CONSOLIDATED FINANCIAL STATEMENT

OF THE TEN SQUARE GAMES S.A. CAPITAL GROUP

AS AT 31 DECEMBER 2018

Wrocław, 21.03.2019

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CONSOLIDATED FINANCIAL STATEMENT

1. CHOSEN FINANCIAL DATA

Specification	01/01/2018 - 31/12/2018		01/01/2017 - 31/12/2017	
	PLN	EUR	PLN	EUR
STATEMENT OF COMPREHENSIVE INCOME				
Net revenues	115,257,658	27,012,036	27,032,272	6,368,476
Cost of sales	7,381,948	1,730,049	5,842,944	1,376,527
Operating profit (loss)	44,314,539	10,385,652	10,862,393	2,559,048
Gross profit (loss)	44,849,174	10,510,950	10,233,177	2,410,813
Net profit (loss)	36,469,341	8,547,034	8,412,045	1,981,776
CASH FLOW STATEMENT				
Net operating cash flow	41,240,013	9,665,099	7,673,707	1,807,833
Net cash flow from investment activities	-1,765,709	-413,815	-447,839	-105,505
Net cash flow from financial activity	-6,308,880	-1,478,563	-2,713,111	-639,176

Description	31/12/2018		31/12/2017	
	PLN	EUR	PLN	EUR
BALANCE				
Fixed assets	2,701,316	628,213	2,160,581	518,013
Current assets	51,766,242	12,038,661	12,411,681	2,975,780
Equity	42,084,424	9,787,075	11,689,465	2,802,624
Long-term liabilities	359,388	83,579	285,848	68,534
Short-term liabilities	12,023,746	2,796,220	2,596,949	622,635

EUR/PLN exchange rate	**2018**	**2017**
- for the balance-sheet data	4.3000	4.1709
- for the data from the profit and loss statement and cash flow statement	4.2669	4.2447

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.

2. CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT for the period:	note	for the period 01/01/2018 - 31/12/2018	for the period 01/01/2017 - 31/12/2017
Revenues from the sales of services	**1**	**115,257,658**	**27,032,272**
Manufacturing costs of sold services	**2**	**7,381,948**	**5,842,944**
Gross profit (loss) on sales		**107,875,710**	**21,189,328**
Other operating revenues	3	36,020	1,783
Costs of sales	2	58,635,144	7,877,239
Costs of general management	2	4,246,431	2,443,816
Other operating costs	3	715,616	7,663
Operating profit (loss)		**44,314,539**	**10,862,393**
Financial revenues	4	552,017	7,683
Financial costs	4	907	636,899
Operating profit (loss)		-16,475	0
Profit (loss) before taxation		**44,849,174**	**10,233,177**
Income tax	5	8,379,833	1,821,132
Net profit (loss) on continued activity		**36,469,341**	**8,412,045**
Profit (loss) on discontinued activity		**0**	**0**
Net profit (loss)		**36,469,341**	**8,412,045**
Net profit (loss) per Parent Entity		**36,467,511**	**8,412,045**
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		**36,469,341**	**8,412,045**
Total comprehensive income assigned to non-controlling shareholders		1,830	0
Total comprehensive income per Parent Entity		**36,467,511**	**8,412,045**

Calculation of profit per share	01/01/2018-31/12/2018	01/01/2017 - 31/12/2017
Number of shares		
The weighted average number of shares for the purpose of calculating the value of basic profit per share (in units)	7,275,000	7,213,562
The weighted average number of shares for the purpose of calculating the value of diluted profit per share (in units)	7,275,000	7,213,562
Net profit assigned to the Parent Entity	36,467,511	8,412,045
Net profit per share per shareholders of the Parent Entity		
Basic net profit for the trading period	PLN 5.01	PLN 1.17
Diluted net profit for the trading period	PLN 5.01	PLN 1.17

3. INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL SITUATION

ASSETS	note	31/12/2018	31/12/2017
Fixed assets		**2,701,316**	**2,160,581**
Tangible fixed assets	8	246,799	70,857
Intangible assets	9	2,186,675	1,646,854
Other fixed assets	10	68,053	249,526
Other financial assets	11	0	163,574
Deferred income tax assets	5	199,789	29,770
Current assets		**51,766,242**	**12,411,681**
Stocks		0	0
Trade receivables	12	10,671,417	4,551,180
Other receivables	13	540,895	957,873
Pre-payments and accruals	14	803,134	329,790
Cash and cash equivalents	15	39,750,796	6,572,838
Assets classified as intended for sale		**0**	**0**
TOTAL ASSETS		**54,467,558**	**14,572,262**

LIABILITIES	note	31/12/2018	31/12/2017
Equities		**42,084,424**	**11,689,465**
Equities of the Parent Entity's shareholders		***42,084,424***	***11,689,465***
Share capital	16	727,500	727,500
Reserve capital from the sales of shares above their nominal value	17	496,100	496,100
Other capitals	7.28	1,776,710	544,420
Undistributed financial result	18	2,616,603	1,509,400
Financial result of the current period		36,467,511	8,412,045
Equity of non-controlling shareholders		***0***	***0***
Long-term liabilities		**359,388**	**285,848**
Deferred income tax provisions	5	359,388	285,848
Short-term liabilities		**12,023,746**	**2,596,949**
Trade liabilities	19	2,735,833	963,940
Current income tax liabilities		7,722,652	1,072,627
Other liabilities	20	167,920	449,765
Other provisions	23	176,602	110,617
Pre-payments and accruals	1	1,220,739	0
Liabilities directly connected with the assets intended for sale		**0**	**0**
TOTAL LIABILITIES		**54,467,558**	**14,572,262**

4. INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in equity	Share capital	Reserve capital from the sales of shares above their nominal value	Other capitals	Undistributed financial result	Financial result of the current period	Equity of shareholders of the Parent Entity	Equity of non-controlling shareholders	Total equity
12 months ending on 31/12/2018								
Equity as at 01/01/2018	**727,500**	**496,100**	**544,420**	**9,921,445**	**0**	**11,689,465**	**0**	**11,689,465**
Changes in accounting principles (policy)								0
Corrections of errors from previous periods								0
Equity after corrections	**727,500**	**496,100**	**544,420**	**9,921,445**	**0**	**11,689,465**	**0**	**11,689,465**
Payment of share capital							582	582
Share-based payments			236,328			236,328		236,328
Distribution of net profit			995,962	-995,962		0		0
Payment of dividends				-6,308,880		-6,308,880		-6,308,880
Total comprehensive income					36,469,341	36,467,511	1,830	36,469,341
Elimination of non-controlling shareholders' capital							-2,412	-2,412
Equity as at 31/12/2018	**727,500**	**496,100**	**1,776,710**	**2,616,603**	**36,469,341**	**42,084,424**	**0**	**42,084,424**
12 months ending on 31/12/2017								
Equity as at 01/01/2017	**28,800**	**544,800**	**500,000**	**4,372,510**	**0**	**5,446,110**	**0**	**5,446,110**
Changes in accounting principles (policy)								0
Corrections of errors from previous periods								0
Equity after corrections	**28,800**	**544,800**	**500,000**	**4,372,510**	**0**	**5,446,110**	**0**	**5,446,110**
Issue of shares	300	149,700				150,000		150,000
Increasing share capital – transforming the company into a joint-stock company).	698,400	-198,400	-500,000					0
Share-based own payments			544,420					544,420
Payment of dividends				-2,863,110				-2,863,110
Total comprehensive income					8,412,045	8,412,045		8,412,045
Equity as at 31/12/2017	**727,500**	**496,100**	**544,420**	**1,509,400**	**8,412,045**	**14,008,155**	**0**	**11,689,465**

5. INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT	for the period 01/01/2018 - 31/12/2018	for the period 01/01/2017 - 31/12/2017
OPERATING ACTIVITY		
Profit/loss before taxation	**44,849,174**	**10,233,177**
Total corrections:	**-1,788,709**	**-1,609,382**
Depreciation	697,150	578,226
Exchange profit/loss	-12,533	95,601
Interest and share in profits (dividends)	0	0
Write-offs on intangible assets	566,106	0
Share-based payments (part not included in the acquisition of intangible assets)	230,820	45,369
Change in provisions and accruals (without a deferred tax provision)	1,286,724	35,180
Change in stocks	0	944
Change in receivables	-5,539,684	-2,749,756
Change in liabilities, excluding loans and credits, CIT liabilities and dividends	1,482,608	492,110
Change in prepayments	-473,346	-107,055
Other corrections	-26,554	0
Cash on operating activity	**43,060,465**	**8,623,796**
Income tax (paid) / refunded	-1,820,452	-950,089
A. Net operating cash flow	**41,240,013**	**7,673,707**
INVESTMENT ACTIVITY		
Income	**0**	**0**
Costs	**1,765,709**	**447,839**
Purchase of intangible and tangible fixed assets	1,765,709	447,839
B. Net cash flow from investment activities	**-1,765,709**	**-447,839**
FINANCIAL ACTIVITY		
Income	**0**	**150,000**
Net proceeds from issue of shares and other capital instruments and additional payments to capital	0	150,000
Costs	**6,308,880**	**2,863,110**
Dividends and other payments to owners	6,308,880	2,863,110
C. Net cash flow from financial activity	**-6,308,880**	**-2,713,110**
D. Total net cash flow	**33,165,425**	**4,512,757**
E. Balance-sheet change in cash, including	**33,177,958**	**4,417,156**
- change in cash due to exchange losses/gains	12,533	-95,601
F. Cash at the beginning of the period	**6,661,794**	**2,149,037**
G. Cash at the end of the period	**39,827,219**	**6,661,794**

GENERAL INFORMATION

1. PARENT ENTITY'S DATA

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

Ten Square Games Sp. z o.o. was registered on 21 October 2011, under the 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. 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.

3. PRESENTED PERIODS

The consolidated financial statement includes data for the period from 1 January 2018 to 31 December 2018. Comparative data are presented as at 31 December 2017 for the consolidated statement of financial condition and for the period from 1 January 2017 to 31 December 2017 for the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity.

4. CONTINUITY ASSUMPTION

The consolidated financial statement has been prepared assuming that the Capital Group (including the Issuer) shall continue their activities for the period of 12 months after the last balance-sheet date, i.e. 31/12/2018. 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 consolidated financial statement for 2018, 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.

5. COMPOSITION OF THE PARENT ENTITY’S BODIES AS AT 31/12/2018

The Management Board:

Maciej Popowicz – President of the Management Board;

Arkadiusz Pernal – Vice-President of the Management Board.

Magdalena Jurewicz – Member of the Management Board (from 1/09/2018).

Apart from the above-mentioned appointment of Mrs. Magdalena Jurewicz to the Management Board, there were no changes in the composition of the body during the reporting period and thereafter until the date of preparation of the consolidated financial statements.

