its working capital requirements. The balance of the loan is expected to be settled in full within 3 months.

Company

Included within other creditors are outstanding pension contributions totalling £69k *(2023: £38k).*

Amounts owed to Group undertakings are interest free, unsecured and due on demand.

* Details of the of the prior year restatement can be found in note 31.

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

	Group 2024 £000	*Group 2023 £000*	Company 2024 £000	*Company 2023 £000*
Bank loans	**5**	*18*	**5**	*18*

21. Loans

Analysis of the maturity of loans is given below:

	Group 2024 £000	*Group 2023 £000*	Company 2024 £000	*Company 2023 £000*
Amounts falling due within one year				
Bank loans	**11**	*9*	**11**	*9*
Other loans	**4,529**	*707*	**4,529**	*-*
	4,540	*716*	**4,540**	*9*
Amounts falling due 1-2 years				
Bank loans	**5**	*10*	**5**	*10*
Amounts falling due 2-5 years				
Bank loans	**-**	*8*	**-**	*8*
	4,545	*734*	**4,545**	*27*

Group and Company

The Company has a trade loan facility of £4,545,000 repayable within 3 months. The loan is subject to an interest rate of 6.4% per annum and is secured by a charge over the Company's assets.

Bank loans relate to a Bounce Back unsecured loan at 2.5% which is fully repayable by September 2026.

22. Provisions

Group

	Mini Voluntary Recall £000	Sales return £000	Total £000
At 1 January 2024 (as restated*)	656	796	1,452
Additions	2,005	425	2,430
Utilised in year	(656)	(796)	(1,452)
At 31 December 2024	2,005	425	2,430

22. Provisions (continued)

Company

	Mini Voluntary Recall £000	Sales return £000	Total £000
At 1 January 2024 (as restated*)	656	247	903
Additions	2,005	101	2,106
Utilised in year	(656)	(247)	(903)
At 31 December 2024	**2,005**	**101**	**2,106**

Yoto Mini Voluntary Recall

This provision relates to anticipated costs of voluntary recall associated to an historic model of Yoto Mini, more details can be seen in note 9. The 2023 utilisation reflects costs already incurred, with the remaining balance expected to unwind in 2025.

Sales Returns

This Provision represents expected costs of customer returns. These are anticipated to be fully utilised within the next financial year.

* Details of the of the prior year restatement can be found in note 31.

23. Analysis of net debt (Group)

	At 1 January 2024 £000	Cash flows £000	At 31 December 2024 £000
Cash at bank and in hand	25,874	48	25,922
Debt due after 1 year	(18)	13	(5)
Debt due within 1 year	(716)	(3,824)	(4,540)
	25,140	(3,763)	21,377

24. Share capital (Company and Group)

	2024 £	*2023 £*
Allotted, called up and fully paid		
7,509,300 *(2023: 7,509,300)* A Preferred shares of £0.0001 each	**751**	*751*
5,966,199 *(2023: 5,966,199)* A2 Preferred shares of £0.0001 each	**597**	*597*
10,649,825 *(2023: 10,649,825)* B Preferred shares of £0.0001 each	**1,065**	*1,065*
16,669,194 *(2023: 16,602,210)* Ordinary shares of £0.0001 each	**1,667**	*1,660*
6,801,200 *(2023: 6,801,200)* Seed preferred shares of £0.0001 each	**680**	*680*
6,374,000 *(2023: 6,374,000)* Seed-2 Preferred shares of £0.0001 each	**637**	*637*
	5,397	*5,390*

The issued share capital of the Company is comprised of ordinary shares, B preferred shares, A preferred shares, A2 preferred shares, seed preferred shares and seed-2 preferred shares. The articles of association of the Company provide for a class of deferred shares, however no deferred shares are currently in issue. The rights attaching to each class of share are as follows:

a. All shares (other than deferred shares) have an equal right to receive dividends on distribution.

b. All shares (other than deferred shares) have an equal right to receive notice of and to attend, speak and vote at general meetings of the Company and to receive and vote on proposed written resolutions of the Company.

c. B preferred shares, A2 preferred shares, A preferred shares, seed preferred shares and seed-2 preferred shares have an equal right to participate in the distribution of assets and the proceeds of sale up to their respective preference amounts and in priority to the deferred shares and the ordinary shares. Deferred shares have the right to participate up to an aggregate total of £1 on the distribution of assets or the proceeds of sale in priority to ordinary shares. Ordinary shares then participate in the balance of assets and process of sale.

