



INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

OF THE CAPITAL GROUP TEN SQUARE GAMES S.A.

FOR 01/01/2019 – 30/06/2019

Wrocław, 27/08/2019

Disclaimer

This English language translation has been prepared solely for the convenience of English speaking readers. Despite all the efforts devoted to this translation discrepancies, omissions or approximations may exist. In case of any differences between the Polish and the English versions, the Polish version shall prevail. Ten Square Games S.A., its representatives and employees decline all responsibility in this regard.

SELECTED FINANCIAL DATA CONVERTED INTO EURO

CONSOLIDATED DATA IN PLN

Specification	01/01/2019 - 30/06/2019		01/01/2018 - 30/06/2018	
	PLN	EUR	PLN	EUR
STATEMENT OF COMPREHENSIVE INCOME				
Net revenues	95,181,244	22,197,118	38,270,510	9,027,128
Own costs of sales	4,641,503	1,082,440	3,477,926	820,362
Selling costs	59,167,783	13,798,457	17,729,952	4,182,086
General and administrative costs	2,977,837	694,458	2,055,119	484,755
Operating profit (loss)	28,425,772	6,629,145	15,008,027	3,540,046
Gross profit (loss)	28,618,466	6,674,083	15,531,416	3,663,502
Net profit (loss)	23,409,591	5,459,326	12,526,668	2,954,751
CONSOLIDATED CASH FLOW STATEMENT				
Net operating cash flows	18,236,734	4,252,970	11,850,139	2,795,174
Net cash flows from investment activities	-1,891,433	-441,099	-850,775	-200,678
Net cash flows from financial activity	-27,310,500	-6,369,053	-5,110,193	-1,205,376
Specification	30/06/2019		31/12/2018	
	PLN	EUR	PLN	EUR
CONSOLIDATED BALANCE SHEET				
Fixed assets	4,432,741	1,042,507	2,701,316	628,213
Current assets	47,860,542	11,256,007	51,766,242	12,038,661
Equity	38,583,664	9,074,239	42,084,424	9,787,075
Long-term liabilities	587,326	138,129	359,388	83,579
Short-term liabilities	13,122,293	3,086,146	12,023,746	2,796,220

EUR/PLN exchange rate	2019	2018
– for the balance-sheet data	4.2520	4.3000
– for the data from the profit and loss statement and cash flow statement	4.2880	4.2395

In order to convert the balance-sheet data, the average exchange rate quoted by the National Bank of Poland at the balance sheet date was adopted.

In order to convert the positions under the comprehensive income statement and the cash flow statement, the exchange rate which is the arithmetical average of the exchange rates quoted by the National Bank of Poland at the last day of each month of a given period was adopted.

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GENERAL INFORMATION

1. COMPANY DATA

Name	Ten Square Games S.A.
Legal form	Spółka Akcyjna
Registered seat	ul. Długosza 60, 51-162 Wrocław
Registration country	Poland
Core business activity	publishing activity with regard to computer games (58.21.Z)
Authority keeping the register	District Court, VI Commercial Division of the National Court Register
entry no.	0000704863
Statistical Business Number (REGON)	021744780
Tax Identification Number (NIP)	8982196752
Company duration	indefinite

Ten Square Games Sp. z o.o. was registered on 21 October 2011, entry no. 0000399940. Ten Square Games S.A. was established through the transformation of Ten Square Games Sp. z o.o., which was registered by the District Court on 20 November 2017.

2. CAPITAL GROUP



Ten Square Games S.A. is the Parent Entity in the Capital Group, which prepares consolidated financial statements. The subsidiaries are subject to the consolidated financial statement since the date of a given company's establishment.

3. SHAREHOLDERS STRUCTURE

Shareholder	Number of shares as at 27/08/2019	share in basic capital	number of votes at GSM	% share in the number of votes
President of the Management Board – Maciej Popowicz	2,852,500	39.39%	2,852,500	39.39%
Vice-President of the Management Board – Arkadiusz Pernal	1,365,000	18.85%	1,365,000	18.85%
Member of the Board – Magdalena Jurewicz	25,000	0.35%	25,000	0.35%
NN PTE ^{3*}	565,000	7.80%	565,000	7.80%
Member of the Supervisory Board – Maciej Zużalek	75,000	1.04%	75,000	1.04%
Member of the Supervisory Board – Maciej Marszałek	52,500	0.73%	52,500	0.73%
Member of the Supervisory Board – Rafał Olesiński	669	0.01%	669	0.01%
<i>other</i>	2,305,576	31.84%	2,305,576	31.84%
TOTAL	7,241,245	100%	7,241,245	100%

¹Consistent with current report no. 8 of 11 May 2018²Consistent with current report no. 9 of 11 May 2018³State consistent with current report no. 10 of May 11, 2018

* NN Otwarty Fundusz Emerytalny (Open Pension Fund) and NN Dobrowolny Fundusz Emerytalny (Voluntary Pension Fund) – both funds managed by NN Powszechne Towarzystwo Emerytalne (General Pension Management Company)

Share series	Type of shares	Number of shares as at 27/08/2019	Nominal value per share	Total nominal value of shares
A	ordinary	7,225,000	0,1 PLN	722,500.00
B	ordinary	16,245	0,1 PLN	1,624.50

Shareholder	number of shares as at 30/06/2019	share in basic capital	number of votes at GSM	% share in the number of votes
President of the Management Board – Maciej Popowicz	2,852,500	39.48%	2,852,500	39.48%
Vice-President of the Management Board – Arkadiusz Pernal	1,365,000	18.89%	1,365,000	18.89%
Member of the Board – Magdalena Jurewicz	25,000	0.35%	25,000	0.35%
NN PTE ^{3*}	565,000	7.82%	565,000	7.82%
Member of the Supervisory Board – Maciej Zużalek	75,000	1.04%	75,000	1.04%
Member of the Supervisory Board – Maciej Marszałek	52,500	0.73%	52,500	0.73%
Member of the Supervisory Board – Rafał Olesiński	669	0.01%	669	0.01%
<i>other</i>	2,289,331	31.69%	2,289,331	31.69%
TOTAL	7,225,000	100%	7,225,000	100%

Share series	Type of shares	Number of shares as at 30/06/2019	Nominal value per share	Total nominal value of shares
A	ordinary	7,225,000	0,1 PLN	722,500.00

Shareholder	Number of shares as at 31/12/2018	share in basic capital	number of votes at GSM	% share in the number of votes
President of the Management Board – Maciej Popowicz	2,852,500	39.21%	2,852,500	39.21%
Vice-President of the Management Board – Arkadiusz Pernal	1,365,000	18.76%	1,365,000	18.76%
Member of the Board – Magdalena Jurewicz	25,000	0.34%	25,000	0.34%
NN PTE ^{3*}	565,000	7.77%	565,000	7.77%
Member of the Supervisory Board – Maciej Zużalek	75,000	1.03%	75,000	1.03%
Member of the Supervisory Board – Maciej Marszałek	52,500	0.72%	52,500	0.72%
Member of the Supervisory Board – Rafał Olesiński	669	0.01%	669	0.01%
<i>other</i>	2,339,331	32.16%	2,339,331	32.16%
TOTAL	7,275,000	100%	7,275,000	100%

Share series	Type of shares	number of shares as at 31/12/2018	Nominal value per share	Total nominal value of shares
A	ordinary	7,275,000	0,1 PLN	727,500.00

Changes in the share capital between 31 December 2018 and 27 August 2019 result from:

- 1) reduction of the share capital due to the submission of a motion by a shareholder aimed at voluntary redemption of shares (resolutions of the Extraordinary General Meeting of Shareholders of 14 January 2019 and 17 January 2019), which was registered by the District Court on 22 February 2019. The capital was reduced by 50,000 shares with a total nominal value of PLN 5.000.
- 2) the Company's Management Board's adoption of a resolution of 12 June 2019 on the issue of shares within the framework of the target share capital increase. The share capital increase is related to the implementation of the Company's incentive scheme. The share capital was increased by 16,245 shares with a total value of PLN 1,624.50, which was registered by the District Court on 24 July 2019.

4. COMPOSITION OF THE COMPANY'S BODIES AS AT 30/06/2019

The Management Board:

Maciej Popowicz – President of the Management Board;

Arkadiusz Pernal – Vice-President of the Management Board.

Magdalena Jurewicz – Member of the Board (since 1 September 2018).

Between 1 January 2019 and 27/08/2019 there were no changes in the composition of the Management Board.

Supervisory Board:

Maciej Zużalek – Chairman of the Supervisory Board;

Rafał Olesiński – Vice-Chairman of the Supervisory Board;

Marcin Chruszczyński – Member of the Supervisory Board;

Tomasz Drożdżyński – Member of the Supervisory Board;

Maciej Marszałek – Member of the Supervisory Board;

Milena Olszewska-Miszuris – Member of the Supervisory Board;

Wiktor Schmidt – Member of the Supervisory Board.

Between 1 January 2019 and 27/08/2019 the following change took place: Ms. Milena Olszewska-Miszuris joined the Supervisory Board as a Member of the Supervisory Board on 14/01/2019.

5. FORM OF THE CONDENSED STATEMENT

The basis for the preparation of the financial statement

This interim condensed consolidated financial statement has been prepared in accordance with the International Accounting Standard no 34 “Interim Financial Reporting”, approved by the EU (“IAS 34”).

The interim condensed consolidated financial statement does not involve all information and disclosures required in the annual financial statement and it shall be read in conjunction with the consolidated financial statement of the Group for the year ending on 31 December 2018.

Functional currency and presentation currency

The interim condensed consolidated financial statement is presented in Polish zlotys (PLN), which is the functional currency and the presentation currency of the Company and the Capital Group.

Transactions in foreign currencies shall be converted into the functional currency, in accordance with the exchange rate applicable as at the date of the transaction. Exchange profits and losses obtained as a result of the settlement of such transactions and the balance-sheet valuation of assets and financial liabilities in foreign currencies shall be included in the profit and loss statement, provided they are not deferred in equity if they are eligible for recognition as security of cash flows and hedges of net investments.

Presented periods

The interim condensed consolidated financial statement has been prepared as at 30/06/2019 and it covers the period of 6 months, i.e. since 01/01/2019 to 30/06/2019.

Comparative financial data, as at 31/12/2018, have been provided for the data presented in the interim condensed financial statement of financial situation and off-balance sheet items.

For the data presented in the interim condensed consolidated statement of comprehensive income, comparable financial data were presented for the period from 01/01/2018 to 30/06/2018.

Comparative financial data, for the period from 01/01/2018 to 30/06/2018, have been provided for the data presented in the interim condensed consolidated statement of changes in equity and the interim condensed consolidated cash flow statement.

Continuity assumption

The interim condensed consolidated financial statement has been prepared assuming that the Company and the Capital Group shall continue their activities for the period of 12 months after the last balance-sheet date, i.e. 30/06/2020. The Management Board of the Parent Entity, as at the date of signing the statement, was not aware of any facts or circumstances which could indicate a threat to the continuation of activity for the period of 12 months after the balance-sheet date due to an intended or forced discontinuance or material limitation of the activity.

Until the date of preparation of the interim condensed consolidated financial statement for the first half of 2019, there were no events which were not and which should have been included in the accountancy books of the reporting period. At the same time, no material events relating to previous years in these financial statements are included in the financial statement.