Supervisory Board:

Maciej Zużałek – Chairman of the Supervisory Board;

Rafał Olesiński – Vice-Chairman of the Supervisory Board;

Marcin Chruszczyński – Member of the Supervisory Board;

Tomasz Drożdżyński – Member of the Supervisory Board;

Maciej Marszałek – Member of the Supervisory Board;

Wiktor Schmidt – Member of the Supervisory Board.

In the period from 1 January 2018 to 31 December 2018 there were no changes in the composition of the Council.

Between 31.12.2018 and the date of preparation of the consolidated financial statements the following change took place: Mrs. Milena Olszewska-Miszuris joined the Supervisory Board as Member of the Supervisory Board on 14.01.2019.

6. SHAREHOLDERS STRUCTURE

Shareholder	**number of shares as at 21/03/2019**	**share in basic capital**	**number of votes at GSM**	**% share in the number of votes**
President of the Management Board – Maciej Popowicz	2,852,500	39.48%	2,852,500	39.48%
Vice-President of the Management Board – Arkadiusz Pernal	1,365,000	18.89%	1,365,000	18.89%
Member of the Management Board – Magdalena Jurewicz	25,000	0.35%	25,000	0.35%
NN PTE[3]*	565,000	7.82%	565,000	7.82%
Member of the Supervisory Board – Maciej Zużałek	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%
other	*2,289,331*	*31.69%*	*2,289,331*	*31.69%*
TOTAL	**7,225,000**	**100%**	**7,225,000**	**100%**

[1]State in accordance with current report no. 8 of 11 May 2018
[2]State in accordance with current report no. 9 of 11 May 2018
[3]State in accordance with current report no. 10 of 11 May 2018

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

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

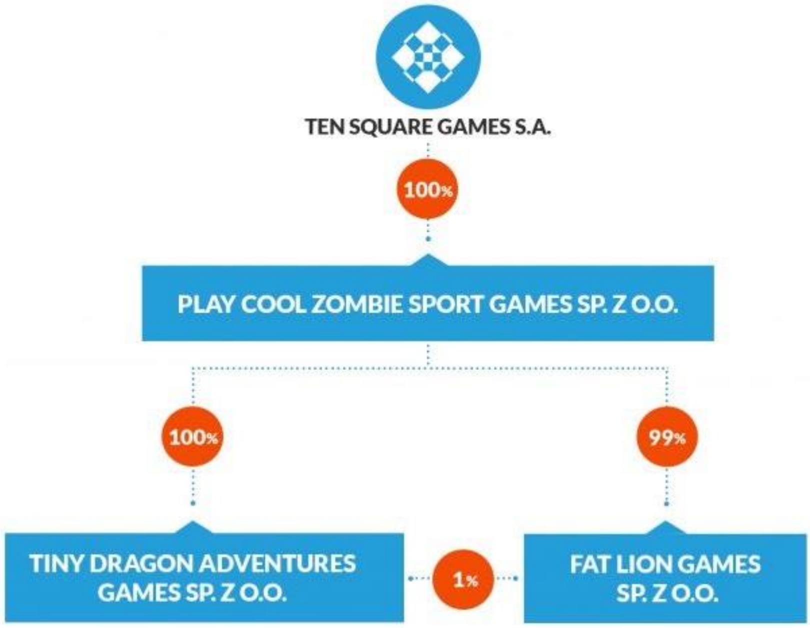
Shareholder	**number of shares as at 31/12/2017**	**share in basic capital**	**number of votes at GSM**	**% share in the number of votes**
President of the Management Board – Maciej Popowicz	4,075,000	56.01%	4,075,000	56.01%
Vice-President of the Management Board – Arkadiusz Pernal	1,950,000	26.80%	1,950,000	26.80%
Member of the Management Board (from 1/09/2018) – Magdalena Jurewicz	25,000	0.34%	25,000	0.34%
Member of the Supervisory Board – Maciej Zużałek	75,000	1.03%	75,000	1.03%
Member of the Supervisory Board – Maciej Marszałek	75,000	1.03%	75,000	1.03%
other	*1,100,000*	*15.12%*	*1,100,000*	*15.12%*
TOTAL	**7,275,000**	**100%**	**7,275,000**	**100%**

Changes in the shareholding structure between 31 December 2018 and 21 March 2019 result from a reduction in the share capital as a result of a motion of a shareholder aimed at voluntary redemption of shares (resolutions of the Extraordinary General Meeting of Shareholders of 14 January 2019 and 17 January 2019), which was recorded by the District Court on 22 February 2019.

Changes in shareholders structure between 31 December 2017 and 31 December 2018 result from conducting the first Public Offering of the Company's shares, during which the existing shareholders sold 2,043,750 of the Company's shares.

7. CAPITAL GROUP

As at 31.12.2018 and 21.03.2019:



On 14 October 2015, the first subsidiary company, Play Cool Zombie Sport Games Sp. z o.o., was registered.

On 29 August 2016, Tiny Dragon Adventure Games Sp. z o.o. was registered.

On 16 May 2017, a subsidiary company Fat Lion Games Ltd was registered in Great Britain. On 20 February 2018 the company was closed (deleted from the register of companies).

On 17 November 2017, Fat Lion Games Sp. z o.o. was registered.

On 13 February 2018, a subsidiary company Pangolins Games Private Limited was registered in India. On 21 December 2018 Play Cool Zombie Sport Games Sp. z o.o. sold all its shares (90% of the share capital) to a natural person holding so far 10%, thus on that day the entity ceased to be a part of the Ten Square Games S.A. capital group.

