



INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

OF THE CAPITAL GROUP TEN SQUARE GAMES S.A.

FOR 01/01/2020 – 30/06/2020

Wrocław, 24/08/2020

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	01.01.2020 - 30.06.2020		01.01.2019 - 30.06.2019	
	PLN	EUR	PLN	EUR
STATEMENT OF COMPREHENSIVE INCOME				
Net revenues	264 640 047	59 586 168	95 181 244	22 197 118
Cost of goods and services sold	10 361 544	2 332 998	4 641 503	1 082 440
Selling costs	173 340 064	39 029 128	59 167 783	13 798 457
General and administrative costs	13 125 727	2 955 380	2 977 837	694 458
Operating profit (loss)	66 977 496	15 080 606	28 425 772	6 629 145
Profit (loss) before taxation	68 005 940	15 312 170	28 618 466	6 674 083
Net profit (loss)	60 963 419	13 726 481	23 409 591	5 459 326
CONSOLIDATED CASH FLOW STATEMENT				
Net operating cash flows	43 693 544	9 838 008	18 236 734	4 252 970
Net cash flows from investment activities	-1 807 731	-407 027	-1 891 433	-441 099
Net cash flows from financial activity	-27 762 020	-6 250 877	-27 310 500	-6 369 053
Specification	30.06.2020		31.12.2019	
	PLN	EUR	PLN	EUR
CONSOLIDATED BALANCE SHEET				
Fixed assets	11 604 097	2 598 320	4 936 261	1 159 155
Current assets	158 750 800	35 546 529	101 109 269	23 742 930
Equity	133 578 178	29 910 026	92 144 636	21 637 815
Long-term liabilities	5 867 366	1 313 785	537 405	126 196
Short-term liabilities	30 909 353	6 921 037	13 363 489	3 138 074

EUR/PLN exchange rate	2020	2019
– for the balance-sheet data	4.4660	4,2585
– for the data from the profit and loss statement and cash flow statement	4.4413	4,2880

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. Traugutta 45, 50-416 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

3.1. List of shareholders holding directly or indirectly through subsidiaries at least 5% of the total number of votes at the issuer's general meeting

Shareholder	Number of shares as at 24.08.2020	share in the share capital	number of votes at the GMS	% share in votes
Shareholders' Agreement ¹	3 766 110	52,01%	3 766 110	52,01%
Others (none of which above 5% of shares)	3 475 135	47,99%	3 475 135	47,99%
TOTAL	7 241 245	100%	7 241 245	100%

Shareholder	Number of shares as at 30.06.2020	share in the share capital	number of votes at the GMS	% share in votes
Shareholders' Agreement ¹	3 479 663	48,05%	3 479 663	48,05%
Others (none of which above 5% of shares)	3 761 582	51,95%	3 761 582	51,95%
TOTAL	7 241 245	100%	7 241 245	100%

Shareholder	Number of shares as at 31.12.2019	share in the share capital	number of votes at the GMS	% share in votes
Shareholders' Agreement ¹	4 603 750	63,58%	4 603 750	63,58%
Others (none of which above 5% of shares)	2 637 495	36,42%	2 637 495	36,42%
TOTAL	7 241 245	100%	7 241 245	100%

¹ Agreement of the Company's shareholders of 21.10.2019 concerning a permanent policy towards the Company and consistent exercise of voting rights from the Company's shares (current report no 30/2019). The parties to the shareholders' agreement are, among others, Maciej Popowicz (President of the Board until 20 May 2020) and Arkadiusz Pernal Vice-President of the Board.

Changes in the shareholding structure between 31.12.2019 and 24.08.2020 result from the transactions described in:

- notifications received on 31 January 2020 concerning the change in the ownership of the Company's shares, submitted by the Company: Maciej Popowicz; Arkadiusz Pernal; and Arkadiusz Pernal on behalf of the members of the Company's shareholders' agreement concluded on 21 October 2019, of which the Company informed in current report no. 10/2020;

- notification received on 10 July 2020 concerning a change in the ownership of the Company's shares, submitted by Arkadiusz Pernal on behalf of the members of the Memorandum of Understanding between the Company's shareholders concluded on 21 October 2019, of which the Company informed in current report no. 47/2020; the change in the ownership of the Company's shares took place as a result of conclusion on 9 July 2020. Annex to the Shareholders' Agreement, as a result of which two shareholders joined the Agreement;

- current report no. 40/2020, informing about the conclusion on 16 June 2020 of an agreement on the sale of shares by the members of the Shareholders' Agreement within the incentive program for the new President of the Management Board Mr. Maciej Zużalek.

Additionally, in July 2020, under the existing incentive program for 2018-2020, shares were allocated to participants approved by the Supervisory Board. On 30 July 2020 the Company submitted an application to the National Court Register to register the increase of the supplementary capital by the amount of 2 606.60 PLN in connection with the incentive program.

3.2. List of shares owned by members of the Issuer's Management or Supervisory Board

Shareholder	Number of shares as at 24.08.2020	share in the share capital	number of votes at the GMS	% share in votes
CEO - Maciej Zużalek	194 826	2,69%	194 826	2,69%
Vice President - Arkadiusz Pernal	1 014 012	14,00%	1 014 012	14,00%
Member of the Supervisory Board - Maciej Marszałek	49 000	0,68%	49 000	0,68%
Member of the Supervisory Board - Rafał Olesiński	669	0,01%	669	0,01%
Member of the Supervisory Board - Kinga Stanisławska	105	0,00%	105	0,00%
<i>Others</i>	5 982 633	82,62%	5 982 633	82,62%
TOTAL	7 241 245	100%	7 241 245	100%

Shareholder	Number of shares as at 31.12.2019	share in the share capital	number of votes at the GMS	% share in votes
CEO - Maciej Popowicz	2 852 500	39,39%	2 852 500	39,39%
Vice President - Arkadiusz Pernal	1 365 000	18,85%	1 365 000	18,85%
Member of the Management Board - Magdalena Jurewicz	25 000	0,35%	25 000	0,35%
Chairman 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>Others</i>	2 870 576	39,64%	2 870 576	39,64%
TOTAL	7 241 245	100%	7 241 245	100%

Changes in the structure of shares held by Members of the Management Board and the Supervisory Board between 31.12.2019 and 24.08.2020 result from personal changes in the composition of the bodies, as well as:

- 1) receipt on January 15, 2020 of a notification concerning the change in the ownership of the Company's shares submitted by Maciej Zużalek, of which the Company informed in the current report no. 4/2020;
- 2) receipt on 31 January 2020 of notifications concerning changes in the ownership of the Company's shares submitted by Maciej Zużalek: Maciej Popowicz; Arkadiusz Pernal; and Arkadiusz Pernal on behalf of the members of the Memorandum of Understanding between the Company's shareholders concluded on 21 October 2019, of which the Company informed in current report no. 10/2020;
- 3) receipt, on 6 April 2020, of a notification concerning a change in the ownership of the Company's shares submitted by Maciej Marszałek, of which the Company informed in current report no. 15/2020..

3.3. Series of shares

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

Series B shares are issued in connection with the Company's incentive scheme, and the share capital increase was communicated in current reports No. 23/2019 and 25/2019.

On 30 July 2020, the Company submitted an application to the National Court Register to register the increase of the supplementary capital by PLN 2 606.60 in connection with MSOP. Until the date of publication of the report the application was not registered.

4. COMPOSITION OF THE COMPANY'S BODIES AS AT 30/06/2020

The Management Board:

Maciej Zużalek – President of the Management Board;

Arkadiusz Pernal – Vice-President of the Management Board.

Magdalena Jurewicz – Member of the Board.

Between 1.01.2020 and 24.08.2020, there was a change of the President of the Management Board coinciding with the end of the Management Board's term of office and the appointment of a new composition - until 20 May 2020 this function was held by Mr Maciej Popowicz.

On 27 July 2020. Ms. Magdalena Jurewicz resigned from the position of the Member of the Management Board as of 31 July 2020.

On 31 July 2020. Mr. Marcin Chruszczyński, by decision of the Supervisory Board, was appointed as Member of the Management Board as of 1 August 2020.

Supervisory Board:

Rafał Olesiński – Chairman of the Supervisory Board;

Marcin Biłos – Member of the Supervisory Board;

Tomasz Drożdżyński – Member of the Supervisory Board;

Maciej Marszałek – Member of the Supervisory Board;

Wiktor Schmidt – Member of the Supervisory Board;

Kinga Stanisławska – Member of the Supervisory Board.

Between 1 January 2020 and 24 August 2020, the following changes in the composition of the body took place as a result of the end of the term of office and appointment of a new Supervisory Board:

- Mr Marcin Chruszczyński was a Member of the Supervisory Board until 20 May 2020;
- Mrs. Milena Olszewska-Miszuris was a Member of the Supervisory Board until 20 May 2020;
- Mr. Maciej Zużalek was the Chairman of the Supervisory Board until 21 April 2020, and on 20 May 2020 he became the President of the Management Board of the Company;
- Mr Rafał Olesiński was the Vice Chairman of the Supervisory Board until 20 May 2020, and after that date he became the Chairman of the Supervisory Board of the Company;
- Mr Marcin Biłos joined the Supervisory Board on 20 May 2020;
- Ms. Kinga Stanisławska joined the Supervisory Board on 20 May 2020.