Audit Firm

These interim condensed consolidated financial statement with selected elements of the interim condensed consolidated financial statements

have been reviewed by an independent audit firm:

PKF Consult Spółka z ograniczoną odpowiedzialnością Sp. k.
ul. Orzycka 6 lok. 1B
02-695 Warszawa
entered on the list of audit firms under number 477.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT**1. INTERIM CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT**

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT for the period:	01/01/2019 - 30/06/2019	01/01/2018 - 30/06/2018
Revenues from the sales of services	95,181,244	38,270,510
Own costs of sales	4,641,503	3,477,926
Gross profit (loss) on sales	90,539,741	34,792,584
Other operating revenues	46,119	17,918
Selling costs	59,167,783	17,729,952
General and administrative costs	2,977,837	2,055,119
Other operating costs	14,468	17,404
Operating profit (loss)	28,425,772	15,008,027
Financial revenues	193,819	543,199
Financial costs	1,125	19,810
Profit (loss) before taxation	28,618,466	15,531,416
Income tax	5,208,875	3,004,748
Net profit (loss) on continued activity	23,409,591	12,526,668
Profit (loss) on discontinued activity	0	0
Net profit (loss)	23,409,591	12,526,668
Items for requalification for the profit and loss statement in the subsequent periods	0	0
Items which will not be subject to requalification for the profit and loss statement in the subsequent periods	0	0
Total comprehensive income	23,409,591	12,526,668
Total comprehensive income assigned to non-controlling shareholders	0	2,576
Total comprehensive income per Parent Entity	23,409,591	12,524,092

Calculation of profit per share	for 01/01/2019 - 30/06/2019	for 01/01/2018 - 30/06/2018
<i>Number of shares</i>		
The weighted average number of shares for the purpose of calculating the value of basic profit per share (in units)	7,239,444	7,275,000
The weighted average number of shares for the purpose of calculating the value of diluted profit per share (in units)	7,255,689	7,275,000
Net profit assigned to the Parent Entity	23,409,591	12,524,092
<i>Net profit per share per shareholders of the Parent Entity</i>		
Basic net profit for the trading period	PLN 3.23	PLN 1.72
diluted net profit for the trading period	PLN 3.23	PLN 1.72

2. INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL SITUATION

ASSETS	30/06/2019	31/12/2018	30/06/2018
Fixed assets	4,432,741	2,701,316	2,760,754
Property, plant and equipment	446,208	246,799	179,918
Intangible assets	3,543,595	2,186,675	2,210,012
Other fixed assets	0	68,053	158,789
Other financial assets	194,726	0	201,592
Deferred income tax assets	248,212	199,789	10,443
Current assets	47,860,542	51,766,242	22,552,461
Stocks	0	0	0
Trade receivables	15,651,927	10,671,417	8,734,138
Other receivables	2,504,856	540,895	689,669
Prepayments and accruals	958,932	803,134	398,113
Cash and cash equivalents	28,744,827	39,750,796	12,730,541
Assets classified as intended for sale	0	0	0
TOTAL ASSETS	52,293,283	54,467,558	25,313,215

LIABILITIES	30/06/2019	31/12/2018	30/06/2018
Equities	38,583,664	42,084,424	18,025,998
<i>Equities of the Parent Entity's shareholders</i>	<i>38,583,664</i>	<i>42,084,424</i>	<i>18,022,841</i>
Share capital	722,500	727,500	727,500
Reserve capital from the sales of shares above their nominal value	496,100	496,100	496,100
Other capitals	11,894,310	1,776,710	1,658,546
Undistributed financial result	2,061,163	2,616,603	2,616,603
Financial result of the current period	23,409,591	36,467,511	12,524,092
<i>Equity of non-controlling shareholders</i>	<i>0</i>	<i>0</i>	<i>3,157</i>
Long-term liabilities	587,326	359,388	507,053
Deferred income tax provisions	587,326	359,388	507,053
Short-term liabilities	13,122,293	12,023,746	6,780,164
Trade liabilities	7,195,622	2,735,833	2,701,117
Current income tax liabilities	4,265,473	7,722,652	2,404,165
Other liabilities	238,884	167,920	1,498,949
Other provisions	170,027	176,602	175,933
Prepayments and accrued income	1,252,287	1,220,739	0
Liabilities directly connected with the assets intended for sale	0	0	0
TOTAL LIABILITIES	52,293,283	54,467,558	25,313,215

3. INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in equity	Share capital	Reserve capital from the sales of shares above their nominal value	Other capitals	Undistributed financial result	Financial result of the current period	Equity of shareholders of the Parent Entity	Equity of non-controlling shareholders	Total equity
6 months ending on 30/06/2019								
Equity as at 01/01/2019	727,500	496,100	1,776,710	39,084,114	0	42,084,424	0	42,084,424
Changes in accounting principles (policy)								0
Corrections of errors from previous periods								0
Equity after corrections	727,500	496,100	1,776,710	39,084,114	0	42,084,424	0	42,084,424
Share-based payments			604,304			604,304		604,304
Reduction of the share capital in accordance with the resolution of the Extraordinary General Meeting of Shareholders	-5,000		5,000			0		0
Adjustment of share-based payments combined with share capital reduction			-204,155			-204,155		-204,155
Distribution of net profit			9,712,451	-9,712,451		0		0
Dividend payment				-27,310,500		-27,310,500		-27,310,500
Total comprehensive income					23,409,591	23,409,591		23,409,591
Equity as at 30/06/2019	722,500	496,100	11,894,310	2,061,163	23,409,591	38,583,664	0	38,583,664
6 months ending on 30/06/2018								
Equity as at 01/01/2018	727,500	496,100	544,420	9,921,445	0	11,689,465	0	11,689,465
Changes in accounting principles (policy)								0
Corrections of errors from previous periods								0
Equity after corrections	727,500	496,100	544,420	9,921,445	0	11,689,465	0	11,689,465
Share-based payments			118,164			118,164		118,164
Distribution of net profit			995,962	-995,962		0		0
Dividend payment				-6,308,880		-6,308,880		-6,308,880
Total comprehensive income					12,526,668	12,524,092	3,157	12,527,249
Equity as at 30/06/2018	727,500	496,100	1,658,546	2,616,603	12,526,668	18,022,841	3,157	18,025,998

Consolidated statement of changes in equity	Share capital	Reserve capital from the sales of shares above their nominal value	Other capitals	Undistributed financial result	Financial result of the current period	Equity of shareholders of the Parent Entity	Equity of non-controlling shareholders	Total equity
12 months ending on 31/12/2018								
Equity as at 01/01/2018	727,500	496,100	544,420	9,921,445	0	11,689,465	0	11,689,465
Changes in accounting principles (policy)								0
Corrections of errors from previous periods								0
Equity after corrections	727,500	496,100	544,420	9,921,445	0	11,689,465	0	11,689,465
Payment of share capital								0
Cost of issue of shares								0
Share capital increase – transformation into a joint-stock company								0
Payment of share capital							582	582
Share-based payments			236,328			236,328		236,328
Distribution of net profit			995,962	-995,962		0		0
Dividend payment				-6,308,880		-6,308,880		-6,308,880
Total comprehensive income					36,469,341	36,467,511	1,830	36,469,341
Elimination of non-controlling shareholders' capital							-2,412	-2,412
Equity as at 31/12/2018	727,500	496,100	1,776,710	2,616,603	36,469,341	42,084,424	0	42,084,424

4. INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement	for 01/01/2019 - 30/06/2019	01/01/2018 - 30/06/2018
OPERATING ACTIVITY		
Profit/loss before taxation	28,618,466	15,531,416
Total corrections:	-1,887,911	-2,247,424
Depreciation	456,014	292,741
Exchange profit/loss	40,769	-268,531
Interest and share in profits (dividends)	0	0
Profit/loss on investment activities	0	0
Change in provisions and accruals (excluding deferred tax provision)	24,973	65,316
Change in stocks	0	0
Change in receivables	-7,139,197	-3,952,773
Change in liabilities, except for loans and credits, CIT liabilities and dividends	4,538,194	1,587,673
Change in prepayments and accruals (without short-term prepayments and accruals for share-based payments)	-314,583	-68,323
Share-based payments (part not included in the acquisition of intangible assets)	506,078	114,135
other corrections	-159	-17,662
Cash on operating activity	26,730,555	13,283,992
Paid interest	0	0
Income tax (paid) / refunded	-8,493,821	-1,433,853
A. Net operating cash flow	18,236,734	11,850,139
INVESTMENT ACTIVITY		
Proceeds	0	0
Costs	1,891,433	850,775
Purchase of intangible and tangible fixed assets	1,891,433	850,775
Other investment spendings	0	0
B. Net cash flow from investment activities	-1,891,433	-850,775
FINANCIAL ACTIVITY		
Proceeds	0	0
Dividends and other payments to owners	0	0
Costs	27,310,500	5,110,193
Dividends and other payments to owners	27,310,500	5,110,193
C. Net cash flow from financial activity	-27,310,500	-5,110,193
D. Total net cash flow	-10,965,199	5,889,171
E. Balance-sheet change in cash, including	-11,005,968	6,157,703
- change in cash due to exchange losses/gains	-40,769	268,531
F. Cash at the beginning of the period	39,827,219	6,661,794
G. Cash at the end of the period	28,862,020	12,550,965

ACCOUNTING POLICY

1. COMPLIANCE WITH THE INTERNATIONAL ACCOUNTING STANDARDS

This interim condensed consolidated financial statement has been prepared in accordance with IAS 34 Interim Financial Reporting.

The accounting principles (policy) applied in preparation of this report are coherent with those applied in preparation of the financial statements for the year ended 31 December 2018, except for amended standards and new interpretations effective for annual periods beginning on or after 1 January 2019.

Standards and interpretations adopted by IASB which have not yet been approved for application by EU:

- a) IFRS 14: Activities subject to price regulations; balance of deferred items – applicable in relation to the reporting periods starting on or after 1 January 2017. This standard, as a transitional standard, in accordance with the decision of the European Commission, will not be subject to the adoption process.
- b) IFRS 17 Insurance contracts – applicable in relation to the reporting periods starting on or after 1 January 2021. The application of IFRS 17 is possible provided that IFRS 9 and IFRS 15 are implemented.
- c) Changes in references to conceptual assumptions – effective for annual periods beginning on or after 1 January 2020.
- d) Amendments to IFRS 3 “Combined businesses” - effective for reporting periods beginning on or after 1 January 2020.
- e) Amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, changes in accounting estimates and error correction” – effective for reporting periods beginning on or after 1 January 2020.

The Group is analysing how significant the influence of the above standards and amendments to standards will be on the Group's financial statements.

2. CHANGES IN ACCOUNTING PRINCIPLES (POLICY)

In preparing the financial statements, the Parent Company adopted all new and approved standards applicable to its operations and binding in the reporting periods from 1 January 2019.

As of January 1, 2019, the Group applies the new IFRS 16 Leasing standard.

IFRS 16 introduces one lease recognition model that requires the recognition of assets and liabilities, unless the lease period is 12 months and less or the asset is of low value. The lessor's approach remains essentially unchanged compared to the solutions in IAS 17 – classification of leasing as operational or financial is still required.

In the scope of IFRS 16 "Leasing", the Group is a party to leasing agreements regarding the lease of office space. Operating leases held as at 01.01.2019 (day of entry into force of IFRS 16) meet the definition of short-term leases (i.e. less than 12 months of the duration of the contract), hence the Group has not decided to present the assets and liabilities arising from these contracts.