8. INFORMATION ON CONSOLIDATION

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 from the date of a given company's establishment till the date of discontinuation of exercising control.

SUBSIDIARIES' DATA

Name	**Play Cool Zombie Sport Games Sp. z o.o.**	**Tiny Dragon Adventure Games Sp. z o.o.**
Legal form	Spółka z ograniczoną odpowiedzialnością	Spółka z ograniczoną odpowiedzialnością
Registered seat	ul. Długosza 60, 51-162 Wrocław	ul. Długosza 60, 51-162 Wrocław
Registration country	Poland	Poland
Core business activity	publishing activity with regard to computer games (58.21.Z)	publishing activity with regard to computer games (58.21.Z)
Authority keeping the register	District Court, VI Commercial Division of the National Court Register	District Court, VI Commercial Division of the National Court Register
KRS no.	0000580667	0000634216
Statistical REGON no.	362748821	365263544
Tax identification number	8982214450	8982223710
Company duration	indefinite	indefinite
% of capital held by the Parent Company	100%	100% (indirectly)

Name	**Fat Lion Games Sp. z o.o.**	**Pangolins Games Private Limited**
Legal form	Spółka z ograniczoną odpowiedzialnością	Indian Private Limited Company
Registered seat	ul. Długosza 60, 51-162 Wrocław	B-32, IDC, MEHRAULI ROAD, GURUGRAM, Gurgaon, Haryana, India, 122001
Registration country	Poland	India
Core business activity	publishing activity with regard to computer games (58.21.Z)	Games production
Authority keeping the register	District Court, VI Commercial Division of the National Court Register	Government of India, Ministry of Corporate Affairs, Central Registration Centre
KRS no.	0000704592	U74999HR2018FTC072559 (company identification number)
Statistical REGON no.	368774363	N/A
Tax identification number	8982238999	N/A
Company duration	indefinite	indefinite
% of capital held by the Parent Company	100% (indirectly)	90% (directly) till 21.12.2018

9. AUDITING COMPANY

PKF Consult Spółka z ograniczoną odpowiedzialnością Sp.k.

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10. STATEMENT OF THE MANAGEMENT BOARD

The Management Board of the Parent Entity declares that, to the best of its knowledge, this consolidated financial statement and the comparative data have been prepared in accordance with the accounting provisions of the Capital Group Ten Square

Games S.A. and that they reflect a true and fair view of the property and financial situation of the Capital Group and their financial results.

The Management Board also declares that the report on the Group's activities gives a true picture of the Group's development, achievements and situation, including a description of the main threats and risks.

These consolidated financial statement has been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union. The consolidated financial statements cover the period from 1 January to 31 December 2018 and the comparative period from 1 January to 31 December 2017.

11. MANAGEMENT BOARD INFORMATION

The Management Board of the Parent Company informs that the selection of an audit firm to audit the annual separate and consolidated financial statements for the financial year 2018 was made by the legal predecessor of the Company, i.e. Ten Square Games sp. z o.o. in August 2017. The agreement with the audit firm covers, among other things, the audit of the Company's separate and consolidated financial statements for the financial years 2017 and 2018. The audit firm was selected in accordance with generally applicable laws. The legal predecessor of the Company did not have internal procedures for the selection and policy of the audit firm.

The audit firm and the members of the team auditing the annual separate and consolidated financial statements for the financial year 2018 fulfilled the conditions for the preparation of an impartial and independent report on the audit of the annual financial statements in accordance with the applicable regulations, professional standards and professional ethics;

The Ten Square Games S.A. Capital Group complies with applicable laws relating to the rotation of the audit firm and the key statutory auditor, as well as mandatory grace periods;

Ten Square Games S.A. (parent entity) has a policy for selecting an audit firm and a policy for the provision to the issuer by the audit firm, an entity affiliated with the audit firm or a member of its network of additional non-audit services, including services conditionally exempt from the prohibition on the provision by the audit firm.

BASIS OF PREPARATION AND ACCOUNTING POLICY

1. COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated financial statement prepared as at 31 December 2018 has been prepared in accordance with International Accounting Standards, International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board approved by the European Union, hereinafter referred to as “EU IFRS”.

The EU IFRS comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), approved for application in the EU.

In preparing the consolidated financial statements as at 31 December 2018, the Parent Company adopted all new and approved standards and interpretations issued by the International Accounting Standards Board and the International Accounting Standards Interpretation Committee and approved for application in the EU, applicable to its operations and binding in the reporting periods from 1 January 2018.

In preparing the consolidated financial statement as at 31 December 2018, the Capital Group did not make use of the possibility of earlier application of standards and amendments to standards approved by the European Union, which are binding for reporting periods beginning on or after 1 January 2019:

a) IFRS 16 Leasing – applicable in relation to the reporting periods starting on or after 1 January 2019

IFRS 16 replaces the existing lease arrangements covering IAS 17, IFRIC 4, SIC 15 and SIC 27. IFRS 16 introduces a single model for recognising a lease with a lessee that requires recognition of assets and liabilities, unless the lease term is 12 months or less or the asset is of low value. The lessor's approach remains broadly unchanged from those in IAS 17, with the lease still required to be classified as either operating or financial.

b) Amendments to IFRS 9 Financial Instruments – Contracts with prepayment characteristics with negative compensation - effective for reporting periods beginning on or after 1 January 2019