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 2019.

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 30/06/2020 and it covers the period of 6 months, i.e. since 01/01/2020 to 30/06/2020.

Comparative financial data, as at 31/12/2019, 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 01/01/2019 to 30/06/2019.

Comparative financial data, for the period from 01/01/2019 to 30/06/2019, 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.

Going concern 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. 30/06/2021. 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 2020, 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.

6. IMPACT OF COVID-19 EPIDEMIC ON GROUP'S OPERATIONS

As at the date of publication of these consolidated financial statements, the Management Board, on the basis of the risk analysis conducted to date, comes to the conclusion that the continuation of the Company's and the Group's operations in the period not shorter than 12 months from 30 June 2020 is not threatened. The emergence of the COVID-19 epidemic has increased interest in mobile games, including those offered by the Group, which has resulted in a significant increase in revenues. Management monitors the situation on an ongoing basis and reacts accordingly. The Management's report on the Group's operations contains a detailed description of the impact of the COVID-19 epidemic on the Group's operations.

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

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT for the period:	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019
Revenues from the sales of services	264 640 047	95 181 244
Cost of goods and services sold	10 361 544	4 641 503
Gross profit (loss) on sales	254 278 503	90 539 741
Other operating revenues	5 607	46 119
Selling costs	173 340 064	59 167 783
General and administrative costs	13 125 727	2 977 837
Other operating costs	840 823	14 468
Operating profit (loss)	66 977 496	28 425 772
Financial revenues	1 137 785	193 819
Financial costs	109 341	1 125
Profit (loss) before taxation	68 005 940	28 618 466
Income tax	7 042 521	5 208 875
Net profit (loss) on continued activity	60 963 419	23 409 591
Profit (loss) on discontinued activity	0	0
Net profit (loss)	60 963 419	23 409 591
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	60 963 419	23 409 591
Total comprehensive income assigned to non-controlling shareholders	0	0
Total comprehensive income per Parent Entity	60 963 419	23 409 591

Calculation of profit per share	for 01.01.2020 - 30.06.2020	for 01.01.2019 - 30.06.2019
<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)	7 241 245	7 239 444
The weighted average number of shares for the purpose of calculating the value of diluted profit per share (in units)	7 267 311	7 255 689
Net profit assigned to the Parent Entity	60 963 419	23 409 591
<i>Net profit per share per shareholders of the Parent Entity</i>		
Basic net profit for the reporting period	PLN 8,42	PLN 3,23
Diluted net profit for the reporting period	PLN 8,39	PLN 3,23

2. INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL SITUATION

ASSETS	30.06.2020	31.12.2019	30.06.2019
Fixed assets	11 604 097	4 936 261	4 432 741
Property, plant and equipment	6 351 447	568 568	446 208
Intangible assets	4 025 268	3 397 515	3 543 595
Other fixed assets	0	0	0
Other financial assets	687 212	590 589	194 726
Deferred income tax assets	540 170	379 589	248 212
Current assets	158 750 800	101 109 269	47 860 542
Stocks	0	0	0
Trade receivables	58 723 501	20 737 918	15 651 927
Other receivables	8 192 809	3 498 580	2 504 856
Prepayments and accrued income	2 247 351	1 561 831	958 932
Loans granted	60 000	80 914	0
Cash and cash equivalents	89 527 139	75 230 027	28 744 827
Assets classified as intended for sale	0	0	0
TOTAL ASSETS	170 354 897	106 045 530	52 293 283

EQUITY AND LIABILITIES	30.06.2020	31.12.2019	30.06.2019
Equity	133 578 178	92 144 636	38 583 664
<i>Equity of the Parent Entity's shareholders</i>	<i>133 578 178</i>	<i>92 144 636</i>	<i>38 583 664</i>
Share capital	724 125	724 125	722 500
Reserve capital from the sales of shares above their nominal value	496 100	496 100	496 100
Reserve capital created from net result	57 137 902	10 713 413	10 713 413
Capital from the settlement of the incentive scheme	9 606 064	1 764 034	1 180 897
Undistributed financial result	4 650 568	2 061 163	2 061 163
Net result of the period	60 963 419	76 385 801	23 409 591
<i>Equity of non-controlling shareholders</i>	<i>0</i>	<i>0</i>	<i>0</i>
Long-term liabilities	5 867 366	537 405	587 326
Deferred income tax provisions	615 772	537 405	587 326
Leasing liabilities	5 251 594	0	0
Short-term liabilities	30 909 353	13 363 489	13 122 293
Trade liabilities	23 284 805	4 633 152	7 195 622
Current income tax liabilities	3 359 158	6 135 688	4 265 473
Leasing liabilities	610 471	0	0
Other liabilities	558 724	337 080	238 884
Other provisions	494 440	254 054	170 027
Accruals and deferred income	2 601 755	2 003 515	1 252 287
Liabilities directly connected with the assets intended for sale	0	0	0
TOTAL LIABILITIES AND EQUITY	170 354 897	106 045 530	52 293 283

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	Reserve capital created from net result	Capital from the settlement of the incentive scheme	Undistributed financial result	Financial result of the current period	Total equity
6 months ending on 30/06/2020							
Equity as at 01/01/2020	724 125	496 100	10 713 413	1 764 034	78 446 964	0	92 144 636
Changes in accounting principles (policy)							0
Corrections of errors from previous periods							0
Equity after corrections	724 125	496 100	10 713 413	1 764 034	78 446 964	0	92 144 636
Share-based payments				7 842 030			7 842 030
Reduction of the share capital in accordance with the resolution of the Extraordinary General Meeting of Shareholders							0
Adjustment of share-based payments combined with share capital reduction							0
Distribution of net profit			46 424 489		-46 424 489		0
Dividend payment					-27 371 907		-27 371 907
Total comprehensive income						60 963 419	60 963 419
Equity as at 30/06/2020	724 125	496 100	57 137 902	9 606 064	4 650 568	60 963 419	133 578 178
6 months ending on 30/06/2019							
Equity as at 01/01/2018	727 500	496 100	995 962	780 748	39 084 114	0	42 084 424
Changes in accounting principles (policy)							0
Corrections of errors from previous periods							0
Equity after corrections	727 500	496 100	995 962	780 748	39 084 114	0	42 084 424
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						23 409 591	23 409 591
Equity as at 30/06/2018	722 500	496 100	10 713 413	1 180 897	2 061 163	23 409 591	38 583 664

In the reporting period the Group recognized a part of the cost of a dedicated incentive scheme for the new President of the Management Board Mr. Maciej Zużalek. The incentive program in question includes the transfer at a nominal price of PLN 0.1 per share of 144,825 shares by the Company's existing shareholders. In accordance with IFRS 2 "Share-based Payment", each transfer of an entity's equity instruments made by its shareholders to counterparties providing goods or services is a share-based payment and is measured in accordance with the said standard. The market value of the programme amounted to PLN 72.4 million and the non-cash cost will be borne by the Group on a pro rata basis for a period of 3 years (12 commenced quarters) starting from 20 May 2020. The cost incurred in the 6-month period ended 30 June 2020 is PLN 6,033,168.

Consolidated statement of changes in equity	Share capital	Reserve capital from the sales of shares above their nominal value	Reserve capital created from net result	Capital from the settlement of the incentive scheme	Undistributed financial result	Financial result of the current period	Total equity
12 months ending on 31/12/2019							
Equity as at 01/01/2019	727 500	496 100	995 962	780 748	39 084 114	0	42 084 424
Changes in accounting principles (policy)							0
Corrections of errors from previous periods							0
Equity after corrections	727 500	496 100	995 962	780 748	39 084 114	0	42 084 424
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	1 625						1 625
Share-based payments				1 187 441			1 187 441
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						76 385 801	76 385 801
Equity as at 31/12/2019	724 125	496 100	10 713 413	1 764 034	2 061 163	76 385 801	92 144 636

4. INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement	for 01/01/2020 - 30/06/2020	for 01/01/2019 - 30/06/2019
OPERATING ACTIVITY		
Profit/loss before taxation	68 005 940	28 618 466
Total corrections:	-14 410 059	-1 887 911
Depreciation	1 430 729	456 014
Foreign exchange profit/loss	-173 320	40 769
Interest paid on leasing	109 341	0
Valuation of the lease liability	272 364	0
Change in provisions (excluding deferred tax provision)	838 627	24 973
Change in receivables	-42 776 435	-7 139 197
Change in liabilities, except for loans and credits, CIT liabilities and dividends	18 936 264	4 538 194
Change in prepayments and accruals (without short-term prepayments and accruals for share-based payments)	-685 520	-314 583
Share-based payments (part not included in the acquisition of intangible assets)	7 698 872	506 078
Other adjustments	-60 981	-159
Cash on operating activity	53 595 881	26 730 555
Paid interest	0	0
Income tax (paid) / refunded	-9 902 337	-8 493 821
A. Net operating cash flow	43 693 544	18 236 734
INVESTMENT ACTIVITY		
Inflows	20 000	0
Repayment of loans granted	20 000	0
Outflows	1 827 731	1 891 433
Purchase of intangible assets and tangible fixed assets	1 827 731	1 891 433
B. Net cash flow from investment activities	-1 807 731	-1 891 433
FINANCIAL ACTIVITY		
Inflows	0	0
Outflows	27 762 020	27 310 500
Dividends and other payments to owners	27 371 906	27 310 500
Payment of leasing obligations	280 773	0
Interest	109 341	0
C. Net cash flow from financial activity	-27 762 020	-27 310 500
D. Total net cash flow	14 123 793	-10 965 199
E. Balance-sheet change in cash, including	14 113 323	-11 005 968
- change in cash due to exchange losses/gains	173 320	-40 769
F. Cash at the beginning of the period	75 413 816	39 827 219
G. Cash at the end of the period	89 537 609	28 862 020

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 2019, except for amended standards and new interpretations effective for annual periods beginning on or after 1 January 2020.