With the introduction of IFRS 16, the Group has adjusted its accounting policy, whereas the mere implementation of the standard did not have a valuable impact on the financial data of the Group.

3. DESCRIPTION OF THE ADOPTED ACCOUNTING PRINCIPLES (POLICY)

3.1. Consolidation – subsidiaries

Subsidiaries are all economic entities over which the Group has control. The Group has control over an entity if it is subject to or if it has a right to variable return on its contribution into an entity and if it can influence these returns through exercising control over such an entity. Subsidiaries are subject to full consolidation from the date of transferring control to the group. The consolidation is discontinued at the date of discontinuation of exercising control. The costs related to the acquisition of a business entity are recognized as costs of the period.

Intra-group transactions, settlements and unrealized gains on transactions between the group's entities are eliminated. Unrealized losses are also eliminated. If it is necessary, the amounts reported by subsidiaries are adjusted so that they comply with the accounting principles of the group.

3.2. Revenues and costs of operating activity

Revenues are gross inflow of economic benefits of a given period, arising in the course of (ordinary) economic activity of the Group and resulting in an increase of equity, other than an increase of equity resulting from the contributions of shareholders.

Revenues include only gross inflows of economic benefits received and receivable by the Group. Sales income is understood as due or received amounts from the sales of material elements and services, minus the effective VAT tax. The revenue is measured at the fair value of the received or due payment, taking into account the amounts of trade discounts granted by the Group. Sales of services are recognized in the accounting period in which the services were provided.

The specific nature of the Group's companies' activity is based mainly on retail to the end customer (natural person). Upon concluding an agreement with the user, concerning the purchase of objects or services in a game, the transfer of the goods takes place immediately through the channels of Internet distribution upon receiving payment through a financial intermediary (payment aggregator). In the course of ongoing activities of the Group's Companies, concluding agreements with customers takes place on a continuous basis, with the use of remote agreements (i.e. the acceptance of the terms and conditions of the provision of services and making payment on the terms defined by the Group's Companies).

The Group distinguishes three main sources of revenues:

- 1) revenues from additional functionalities purchased by the players (micro-payments);
- 2) revenues from advertisements displayed in games (advertisements);
- 3) revenues from the users' activity in games which are shared with the Company's commercial partners on the basis of license agreements (licenses).

Revenues from additional functionalities purchased by the players (micro-payments)

With regard to the games, premium packages, including, for instance, notes and pearls (virtual currency), are available to users. Players can convert their virtual game currency into virtual durables, such as rods, lures or other accessories, to improve the performance of the equipment and thus the results achieved in the game, or into consumables - e.g. amplifiers (+x% of fish weight) or another chance to draw a card. The Group verifies an average estimated conversion period of virtual currency into goods in a game for a group of paying users and subsequently estimates the amount of potential liability due to the realization of premium packages. The amount of such a liability reduces the revenue of a given period and is recognised as an accrued income settlement (balance sheet item).

The Group does not analyse the use of durables in time (i.e. it does not identify how long the item is used by the player). This is related to the monetization mechanics used in games and the various ways of converting goods already in possession into other goods. Therefore, the Group does not estimate the amount of potential liability for the provision of durables in the game.

In the case of the games shared through Facebook and shared on digital distribution platforms, such as Google Play and App Store, the payments for additional functionalities received from users are decreased by commissions due for distributors. In the case of games shared through own website, the payments for additional functionalities received from users are decreased by commissions due for payment aggregators. Both the commissions of distributors and aggregators shall be recognized by the Group in the costs of sales.

Revenues from advertisements displayed in games (advertisements)

Revenues due to advertisements displayed by players shall be recognized by the Group in the amount resulting from the sales report, received from an advertising intermediary.

Revenues from the users' activity in games which are shared with the Company's commercial partners on the basis of license agreements (licenses)

Revenues due to the users' activity in games shall be recognized by the Group in the amount due resulting from the sales report, received from a partner (a part of revenues due to users' payment, after deduction of applicable taxes, commissions, returns and discounts).

Costs of sold services shall be recognized by the Group in the same period as revenues from sales of these components, according to the principle of matching revenues and costs. In this item, the Group shall recognize the costs of manufacturing services, direct costs and a reasonable proportion of indirect costs related to the maintenance of games after their launch, i.e. after the so-called soft launch. In this item, the following positions shall be recognized: costs of server maintenance, personnel costs of design departments as well as the depreciation of (games) development costs and depreciation of IT equipment.

Costs of sales – include mainly costs connected with advertising, marketing and promotion of games as well as commissions for intermediation in the execution of transactions, set off by a payment aggregator or an on-line shop.

Management costs – in this item, the following positions shall be grouped: personnel costs concerning the Management Board and departments related to design, costs of administration and maintenance of the office's usability.

3.3. Revenues and costs of financial activity

Financial revenues include mainly interest on free resources on bank accounts, commissions and interest on granted loans, interest due to delay in settling receivables, the amount of released provisions concerning financial activity, revenues on sales of securities, exchange gains, restoration of lost value of investments, the value of cancelled credits and loans as well as profits from settlement of derivative instruments.

Financial costs include mainly interest on credits and loans, interest for delay in the payment of receivables, created provisions for certain or probable losses on financial operations, acquisition value of sold shares, stocks, securities, commissions and handling fees, value of short-term investments, discount and exchange rate differences, losses on settlement of derivative instruments, and, in the case of financial leasing, other fees, excluding capital instalments.

3.4. Income tax

Income tax includes: current tax payable and deferred tax.

Current tax

Current tax is calculated on the basis of tax result (tax base) of a given trading year.

Tax profit (loss) is different than balance-sheet profit (loss) due to the exclusion of revenues subject to taxation and costs which constitute tax-deductible revenues in the subsequent years as well as the revenues and costs which will never be subject to taxation. The current tax value is calculated on the basis of tax rate applicable in a given trading year.

Deferred tax

Deferred tax is a tax payable in the future, recognized in full value with the use of the balance sheet method, due to temporary differences between the tax value of assets and liabilities and their balance-sheet values in the financial statement.

The deferred income tax asset is a tax refundable in the future, calculated with the use of the balance-sheet method, due to temporary differences between the tax value of assets and liabilities and their balance-sheet values in the financial statement. Deferred income tax assets are recognized when it is probable that in the future the Group shall achieve the revenue subject to taxation, which enables the use of temporary differences.

Basic temporary differences concern different depreciation of the games created by the Group.

Deferred income tax is calculated with the use of tax rates, legally or actually binding as at the balance-sheet date, which will be applicable upon their implementation.

Deferred tax is recognized in the profit and loss statement, and if it concerns transactions settled with equity, it is recognized in equity.

Deferred income tax assets are recognized when it is probable that in the future the Group shall achieve the revenue subject to taxation, which enables the use of temporary differences. Deferred tax liabilities or assets are recognized as long-term liabilities or assets in the balance sheet.

3.5. Tangible fixed assets

The Group recognizes fixed assets as separate objects, suitable for use, meeting the criteria for fixed assets specified in IAC 16 Tangible fixed assets, if the purchase price (manufacturing cost) amounts to at least PLN 3,500. Fixed assets with the value below 3,500 PLN undergo one-off amortization and they are recognized as costs in the month of purchase.

Tangible fixed assets are recognized according to the cost (purchase price or manufacturing cost) reduced in the subsequent periods by write-downs and impairment write-offs. External financing costs directly related to the acquisition or production of assets requiring a longer period of time in order to be fit for use or resale are added to the costs of production of such fixed assets until the moment of putting such fixed assets into use. The costs of modernization are included in the balance sheet value of fixed assets when it is probable that they will yield economic gains, and the costs incurred for modernization can be reliably measured. All other expenses for repairing and maintaining fixed assets are recognized in the profit and loss statement for the reporting periods in which they occurred.

Amortization is calculated for all fixed assets, excluding land and fixed assets under construction, by estimated period of economic utility of those assets, using the straight-line method. The Group, using the significance rule, decided that amortization shall start in the month of the asset's acceptance for use.

The Company, no later than at the end of the financial year, conducts a periodical verification of the adopted economic useful life periods for fixed assets, final value and depreciation methods, and the effects of changes in these estimates are reflected in the following and subsequent financial years (prospectively). As at the balance-sheet date, the Group shall also evaluate tangible fixed assets for impairment and evaluates a necessity of preparing impairment write-downs. This takes place when the Group is sufficiently assured that a given asset shall not generate the expected economic benefits or the achieved benefits shall be significantly lower. The impairment loss shall be recognized in the amount by which the balance-sheet value exceeds the recoverable amount. The recoverable amount is the higher of two amounts: fair value less selling costs or value in use.

The write-downs shall be recognized as other costs relevant for the property functions of fixed assets in the period during which the impairment was determined, no later than at the end of the financial year. If it has been established, with sufficient certainty, that the reasons for which a write-down on the value of assets had been made have stopped, the Company shall introduce the reversal of the conducted impairment write-down, in full or in part, by recognition of revenues.

Profits or losses resulting from sales/liquidation or disposal of fixed assets shall be determined as the difference between sales revenues and net value of these fixed assets, and they shall be recognized in the profit and loss statement.

3.6. Intangible assets

Intangible assets are valued at acquisition or construction cost less amortization and impairment write-downs. Depreciation is made with a straight-line method.

The Company, no later than at the end of the financial year, conducts a periodical verification of the adopted economic useful life periods for intangible assets, final value and depreciation methods, and the effects of changes in these estimates are reflected in the following and subsequent financial years (prospectively). As at the balance-sheet date, the Group shall also evaluate intangible assets for impairment and evaluate a necessity of preparing impairment write-downs. This takes place when the Group is sufficiently assured that a given asset shall not generate the expected economic benefits or the achieved benefits shall be significantly lower. The impairment loss shall be recognized in the amount by which the balance-sheet value exceeds the recoverable amount. The recoverable amount is the higher of two amounts: fair value less selling costs or value in use.

The write-downs shall be recognized as other costs relevant for the property functions of intangible assets in the period during which the impairment was determined, no later than at the end of the financial year. If it has been established, with sufficient certainty, that the reasons for which a write-down on the value of assets had been made have stopped, the Company shall introduce the reversal of the conducted impairment write-down, in full or in part, by recognition of revenues.

Intangible assets of the Group with the depreciation rates:

- 1) Computer software – from 2 to 5 years,
- 2) Development costs – up to 5 years.

Development works

The Group's intangible assets also include tangible assets in progress (games) if they can be qualified as development works, in accordance with IAC 38 Intangible assets, i.e. they meet all of the following conditions:

- a) it is technically possible to complete an intangible asset so that it is suitable for sale or use,
- b) it is possible to prove the intent of completing an asset and its use and sale,
- c) an asset will be suitable for use or sale,
- d) it is known in what way an asset will generate future economic benefits,
- e) technical and financial measures will be provided in order to complete development works and the asset's use and sale,
- f) it is possible to reliably establish the expenditures incurred during development works.

If the above conditions are not met, the Group shall treat the expenditures as research works and recognize them in a current period. Development works in progress, as unamortized intangible assets, are subject to impairment testing not less frequently than once a year.

The Group shall treat the expenditures on games as completed and it shall requalify them to the development costs upon the so-called soft launch, which is the release of a game on a few chosen markets.