The amendment clarifies that financial instruments that include the possibility of early repayment (prepayment) that may result in negative compensation may be measured at amortised cost or fair value through other comprehensive income, depending on the entity's financial asset management business model.

c) IFRIC 23 Uncertainty regarding income tax interpretations – applicable in relation to the reporting periods starting on or after 1 January 2019

The interpretation explains how to reflect uncertainty related to the recognition of income tax in financial statements. The interpretation refers to situations when the recognition of a given transaction or circumstance in tax law is unclear or when the entity is not sure whether the tax authorities will accept the entity's approach or its interpretation of tax law.

d) Changes to IAC 28 “Investments in affiliates and joint ventures” – Long-term shares in affiliates and joint ventures (published on 12 October 2017, applicable in relation to the reporting periods starting on or after 1 January 2019)

The purpose of the change is to indicate how to measure long-term shares in affiliates or joint ventures. Paragraph 14A is added to clarify that an entity applies IFRS 9, including the requirements for impairment, to long-term interests in an associate or joint venture that form part of a net investment in an associate or joint venture but to which the equity method is not applied. Paragraph 41 was deleted because the Board decided that it had reiterated the requirements of IFRS 9 and was the reason of confusion related to long-term interests.

Amendments to IFRS (2015-2017) – changes in the procedures of introducing annual amendments to IFRS – applicable in relation to the reporting periods starting on or after 1 January 2019

- Amendment to IFRS 3 Business Combinations IFRS 11 Joint Arrangements clarifies the following:

a) an entity remeasures its interest in a joint operation that meets the definition of a business when it obtains control over it.

b) An entity shall not remeasure an interest in a joint operation that meets the definition of a business if a change in an interest in a joint operation gives rise to joint control or its maintenance.

- The amendment to IAS 12 Income Taxes clarifies that the tax consequences of dividends are recognised in the same way as for other transactions.
- The amendment to IAS 23 External financing costs specifies that an entity treats as part of general external financing any financing associated with the production of an asset when the asset is ready for use or sale.

f) Changes concerning IAC 19 Employee benefits – applicable in relation to the reporting periods starting on or after 1 January 2019

The amendment requires that, in the event of a change, curtailment or settlement of a defined benefit plan, an entity shall:

- apply current assumptions to determine the current employment cost and the present value of the liability resulting from benefits for the remaining period,
- recognised in profit or loss, as "past employment cost" or "profit or loss" on settling the plan, the amounts arising from the valuation of the defined benefit liability, before and after the change, under present assumptions and the fair value of plan assets at the date of the change, including the change in unrecognised surplus.

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 was published as part of a larger project entitled "Businesses regulating prices", devoted to the comparability of financial statements of entities operating in sectors where prices are regulated by certain regulatory or supervisory bodies (depending on the jurisdiction, these sectors often include distribution of electricity and heat, sales of electricity and gas, telecommunication services, etc.).

IFRS 14 does not address more broadly the accounting principles for operations at regulated prices, but only sets out the principles for recognising items that are income or expenses qualifying for recognition as a result of existing price regulation provisions and which, under other IFRSs, do not meet the conditions for recognition as assets or liabilities.

Application of IFRS 14 is permitted when an entity has an operation that is subject to price regulation and has recognised in its financial statements executed in accordance with previous accounting policies amounts that qualify for recognition as "deferred balances".

However, in accordance with published IFRS 14, such items should be presented in a separate line in the statement of financial position (balance sheet) in assets and liabilities, respectively. These items are not separable into current and non-current items and are not referred to as assets or liabilities. Therefore, "deferred items" reported under assets are referred to as 'debit balances of deferred items' and those reported under liabilities as 'credit balances of deferred items'.

In the statement of profit or loss and other comprehensive income, an entity shall report the net change in "deferred items" in the other comprehensive income section and in the profit or loss section (or in the separate statement of profit or loss), respectively.

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

IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 introduces uniform principles of recognition and valuation of insurance and reinsurance contracts at present value. IFRS 17 requires insurance contracts to be recognised based on current estimates and assumptions that reflect expected future cash flows and related uncertainties. Revenue from the insurance contract (contractual margin) is recognised together with the provision of the service covered by the insurance contract for the period covered by the insurance.

Changes in estimates of future cash flows between balance sheet dates are recognised in the statement of comprehensive income or as an adjustment to the expected contractual margin, depending on the nature of the change and the reason for it. An entity has a choice of how to recognise some changes in the discount rate: in the statement of profit or loss or in the statement of comprehensive income for a given period.

The application of IFRS 17 is possible provided that IFRS 9 and IFRS 15 are implemented.

c) Changes in references to conceptual assumptions – effective for annual periods beginning on or after 1 January 2020

d) Amendments to IFRS 3 "Combined businesses" - effective for reporting periods beginning on or after 1 January 2020

e) Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, changes in accounting estimates and error correction" – effective for reporting periods beginning on or after 1 January 2020.

According to the estimates of the Parent Company, the above-mentioned standards, interpretations and amendments to standards will not have a significant impact on the Company's financial statements.

Within the scope of IFRS 16 "Leasing", the Group is a party to operating lease agreements concerning lease of office space and as at the date of preparing the financial statements, it was not decided to implement the standard earlier. The Parent Company estimates that the operating leases binding as at 1 January 2019 meet the definition of short-term leases (i.e. less than 12 months of the contract term), hence the implementation of this standard will not affect the opening balance sheet as at 1 January 2019.