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) Amendments to IFRS 4 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2021).
- d) Deferral of IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2021).
- 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.
- f) Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets, Amendments resulting from the review of IFRS 2018-2020 (published on 14 May 2020) - not approved by the EU until the date of approval of these financial statements - applicable to annual periods beginning on 1 January 2022 or later;
- g) Amendments to IFRS 16 Leasing - Lease Concessions related to Covid-19 (published on 28 May 2020) - by the date of approval of these financial statements not approved by the EU - effective for annual periods beginning on or after 1 June 2020. Earlier application is permitted, including for financial statements not approved for publication on 28 May 2020; ▪ Amendments to IFRS 4 Insurance Contracts (published on 25 June 2020) - by the date of approval of these financial statements not approved by the EU - applicable to annual periods beginning on 1 January 2021 or later.

The Group is currently analyzing the impact of the above standards and amendments to standards on Group's financial statements.

2. CHANGES IN ACCOUNTING PRINCIPLES (POLICY)

In the reporting period there were no changes in the accounting policy.

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 (period).

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.

Ten Square Games S.A. as a company carrying out research and development activities and earning income from qualified intellectual property rights applies a preferential income tax rate. In order to take advantage of the IP BOX tax relief, the Company:

- divides the tax income into income from qualified intellectual property rights (in the case of the company, these are games meeting the definition of computer programs) and other sources;
- for income from qualified intellectual property rights, the nexus ratio is calculated in accordance with the rules set out in the Corporate Income Tax Act;
- the nexus index is used to calculate the tax for each source of income.

In the case of other sources of income, the Company benefits from a research and development relief, which is a reduction of taxable income.

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 and balance sheet valuation of settlements.

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.

Uncertainty related to the recognition of income tax

With the introduction in 2019 of "IFRIC 23: Uncertainty Related to the Recognition of Income Tax", which clarifies the recognition of income tax when it is uncertain whether the tax treatment applied by an entity will be accepted by the tax authorities, the Company assesses each time the possible approach of the authorities to the tax return prepared by the Company. If it is probable that the tax authorities will accept the applied tax approach, the Company recognises the taxes in the financial statements consistently with the tax returns without reflecting the uncertainty in the recognition of current and deferred tax. Otherwise, the tax base (or tax loss), tax values and unused tax losses are recognised by the Company in an amount which better reflects the resolution of the uncertainty,

using the method of one most probable result or the expected value method (the sums weighted by probabilities of possible solutions). When assessing the probability of acceptance, the Company assumes that the tax authorities will verify the uncertain tax treatment and have full knowledge of this issue.

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. Leasing

In accordance with IFRS 16 on recognition, measurement, presentation and disclosure of leases, the Company presents assets and liabilities arising from the agreements described in IFRS 16.

At the beginning of an agreement, an entity assesses whether the agreement is or contains a lease. An agreement is a lease or contains a lease if it gives the right to control the use of an identified asset for a given period in exchange for remuneration.

At the date of commencement of the agreement, the Company recognises an asset under the right of use and a liability under the lease. An asset under the right of use is valued based on cost, while a liability under the lease is recognized at the present value of the lease payments outstanding at that date.

The cost of the debt is the average market interest rate of PLN loans to enterprises published by the NBP.

After the date of commencement, the Company measures an asset by virtue of the right of use, using the cost model, and a liability through:

- a) increasing the balance sheet value to reflect interest on the lease liability,
- b) a reduction in the carrying amount to reflect the lease payments made; and
- c) revaluing the carrying amount to reflect any reassessment or change in the lease, or to reflect revalued substantially fixed lease payments.

Interest on the lease obligation at any time during the lease term is the amount by which a fixed periodic rate of interest is obtained on the outstanding balance of the lease obligation. The interest element of the finance cost is charged to the profit or loss for the current period.

3.8. 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.

3.9. 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.

3.10. 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.

3.11. 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.

3.12. 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.

3.13. Payment of dividends

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

3.14. 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.

3.15. Liabilities

Liabilities are the Group's present obligation resulting from past events, the fulfilment of which will result in an outflow from the Group of funds containing economic benefits.

Long-term liabilities include liabilities whose maturity date, counting from the end of the reporting period, falls within a period longer than 12 months. Short-term liabilities include liabilities whose maturity date, counting from the end of the reporting period, falls within a period shorter than 12 months. Trade payables are recognized at their nominal value. Any interest, if any, is recognized at the moment of receiving notes from suppliers.

3.16. 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 consumables in time

As at the reporting date, the Company 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 Company 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 Company 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 Company 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.

Using durables in time

As a rule, virtual goods offered in video games fall into two main categories: durables (durable virtual goods that do not wear out under normal use in the virtual world, and the player can use them for as long as the game is played) and consumable virtual goods that wear out under normal use in the virtual world. Revenue from the latter is recognized at the moment of or during the consumption as described in the paragraph above. For the recognition of revenue from sales of so-called durables, models based on game statistics are used in the market, e.g. on the life expectancy of a given good and/or group of players. As at the date of issue of these financial statements, the Company does not have any statistical models allowing it to estimate the value of durables. The Company's game economy is based, inter alia, on

- 1) the possibility of converting some goods into other goods;
- 2) the possibility of receiving selected goods for free
- 3) the possibility of purchasing goods both with the use of pearls received free of charge (e.g. by winning a competition) and those purchased for so-called hard currency.

The above possibilities make it much more difficult to carry out an analysis of the average use of the good over time, hence the Company took advantage of the possibility of not valuing durables. In accordance with IFRS 15 par. 44 An entity shall recognise revenue from the obligation to provide benefits over time only when it can reasonably measure the extent to which the obligation to provide benefits is met in full. If an entity cannot measure reasonably the extent to which the obligation to perform is met in full, ie it does not have reliable information that is necessary to apply an appropriate measurement method, it may choose not to make an estimate.

The Company's intention is ultimately to build a statistical model to measure durables.

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, revenues 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	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019
Sales of services	264 640 047	95 181 244
TOTAL revenues from sales of services	264 640 047	95 181 244
Other operating revenues	5 607	46 119
Financial revenues	1 137 785	193 819
TOTAL revenues from continuing operations	265 783 439	95 421 182
TOTAL revenues	265 783 439	95 421 182

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 2020*	share in payments in 2020	payments in 1-6 2019*	share in payments in 2019
micro-payments	258 367 652	97,4%	91 220 636	95,8%
advertisements	4 894 378	1,8%	2 413 504	2,5%
licences	1 976 257	0,7%	1 578 652	1,7%
PAYMENTS TOTAL	265 238 287	100,0%	95 212 792	100,0%
deferred income	-598 240	N/A	-31 548	N/A
REVENUES TOTAL	264 640 047	N/A	95 181 244	N/A

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 2020*	share in payments in 2020	payments in 1-6 2019*	share in payments in 2019
Fishing Clash	242 721 607	91,5%	80 671 006	84,7%
Let's Fish	8 419 829	3,2%	7 411 956	7,8%
Wild Hunt	7 917 674	3,0%	4 533 553	4,8%
Others	6 179 177	2,3%	2 596 277	2,7%
PAYMENTS TOTAL	265 238 287	100,0%	95 212 792	100,0%
deferred income	-598 240	N/A	-31 548	N/A
REVENUES TOTAL	264 640 047	N/A	95 181 244	N/A

Deferred income (per balance) by games with respect to the first half of 2020:

Fishing Clash: -668.933PLN;

Let's Fish: +39.503 PLN;

Wild Hunt: +31.190 PLN.

TOTAL: -598.240 PLN

Deferred income (cumulative) by game in relation to total deferred income - balance sheet item "deferred income":

Fishing Clash: -2.503.450 PLN;

Let's Fish: -44.770 PLN;

Wild Hunt: -53.535 PLN.

TOTAL: -2.601.755 PLN.