3.7. Financial instruments

The Group shall recognize a financial asset or financial liability in the statement of financial situation only when it becomes bound by the provisions of the instrument agreement. Unconditional receivables and liabilities shall be recognized as assets or liabilities when the Group becomes a party to the agreement, and, as a consequence, has a legal right to receive or a legal obligation to pay cash.

With the exception of trade receivables, which shall be valued on the basis of the amortized costs, on initial recognition, the Group shall value a financial asset or financial liability at its fair value, which in the case of financial assets or financial liabilities not valued at fair value by financial result shall be increased or decreased by transaction costs that are directly attributable to the acquisition or issue of such financial assets or financial liabilities.

The Group classifies a financial asset as valued, after initial recognition, at amortized cost or at fair value by other comprehensive income or at fair value by financial result, on the basis of:

- a) the entity's business model with regard to the management of financial assets, and
- b) the characterization of cash flows for a financial asset, resulting from an agreement.

A financial asset shall be valued at amortized costs if it meets both of the following conditions:

- a) a financial asset is maintained in accordance with the business model whose aim is maintaining financial assets for the purpose of obtaining cash flows resulting from the agreement;
- b) the provisions of the agreement concerning a financial asset result in the creation of cash flows, within specified periods, which are only the repayment of main amount and interest on the outstanding amount.

A financial asset shall be valued at fair value by other comprehensive income if it meets both of the following conditions:

- a) a financial asset is maintained in accordance with the business model whose aim is maintaining financial assets for the purpose of obtaining cash flows resulting from the agreement and the sales of financial assets; and
- b) the provisions of the agreement concerning a financial asset result in the creation of cash flows, within specified periods, which are only the repayment of main amount and interest on the outstanding amount.

A financial asset shall be valued at fair value by financial result unless it is valued at amortized cost (due to meeting the conditions specified above) or at fair value by comprehensive income (due to meeting the conditions specified above).

The Group classifies all financial liabilities as valued, after initial recognition, at amortized cost, excluding: financial liabilities valued at fair value by financial result (one-off decision on initial recognition, if it is allowed by IFRS 9), financial liabilities arising from transferring a financial asset, financial guarantee agreements, commitments to provide loans at below-market interest rates, contingent considerations recognized by the acquiring entity under a merger.

As at each reporting date, the Group shall value a write-down on expected credit losses due to financial instrument, in the amount equal to the expected credit losses during a life cycle if credit risk connected with a given financial instrument has significantly increased since initial recognition.

In order to conduct the analysis of statistical receivables, the Group shall apply the division into the following categories of recipients:

- 1) International payment intermediaries (online shops, payment aggregators);
- 2) Advertising intermediaries;
- 3) Licensees.

3.8. Transactions in foreign currencies

Items included in the financial statement are presented in Polish zloty ("PLN") which is a functional currency of the Group.

Valuation

As at the balance-sheet date, financial assets and liabilities denominated in foreign currencies are converted according to the rates applicable as at that date. Assets and liabilities valued at fair value and denominated in foreign currencies are valued according to the rates applicable at the date when fair value was determined. Non-financial items are valued at historical cost.

Exchange rate differences are recognized in the comprehensive income statement during the period in which they arise, excluding exchange rate differences which constitute external financing costs relating to assets in progress, intended for future operating use, which shall be included in these assets and treated as corrections of interest costs.

Transactions during the year

Transactions denominated in currencies other than zloty shall be converted to zloty at the exchange rate actually applied at the date of concluding a transaction and if applying such a rate is not possible, at the average exchange rate for a given currency, announced by the National Bank of Poland on the previous day. The disbursement of cash in a foreign currency from own accounts shall be conducted according to the FIFO principle.

Exchange rate differences are recognized in the comprehensive income statement during the period in which they arise, excluding exchange rate differences which constitute external financing costs relating to assets in progress, intended for future operating use, which shall be included in these assets and treated as corrections of interest costs.

3.9. Pre-payments and accruals

The Group shall recognize prepaid expenses if they concern future reporting periods. Accrued expenses shall be recognized in the amount of probable liabilities for a given reporting period.

3.10. Capitals

Share capital is recognized in the amount specified in the Company's Articles of Association and entered into the court register. If shares are recognized at a price higher than their nominal value, such excess amount shall be recognized in supplementary capital. In the item "Other capitals", the Group shall recognize the profit from the period which shall be allocated to other capitals, according to the resolution of shareholders.

3.11. Share-based payments

In the case of share-based payments in transactions with employees and other people providing similar services, the unit shall value the fair value of received services by reference to the fair value of the equity instruments. It is a consequence of the fact that it is usually not possible to reliably estimate the fair value of the received services. The fair value of equity instruments shall be determined at the date of granting such instruments.

3.12. Payment of dividends

Dividends shall be recognized at the time of establishment of the Parent Company's shareholders' rights to the dividends.

3.13. Provisions

Provisions shall be recognized if the Group is under an existing liability (legal or customary), resulting from past events and if it is probable or highly probable that fulfilment of this liability will require expending of funds that form economic benefits and if it is possible to reliably estimate the value of such liability. The amount of the created provisions shall be verified and updated at the end of the reporting period in order to adjust the estimates to the values prepared in accordance with the Group's best knowledge as at that date. In the financial statement, provisions shall be recognized as long-term and short-term provisions.

3.14. Significant values based on professional judgement and estimates

The preparation of a consolidated financial statement requires from the Management Board of the Parent Entity conducting estimates and assumptions which are reflected in this statement and additional information and explanations to the statement.

Accounting judgements and estimates are derived from previous events and other factors, including but not limited to the forecasts on the future events that are likely to occur.

Although the adopted assumptions and estimates are based on the best knowledge of the Management Board concerning current activities and events, actual results might differ from the expected outcome. Estimates and assumptions connected with them are

subject to verification. The change of accounting judgements shall be recognized in the period during which it occurred or in the current or future periods, if a conducted change of estimates concerns both the current period and future periods.

Basic judgements conducted by the Management Board of the Parent Entity in the process of applying the accounting principles of the entity and having the most significant impact on the values recognized in the financial statement are provided below.

Professional judgement:

Moment of activation of development costs

The Group commences the activation of expenditures on development works when it is possible to prove that the specified works shall generate future economic profits and under the condition that the Group possesses sufficient resources necessary to complete, use and achieve profits from an intangible asset. Meeting both of the criteria, i.e. a possibility of achieving future economic benefits and possessing sufficient resources is based on the Management Board's estimates, resulting from the analysis of market and financials situation of the Group.

Depreciation period of activated intangible assets

The Management Board specifies the estimated periods of use and depreciation rates for the amounts of incurred development costs of activated intangible assets. This estimate is based on the expected period of economic utility of such assets. In the case of the occurrence of circumstances which change the expected period of economic utility (e.g. technological changes, withdrawal from use, etc.), the depreciation rates may change. As a consequence, the value of write-offs and net book value of activated costs of development works may also change.

Deferred income tax assets and liabilities

Deferred income tax assets and liabilities are valued in accordance with tax rates, which are expected to apply at the moment when the assets are realized or the liabilities are released, adopting as a basis the tax regulations which were legally or actually effective at the end of the reporting period. The probability of realizing deferred income tax assets with future tax income is based on the Group's plans.

Fair value of share-based payments

Fair value is the amount that a given asset could be exchanged for and liability settled, through a transaction effected on market terms, between the interested, well-informed, not affiliated parties. For transactions made before the Parent Company's debut on the Warsaw Stock Exchange, i.e. until May 2018, the fair value of Parent Company's shares was determined using the comparative method. The comparison involved public companies with a similar business profile to the Group and it shall be conducted on the basis of the Company's best judgment. Since May 2018, i.e. when the Parent Company became a public entity, the fair value of the Parent Company's shares has been determined on the basis of the market value of the shares.

Nature of sales of services in the Google Play store in the European Economic Area

On 26 February 2018, Google Play amended part of the distribution agreement with respect to sales in the EEA. "Assuming that Google acts as a representative of the Developer (i.e. the Company) and the Developer as a principal of Google, Google is the ultimate seller of Products sold and made available to users in the European Economic Area (EEA). The Developer is the ultimate seller of Products that it sells or makes available to all other users in Google Play. The amount of payment he receives depends on the price of the Product as stated by the Developer".

(full text of the agreement: https://play.google.com/intl/ALL_pl/about/developer-distribution-agreement.html)

In the opinion of the Management Board, the change in the wording of the type of sale in the EEA does not affect the economic content of the transaction, i.e. the Company is still obliged to deliver virtual goods in return for the money received by Google Play. The above implies recognition of 100% of the net payment amount in sales revenue and 30% of the commission amount in sales costs.

Uncertainty of estimates

Impairment of assets

As at each balance-sheet date, the Group shall verify the assets for impairment and evaluate a necessity of preparing impairment write-downs. This takes place when the Group is sufficiently assured that a given asset shall not generate the expected economic benefits or the achieved benefits shall be significantly lower. In the case of completed development works (the Group's games), the estimate shall be based on the verification of several quality parameters of a game, which, in the Management Board's opinion, can influence the ability to generate future economic benefits for the Group. However, taking into account the changes on the market, the Management Board's estimates are uncertain.

Using premium packages in time

As at the reporting date, the Group shall estimate a number of unused premium packages (notes and pearls) for active players. The basis for determining a number of unused packages shall be their turnover rate (average period of using a package by active users) and average revenues from sales of premium packages. The average period of using a package amounts to up to 7 days, according to the analysis.

If the estimated amounts of commitments to provide services in return for the realization of premium packages are significant, the Group shall recognize the amount of liabilities in the statement of financial situation.

When the estimated amount of the obligation to provide services is deemed significant (material), the Group also recognises in the assets commission expenses related to deferred income. Under agreements concluded with major intermediaries (e.g. mobile shops), commissions usually amount to 30% of the payment amount.

*The Group defines an active user as one who has ever made at least one payment until the balance sheet date and has been active in the game (i.e. has logged in at least once) within 30 days:

- preceding the balance sheet date and/or
- after the balance sheet date.

Determination of materiality

When preparing financial statements, the Group applies the materiality principle. The materiality principle introduces the possibility to apply simplifications, if it does not have a materially negative impact on the reliable and clear presentation of the property and financial situation and financial result. The Group has adopted the amount of PLN 1 m as the materiality level in the preparation of the financial statement (according to the accounting policy, not more than 5% of the gross result).

ADDITIONAL EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. REVENUES

In accordance with IFRS 15, revenue from the sale of services, after deducting value added tax, discounts and rebates are recognised when the obligation to provide the service through the transfer of the service to the contractor is fulfilled.

Specification	01/01/2019 - 30/06/2019	01/01/2018 - 30/06/2018
Sales of services	95,181,244	38,270,510
TOTAL revenues from sales of services	95,181,244	38,270,510
Other operating revenues	46,119	17,918
Financial revenues	193,819	543,199
TOTAL revenues from continuing operations	95,421,182	38,831,627
TOTAL revenues	95,421,182	38,831,627

Revenues from discontinued operations did not occur.

1.1. Information on operating segments

The Management Board does not distinguish separate operating segments, in accordance with the definition specified in IFRS 8 par. 5, including revenues, costs, assets and liabilities, for which separate financial information shall be prepared and on the basis of which the decisions concerning the allocation of resources by main operating decision-making body would be made. The analysis takes place exclusively at the level of revenues.