d. All shares (other than deferred shares) have the right to be offered the opportunity to subscribe on a pre-emptive basis for their pro rata allocation of new securities upon a proposed allotment (subject to exceptions).

e. All shares (other than deferred shares) have the right to be offered the opportunity to purchase on a pre-emptive basis their pro rata allocation of shares that are proposed to be transferred (subject to exceptions).

f. All classes of shares other than the ordinary shares and deferred shares (i.e. B preferred shares, A preferred shares, A2 preferred shares, seed preferred shares and seed-2 preferred shares) have the right to be issued anti-dilution shares in the event that securities are issued below the price paid for such shares as an anti-dilution protection.

g. The deferred shares have the right to participate up to an aggregate total of £1 on the distribution of assets or the proceeds of sale. Deferred shares do not have the right to receive dividends, to receive notice of and to attend, to speak and to vote at general meetings of the Company and to receive and to vote on proposed written resolutions of the Company, to be offered the opportunity to subscribe on a pre-emptive basis for their pro rata allocation of new securities upon a proposed allotment, to be offered the opportunity to purchase on a pre-emptive basis their pro rata allocation of shares that are proposed to be transferred or to be issued anti-dilution shares in the event that securities are issued below the price paid for such shares as an anti-dilution protection.

24. Share capital (Company and Group) (continued)

Shares issued

During the year, the Company's issued share capital increased by 66,984 ordinary shares to 16,669,194 shares of £0.0001 each *(2023: 16,602,210)*, as a result of employees exercising share options granted under the EMI scheme, including certain leavers whose options vested under the scheme's terms.

B preferred shares were issued during the prior year for a total consideration of $28.5m (£22.8m). As part of this transaction $5m (£4.2m) Ordinary shares and $1.5m (£0.8m) A2 Preferred shares were converted into B preferred shares.

25. Reserves

Share premium account

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

Retranslation reserve

Comprises translation differences arising from the translation of financial statements of the Group's foreign entities into Sterling (£).

Share-based payment reserve

This reserve represents accumulated amounts accrued to satisfy equity-settled shared based payment awards on exercise.

Profit and loss account

Includes all current and prior periods retained profits & losses.

26. Share-based payments

The Company operates an Enterprise Management Incentive (EMI) share option scheme for selected employees as part of its long term incentive strategy. While the scheme is established by the Company, it is extended to selected employees across the Group, including employees of certain subsidiaries.

All options granted under the EMI scheme are equity settled.

Recognition and Measurement

Equity settled share based payments are measured at the fair value of the options at the grant date. The fair value is recognised as an expense in the profit and loss account on a straight line basis over the vesting period, based on the Company's estimate of the number of options that will ultimately vest.

A corresponding credit is recognised in equity, within a separate share based payment reserve.

26. Share-based payments (continued)

Valuation of Options

The fair value of options granted during the year was estimated using the Black Scholes option pricing model, with the following key assumptions:

Assumption	Basis/ Value
Fair value per share at date of grant	£0.3074 (average based on third-party valuation or cap table)
Exercise price	£0.0001
Expected term	5 years
Volatility	50% (based on peer Company historic volatility)
Risk-free interest rate	2% (UK gilt yields - average of grant dates)
Forfeiture rate	5% (management estimate based on employee turnover)
Dividend yield	0%

No discount was applied for lack of marketability.

Movements in Share Options During the Year

Movement in EMI Options	Group Number of options	Company Number of options
Outstanding at 1 January 2024	**8,467,781**	**8,145,227**
Granted	-	-
Forfeited	-	-
Exercised	**(66,984)**	**(66,984)**
Expired/lapsed	-	-
Outstanding at 31 December 2024	**8,400,797**	**8,078,243**

Movement in EMI Options	Group Number of options	Company Number of options
Outstanding at 1 January 2023	*5,249,500*	*5,038,100*
Granted	*3,341,806*	*3,206,396*
Forfeited	*(81,322)*	*(57,016)*
Exercised	*(42,203)*	*(42,203)*
Expired/lapsed	-	-
Outstanding at 31 December 2023	*8,467,781*	*8,145,277*

26. Share-based payments (continued)

Expense Recognised in the Profit and Loss Account

The total expense arising from equity-settled share-based payment transactions recognised during the year was:

	Group 2024 £000	*As restated Group 2023 £000*	Company 2024 £000	*As restated Company 2023 £000*
Share-based payment expense	**1,205**	*951*	**1,171**	*918*

This expense is included within administrative expenses in both the Group and Company income statements. The charge relates to options granted under the EMI scheme, which is operated by the Company and extended to certain employees of subsidiary undertakings. The 2023 comparative figures have been restated following the identification of a prior period error in the recognition of share-based payment charges. In previous periods, management had assessed the impact as immaterial; however, it was subsequently determined that the cumulative effect was material. A prior period adjustment was therefore made, for full details of the restatement, including the impact on the financial statements, refer to Note 31– Prior Year Adjustment.

27. Contingent liabilities

In 2024, the Company initiated a global voluntary recall of a historic hardware product as a precautionary safety measure. On 31 January 2025, a complaint related to these actions was filed in a US court. This matter is being managed with legal counsel, and a motion to dismiss is currently pending. Due to the early stage of proceedings, the likelihood or potential financial impact cannot be reliably assessed and it is considered possible but not probable that there will be a significant outflow. Therefore, no provision has been made.

28. Pension commitments

Group

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £273,000 *(2023: £183,890)*. Contributions totalling £72,000 *(2023: £42,000)* were payable to the fund at the Balance Sheet date and are included in creditors.

Company

The Company operates a defined contribution 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 £273,000 *(2023: £164,000)*. Contributions totalling £68,000 *(2023: £38,000)* were payable to the fund at the Balance Sheet date and are included in creditors.

29. Commitments under operating leases

At 31 December 2024 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2024 £000	*Group 2023 £000*	Company 2024 £000	*Company 2023 £000*
Land and buildings				
Not later than 1 year	**426**	*295*	**370**	*250*
1-2 years	**118**	-	**62**	-
2-3 years	**5**	-	-	-
	549	*295*	**432**	*250*

30. Related party transactions

Group

There were no related party transaction throughout the year.

Company

The Company has taken advantage of the exemption allowed under section 33.1A of FRS 102 'Related party disclosure' not to disclose transactions with other members that are wholly owned within the Group.

31. Prior year adjustment

During the current year, management identified that assumptions used in prior periods relating to the recognition of share-based payment charges were incorrect. At the time, management considered the amounts involved to be immaterial and elected not to recognise a charge. Upon further review, it has now been determined that the cumulative unrecognised charge is material. Accordingly, a prior period adjustment has been made to restate the comparative financial information.

In addition, it was identified that £1,452k had previously been disclosed within creditors in the signed accounts for the year ended 31 December 2023. This has now been correctly reclassified as provisions. The adjustment has no impact on the overall net assets or profit reported for the prior year.

The effect of these restatements is as follows:

	As previously stated £000	Adjustment £000	As restated £000
Statement of Comprehensive Income			
Cost of sales	(15,976)	(6,357)	(22,333)
Gross profit	35,016	(6,357)	28,659
Distribution costs	(9,628)	-	(9,628)
Administrative expenses	(22,051)	(951)	(23,002)
Licensing costs	(6,357)	6,357	-
Operating profit/(loss)	(3,020)	(951)	(3,971)
Profit/(loss) before tax	(3,443)	(951)	(4,394)
Tax on profit/(loss)	197	-	197
Profit/(loss) for the financial year	(3,246)	(951)	(4,197)
Statement of Financial Position			
Creditors: amounts falling due within one year	(14,849)	1,452	(13,397)
Net current assets	24,647	1,452	26,099
Provision	-	(1,452)	(1,452)
Net assets	26,329	-	26,329
Capital and reserves			
Called up share capital	5	-	5
Share premium account	45,400	-	45,400
Retranslation reserve	(261)	-	(261)
Share based payment reserve	-	3,386	3,386
Profit and loss account	(18,855)	(3,386)	(22,241)
Total equity	26,329	-	26,329

32. Post balance sheet events

On 14 January 2025, the Company incorporated Yoto Pte Ltd, a wholly owned subsidiary registered in Singapore.

At the date of approval of these financial statements, the impact of this incorporation on the Group's financial position and performance is not expected to be material. Management continues to assess any implications arising from this development.

33. Controlling party

The Company is owned by a number of private shareholders and companies, none of whom own more than 30% of the issued share capital of the Company. There is not therefore considered to be an ultimate controlling party of the Group above Yoto Limited.