Quarterly breakdown of revenues:

game	1Q 2019	2Q 2019	3Q 2019	4Q 2019	1Q 2020	2Q 2020
Fishing Clash	37 524 342	43 146 664	57 896 490	67 933 223	84 677 795	158 043 812
Let's Fish	4 095 505	3 316 451	3 600 089	4 201 949	3 868 618	4 551 211
Wild Hunt	2 439 365	2 094 188	2 343 769	2 748 995	3 542 576	4 375 098
Others	1 227 884	1 368 393	4 226 738	3 751 825	2 833 114	3 346 062
PAYMENTS TOTAL	45 287 096	49 925 696	68 067 086	78 635 992	94 922 103	170 316 184
deferred income	16 544	-48 092	-416 592	-334 636	95 569	-693 809
REVENUES TOTAL	45 303 640	49 877 604	67 650 494	78 301 356	95 017 672	169 622 375

1.4. Revenues – counterparties

counterparties	payments in 1-6 2020*	share in payments in 2020	payments in 1-6 2019*	share in payments in 2019
Google Inc.	152 071 196	57,3%	55 533 559	58,3%
Apple Distribution International	93 946 395	35,4%	26 632 684	28,0%
others (of which none individually exceeds 10%)	19 220 696	7,2%	13 046 549	13,7%
PAYMENTS TOTAL	265 238 287	100,0%	95 212 792	100,0%
deferred income	-598 240	N/A	-31 548	N/A
REVENUES TOTAL	264 640 047	N/A	95 181 244	N/A

1.5. Revenues – distribution channels

distribution channel	payments in 1-6 2020*	share in payments in 2020	payments in 1-6 2019*	share in payments in 2019
mobile	251 059 264	94,7%	84 594 554	88,8%
web browsers	14 179 023	5,3%	10 618 239	11,2%
PAYMENTS TOTAL	265 238 287	100,0%	95 212 792	100,0%
deferred income	-598 240	N/A	-31 548	N/A
REVENUES TOTAL	264 640 047	N/A	95 181 244	N/A

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 2020*	share in payments in 2020	payments in 1-6 2019*	share in payments in 2019
North America	110 965 798	41,8%	40 486 788	42,5%
Europe	104 235 187	39,3%	38 849 105	40,8%
<i>including Poland</i>	<i>13 834 623</i>	<i>5,2%</i>	<i>6 537 476</i>	<i>6,9%</i>
Asia	36 704 992	13,8%	11 325 083	11,9%
South America	7 247 717	2,7%	1 897 261	2,0%
Australia and Oceania	4 154 812	1,6%	1 816 562	1,9%
Africa	1 929 781	0,7%	837 994	0,9%
Total Payments	265 238 287	100,0%	95 212 792	100,0%
deferred income	-598 240	N/A	-31 548	N/A
REVENUES TOTAL	264 640 047	N/A	95 181 244	N/A

2. OPERATING COSTS

Specification	01.01.2020- 30.06.2020	01.01.2019 - 30.06.2019
Depreciation and amortization	1 430 729	456 014
Consumption of materials and energy	760 826	290 096
Third-party services	178 874 418	62 609 032
Taxes and fees	871 615	238 922
Remuneration	14 518 370	4 148 005
Social insurance and other benefits	1 394 806	661 681
Other costs by nature	21 265	43 549
Total costs by nature, including:	197 872 029	68 447 300
Change in products	0	0
Costs of manufacturing goods for internal purposes (negative value)	-1 044 694	-1 660 176
Costs of sales (negative)	-173 340 064	-59 167 783
Costs of general management (negative)	-13 125 727	-2 977 837
Costs of services sold	10 361 544	4 641 503

Selling costs breakdown

Specification	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019
Selling costs	173 340 064	59 167 783
marketing:	91 878 974	29 774 123
- <i>Fishing Clash</i>	88 771 766	29 074 352
- <i>Wild Hunt</i>	796 121	606 085
- <i>other titles, events</i>	2 311 087	93 685
commissions	76 299 949	26 552 900
revenue share	890 507	773 664
remunerations, services provided by subcontractors	3 242 781	1 558 362
other	1 027 853	508 735

Specification	1Q 2019	2Q 2019	3Q2019	4Q2019	1Q2020	2Q2020
Selling costs	29 688 819	29 478 964	41 040 733	36 945 700	48 544 738	124 795 326
marketing:	15 487 704	14 286 418	21 210 446	13 690 173	19 122 999	72 755 975
- <i>Fishing Clash</i>	15 060 121	14 014 231	20 966 520	13 224 531	18 263 312	70 508 454
- <i>Wild Hunt</i>	383 148	222 937	181 426	254 746	325 446	470 675
- <i>other titles, events</i>	44 435	49 250	62 501	210 896	534 241	1 776 846
commissions	12 552 593	14 000 307	18 333 228	21 612 824	27 044 419	49 255 530
revenue share	441 691	331 973	347 491	396 760	417 224	473 283
remunerations, services provided by subcontractors	892 588	665 773	728 866	926 972	1 559 372	1 683 409
other	314 243	194 492	420 702	318 971	400 724	627 129

3. OTHER OPERATING REVENUES AND EXPENSES

Other operating revenues	01.01.2020 - 30.06.2020	01.01.2019 . 30.06.2019
Others	5 607	46 119
Total	5 607	46 119

Other operating expenses	01.01.2020 - 30.06.2020	01.01.2019 . 30.06.2019
Donations - aid linked to COVID-19	836 222	0
Writing off uncollectible debts	2 769	171
Others	1 832	14 297
Total	840 823	14 468

In connection with the outbreak of the COVID-19 pandemic, the Board of Directors of the Company decided to get involved in helping charitable organizations as well as companies in danger of collapse.

4. FINANCIAL REVENUES

Financial revenues	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019
Interest income	65 711	130 497
Foreign exchange gains/(losses) net	1 072 074	63 322
Total	1 137 785	193 819

5. INCOME TAX AND DEFERRED TAX

Income tax disclosed in the statement of comprehensive income	01.01.2020- 30.06.2020	01.01.2019 - 30.06.2019
Current income tax	7 124 735	5 029 196
Relating to the financial year	7 124 735	5 029 196
Deferred income tax	-82 214	179 679
Related to the creation and reversal of temporary differences	-82 214	179 679
Income tax payable disclosed in the consolidated statement of comprehensive income	7 042 521	5 208 875

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

Name	01.01.2020- 30.06.2020	01.01.2019- 30.06.2019
Gross financial result (profit, loss)	68 005 940	28 618 466
Foreign exchange differences – balance sheet differences, differences not constituting the tax base, not constituting the tax deductible costs	66 150	3 567
Write-off of receivables which do not constitute tax deductible costs	2 769	0
Release and establishment of the provision for holiday pay	240 387	-6 575
Establishment of provision for other costs	0	0
ZUS - costs excluded, orders at the turn of the period	-7 200	0
Donations (subsequently deducted from income)	799 500	0
Other costs not constituting tax deductible costs	358 465	129 800
Depreciation of lease	583 891	0
Amortisation of intangible assets	489 078	334 396
Capitalisation of games costs	-1 044 694	-1 660 176
Creation of a write-down for capitalized games	0	0
Share-based payments	7 842 030	626 988
Income (and related expense) deferred in time – finally, as per account balance	418 768	22 082
Other tax-deductible expenses, not being balance sheet costs	-653 716	0
Taxable income	77 101 368	28 046 466
including income taxed at 5% (IP Box)	50 321 695	
including income taxed at 19%	26 779 673	

Since 2019, the Parent Company has been using the so-called IP Box relief. This relief consists in taxation of income obtained from qualified property rights at the rate of 5% instead of standard 19%. The IP Box relief was introduced beginning from 2019 and the practice of its application began to take shape in the second half of 2019. As a result, the Group's financial statements for the first half of 2019 did not include the calculation of taxable income including this relief - it was only in the annual report for 2019 that IP Box relief was applied.

Provisions concerning CIT 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.

Structure of a deferred income tax asset

Specification	as at 30/06/2020	as at 31/12/2019	as at 30/06/2019
income and cost deferred in time - settlement of pearls in time (net)	346 034	266 467	166 554
annul leave accrual	93 944	48 270	32 305
leasing – IFRS 16 valuation	57 592	8 125	0
accounts receivable and payable valuation	42 600	56 727	49 353
Total	540 170	379 589	248 212

Structure of deferred income tax provision

Specification	as at 30/06/2020	as at 31/12/2019	as at 30/06/2019
amortisation of games	615 772	537 405	587 326
Total	615 772	537 405	587 326

6. DISTRIBUTION OF PROFIT FOR 2019

On 20 May 2020, the General Meeting of Shareholders of the Company adopted a resolution on the distribution of the Company's net profit for 2019 in the amount of PLN 73,796,395.00 (in words: seventy three million, seven hundred ninety six thousand, three hundred and ninety five zloty) in the following manner:

- 1) the amount of PLN 27,371,906.10 (in words: twenty-seven million, three hundred seventy one thousand nine hundred and six and 10/100 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 46,424,488.90 (in words: forty six million four hundred twenty four thousand four hundred eighty eight and 90/100 zloty) shall be transferred to the Company's reserve capital.