2. CHANGES IN ACCOUNTING PRINCIPLES (POLICY)

Starting from 1 January 2018, the Group applies new standards for the comparative periods: IFRS 9 and IFRS 15.

- IFRS 15

The standard introduces new terminology with regard to the classification of contracts with customers. The fundamental rule of the standard is recognizing revenues in a prepared statement in a way enabling the indication of transfer of services for customers in the amount which reflects the amount of remuneration (i.e. payment) which the Group expects for the services. According to new regulations, revenue arises when the control under services is passed to the customer. The Parent Entity has analyzed the contracts concluded with contractors for the changes introduced with the IFRS 15 standard. 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 ("tokens", "virtual goods") the transfer of the goods takes place immediately through the channels of Internet distribution upon receiving payment through a financial intermediary (payment aggregator). Although in case of purchase of premium packages, i.e. packages containing, among other things, virtual currency, their transfer 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 is the player who chooses the when they decide to exchange the virtual currency for other virtual goods.

According to IFRS 18 (the standard replaced by IFRS 15), revenue was recognized when significant risk and benefits resulting from ownership were passed to the buyer.

Upon introducing IFRS 15, the Group adjusted its accounting policy, but there were no differences in figures between the previous financial statements and this financial statement.

- IFRS 9

The new standard introduces changes in the rules of classification and valuation of financial assets, a new model of determining expected credit losses for the purposes of calculating impairment write-offs and requirements with regard to hedge accounting.

The Parent Entity has analyzed the financial assets and liabilities for the changes in their recognition after introducing IFRS 9. The tables provided below include changes in the classification of financial assets and liabilities:

Financial assets	Category of financial instruments - IFRS 9 (financial statement for 2018)	Category of financial instruments - IFRS 39 (financial statement for 2017)
Other financial assets (long-term), including:	Financial assets valuated according to amortized costs	receivables and loans
deposit	*Financial assets valuated according to amortized costs*	*receivables and loans*
Trade receivables and other receivables	Financial assets valuated according to amortized costs	receivables and loans
Cash and cash equivalents	Financial assets valuated according to the fair value	receivables and loans

LIABILITIES	Category of financial instruments - IFRS 9 (financial statement for 2018)	Category of financial instruments - IFRS 39 (financial statement for 2017)
Trade liabilities and other liabilities	Financial liabilities valuated according to amortized costs	Other financial liabilities

Upon introducing IFRS 9, the Group adjusted its accounting policy, but the changes in the classification of instruments did not influence the value recognition of these items.

The Group has presented historical financial information for the years 2015-2017 in the issue prospectus applying the above standards.

3. DESCRIPTION OF THE ADOPTED ACCOUNTING PRINCIPLES (POLICY)

3.1. Consolidation – subsidiaries

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

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

3.2. Revenues and costs of operating activity

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

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

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

The Group distinguishes three main sources of revenues:

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

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

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

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

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

Revenues from advertisements displayed in games (advertisements)

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

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

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

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

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

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

3.3. Revenues and costs of financial activity

Financial revenues include mainly interest on free resources on bank accounts, commissions and interest on granted loans, interest due to delay in settling receivables, the amount of released provisions concerning financial activity, revenues on sales of securities, exchange gains, restoration of lost value of investments, the value of cancelled credits and loans as well as profits from settlement of derivative instruments.
Financial costs include mainly interest on credits and loans, interest for delay in the payment of receivables, created provisions for certain or probable losses on financial operations, acquisition value of sold shares, stocks, securities, commissions and handling fees, value of short-term investments, discount and exchange rate differences, losses on settlement of derivative instruments, and, in the case of financial leasing, other fees, excluding capital instalments.

3.4. Income tax

Income tax includes: current tax payable and deferred tax.

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

Deferred tax
Deferred tax is a tax payable in the future, recognized in full value with the use of the balance sheet method, due to temporary differences between the tax value of assets and liabilities and their balance-sheet values in the financial statement.
The deferred income tax asset is a tax refundable in the future, calculated with the use of the balance-sheet method, due to temporary differences between the tax value of assets and liabilities and their balance-sheet values in the financial statement. Deferred income tax assets are recognized when it is probable that in the future the Group shall achieve the revenue subject to taxation, which enables the use of temporary differences.
Basic temporary differences concern different depreciation of the games created by the Group.
Deferred income tax is calculated with the use of tax rates, legally or actually binding as at the balance-sheet date, which will be applicable upon their implementation.
Deferred tax is recognized in the profit and loss statement, and if it concerns transactions settled with equity, it is recognized in equity.
Deferred income tax assets are recognized when it is probable that in the future the Group shall achieve the revenue subject to taxation, which enables the use of temporary differences. Deferred tax liabilities or assets are recognized as long-term liabilities or assets in the balance sheet.

3.5. Tangible fixed assets

The Group recognizes fixed assets as separate objects, suitable for use, meeting the criteria for fixed assets specified in IAC 16 Tangible fixed assets, if the purchase price (manufacturing cost) amounts to at least PLN 3,500. Fixed assets with the value below 3,500 PLN undergo one-off amortization and they are recognized as costs in the month of purchase.
Tangible fixed assets are recognized according to the cost (purchase price or manufacturing cost) reduced in the subsequent periods by write-downs and impairment write-offs. External financing costs directly related to the acquisition or production of assets requiring a longer period of time in order to be fit for use or resale are added to the costs of production of such fixed assets until the moment of putting such fixed assets into use. The costs of modernization are included in the balance sheet value of fixed assets when it is probable that they will yield economic gains, and the costs incurred for modernization can be reliably measured. All other expenses for repairing and maintaining fixed assets are recognized in the profit and loss statement for the reporting periods in which they occurred.