1.2. Revenues – source

The Group's operations are based on the production and distribution of Free to Play (F2P) games. The Group generates sales revenues related to ads monetization, micropayments in-game and licensing agreements.

type of revenues	payments in 1-6 2019*	share in payments in 2019	payments in 1-6 2018*	share in payments in 2018
micro-payments	91,220,636	95.8%	32,714,599	85.5%
advertisements	2,413,504	2.5%	3,866,387	10.1%
licences	1,578,652	1.7%	1,689,524	4.4%
PAYMENTS TOTAL	95,212,792	100.0%	38,270,510	100.0%
deferred income	-31,548	N/D	0	N/D
REVENUES TOTAL	95,181,244	N/D	38,270,510	N/D

Under the notion of payment, the Group recognizes income not reduced by deferred income (in the case of micropayments, these are payments made by users during a specified period.) The amount of deferred income results from the estimation of unused virtual currency by active players as at the balance sheet date. The amount of such deferred income is disclosed in the financial statements under the balance sheet item "settlement of deferred income".

Revenues from micropayments and licenses are generated entirely by natural persons, while the cash flow to the Group is made through payment aggregators, mobile stores or licensees. Users purchase specific packages in the game, e.g. pearls package, lure package (in fishing games), improved rods. The price of package is fixed, determined by the Group. The goods are transferred to the user at the moment of registration of the payment by the indicated entities. Although in the case of purchase of premium packages, i.e. packages containing, among others, virtual currency, the transfer of currency to the user's account takes place immediately after the payment is made, the use of virtual currency in the game may be postponed in time – it depends on each player's decision, who may individually, under the existing agreement between the parties, choose the moment of exchanging virtual currency for other virtual goods.

In the case of advertising revenues, users (individuals) are shown advertisements in games. The display of an advertisement is also the moment when the revenue is booked. The advertiser pays for the display of the advertisement, while the due part of this revenue goes to the Group through advertising intermediaries on the basis of advertising reports.

Settlement with advertising agents is based on monthly sales reports and payment is made in within the deadline specified in the contract, usually within the range from 1 to 60 days from the end of the calendar month.

1.3. Revenues – games

game	payments in 1-6 2019*	share in payments in 2019	payments in 1-6 2018*	share in payments in 2018
Fishing Clash	80,671,006	84.7%	25,094,639	65.6%
Let's Fish	7,411,956	7.8%	7,496,530	19.6%
Wild Hunt	4,533,553	4.8%	1,591,687	4.2%
other	2,596,277	2.7%	4,087,654	10.7%
PAYMENTS TOTAL	95,212,792	100.0%	38,270,510	100.0%
deferred income	-31,548	N/D	0	N/D
REVENUES TOTAL	95,181,244	N/D	38,270,510	N/D

Deferred income (per balance) by games with respect to the first half of 2019:

Fishing Clash: - PLN 130,969

Let's Fish: + PLN 80,420

Wild Hunt: + PLN 19,001

The Group analysed the number of unused premium packages as at the balance sheet date of 30 June 2018 for active, paying players. The analysis showed that these packages were used on average statistically over the following 4 days. The potential value of the liability to provide services as at the balance sheet date was approximately PLN 700 thousand, which in the Group's opinion was not a material amount, therefore the revenues disclosed in the financial statements were not adjusted for this liability. The Group decided to introduce deferred income as at 31/12/2018 and from that moment on it shows deferred income as a balance.

game	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Fishing Clash	7,559,687	17,527,268	28,846,155	34,830,640	37,524,342	43,146,664
Let's Fish	3,704,913	3,748,715	4,317,775	4,681,695	4,095,505	3,316,451
Wild Hunt	668,209	926,445	1,264,693	2,020,821	2,439,365	2,094,188
other	2,467,083	1,668,189	1,007,841	1,238,266	1,227,884	1,368,393
PAYMENTS TOTAL	14,399,892	23,870,618	35,436,464	42,771,423	45,287,096	49,925,696
deferred income	0	0	0	-1,220,739	16,544	-48,092
REVENUES TOTAL	14,399,892	23,870,618	35,436,464	41,550,684	45,303,640	49,877,604

1.4. Revenues – counterparties

counterparties	payments in 1-6 2019*	share in payments in 2019	payments in 1-6 2018*	share in payments in 2018
Google Inc.	55,533,559	58.3%	18,683,552	48.8%
Apple Distribution International	26,632,684	28.0%	9,271,056	24.2%
others (of which none individually exceeds 10%)	13,046,549	13.7%	10,315,902	27.0%
PAYMENTS TOTAL	95,212,792	100.0%	38,270,510	100.0%
deferred income	-31,548	N/D	0	N/D
REVENUES TOTAL	95,181,244	N/D	38,270,510	N/D

1.5. Revenues – distribution channels

distribution channel	payments in 1-6 2019*	share in payments in 2019	payments in 1-6 2018*	share in payments in 2018
mobile	84,594,554	88.8%	30,843,438	80.6%
web browsers	10,618,239	11.2%	7,427,072	19.4%
PAYMENTS TOTAL	95,212,792	100.0%	38,270,510	100.0%
deferred income	-31,548	N/D	0	N/D
REVENUES TOTAL	95,181,244	N/D	38,270,510	N/D

1.6. Revenues – geographical distribution

The Group allocates payments from the user on the basis of IP using external databases and using sales reports from countries available on selected distribution platforms.

region	payments in 1-6 2019*	share in payments in 2019	payments in 1-6 2018*	share in payments in 2018
North America	40,486,788	42.5%	15,760,077	41.2%
Europe	38,849,105	40.8%	15,221,561	39.8%
<i>including Poland</i>	<i>6,537,476</i>	<i>6.9%</i>	<i>3,318,367</i>	<i>8.7%</i>
Asia	11,325,083	11.9%	4,830,040	12.6%
South America	1,897,261	2.0%	1,036,571	2.7%
Australia and Oceania	1,816,562	1.9%	968,090	2.5%
Africa	837,994	0.9%	454,171	1.2%
Total	95,212,792	100.0%	38,270,510	100.0%
deferred income	-31,548	N/D	0	N/D
REVENUES TOTAL	95,181,244	N/D	38,270,510	N/D

2. OPERATING COSTS

Specification	01/01/2019 - 30/06/2019	01/01/2018 - 30/06/2018
Depreciation	456,014	292,741
Consumption of materials and energy	290,096	123,718
Third-party services	62,609,032	20,111,641
Taxes and fees	238,922	135,590
Remuneration	4,148,005	2,899,909
Social insurance and other benefits	661,681	385,874
Other costs by type	43,549	87,158
Total costs by type, including:	68,447,300	24,036,631
Change in products	0	0
Costs of manufacturing goods for internal purposes (negative value)	-1,660,176	-773,634
Costs of sales (negative)	-59,167,783	-17,729,952
Costs of general management (negative)	-2,977,837	-2,055,119
Selling costs	4,641,503	3,477,926

Selling costs breakdown

Specification	01/01/2019 - 30/06/2019	01/01/2018 - 30/06/2018
Costs of sales	59,167,783	17,729,952
marketing:	29,774,123	6,652,824
- <i>Fishing Clash</i>	29,074,352	6,449,376
- <i>Wild Hunt</i>	606,085	175,011
- <i>other titles, events</i>	93,685	28,437
commissions	26,552,900	9,137,203
revenue share	773,664	757,355
remunerations, services provided by subcontractors	1,558,362	841,189
other	508,735	341,381

Specification	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Costs of sales	5,643,579	12,086,373	19,599,257	21,305,935	29,688,819	29,478,964
marketing:	1,719,515	4,933,309	8,762,276	8,616,331	15,487,704	14,286,418
- <i>Fishing Clash</i>	1,619,894	4,829,482	8,609,506	8,350,273	15,060,121	14,014,231
- <i>Wild Hunt</i>	87,552	87,459	130,327	197,001	383,148	222,937
- <i>other titles, events</i>	12,069	16,368	22,443	69,057	44,435	49,250
commissions	3,035,466	6,101,737	9,660,729	11,346,164	12,552,593	14,000,307
revenue share	372,292	385,063	414,537	447,634	441,691	331,973
remunerations, services provided by subcontractors	348,530	492,659	609,430	709,782	892,588	665,773
other	167,776	173,605	152,286	186,024	314,243	194,492

3. FINANCIAL REVENUES

Financial revenues	01/01/2019 - 30/06/2019	01/01/2018 - 30/06/2018
Interest income	130,497	19,689
Foreign exchange gains/(losses) net	63,322	523,510
Total	193,819	543,199

4. INCOME TAX AND DEFERRED TAX

Income tax disclosed in the statement of comprehensive income	01/01/2019 - 30/06/2019	01/01/2018 - 30/06/2018
Current income tax	5,029,196	2,764,719
Relating to the financial year	5,029,196	2,764,719
Deferred income tax	179,679	240,029
Related to the creation and reversal of temporary differences	179,679	240,029
Income tax payable disclosed in the consolidated statement of comprehensive income	5,208,875	3,004,748

Determining of gross profit gross profit for the taxation base is as follows:

Name	01/01/2019 - 30/06/2019	01/01/2018 - 30/06/2018
Gross financial result (profit, loss)	28,618,466	15,531,416
Foreign exchange differences – balance sheet differences, differences not constituting the tax base, not constituting the tax deductible costs	3,567	-325,464
Write-off of receivables which do not constitute tax deductible costs	0	3,641
Release and establishment of the provision for holiday pay	-6,575	65,316
release of provision for costs of the previous period	0	-31,200
Interest	0	18
Other costs not constituting tax deductible costs	129,800	81,259
Amortisation of intangible assets	334,396	211,924
Capitalisation of games costs	-1,660,176	-773,634
Share-based payments	626,988	208,901
Income (and related expense) deferred in time – finally, as per account balance	22,082	0
Taxable income	28,046,466	14,972,177

Provisions concerning VAT, CIT, PIT or social security premiums are subject to frequent changes, as a result of which there is often no reference to well-established regulations or legal precedents. The existing regulations also contain ambiguities that cause differing opinions on the legal interpretation of tax regulations both between state authorities and between state authorities and enterprises. Tax and other settlements (e.g. customs or foreign exchange settlements) may be subject to control by authorities which are entitled to impose high penalties, and the additional amounts of liabilities determined as a result of the control must be paid with high interest. Due to the nature of the Polish fiscal and legal system the tax risk in Poland is higher than in countries with developed tax systems. Tax settlements may be audited during a five-year period. As a result, the amounts disclosed in the financial statement may change at a later date after their final determination by the tax authorities.

In May 2019, the Parent Company applied for an interpretation of tax law with respect to the use of IP Box in its operations. At the date of these financial statements, the Entity had not yet obtained the tax interpretation. As a result, the data as at 30 June 2019 do not include potential relief from the use of IP Box.

Structure of a deferred income tax asset

Specification	as at 30/06/2019	as at 31/12/2018	as at 30/06/2018
provision for leaves	32,305	33,554	10,443
provision for audit costs	0	3,877	0
valuation of settlements	49,353	0	0
revenue and cost deferred over time – consumption of virtual goods	166,554	162,358	0
Total	248,212	199,789	10,443

Structure of deferred income tax provision

Specification	as at 30/06/2019	as at 31/12/2018	as at 30/06/2018
amortisation of games	587,326	358,401	387,645
valuation of settlements	0	987	119,408
Total	587,326	359,388	507,053

5. DISTRIBUTION OF PROFIT FOR 2018

On 24 May 2019, the General Meeting of Shareholders of the Company adopted a resolution on the distribution of the Company's net profit for 2018 in the amount of PLN 37,022,951.00 (in words: thirty-seven million, twenty-two thousand, nine hundred and fifty-one zloty) in the following manner:

- 1) the amount of PLN 27,310,500.00 (in words: twenty-seven million, three hundred ten thousand five hundred zloty) shall be distributed among the shareholders as a dividend of PLN 3.78 (in words: three zloty and seventy-eight groszy) per share;
- 2) the amount of PLN 9,712,451.00 (in words: nine million seven hundred twelve thousand four hundred fifty one zloty) shall be transferred to the Company's reserve capital.