The dividend day was set for 29 May 2020 and the dividend payment day for 10 June 2020.

7. TANGIBLE FIXED ASSETS MOVEMENT SCHEDULE

Specification	Machinery and equipment	Other fixed assets	Buildings, premises and civil engineering structures	TOTAL
Gross carrying amount as at 01.01.2020	1 038 975	114 403	0	1 153 378
Increases, due to:	455 829	63 862	6 183 069	6 702 760
- acquisitions of fixed assets	455 829	63 862	6 183 069	6 702 760
Reductions	0	0	0	0
- sale of fixed assets	0	0	0	0
Gross carrying amount as at 30.06.2020	1 494 804	178 265	6 183 069	7 856 138
Accumulated depreciation as at 01.01.2020	499 389	85 421	0	584 810
Increases, due to:	277 378	32 562	609 941	919 880
- depreciation	277 378	32 562	609 941	919 880
Reductions	0	0	0	0
Accumulated depreciation as at 30.06.2020	776 767	117 983	609 941	1 504 691
Write-downs as at 01.01.2020	0	0	0	0

Increases	0	0	0	0
Reductions	0	0	0	0
Write-downs as at 30.06.2020	0	0	0	0
Net carrying amount as at 30.06.2020	718 037	60 282	5 573 128	6 351 447

Ownership structure - net value:

Specification	30.06.2020	31.12.2019
Own	778 319	568 568
Used under a rental, lease or other agreement, including a leasing agreement	5 573 128	0
Total	6 351 447	568 568

On 2 January 2020, the Parent Company took over, on the basis of a lease agreement, office space located in the City One office building at 45 Traugutta Street in Wrocław. Due to the 5-year lease period, in accordance with IFRS16, this agreement is recognized as a lease and shown in the balance sheet as an increase in the value of fixed assets on the assets side and as a lease liability (long-term and short-term) on the liabilities side.

Changes in fixed assets (by type) - for the period 1.01.2019-30.06.2019.

Specification	Machinery and equipment	Other fixed assets	Buildings, premises and civil engineering structures	TOTAL
Gross carrying amount as at 01.01.2019	456 047	94 083	0	550 130
Increases, due to:	275 645	17 041	0	292 687
- acquisitions of fixed assets	275 645	17 041	0	292 687
Reductions	0	0	0	0
- sale of fixed assets	0	0	0	0
Gross carrying amount as at 30.06.2019	731 693	111 124	0	842 817
Accumulated depreciation as at 01.01.2019	228 217	75 114	0	303 331
Increases, due to:	89 905	3 372	0	93 277
- depreciation	89 905	3 372	0	93 277
Reductions	0	0	0	0
Accumulated depreciation as at 30.06.2019	318 122	78 486	0	396608
Write-downs as at 01.01.2019	0	0	0	0
Increases	0	0	0	0
Reductions	0	0	0	0
Write-downs as at 30.06.2019	0	0	0	0
Net carrying amount as at 30.06.2019	413 571	32 637	0	446 208

Changes in fixed assets (by type) - for the period 01.01.2019-31.12.2019.

Specification	Machinery and equipment	Other fixed assets	TOTAL
Gross carrying amount as at 01.01.2019	456 047	94 083	550 130
Increases, due to:	582 928	20 320	603 248
- acquisitions of fixed assets	582 928	20 320	603 248
Reductions	0	0	0
- sale of fixed assets	0	0	0
Gross carrying amount as at 31.12.2019	1 038 975	114 403	1 153 378
Accumulated depreciation as at 01.01.2019	228 217	75 114	303 331
Increases, due to:	271 172	10 307	281 479
- depreciation	271 172	10 307	281 479
Reductions	0	0	0
Accumulated depreciation as at 31.12.2019	499 389	85 421	584 810
Write-downs as at 01.01.2019	0	0	0
Increases	0	0	0
Reductions	0	0	0
Write-downs as at 31.12.2019	0	0	0
Net carrying amount as at 31.12.2019	539 586	28 982	568 568

8. INTANGIBLE ASSETS MOVEMENT SCHEDULE

Specification	Development costs	Computer software	Intangible assets under development	TOTAL
Gross balance sheet value as at 01/01/2020	7 995 077	556 146	307 310	8 858 533
Increases, due to:	0	93 908	1 044 694	1 138 602
- purchase	0	93 908	1 044 694	1 138 602
- reclassification	0	0	0	0
Decreases, due to:	0	0	0	0
- reclassification	0	0	0	0
Gross balance sheet value as at 30/06/2020	7 995 077	650 054	1 352 004	9 997 135
Accumulated amortization as at 01/01/2020	2 703 276	508 784	0	3 212 060
Increases, due to:	489 078	21 771	0	510 849
- amortization	489 078	21 771	0	510 849
Decreases	0	0	0	0
Accumulated amortization as at 30/06/2020	3 192 354	530 555	0	3 722 909
Revaluation write-offs as at 01/01/2020	2 248 958	0	0	2 248 958
Increases	0	0	0	0
Decreases	0	0	0	0
Revaluation write-offs as at 30/06/2020	2 248 958	0	0	2 248 958
Net balance sheet value as at 30/06/2020	2 553 765	119 499	1 352 004	4 025 268

The net value as at 30/06/2020 disclosed under Development costs consists of the Group's following games:

- Fishing Clash – PLN 170 074,36, remaining depreciation period: 12 months;
- Wild Hunt – PLN 77 576,50, remaining depreciation period: 10 months;
- Golf Rush – PLN 257 421,98, remaining depreciation period: 33 months;
- SoliTales – PLN 393 213,90, remaining depreciation period: 39 months;
- Flip This House – PLN 487 524,78, remaining depreciation period: 39 months;
- Hunting Clash – PLN 1 167 953,82, remaining depreciation period: 40 months;

The item "intangible assets under construction" as at 30.06.2020 consists of capitalized costs of the modified version of Golf Rush - the Group treats this as a new production.

Changes in intangible assets in the period 1.01.2019-30.06.2019:

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
Accumulated amortization as at 01/01/2019	1,895,075	448,223	0	2,343,299
Increases, due to:	334,396	28,340	0	362,736
- amortization	334,396	28,340	0	362,736
Decreases	0	0	0	0
Accumulated amortization 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

Changes in intangible assets (by type) – for the period 01/01/2019-31/12/2019

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:	3 733 637	62 604	3 004 572	6 800 813
- purchase	0	62 604	3 004 572	3 067 176
- reclassification	3 733 637	0	0	3 733 637
Decreases, due to:	0	0	3 733 637	3 733 637
- reclassification	0	0	3 733 637	3 733 637
Gross balance sheet value as at 31/12/2019	7 995 077	556 146	307 310	8 858 533
Accumulated amortization as at 01/01/2019	1 895 075	448 224	0	2 343 299
Increases, due to:	808 201	60 560	0	868 764
- amortization	808 201	60 560	0	868 764
Decreases	0	0	0	0
Accumulated amortization as at 31/12/2019	2 703 276	508 784	0	3 212 060
Revaluation write-offs as at 01/01/2019	1 261 386	0	0	695 280

Increases	987 572	0	0	0
Decreases	0	0	0	0
Revaluation write-offs as at 31/12/2019	2 248 958	0	0	2 248 958
Net balance sheet value as at 31/12/2019	3 042 843	47 362	307 310	3 397 515

9. TRADE RECEIVABLES

Currency structure:

	30.06.2020			31.12.2019			30.06.2019		
currency	amount in currency	evaluation	% share	amount in currency	evaluation	% share	amount in currency	evaluation	% share
PLN	26 289 804	26 289 805	44,77%	11 162 105	11 162 105	53,82%	7 072 770	7 072 770	45,19%
USD	7 934 030	31 583 120	53,78%	2 371 692	9 006 974	43,43%	2 159 406	8 062 359	51,51%
EUR	81 410	365 626	0,62%	54 480	232 004	1,12%	47 974	203 985	1,30%
RUB	8 396 811	473 580	0,81%	5 242 421	320 312	1,54%	3 946 037	233 605	1,49%
BRL	0	0	0,00%	529	500	0,00%	41 865	40 914	0,26%
JPY	0	0	0,00%	213 096	7 450	0,04%	260 473	9 031	0,06%
other currencies	-----	11 370	0,02%	-----	8 573	0,05%	-----	29 262	0,19%
TOTAL		58 723 501	100%		20 737 918	100%		15 651 927	100%

Ageing of receivables:

	30.06.2020	31.12.2019	30.06.2019
age structure – overdue	value of receivables	value of receivables	value of receivables
not overdue	58 529 970	20 736 599	15 489 504
up to one month	105 044	526	143 596
1-3 months	88 183	733	16 127
3-6 months	305	60	2 701
6-12 months	0	0	0
above a year	0	0	0
Total receivables	58 723 501	20 737 918	15 651 927

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 – 43.0% as at 30/06/2020, compared to 49,5% as at 31/12/2019 and 43,6% as at 30/06/2019;

Apple Distribution International – 49,1% as at 30/06/2020, compared to 28,9% as at 31/12/2019 and 39% as at 30/06/2019;

No other entity exceeded 10% of the total amount due as at 30/06/2020, 31/12/2019 and 30/06/2019.