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

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

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

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

3.6. Intangible assets

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

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

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

Intangible assets of the Group with the depreciation rates:

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

Development works

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

a) it is technically possible to complete an intangible asset so that it is suitable for sale or use,

b) it is possible to prove the intent of completing an asset and its use and sale,

c) an asset will be suitable for use or sale,

d) it is known in what way an asset will generate future economic benefits,

e) technical and financial measures will be provided in order to complete development works and the asset's use and sale,

f) it is possible to reliably establish the expenditures incurred during development works.

If the above conditions are not met, the Group shall treat the expenditures as research works and recognize them in a current period.

Development works in progress, as unamortized intangible assets, are subject to impairment testing not less frequently than once a year.

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

3.7. Financial instruments

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

With the exception of trade receivables, which shall be valued on the basis of the amortized costs, on initial recognition, the Group shall valuate a financial asset or financial liability at its fair value, which in the case of financial assets or financial liabilities not valuated 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 valuated, 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 valuated 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 valuated 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 valuated at fair value by financial result unless it is valuated 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 valuated, after initial recognition, at amortized cost, excluding: financial liabilities valuated 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 valuate a write-down on expected credit losses due to financial instrument, in the amount equal to the expected credit losses during a life cycle if credit risk connected with a given financial instrument has significantly increased since initial recognition.

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

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

3.8. Transactions in foreign currencies

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

Valuation

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

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

Transactions during the year

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

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

3.9. Pre-payments and accruals

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

3.10. Capitals

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

3.11. Share-based payments

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

3.12. Payment of dividends

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

3.13. Provisions

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

3.14. 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 embodying economic benefits.

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

3.15. 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.

<u>Professional judgement:</u>

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 valuated 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.

<u>Uncertainty of estimates</u>

Impairment of assets

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

Using premium packages in time

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

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

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

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

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

<u>Determination of materiality</u>

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 million 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 NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENT

1. SALES REVENUES

In accordance with IFRS 15, revenues from the sale of services, less value added tax, discounts and rebates are recognised when the obligation to provide the service by handing over the service to the contractor is met.

Description	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
Sales of services	115,257,658	27,032,272
Sales revenues in TOTAL	**115,257,658**	**27,032,272**
Other operating revenues	36,020	1,783
Financial revenues	552,017	7,683
TOTAL revenues from continuing operations	**115,845,695**	**27,041,738**
Revenues in TOTAL	**115,845,695**	**27,041,738**

Revenues from discontinued operations did not occur.

1.1. Information on operating segments

The Management Board does not separate operating segments that meet the definition of IFRS 8 par. 5, including revenues, costs, assets and liabilities, for which separate financial information would be prepared and on the basis of which decisions concerning the allocation of resources by the chief operating decision maker were 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 in-game advertising, in-game micropayments and on the basis of licence agreements.

type of revenue	payments 2018*	share in payments in 2018	payments 2017*	share in payments in 2017
micro-payments	105,031,822	90.2%	15,416,889	57.1%
advertisements	5,972,829	5.1%	8,874,864	32.8%
licences	5,473,746	4.7%	2,740,519	10.1%
PAYMENTS IN TOTAL	**116,478,397**	**100.0%**	**27,032,272**	**100.0%**
Deferred income	-1,220,739	N/A	0	N/A
REVENUES IN TOTAL	**115,257,658**	N/A	**27,032,272**	N/A

** Under the concept of payments, the Group discloses revenue not reduced by deferred revenue (i.e. in the case of micropayments, payments made by users during the indicated period). The amount of deferred income results from the estimation that active players do not use the virtual currency as at the balance sheet date. The amount of such deferred income is recognised in the financial statements under the balance sheet item "Deferred income".*

Revenues from micropayments and licenses are entirely generated by natural persons, while the flow of funds to the Group takes place through payment aggregators, mobile shops or licensees. Users purchase certain packages in the game, e.g. a package of pearls, a package of lures (in fishing games), improved rods. The price of the package is fixed and determined by the Group. The goods are handed over to the user at the moment of registration of payment by the indicated entities. Although in the case of purchase of premium packages, i.e. packages containing e.g. virtual currency, the transfer of currency to the user's account takes place immediately after the payment is made, the very use of the virtual currency in the game may be postponed in time – this depends on the decision of the player, who may individually, within the framework of an agreement between the parties, choose the moment of exchange of the virtual currency for other virtual goods.

In the case of advertising revenue, advertisements in games are displayed to users (natural persons). 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 intermediaries takes place on the basis of monthly sales reports, and the payment is made in accordance with the deadline specified in the contract, usually between 1 and 60 days from the end of the calendar month.