The dividend day was set for 5 June 2019 and the dividend payment day for 19 June 2019.

6. TABLE OF MOVEMENTS – INTANGIBLE ASSETS

Specification	Development costs	Computer software	Intangible assets under development	TOTAL
Gross balance sheet value as at 01/01/2019	4,261,440	493,542	1,036,376	5,791,359
Increases, due to:	1,248,107	59,480	1,660,176	2,967,763
- purchase	0	59,480	1,660,176	1,719,657
- reclassification	1,248,107	0	0	1,248,107
Decreases, due to:	0	0	1,248,107	1,248,107
- reclassification	0	0	1,248,107	1,248,107
Gross balance sheet value as at 30/06/2019	5,509,547	553,023	1,448,446	7,511,015
Extinction as at 01/01/2019	1,895,075	448,223	0	2,343,299
Increases, due to:	334,396	28,340	0	362,736
- depreciation	334,396	28,340	0	362,736
Decreases	0	0	0	0
Extinction as at 30/06/2019	2,229,471	476,563	0	2,706,034
Revaluation write-offs as at 01/01/2019	1,261,386	0	0	1,261,386
Increases	0	0	0	0
Decreases	0	0	0	0
Revaluation write-offs as at 30/06/2019	1,261,386	0	0	1,261,386
Net balance sheet value as at 30/06/2019	2,018,690	76,459	1,448,446	3,543,595

The net value as at 30/06/2019 disclosed under "completed development works" consists of the Group's following games:

- Golf Rush – PLN 1,171 thousand remaining depreciation period: 45 months;
- Fishing Clash – PLN 340 thousand, remaining depreciation period: 24 months;
- Betting engine (part of expenditures reported for Fishing Battle) – 271 thousand, remaining depreciation period: 36 months;
- Wild Hunt – PLN 171 thousand, remaining depreciation period: 22 months;
- Let's Hunt – PLN 66 thousand, remaining depreciation period: 5 months;

The value of work disclosed as at 30/06/2019 under "intangible assets under construction" includes the Group's following production:

- Hobby game – PLN 827 thousand;
- Two productions from the Games for Women area – PLN 371 thousand and PLN 251 thousand.

Determination of the value for the period 1/01/2018-30/06/2018:

Specification	Development costs	Computer software	Intangible assets under development	TOTAL
Gross balance sheet value as at 01/01/2018	3,267,546	464,775	361,962	4,094,284
Increases, due to:	993,894	28,767	773,634	1,796,295
- purchase	0	28,767	773,634	802,401
- reclassification	993,894	0	0	993,894
Decreases, due to:	0	0	993,894	993,894
- reclassification	0	0	993,894	993,894
Gross balance sheet value as at 30/06/2018	4,261,440	493,542	141,702	4,896,685
Extinction as at 01/01/2018	1,361,714	390,436	0	1,752,149
Increases, due to:	211,145	28,098	0	239,243
- depreciation	211,145	28,098	0	239,243
Decreases	0	0	0	0
Extinction as at 30/06/2018	1,572,859	418,534	0	1,991,392
Revaluation write-offs as at 01/01/2018	695,280	0	0	695,280
Increases	0	0	0	0
Decreases	0	0	0	0
Revaluation write-offs as at 30/06/2018	695,280	0	0	695,280
Net balance sheet value as at 30/06/2018	1,993,301	75,009	141,702	2,210,012

Changes in intangible assets (by type) – for the period 01/01/2018-31/12/2018

Specification	Development costs	Computer software	Intangible assets under development	TOTAL
Gross balance sheet value as at 01/01/2018	3,267,546	464,775	361,962	4,094,284
Increases, due to:	993,894	28,767	1,668,308	2,690,969
- purchase	0	28,767	1,668,308	1,697,075
- reclassification	993,894	0	0	993,894
Decreases, due to:	0	0	993,894	993,894
- reclassification	0	0	993,894	993,894
Gross balance sheet value as at 31/12/2018	4,261,440	493,542	1,036,376	5,791,359
Extinction as at 01/01/2018	1,361,714	390,436	0	1,752,150
Increases, due to:	533,361	57,788	0	591,149
- depreciation	533,361	57,788	0	591,149
Decreases	0	0	0	0
Extinction as at 31/12/2018	1,895,075	448,224	0	2,343,299
Revaluation write-offs as at 01/01/2018	695,280	0	0	695,280
Increases	566,106	0	0	0
Decreases	0	0	0	0
Revaluation write-offs as at 31/12/2018	1,261,386	0	0	1,261,386
Net balance sheet value as at 31/12/2018	1,104,979	45,318	1,036,376	2,186,675

7. TRADE RECEIVABLES

Currency structure:

	30/06/2019			31/12/2018			30/06/2018		
currency	amount in currency	evaluation	% share	amount in currency	evaluation	% share	amount in currency	evaluation	% share
USD	2,159,406	8,062,359	51.51%	1,154,729	4,341,434	40.68%	1,177,552	4,408,755	50.48%
PLN	7,072,770	7,072,770	45.19%	5,718,576	5,718,576	53.59%	3,785,015	3,785,015	43.34%
EUR	47,974	203,985	1.30%	64,678	278,116	2.61%	63,018	274,861	3.15%
RUB	3,946,037	233,605	1.49%	4,893,413	264,734	2.48%	3,935,420	234,945	2.69%
BRL	41,865	40,914	0.26%	38,269	37,071	0.35%	0	0	0%
JPY	260,473	9,031	0.06%	574,227	19,595	0.18%	0	0	0%
other currencies	-----	29,262	0.19%	-----	11,891	0.11%	-----	30,562	0.34%
TOTAL	-----	15,651,927	100.00%	-----	10,671,417	100.00%	-----	8,734,138	100.00%

Ageing of receivables:

	30/06/2019	31/12/2018	30/06/2018
age structure – overdue	value of receivables	value of receivables	value of receivables
not overdue	15,489,504	10,641,181	8,722,380
up to one month	143,596	18,441	10,090
1-3 months	16,127	10,988	1,668
3-6 months	2,701	807	0
6-12 months	0	0	0
above a year	0	0	0
Total receivables	15,651,927	10,671,417	8,734,138

Users' payments are aggregated by intermediaries (online shops, payment aggregators, licensees). Payments due to displayed advertisements are accumulated by advertising intermediaries. In the structure of receivables, the biggest balance is created by:

Google Inc – 43.6% as at 30/06/2019, compared to 50% as at 31/12/2018 and 41% as at 30/06/2018;

Apple Distribution International – 39.0% as at 30/06/2019, compared to 22.1% as at 31/12/2018 and 32% as at 30/06/2018;

No other entity exceeded 10% of the total amount due as at 30/06/2019, 31/12/2018 and 30/06/2018.

As at the balance sheet date of 30/06/2019, 31/12/2018 and 30/06/2018, the Group did not have any significant amounts of receivables, which would have expected credit losses.

8. OTHER RECEIVABLES

Specification	30/06/2019	31/12/2018	30/06/2018
Other receivables, including:	2,504,856	540,895	689,669
- on account of taxes, except for corporate income tax	2,299,425	369,360	689,669
- office lease deposit	205,431	171,535	0

The increase in VAT receivables in 2019 is related to receiving invoices for advertising displayed on Facebook channels issued by a Polish entity, whereas in 2018 the invoices were issued by an Irish company.

9. TRADE LIABILITIES

Currency structure:

	30/06/2019			31/12/2018			30/06/2018		
currency	amount in currency	evaluation	% share	amount in currency	evaluation	% share	amount in currency	evaluation	% share
USD	1,657,729	6,189,297	86.01%	516,985	1,943,709	71.04%	546,199	2,044,970	75.70%
PLN	965,130	965,130	13.41%	711,463	711,173	26.00%	619,250	619,250	22.93%
EUR	9,450	40,180	0.56%	18,820	80,925	2.96%	8,460	36,897	1.37%
CAD	356	1,015	0.01%	9	26	0.00%	0	0	0.00%
TOTAL	-----	7,195,622	100.00%	-----	2,735,833	100.00%	-----	2,701,117	100.00%

Ageing of payables:

Specification	Total	due date			
		overdue:		payable to:	
		31-90 days	0-30 days	0-30 days	31-60 days
30/06/2019	7,195,622	4,461	0	7,172,094	19,067
To related parties	12,915	0	0	12,915	0
To other parties	7,182,707	4,461	0	7,159,179	19,067
31/12/2018	2,735,833	13,110	3,692	2,535,369	183,662
To related parties	16,605	0	0	16,605	0
To other parties	2,719,228	13,110	3,692	2,518,764	183,662
30/06/2018	2,701,117	72	1,006	2,550,105	149,934
To related parties	0	0	0	0	0
To other parties	2,701,117	72	1,006	2,550,105	149,934

10. PROVISIONS

Specification	As at 01/01/2019	Changes during the year		As at 30/06/2019
		Assumption	Use	
Provision for leaves	176,602	170,027	176,602	170,027

11. INFORMATION ON FINANCIAL INSTRUMENTS

FINANCIAL ASSETS	Carrying amount		Fair amount	Category of financial instruments
	30/06/2019	31/12/2018	2019/2018	
Other financial assets (long-term), including:	194,726	0	194,726 / 0	Financial assets valued according to amortized costs
<i>deposit</i>	<i>194,726</i>	<i>0</i>	<i>194,726 / 0</i>	<i>Financial assets valued according to amortized costs</i>
Account receivable and other receivables	18,156,783	11,212,312	18,156,783 / 11,212 312	Financial assets valued according to amortized costs
Cash and cash equivalents	28,744,827	39,750,796	28,744,827 / 39,750,796	Financial assets valued according to fair value

LIABILITIES	Carrying amount		Fair amount	Category of financial instruments
	30/06/2019	31/12/2018	2019/2018	
Account receivable and other receivables	7,434,506	2,903,753	7,434,506 / 2,903 753	Financial liabilities valued according to amortized costs

12. INFORMATION ON TRANSACTIONS WITH RELATED PARTIES, INCLUDING INFORMATION ON THE REMUNERATION OF SENIOR MANAGEMENT AND THE SUPERVISORY BOARD

The following tables presents total amounts of transactions between the Parent Entity and its affiliates for the current and previous reporting period:

1. Management

Related person	Net purchase		Remuneration		Net dividend	
Period:	01/01/2019-30/06/2019	01/01/2018-30/06/2018	01/01/2019-30/06/2019	01/01/2018-30/06/2018	01/01/2019-30/06/2019	01/01/2018-30/06/2018
Management Board	144,000	0	69,000	189,000	12,989,687	4,249,713
Maciej Popowicz	81,000	0	27,000	105,000	8,733,785	2,862,410
- <i>Ten Square Games S.A.</i>	81,000	0	27,000	105,000	8,733,785	2,862,410
- <i>Play Cool Zombie Sport Games Sp. z o.o.</i>	0	0		0	0	0
- <i>Tiny Dragon Adventure Games Sp. z o.o.</i>	0	0		0	0	0
- <i>Fat Lion Games Sp. z o.o.</i>	0	0		0	0	0
Arkadiusz Pernal	63,000	0	24,000	84,000	4,179,357	1,369,742
- <i>Ten Square Games S.A.</i>	63,000	0	24,000	84,000	4,179,357	1,369,742
- <i>Play Cool Zombie Sport Games Sp. z o.o.</i>	0	0	0	0	0	0
- <i>Tiny Dragon Adventure Games Sp. z o.o.</i>	0	0	0	0	0	0
- <i>Fat Lion Games Sp. z o.o.</i>	0	0	0	0	0	0
Magdalena Jurewicz	0	0	18,000	0	76,545	17,561
- <i>Ten Square Games S.A.</i>	0	0	18,000	0	76,545	17,561
- <i>Play Cool Zombie Sport Games Sp. z o.o.</i>	0	0	0	0	0	0
- <i>Tiny Dragon Adventure Games Sp. z o.o.</i>	0	0	0	0	0	0
- <i>Fat Lion Games Sp. z o.o.</i>	0	0	0	0	0	0
Supervisory Board (Ten Square Games S.A.)	0	0	109,500	93,000	392,428	105,364
Maciej Zużalek	0	0	6,000	6,000	229,635	52,682
Rafał Olesiński	0	0	21,000	21,000	2,048	0
Marcin Chruszczyński	0	0	21,000	21,000	0	0
Tomasz Drożdżyński	0	0	18,000	18,000	0	0
Maciej Marszałek	0	0	9,000	9,000	160,745	52,682
Milena Olszewska-Miszuris	0	0	16,500	0	0	0
Wiktor Schmidt	0	0	18,000	18,000	0	0
Key personnel (Ten Square Games S.A.)	0	0	0	53,975	n/d	n/d
Family members of key personnel/Management Board (Ten Square Games S.A.)	147,712	59,700	0	0	n/d	n/d

Since 1 September 2018, the Parent Entity has also been purchasing advisory services from Management Board Members.

The transactions between affiliates were conducted on terms equivalent to the ones applicable in the transactions conducted on market terms.

2. Other related entities

Affiliate	Net sales		Net purchase		Interest on loans	
Period:	01/01/2019-30/06/2019	01/01/2018-30/06/2018	01/01/2019-30/06/2019	01/01/2018-30/06/2018	01/01/2019-30/06/2019	01/01/2018-30/06/2018
Subsidiaries:	1,555,175	3,073,807	0	0	0	0
Play Cool Zombie Sport Games Sp. z o.o.	194,151	493,085	0	0	0	0
Tiny Dragon Adventure Games Sp. z o.o.	969,781	2,453,384	0	0	0	0
Fat Lion Games Sp. z o.o.	391,243	127,339	0	0	0	0
Personally related entities:	0	0	78,761	76,669	0	0
Olesiński i Wspólnicy Spółka komandytowa	0	0	78,761	76,669	0	0

Affiliate	Gross receivables		Gross liabilities		Granted loans	
As at:	30/06/2019	30/06/2018	30/06/2019	30/06/2018	30/06/2019	30/06/2018
Subsidiaries:	1,485,480	3,588,120	0	0	0	0
Play Cool Zombie Sport Games Sp. z o.o.	108,327	316,581	0	0	0	0
Tiny Dragon Adventure Games Sp. z o.o.	884,989	3,111,473	0	0	0	0
Fat Lion Games Sp. z o.o.	492,163	160,066	0	0	0	0
Personally related entities:	0	0	24,483	1,421	0	0
Olesiński i Wspólnicy Spółka komandytowa	0	0	24,483	1,421	0	0

The Parent Entity sells to its subsidiaries self-produced games for which it receives remuneration.

The Parent Company uses legal/tax services offered by Olesiński i Wspólnicy Sp.k. law firm within the scope of needs, each time relying on the valuation of works for a given project.

The transactions between affiliates were conducted on terms equivalent to the ones applicable in the transactions conducted on market terms.

13. PENDING CLAIMS

The Group did not have any court cases pending in 2019 or 2018.

14. OTHER SIGNIFICANT EVENTS

No other significant events occurred that were not described in this financial statement that could have an impact on the financial data included in the financial statement for the period ended 30 June 2019.

15. EVENTS AFTER THE BALANCE SHEET DATE

No significant events occurred after the balance sheet date that could affect the financial data included in the financial statements for the period ended 30 June 2019.

INTERIM CONDENSED SEPARATE FINANCIAL STATEMENT**1. INTERIM CONDENSED SEPARATE COMPREHENSIVE INCOME STATEMENT**

SEPARATE FINANCIAL STATEMENT OF COMPREHENSIVE INCOME	for 01/01/2019 - 30/06/2019	01/01/2018 - 30/06/2018
Revenues from the sales of services	94,290,576	37,504,660
Selling costs	4,635,152	2,962,402
Gross profit (loss) on sales	89,655,424	34,542,258
Other operating revenues	88,370	17,914
Costs of sales	58,957,426	17,625,162
Costs of general management	2,919,342	1,881,920
Other operating costs	62,821	17,397
Operating profit (loss)	27,804,205	15,035,693
Financial revenues	328,253	963,705
Financial costs	14	131
Profit (loss) before taxation	28,132,444	15,999,267
Income tax	5,125,984	2,914,000
Net profit (loss) on continued activity	23,006,460	13,085,267
Profit (loss) on discontinued activity	0	0
Net profit (loss)	23,006,460	13,085,267
Items for requalification for the profit and loss statement in the subsequent periods	0	0
Items which will not be subject to requalification for the profit and loss statement in the subsequent periods	0	0
Total comprehensive income	23,006,460	13,085,267

Calculation of profit per share	for 01/01/2019 - 30/06/2019	01/01/2018 - 30/06/2018
<i>Number of shares</i>		
The weighted average number of shares for the purpose of calculating the value of basic profit per share (in units)	7,239,444	7,275,000
The weighted average number of shares for the purpose of calculating the value of diluted profit per share (in units)	7,255,689	7,275,000
Net profit	23,006,460	13,085,267
<i>Net profit per one share assigned to shareholders</i>		
Basic net profit for the trading period	PLN 3.18	PLN 1.80
diluted net profit for the trading period	PLN 3.17	PLN 1.80

2. INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL SITUATION

ASSETS	30/06/2019	31/12/2018	30/06/2018
Fixed assets	4,426,424	2,706,316	2,669,794
Property, plant and equipment	446,208	246,799	114,015
Intangible assets	3,543,595	2,186,675	2,210,012
Other fixed assets	0	68,053	158,789
Investments in affiliates measured by equity method	5,000	5,000	5,000
Other financial assets	194,726	0	171,535
Deferred income tax assets	236,895	199,789	10,443
Current assets	46,708,178	51,019,639	21,772,912
Stocks	0	0	0
Trade receivables	16,276,073	11,105,963	11,465,383
Other receivables	2,115,802	172,365	47,084
Prepayments and accruals	955,764	799,659	382,477
Cash and cash equivalents	27,360,539	38,941,652	9,877,968
Assets classified as intended for sale	0	0	0
TOTAL ASSETS	51,134,602	53,725,955	24,442,706

LIABILITIES	30/06/2019	31/12/2018	30/06/2018
Equities	37,446,689	41,350,580	17,294,732
Share capital	722,500	727,500	727,500
Reserve capital from the sales of shares above their nominal value	496,100	496,100	496,100
Other capitals	11,894,310	1,776,710	1,658,546
Undistributed financial result	1,327,319	1,327,319	1,327,319
Financial result of the current period	23,006,460	37,022,951	13,085,267
Long-term liabilities	587,326	370,540	493,051
Deferred income tax provisions	587,326	370,540	493,051
Short-term liabilities	13,100,587	12,004,835	6,654,923
Trade liabilities	7,195,622	2,736,123	2,623,043
Current income tax liabilities	4,251,049	7,710,249	2,391,046
Other liabilities	231,602	161,120	1,464,901
Other provisions	170,027	176,602	175,933
Prepayments and accrued income	1,252,287	1,220,741	0
Liabilities directly connected with the assets intended for sale	0	0	0
TOTAL LIABILITIES	51,134,602	53,725,955	24,442,706

3. INTERIM CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY

Changes in equity	Share capital	Reserve capital from the sales of shares above their nominal value	Other capitals	Undistributed financial result	Financial result of the current period	Total equity
6 months ending on 30/06/2019						
Equity as at 01/01/2019	727,500	496,100	1,776,710	38,350,270	0	41,350,580
Changes in accounting principles (policy)						0
Corrections of errors from previous periods						0
Equity after corrections	727,500	496,100	1,776,710	38,350,270	0	41,350,580
Share-based payments			604,304			604,304
Reduction of the share capital in accordance with the resolution of the Extraordinary General Meeting of Shareholders	-5,000		5,000			0
Adjustment of share-based payments combined with share capital reduction			-204,155			-204,155
Distribution of net profit			9,712,451	-9,712,451		0
Dividend payment				-27,310,500		-27,310,500
Total comprehensive income					23,006,460	23,006,460
Equity as at 30/06/2019	722,500	496,100	11,894,310	1,327,319	23,006,460	37,446,689
6 months ending on 30/06/2018						
Equity as at 01/01/2018	727,500	496,100	544,420	8,632,161	0	10,400,181
Changes in accounting principles (policy)						0
Corrections of errors from previous periods						0
Equity after corrections	727,500	496,100	544,420	8,632,161	0	10,400,181
Share-based payments			118,164			118,164
Distribution of net profit			995,962	-995,962		0
Dividend payment				-6,308,880		-6,308,880
Total comprehensive income					13,085,267	13,085,267
Equity as at 30/06/2018	727,500	496,100	1,658,546	1,327,319	13,085,267	17,294,732

Changes in equity	Share capital	Reserve capital from the sales of shares above their nominal value	Other capitals	Undistributed financial result	Financial result of the current period	Total equity
12 months ending on 31/12/2018						
Equity as at 01/01/2018	727,500	496,100	544,420	8,632,161	0	10,400,181
Changes in accounting principles (policy)						0
Corrections of errors from previous periods						0
Equity after corrections	727,500	496,100	544,420	8,632,161	0	10,400,181
Issue of shares						0
Cost of shares issue						0
Share capital increase – transformation into a joint-stock company						0
Share-based payments			236,328			236,328
Distribution of net profit			995,962	-995,962		0
Dividend payment				-6,308,880		-6,308,880
Total comprehensive income					37,022,951	37,022,951
Equity as at 31/12/2018	727,500	496,100	1,776,710	1,327,319	37,022,951	41,350,580