As at the balance sheet date of 30/06/2020, 31/12/2019 and 30/06/2019, the Group did not have any significant amounts of receivables, which would have expected credit losses.

10. OTHER RECEIVABLES

Specification	30.06.2020	31.12.2019	30.06.2019
Other short term receivables, including:	8 192 809	3 498 580	2 504 856
- on account of taxes, except for corporate income tax	8 165 809	3 179 440	2 299 425
- office lease deposit	27 000	207 831	205 431
- others	0	111 309	0

11. LEASING LIABILITIES

On 2 January 2020, the Parent Company took over, on the basis of a lease agreement, office space located in the City One office building at 45 Traugutta Street in Wrocław. Due to the 5-year lease period, in accordance with IFRS16, this agreement is recognized as a lease and shown in the balance sheet as an increase in the value of fixed assets on the assets side and as a lease liability (long-term and short-term) on the liabilities side.

12. TRADE LIABILITIES

Currency structure:

	30.06.2020			31.12.2019			30.06.2019		
currency	amount in currency	evaluation	% share	amount in currency	evaluation	% share	amount in currency	evaluation	% share
PLN	2 099 891	2 099 891	8,86%	507 760	507 760	10,96%	965 130	965 130	13,41%
USD	5 302 114	21 105 594	90,80%	1 070 961	4 067 190	87,78%	1 657 729	6 189 297	86,01%
EUR	17 761	79 320	0,34%	13 667	58 202	1,26%	9 450	40 180	0,56%
CAD	0	0	0,00%	0	0	0,00%	356	1 015	0,01%
TOTAL		23 284 805	100%		4 633 152	100%		7 195 622	100%

Ageing of payables:

Specification	Total	due date			
		overdue:		payable to:	
		31-90 days	0-30 days	0-30 days	31-60 days
30/06/2020	23 284 805	4 021	0	13 851 299	9 429 485
To related parties	0	0	0	0	0
To other parties	23 284 805	4 021	0	13 851 299	9 429 485
31/12/2019	4 633 152	0	0	2 690 363	1 942 789
To related parties	0	0	0	0	0
To other parties	4 633 152	0	0	2 690 363	1 942 789
30/06/2019	7 195 622	0	4 461	7 172 094	19 067
To related parties	12 915	0	0	12 915	0
To other parties	7 182 707	0	4 461	7 159 179	19 067

13. PROVISIONS

Specification	As at 01/01/2020	Changes during the year		As at 30/06/2020
		Assumption	Use	
Annual leave accrual	254 054	494 440	254 054	494 440

14. INFORMATION ON FINANCIAL INSTRUMENTS

FINANCIAL ASSETS	Carrying amount		Fair amount	Category of financial instruments
	30/06/2020	31/12/2019	2020/2019	
Other financial assets (long-term), including:	687 212	590 589	n/d	Financial assets valued according to amortized costs
<i>Deposit</i>	<i>687 212</i>	<i>590 589</i>	<i>n/d</i>	<i>Financial assets valued according to amortized costs</i>
Account receivable and other receivables	66 916 310	24 236 498	66 916 310 / 24 236 498	Financial assets valued according to amortized costs
Cash and cash equivalents	89 587 139	75 230 027	89 587 130 / 75 230 027	Financial assets valued according to fair value

LIABILITIES	Carrying amount		Fair amount	Category of financial instruments
	30/06/2020	31/12/2019	2020/2019	
Trade payables and other payables (including leasing)	23 843 529	4 970 232	23 843 529 / 4 970 232	Financial liabilities valued according to amortized costs

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

The following table 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	
	1.01.2020-30.06.2020	1.01.2019-30.06.2019	1.01.2020-30.06.2020	1.01.2019-30.06.2019	1.01.2020-30.06.2020	1.01.2019-30.06.2019
Management Board	110 709	144 000	6 332 495	124 390	4 264 362	12 989 687
Maciej Popowicz (until 20.05.2020)	62 709	81 000	20 903	27 000	0	8 733 785
- <i>Ten Square Games S.A.</i>	<i>62 709</i>	<i>81 000</i>	<i>20 903</i>	<i>27 000</i>	<i>0</i>	<i>8 733 785</i>
- <i>Play Cool Zombie Sport Games Sp. z o.o.</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
- <i>Tiny Dragon Adventure Games Sp. z o.o.</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
- <i>Fat Lion Games Sp. z o.o.</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Maciej Zużalek (since 20.05.2020)	0	0	6 132 389	0	189 000	0
- <i>Ten Square Games S.A. – cash remuneration</i>	<i>0</i>	<i>0</i>	<i>99 221</i>	<i>0</i>	<i>189 000</i>	<i>0</i>
- <i>Ten Square Games S.A. – share-based incentive scheme recognized over time</i>	<i>0</i>	<i>0</i>	<i>6 033 168</i>	<i>0</i>	<i>0</i>	<i>0</i>
- <i>Play Cool Zombie Sport Games Sp. z o.o.</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
- <i>Tiny Dragon Adventure Games Sp. z o.o.</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
- <i>Fat Lion Games Sp. z o.o.</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Arkadiusz Pernal	48 000	63 000	40 911	24 000	3 980 862	4 179 357
- <i>Ten Square Games S.A.</i>	<i>48 000</i>	<i>63 000</i>	<i>40 911</i>	<i>24 000</i>	<i>3 980 862</i>	<i>4 179 357</i>
- <i>Play Cool Zombie Sport Games Sp. z o.o.</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
- <i>Tiny Dragon Adventure Games Sp. z o.o.</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
- <i>Fat Lion Games Sp. z o.o.</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Magdalena Jurewicz	0	0	138 292	73 390	94 500	76 545

- Ten Square Games S.A.	0	0	138 292	73 390*	94 500	76 545
- Play Cool Zombie Sport Games Sp. z o.o.	0	0	0	0	0	0
- Tiny Dragon Adventure Games Sp. z o.o.	0	0	0	0	0	0
- Fat Lion Games Sp. z o.o.	0	0	0	0	0	0
Supervisory Board (Ten Square Games S.A.)	0	0	135 148	109 500	187 749	392 428
Maciej Zużalek (until 20.04.2020)	0	0	3 700	6 000	0	229 635
Rafał Olesiński	0	0	27 854	21 000	2 529	2 048
Marcin Chruszczyński (until 20.05.2020)	0	0	16 258	21 000	0	0
Tomasz Drożdżyński	0	0	19 983	18 000	0	0
Maciej Marszałek	0	0	13 516	9 000	185 220	160 745
Milena Olszewska-Miszuris (until 20.05.2020)	0	0	19 258	16 500	0	0
Wiktor Schmidt	0	0	22 483	18 000	0	0
Marcin Biłos (since 20.05.2020)	0	0	6 048	0	0	0
Kinga Stanisławska (since 20.05.2020)	0	0	6 048	0	0	0
Related persons (Ten Square Games S.A.)	29 808	0	0	0	8 318 979	0
Maciej Popowicz (until 20.05.2020)	18 290	0	0	0	8 318 979	0
Marcin Chruszczyński (since 1.06.2020)	11 518		0	0	0	0
Key personnel (Ten Square Games S.A.)	0	0	0	0	n/d	n/d
Family members of key personnel/Management Board (Ten Square Games S.A.)	163 870	147 712	0	0	n/d	n/d

*) In the interim condensed consolidated financial statements for the period 1.01.2019 - 30.06.2019 in the item "Remuneration" for Magdalena Jurewicz, Ten Square Games S.A. only the remuneration for the appointment was mistakenly shown, no remuneration for the employment contract was included.

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	
Period:	1.01.2020-30.06.2020	1.01.2019-30.06.2019	1.01.2020-30.06.2020	1.01.2019-30.06.2019
Subsidiaries:	3 058 815	1 555 175	0	0
Play Cool Zombie Sport Games Sp. z o.o.	95 257	194 151	0	0
Tiny Dragon Adventure Games Sp. z o.o.	2 264 371	969 781	0	0
Fat Lion Games Sp. z o.o.	699 187	391 243	0	0
Personally related entities:	0	0	45 560	78 761
Olesiński i Wspólnicy Spółka komandytowa	0	0	45 560	78 761

Affiliate	Gross receivables		Gross liabilities	
As at:	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Subsidiaries:	6 054 516	1 485 480	0	0
Play Cool Zombie Sport Games Sp. z o.o.	63 728	108 327	0	0
Tiny Dragon Adventure Games Sp. z o.o.	4 871 852	884 989	0	0
Fat Lion Games Sp. z o.o.	1 118 936	492 163	0	0
Personally related entities:		0	0	24 483
Olesiński i Wspólnicy Spółka komandytowa		0	0	24 483

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 as needed, with each order/project being valued separately.

The transactions between affiliates were conducted on terms equivalent to transactions made on market terms.

16. PENDING CLAIMS

The Group did not have any court cases pending in 2020 or 2019.

17. 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 2020.

18. 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 2020.

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

SEPARATE FINANCIAL STATEMENT OF COMPREHENSIVE INCOME	for 01/01/2020 - 30/06/2020	01/01/2019 - 30/06/2019
Revenues from the sales of services	262 711 825	94 290 576
Cost of goods and services sold	10 361 195	4 635 152
Gross profit (loss) on sales	252 350 630	89 655 424
Other operating revenues	5 452	88 370
Selling costs	173 176 503	58 957 426
General and administrative costs	13 045 585	2 919 342
Other operating costs	839 584	62 821
Operating profit (loss)	65 294 410	27 804 205
Financial revenues	2 838 377	328 253
Financial costs	109 340	14
Profit (loss) before taxation	68 023 447	28 132 444
Income tax	6 771 718	5 125 984
Net profit (loss) on continued activity	61 251 729	23 006 460
Profit (loss) on discontinued activity	0	0
Net profit (loss)	61 251 729	23 006 460
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	61 251 729	23 006 460

Calculation of profit per share	for 01/01/2020 - 30/06/2020	01/01/2019 - 30/06/2019
<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)	7 241 245	7 239 444
The weighted average number of shares for the purpose of calculating the value of diluted profit per share (in units)	7 267 311	7 255 689
Net profit	61 251 729	23 006 460
<i>Net profit per one share assigned to shareholders</i>		
Basic net profit for the reporting period	PLN 8,46	PLN 3,18
Diluted net profit for the reporting period	PLN 8,43	PLN 3,17

2. INTERIM CONDENSED STANDALONE STATEMENT OF FINANCIAL SITUATION

ASSETS	30.06.2020	31.12.2019	30.06.2019
Fixed assets	11 609 097	4 941 261	4 426 424
Property, plant and equipment	6 351 447	568 568	446 208
Intangible assets	4 025 268	3 397 515	3 543 595
Other fixed assets	0	0	0
Investments in affiliates measured by equity method	5 000	5 000	5 000
Other financial assets	687 212	590 589	194 726
Deferred income tax assets	540 170	379 589	236 895
Current assets	155 631 819	97 732 820	46 708 178
Stocks	0	0	0
Trade receivables	63 423 918	23 565 939	16 276 073
Other receivables	7 395 772	1 690 236	2 115 802
Prepayments and accrued income	2 244 490	1 558 867	955 764
Loans granted	60 000	80 914	0
Cash and cash equivalents	82 507 639	70 836 864	27 360 539
Assets classified as intended for sale	0	0	0
TOTAL ASSETS	167 240 916	102 674 081	51 134 602

EQUITY AND LIABILITIES	30.06.2020	31.12.2019	30.06.2019
Equities	130 543 238	88 821 386	37 446 689
Share capital	724 125	724 125	722 500
Reserve capital from the sales of shares above their nominal value	496 100	496 100	496 100
Reserve capital created from net result	57 137 902	10 713 413	10 713 413
Capital from the settlement of the incentive scheme	9 606 064	1 764 034	1 180 897
Undistributed financial result	1 327 318	1 327 319	1 327 319
Net result of the period	61 251 729	73 796 395	23 006 460
Long-term liabilities	5 878 683	548 722	587 326
Deferred income tax provisions	627 089	548 722	587 326
Leasing liabilities	5 251 594	0	0
Short-term liabilities	30 818 995	13 303 973	13 100 587
Trade liabilities	23 245 628	4 633 152	7 195 622
Current income tax liabilities	3 307 977	6 083 371	4 251 049
Leasing liabilities	610 471	0	0
Other liabilities	558 724	329 881	231 602
Other provisions	494 440	254 054	170 027
Accruals and deferred income	2 601 755	2 003 515	1 252 287
Liabilities directly connected with the assets intended for sale	0	0	0
TOTAL LIABILITIES AND EQUITY	167 240 916	102 674 081	51 134 602

3. INTERIM CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY

Changes in equity	Share capital	Reserve capital from the sales of shares above their nominal value	Reserve capital created from net result	Capital from the settlement of the incentive scheme	Undistributed financial result	Financial result of the current period	Total equity
6 months ending on 30/06/2020							
Equity as at 01/01/2020	724 125	496 100	10 713 413	1 764 034	75 123 714	0	88 821 386
Changes in accounting principles (policy)							0
Corrections of errors from previous periods							0
Equity after corrections	724 125	496 100	10 713 413	1 764 034	75 123 714	0	88 821 386
Share-based payments				7 842 030			7 842 030
Net profit distribution			46 424 489		-46 424 489		0
Dividend payment					-27 371 907		-27 371 907
Total comprehensive income						61 251 729	61 251 729
Equity as at 30/06/2020	724 125	496 100	57 137 902	9 606 064	1 327 318	61 251 729	130 543 238
6 months ending on 30/06/2019							
Equity as at 01/01/2019	727 500	496 100	995 962	780 748	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	995 962	780 748	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 EGM	-5 000		5 000				0
Adjustment of share-based payments in connection 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	10 713 413	1 180 897	1 327 319	23 006 460	37 446 689

In the reporting period the Company recognized a part of the cost of a dedicated incentive program for the new President of the Management Board Mr. Maciej Zużalek. The incentive program in question includes the transfer at a nominal price equal to PLN 0.1 per share of 144,825 shares by the Company's existing shareholders. In accordance with IFRS 2 "Share-based Payment", each transfer of an entity's equity instruments made by its shareholders to counterparties providing goods or services is a share-based payment and is subject to measurement in accordance with the indicated standard. The market value of the program amounted to PLN 72.4 million and the non-cash cost will be borne proportionally by the Company for a period of 3 years (12 commenced quarters) starting from 20 May 2020. The cost incurred in the period of 6 months ended 30 June 2020 is PLN 6 033 168.

Changes in consolidated equity	Share capital	Reserve capital from the sales of shares above their nominal value	Reserve capital created from net result	Capital from the settlement of the incentive scheme	Undistributed financial result	Financial result of the current period	Total equity
12 months ending on 31/12/2019							
Equity as at 01/01/2019	727 500	496 100	995 962	780 748	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	995 962	780 748	38 350 270	0	41 350 580
Payment of the share capital	1 625						1 625
Share-based payments				1 187 441			1 187 441
Reduction of the share capital in accordance with the resolution of the EGM	-5 000		5 000				0
Adjustment of share-based payments in connection 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						73 796 395	73 796 395
Equity as at 31/12/2019	724 125	496 100	10 713 413	1 764 034	1 327 319	73 796 395	88 821 386

4. INTERIM CONDENSED STANDALONE CASH FLOW STATEMENT

Separate cash flow statement	for 01/01/2020 - 30/06/2020	01/01/2019 - 30/06/2019
OPERATING ACTIVITY		
Profit/loss before taxation	68 023 447	28 132 444
Total corrections:	-18 842 712	-2 211 251
Depreciation	1 430 729	456 014
Foreign exchange profit/loss	-177 000	12 303
Interest paid on leasing	109 341	0
Interest and share in profits (dividends)	-1 656 905	-124 875
Valuation of the lease liability	272 364	0
Change in provisions (excluding deferred tax provision)	838 627	24 973
Change in receivables	-45 660 138	-7 308 275
Change in liabilities, except for loans and credits, CIT liabilities and dividends	18 904 287	4 537 420
Change in prepayments and accruals (without short-term prepayments and accruals for share-based payments)	-685 622	-314 889
Share-based payments (part not included in the acquisition of intangible assets)	7 698 872	506 078
Other adjustments	82 733	0
Cash on operating activity	49 180 734	25 921 193
Paid interest	0	0
Income tax (paid) / refunded	-9 618 291	-8 412 945
A. Net operating cash flow	39 562 443	17 508 248
INVESTMENT ACTIVITY		
Inflows	20 000	0
Repayment of loans granted	20 000	
Outflows	1 827 731	1 891 433
Purchase of intangible and tangible fixed assets	1 827 731	1 891 433
B. Net cash flow from investment activities	-1 807 731	-1 891 433
FINANCIAL ACTIVITY		
Inflows	1 656 905	124 875
Dividends from subsidiaries	1 656 905	124 875
Outflows	27 762 020	27 310 500
Dividends and other payments to owners	27 371 906	27 310 500
Payment of liabilities under financial leasing agreements	280 773	0
Interest	109 341	0
C. Net cash flow from financial activity	-26 105 115	-27 185 625
D. Total net cash flow	11 649 597	-11 568 810
E. Balance-sheet change in cash, including	11 670 775	-11 581 113
- change in cash due to exchange losses/gains	177 000	-12 303
F. Cash at the beginning of the period	70 836 864	39 017 889
G. Cash at the end of the period	82 486 461	27 449 079

ADDITIONAL EXPLANATORY NOTES TO THE STANDALONE FINANCIAL STATEMENT

1. REVENUES

Specification	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019
Sales of services	262 711 825	94 290 576
TOTAL revenues from sales of services	262 711 825	94 290 576
Other operating revenues	5 452	88 370
Financial revenues	2 838 377	328 253
TOTAL revenues from continuing operations	265 555 654	94 707 199
TOTAL revenues	265 555 654	94 707 199

Revenues from discontinued operations did not occur.