4. INTERIM CONDENSED SEPARATE CASH FLOW STATEMENT

Separate cash flow statement	for 01/01/2019 - 30/06/2019	01/01/2018 - 30/06/2018
OPERATING ACTIVITY		
Profit/loss before taxation	28,132,444	15,999,267
Total corrections:	-2,211,251	-4,096,882
Depreciation	456,014	282,715
Exchange profit/loss	12,303	-235,317
Interest and share in profits (dividends)	-124,875	-355,607
Profit/loss on investment activities	0	0
Change in provisions (without a deferred tax provision)	24,973	65,316
Change in stocks	0	0
Change in receivables	-7,308,275	-5,497,425
Change in liabilities, except for loans and credits, CIT liabilities and dividends	4,537,420	1,605,072
Change in prepayments and accruals (without short-term prepayments and accruals for share-based payments)	-314,889	-57,023
Share-based payments (part not included in the acquisition of intangible assets)	506,078	114,135
Other corrections	0	-18,748
Cash on operating activity	25,921,193	11,902,386
Paid interest	0	0
Income tax (paid) / refunded	-8,412,945	-1,338,531
A. Net operating cash flow	17,508,248	10,563,854
INVESTMENT ACTIVITY		
Proceeds	0	0
Costs	1,891,433	774,846
Purchase of intangible and tangible fixed assets	1,891,433	774,846
Other investment spendings	0	0
B. Net cash flow from investment activities	-1,891,433	-774,846
FINANCIAL ACTIVITY		
Proceeds	124,875	355,607
Dividends and other payments to owners	124,875	355,607
Costs	27,310,500	5,110,193
Dividends and other payments to owners	27,310,500	5,110,193
C. Net cash flow from financial activity	-27,185,625	-4,754,586
D. Total net cash flow	-11,568,810	5,034,422
E. Balance-sheet change in cash, including	-11,581,113	5,269,739
- change in cash due to exchange losses/gains	-12,303	235,317
F. Cash at the beginning of the period	39,017,889	4,685,383
G. Cash at the end of the period	27,449,079	9,719,805

ADDITIONAL EXPLANATORY NOTES TO THE SEPARATE FINANCIAL STATEMENT**1. REVENUES**

Specification	01/01/2019 - 30/06/2019	01/01/2018 - 30/06/2018
Sales of services	94,290,576	37,504,660
TOTAL revenues from sales of services	94,290,576	37,504,660
Other operating revenues	88,370	17,914
Financial revenues	328,253	963,705
TOTAL revenues from continuing operations	94,707,199	38,486,279
TOTAL revenues	94,707,199	38,486,279

Revenues from discontinued operations did not occur.

1.1. Revenues – source

type of revenues	payments in 1-6 2019	share in payments in 2019	payments in 1-6 2018	share in payments in 2018
micro-payments	91,164,993	96.7%	32,680,249	87.1%
advertisements	23,304	0.0%	61,081	0.2%
Licenses*	3,133,827	3.3%	4,763,330	12.7%
PAYMENTS TOTAL	94,322,124	100.0%	37,504,660	100.0%
deferred income	-31,548	N/D	0	N/D
REVENUES TOTAL	94,290,576	N/D	37,504,660	N/D

*The Parent Company produces Game Factory games, but they are sold to subsidiaries and published there. As part of remuneration, subsidiaries transfer part of their revenues (so-called revenue share) to the Parent Company, which is disclosed here as licenses.

1.2. Revenues – games

game	payments in 1-6 2019	share in payments in 2019	payments in 1-6 2018	share in payments in 2018
Fishing Clash	80,671,006	85.5%	25,086,955	66.9%
Let's Fish	7,411,956	7.9%	7,453,628	19.9%
Wild Hunt	4,533,553	4.8%	1,594,654	4.3%
other	1,705,609	1.8%	3,369,423	9.0%
PAYMENTS TOTAL	94,322,124	100.0%	37,504,660	100.0%
deferred income	-31,548	N/D	0	N/D
REVENUES TOTAL	94,290,576	N/D	37,504,660	N/D

1.3. Revenues – counterparties

counterparties	payments in 1-6 2019*	share in payments in 2019	payments in 1-6 2018*	share in payments in 2018
Google Inc.	55,490,073	58.3%	17,697,681	47.2%
Apple Distribution International	26,620,526	28.0%	9,245,586	24.7%
others (of which none individually exceeds 10% of the share in payments)	12,211,524	12.8%	10,561,392	28.2%
PAYMENTS TOTAL	94,322,124	100.0%	37,504,660	100.0%
deferred income	-31,548	N/D	0	N/D
REVENUES TOTAL	94,290,576	N/D	37,504,660	N/D

1.4. Revenues – distribution channels

distribution channel	payments in 1-6 2019	share in payments in 2019	payments in 1-6 2018	share in payments in 2018
mobile	83,703,886	88.7%	30,077,588	80%
web browsers	10,618,239	11.3%	7,427,072	20%
PAYMENTS TOTAL	94,322,124	100.0%	37,504,660	100.0%
deferred income	-31,548	N/D	0	N/D
REVENUES TOTAL	94,290,576	N/D	37,504,660	N/D

1.5. Revenues – geographical distribution

The Group allocates payments from the user on the basis of IP using external databases and using sales reports from countries available on selected distribution platforms. In the case of revenues from subsidiaries, the Company treats all such revenues as Polish revenues, regardless of the country in which such revenues originally arose.

region	payments in 1-6 2019	share in payments in 2019	payments in 1-6 2018	share in payments in 2018
Europe	39,730,352	42.1%	16,958,400	45.2%
<i>i) including Poland</i>	<i>8,046,299</i>	<i>8.5%</i>	<i>6,365,914</i>	<i>17.0%</i>
<i>(ii) including revenues from subsidiaries (Poland)</i>	<i>1,555,175</i>	<i>1.6%</i>	<i>3,073,807</i>	<i>8.2%</i>
North America	39,680,511	42.1%	13,861,349	37.0%
Asia	10,553,666	11.2%	4,871,809	13.0%
South America	1,706,770	1.8%	604,605	1.6%
Australia and Oceania	1,780,181	1.9%	1,019,616	2.7%
Africa	870,643	0.9%	188,880	0.5%
Total	94,322,124	100.0%	37,504,660	100.0%
deferred income	-31,548	N/D	0	N/D
REVENUES TOTAL	94,290,576	N/D	37,504,660	N/D

2. OPERATING COSTS

Specification	01/01/2019 - 30/06/2019	01/01/2018 - 30/06/2018
Depreciation	456,014	282,715
Consumption of materials and energy	289,530	123,383
Third-party services	62,336,629	19,575,444
Taxes and fees	238,806	134,151
Remuneration	4,148,005	2,657,379
Social insurance and other benefits	661,681	385,874
Other costs by type	41,432	84,172
Total costs by type, including:	68,172,096	23,243,118
Change in products	0	0
Costs of manufacturing goods for internal purposes (negative value)	-1,660,176	-773,634
Costs of sales (negative)	-58,957,426	-17,625,162
Costs of general management (negative)	-2,919,342	-1,881,920
Selling costs	4,635,152	2,962,402

3. FINANCIAL REVENUES

Financial revenues	01/01/2019 - 30/06/2019	01/01/2018 - 30/06/2018
Interest income	129,965	14,201
Received dividends	124,875	355,607
Foreign exchange gains/(losses) net	73,413	593,897
Total	328,253	963,705

4. INCOME TAX AND DEFERRED TAX

Income tax disclosed in the statement of comprehensive income	01/01/2019 - 30/06/2019	01/01/2018 - 30/06/2018
Current income tax	4,946,305	2,673,971
Relating to the financial year	4,946,305	2,673,971
Deferred income tax	179,679	240,029
Related to the creation and reversal of temporary differences	179,679	240,029
Tax payable disclosed in the consolidated profit and loss account	5,125,984	2,914,000

Determining of gross profit gross profit for the taxation base is as follows:

Name	01/01/2019 - 30/06/2019	01/01/2018 - 30/06/2018
Gross financial result (profit, loss)	28,132,444	15,999,267
Foreign exchange differences – balance sheet differences, differences not constituting the tax base, not constituting the tax deductible costs	3,567	-555,005
Write-off of receivables which do not constitute tax deductible costs	0	3,641
Release and establishment of the provision for holiday pay	-6,575	65,316
release of provision for costs of the previous period	0	-31,200
Interest	0	18
Other costs not constituting tax deductible costs	116,996	76,459
Amortisation of intangible assets	334,396	211,924
Capitalisation of games costs	-1,660,176	-773,634
Share-based payments	626,988	208,901
Received dividend	-124,875	-355,607
Income (and related expense) deferred in time – finally, as per account balance	22,082	0
Taxable income	27,422,765	14,850,080
B+R relief	1,389,582	776,547
Taxable income	26,033,183	14,073,534
Tax payable	4,946,305	2,673,971

Structure of a deferred income tax asset

Specification	as at 30/06/2019	as at 31/12/2018	as at 30/06/2018
provision for leaves	32,305	33,554	10,443
provision for audit costs	0	3,877	0
valuation of settlements	38,036	0	0
revenue and cost deferred over time – consumption of virtual goods	166,554	162,358	0
Total	236,895	199,789	10,443

Structure of deferred income tax provision

Specification	as at 30/06/2019	as at 31/12/2018	as at 30/06/2018
depreciation of games	587,326	358,401	387,645
valuation of settlements	0	12,139	105,420
Total	587,326	370,540	493,065

5. TRADE RECEIVABLES

Specification	30/06/2019	31/12/2018	30/06/2018
Trade receivables	16,276,073	11,105,963	11,465,383
- from related parties	1,485,480	1,177,568	3,588,120
- from other parties	14,790,593	9,928,395	7,877,263
Revaluation write-offs	0	0	0
Gross account receivable	16,276,073	11,105,963	11,465,383

Currency structure:

	30/06/2019			31/12/2018			30/06/2018		
currency	amount in currency	Valuation	% share	amount in currency	Valuation	% share	amount in currency	Valuation	% share
USD	2,254,002	8,415,542	51.70%	1,214,539	4,566,304	41.12%	1,951,779	7,307,458	63.73%
PLN	7,348,488	7,348,488	45.15%	5,957,058	5,957,058	53.64%	3,680,011	3,680,011	32.10%
RUB	3,946,037	233,605	1.44%	4,893,413	264,734	2.38%	3,935,420	234,945	2.05%
EUR	46,856	199,230	1.22%	59,107	254,159	2.29%	48,699	212,405	1.85%
BRL	41,865	40,914	0.25%	38,269	37,071	0.33%	0	0	0%
JPY	260,473	9,031	0.06%	574,227	19,595	0.18%	0	0	0%
other currencies	----	29,262	0.18%	----	7,042	0.06%	-----	30,564	0.27%
TOTAL	----	16,276,073	100.00%	----	11,105,963	100.00%	-----	11,465,383	100.00%

Ageing of receivables:

	30/06/2019	31/12/2018	30/06/2018
age structure – debt period	value of receivables	value of receivables	value of receivables
- from affiliates:	1,485,480	1,177,568	3,588,120
not overdue	692,929	880,046	1,542,801
up to one month	415,758	93,797	689,538
1-3 months	170,352	203,725	1,355,781
3-6 months	170,315	0	0
6-12 months	36,125	0	0
- from other parties:	14,790,593	9,928,395	7,877,263
not overdue	14,765,805	9,907,446	7,865,505
up to one month	6,222	12,386	10,090
1-3 months	14,040	8,563	1,668
3-6 months	4,526	0	0
6-12 months	0	0	0
Total receivables	16,276,073	11,105,963	11,465,383

APPROVAL OF THE FINANCIAL STATEMENT

This report for the period from January 1 to June 30, 2019 was signed and approved for publication by the Management Board of Ten Square Games S.A. on August 27, 2019.

		date	signature
President of the Management Board	Maciej Popowicz	27/08/2019	
Vice-President of the Management Board	Arkadiusz Pernal	27/08/2019	
Member of the Board	Magdalena Jurewicz	27/08/2019	