1.1. Revenues – source

type of revenues	payments in 1-6 2020	share in payments in 2020	payments in 1-6 2019	share in payments in 2019
Micro-payments	258 271 437	98,1%	91 164 993	96,7%
Advertisements	3 557	0,0%	23 304	0,0%
Licenses*	5 035 071	1,9%	3 133 827	3,3%
PAYMENTS TOTAL	263 310 065	100,0%	94 322 124	100,0%
deferred income	-598 240	N/A	-31 548	N/A
REVENUES TOTAL	262 711 825	N/A	94 290 576	N/A

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

1.2. Revenues – games

game	payments in 1-6 2020	share in payments in 2020	payments in 1-6 2019	share in payments in 2019
Fishing Clash	242 721 607	92,2%	80 671 006	85,5%
Let's Fish	8 419 829	3,2%	7 411 956	7,9%
Wild Hunt	7 917 674	3,0%	4 533 553	4,8%
other	4 250 955	1,6%	1 705 609	1,8%
PAYMENTS TOTAL	263 310 065	100,0%	94 322 124	100,0%
deferred income	-598 240	N/A	-31 548	N/A
REVENUES TOTAL	262 711 825	N/A	94 290 576	N/A

1.3. Revenues – partners

counterparties	payments in 1-6 2020*	share in payments in 2020	payments in 1-6 2019*	share in payments in 2019
Google Inc.	151 979 572	57,7%	55 490 073	58,3%
Apple Distribution International	93 941 803	35,7%	26 620 526	28,0%
others (of which none individually exceeds 10% of the share in payments)	17 388 690	6,6%	12 211 524	12,8%
PAYMENTS TOTAL	263 310 065	100,0%	94 322 124	100,0%
deferred income	-598 240	N/A	-31 548	N/A
REVENUES TOTAL	262 711 825	N/A	94 290 576	N/A

1.4. Revenues – distribution channels

distribution channel	payments in 1-6 2020	share in payments in 2020	payments in 1-6 2019	share in payments in 2019
mobile	249 131 042	94,6%	83 703 886	88,7%
web browsers	14 179 023	5,4%	10 618 239	11,3%
PAYMENTS TOTAL	263 310 065	100,0%	94 322 124	100,0%
deferred income	-598 240	N/A	-31 548	N/A
REVENUES TOTAL	262 711 825	N/A	94 290 576	N/A

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 2020	share in payments in 2020	payments in 1-6 2019	share in payments in 2019
North America	109 391 637	41,5%	39 730 352	42,1%
Europe	106 122 098	40,3%	8 046 299	8,5%
<i>i) including Poland</i>	<i>16 805 970</i>	<i>6,4%</i>	<i>1 555 175</i>	<i>1,6%</i>
<i>(ii) including revenues from subsidiaries (Poland)</i>	<i>3 058 815</i>	<i>1,2%</i>	<i>39 680 511</i>	<i>42,1%</i>
Asia	35 129 529	13,3%	10 553 666	11,2%
South America	6 690 914	2,5%	1 706 770	1,8%
Australia and Oceania	4 076 429	1,5%	1 780 181	1,9%
Africa	1 899 458	0,7%	870 643	0,9%
Total	263 310 065	100%	94 322 124	100%
deferred income	-598 240	N/A	-31 548	N/A
REVENUES TOTAL	262 711 825	N/A	94 290 576	N/A

2. OPERATING COSTS

Specification	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019
Depreciation and amortization	1 430 729	456 014
Consumption of materials and energy	760 826	289 530
Third-party services	178 634 253	62 336 629
Taxes and fees	869 789	238 806
Remuneration	14 518 370	4 148 005
Social insurance and other benefits	1 394 806	661 681
Other costs by nature	19 205	41 432
Total costs by nature, including:	197 627 978	68 172 096
Change in products	0	0
Costs of manufacturing goods for internal purposes (negative value)	-1 044 694	-1 660 176
Costs of sales (negative)	-173 176 503	-58 957 426
Costs of general management (negative)	-13 045 586	-2 919 342
Costs of services sold	10 361 195	4 635 152

3. FINANCIAL REVENUES

Financial revenues	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019
Interest income	57 912	129 965
Received dividends	1 656 905	124 875
Foreign exchange gains/(losses) net	1 123 560	73 413
Total	2 838 377	328 253

4. INCOME TAX AND DEFERRED TAX

Income tax disclosed in the statement of comprehensive income	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019
Current income tax	6 853 932	4 946 305
Relating to the financial year	6 853 932	4 946 305
Deferred income tax	-82 214	179 679
Related to the creation and reversal of temporary differences	-82 214	179 679
Tax payable disclosed in the standalone profit and loss account	6 771 718	5 125 984

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

Name	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019
Gross financial result (profit, loss)	68 023 446	28 132 444
Foreign exchange differences – balance sheet differences, differences not constituting the tax base, not constituting the tax deductible costs	-43 416	3 567
Dividends received	-1 656 905	-124 875
Write-off of receivables which do not constitute tax deductible costs	1 530	0
Release and establishment of the provision for holiday pay	240 387	-6 575
Donations (then deducted from income)	799 500	0
Depreciation of leasing	583 891	0
Other costs not constituting tax deductible costs	355 797	116 996
Amortisation of intangible assets	489 078	334 396
Capitalisation of games costs	-1 044 694	-1 660 176
Creation of a write-down for intangible assets	0	0
Share-based payments	7 842 030	626 988
Income (and related expense) deferred in time – finally, as per account balance	418 768	-22 082
Other tax-deductible costs not constituting balance sheet costs	-653 716	0
Taxable income	75 355 696	27 422 765
<i>including income taxed at 5% (IP Box)</i>	<i>50 321 695</i>	<i>---</i>
<i>including income taxed at 19% rate</i>	<i>25 034 001</i>	<i>---</i>

Structure of a deferred income tax asset

Specification	as at 30/06/2020	as at 31/12/2019	as at 30/06/2019
annual leave accrual	93 944	48 270	32 305
income and cost deferred in time - settlement of pearls in time (net)	346 034	266 467	166 554
leasing – IFRS 16 valuation	57 592	8 125	0
accounts receivable and payable valuation	42 600	56 727	38 036
Total	540 170	379 589	-236 895

Structure of deferred income tax provision

Specification	as at 30/06/2020	as at 31/12/2019	as at 30/06/2019
amortization of games	627 089	548 722	587 326
Total	627 089	548 722	587 326

5. TRADE RECEIVABLES

Specification	30/06/2020	31/12/2019	30/06/2019
Trade receivables	63 423 918	23 565 939	16 276 073
- from related parties	6 054 516	4 284 715	1 485 480
- from other parties	57 369 402	19 281 224	14 790 593
Revaluation write-offs	0	0	0
Gross account receivable	63 423 918	23 565 939	16 276 073

Currency structure:

	30/06/2020			31/12/2019			30/06/2019		
currency	amount in currency	Valuation	% share	amount in currency	Valuation	% share	amount in currency	Valuation	% share
PLN	26 985 864	26 985 864	42,55%	11 184 446	11 184 446	47,46%	7 348 488	7 348 488	45,15%
USD	8 940 832	35 590 797	56,11%	3 112 407	11 819 987	50,16%	2 254 002	8 415 542	51,70%
RUB	81 126	362 307	0,57%	52 758	224 672	0,95%	46 856	199 230	1,22%
EUR	8 396 811	473 580	0,75%	5 242 421	320 312	1,36%	3 946 037	233 605	1,44%
BRL	0	0	0,00%	529	500	0,00%	41 865	40 914	0,25%
JPY	0	0	0,00%	213 096	7 450	0,03%	260 473	9 031	0,06%
other currencies	-----	11 370	0,02%	-----	8 572	0,04%	-----	29 262	0,18%
TOTAL		63 423 918	100%		23 565 939	100%		16 276 073	100%

Ageing of receivables:

	30/06/2020	31/12/2019	30/06/2019
age structure – debt period	value of receivables	value of receivables	value of receivables
- from affiliates:	6 054 516	4 284 715	1 485 480
not overdue	6 054 516	4 284 715	692 929
up to one month	0	0	415 758
1-3 months	0	0	170 352
3-6 months	0	0	170 315
6-12 months	0	0	36 125
- from other parties:	57 369 402	19 281 224	14 790 593
not overdue	57 252 685	19 279 773	14 765 805
up to one month	105 044	526	6 222
1-3 months	11 369	733	14 040
3-6 months	305	60	4 526
6-12 months	0	0	0
Total receivables	63 423 918	23 565 939	16 276 073

APPROVAL OF THE FINANCIAL STATEMENT

This report for the period from January 1 to June 30, 2020 was signed and approved for publication by the Management Board of Ten Square Games S.A. on August 24, 2020.

		date	signature
President of the Management Board	Maciej Zużalek	24/08/2020	
Vice-President of the Management Board	Arkadiusz Pernal	24/08/2020	
Member of the Management Board	Marcin Chruszczyński	24/08/2020	