1.3. Revenues – games

types of games	payments 2018	share in payments in 2018	payments 2017	share in payments in 2017
Evergreen	105,216,848	90.3%	16,612,496	61.5%
Game Factory	5,934,348	5.1%	8,597,639	31.8%
Legacy	5,327,201	4.6%	1,822,137	6.7%
PAYMENTS IN TOTAL	**116,478,397**	**100.0%**	**27,032,272**	**100.0%**
Deferred income	-1,220,739	N/A	0	N/A
REVENUES IN TOTAL	**115,257,658**	N/A	**27,032,272**	N/A

Distribution of revenues after quarters for the main titles::

2018	1Q	2Q	3Q	4Q	2018 IN TOTAL
Fishing Clash	7,559,687	17,527,268	28,846,155	34,830,640	88,763,750
Let's Fish	3,704,913	3,748,715	4,317,775	4,681,695	16,453,098
Wild Hunt	668,209	926,445	1,264,693	2,020,821	4,880,169
other	2,467,083	1,668,189	1,007,841	1,238,266	6,381,379
PAYMENTS IN TOTAL	**14,399,892**	**23,870,618**	**35,436,464**	**42,771,423**	**116,478,397**
Deferred income	0	0	0	-1,220,739	-1,220,739
REVENUES IN TOTAL	**14,399,892**	**23,870,618**	**35,436,464**	**41,550,684**	**115,257,658**

Deferred income per game:

Fishing Clash – 1,000,132 PLN

Let’s Fish – 148,444 PLN

Wild Hunt – 72,163 PLN

The Group estimated the amount of deferred income as at 31.12.2017, 31.03.2018, 30.06.2018 and 30.09.2018 – each time these amounts did not exceed the materiality threshold set for the purpose of preparing the financial statements and therefore the Group did not enter in its books the estimate of deferred income in time on the aforementioned balance sheet dates.

2017	1Q	2Q	3Q	4Q	2017 IN TOTAL
Fishing Clash	86,333	278,686	704,711	2,732,478	3,802,209
Let's Fish	2,909,282	2,490,638	3,238,366	4,172,001	12,810,288
Wild Hunt	56,083	86,378	332,386	389,212	864,059
other	2,119,315	2,199,745	2,518,822	2,717,834	9,555,716
PAYMENTS IN TOTAL	**5,171,014**	**5,055,448**	**6,794,285**	**10,011,525**	**27,032,272**
Deferred income	0	0	0	0	0
REVENUES IN TOTAL	**5,171,014**	**5,055,448**	**6,794,285**	**10,011,525**	**27,032,272**

1.4. Revenues – distribution channels

distribution channel	payments 2018	share in payments in 2018	payments 2017	share in payments in 2017
browser games	17,974,859	15.4%	12,224,250	45.2%
mobile game apps	98,503,538	84.6%	14,808,022	54.8%
PAYMENTS IN TOTAL	**116,478,397**	**100.0%**	**27,032,272**	**100.0%**
Deferred income	-1,220,739	N/A	0	N/A
REVENUES IN TOTAL	**115,257,658**	N/A	**27,032,272**	N/A

1.5. Revenues – geographical division

The Group assigns payments from users on the basis of their IP number, using external databases and sales reports in countries available on selected distribution platforms.

region	payments 2018	share in payments in 2018	payments 2017	share in payments
Europe	49,162,817	42.2%	14,495,762	53.6%
including Poland	*9,450,956*	*8.1%*	*4,233,210*	15.7%
North America	47,745,685	41.0%	6,661,896	24.6%
Asia	12,691,407	10.9%	4,415,260	16.3%
South America	2,877,332	2.5%	671,571	2.5%
Australia and Oceania	2,414,675	2.0%	648,489	2.4%
Africa	1,586,482	1.4%	139,294	0.5%
PAYMENTS IN TOTAL	**116,478,397**	**100.0%**	**27,032,272**	**100.0%**
Deferred income	-1,220,739	N/A	0	N/A
REVENUES IN TOTAL	**115,257,658**	N/A	**27,032,272**	N/A

2. OPERATING COSTS

Description	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
Depreciation	697,150	578,226
Consumption of materials and energy	338,167	248,927
Third-party services	63,620,768	11,376,938
Taxes and fees	300,824	78,462
Remuneration (including share-based payments)	5,955,765	3,588,157
Social insurance and other benefits	872,159	605,493
Other costs by type	146,998	49,758
Total costs by type, including:	**71,931,831**	**16,525,961**
Change in products	0	0
Costs of manufacturing goods for internal purposes (negative value)	-1,668,308	-361,962
Costs of sales (negative)	-58,635,144	-7,877,239
Costs of general management (negative)	-4,246,431	-2,443,816
Costs of manufacturing sold products and services	**7,381,948**	**5,842,944**

Components of the cost of production of services for the entity's own needs	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
Third-party services	674,048	125,967
Remuneration	899,054	146,620
Social insurance and other benefits	95,206	21,323
Share-based payments	186,982	68,052
Total	**1,668,308**	**361,962**

Breakdown of costs of salaries and other employee benefits	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
Remuneration	4,638,911	3,474,736
Social insurance and other benefits	776,952	605,493
Share-based payments	230,818	113,421
Total costs of employee benefits, including:	**5,646,681**	**4,193,650**
Items included in the cost of goods sold	3,610,508	2,772,705
Items included in the selling costs	732,116	523,391
Overhead costs	1,304,057	897,554

Distribution of depreciation costs	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
Items included in the cost of goods sold:	**648,597**	**529,328**
Amortization of fixed assets	77,216	28,413
Amortization of intangible assets	571,381	500,915
Items included in the selling costs	**23,481**	**20,494**
Amortization of fixed assets	13,847	5,498
Amortization of intangible assets	9,634	14,996
Items included in overhead costs	**25,072**	**28,404**
Amortization of fixed assets	14,938	8,455
Amortization of intangible assets	10,134	19,949

3. OTHER OPERATING INCOME AND EXPENSES

Other operating revenues	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
Other	36,020	1,783
Total	**36,020**	**1,783**

Other operating costs	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
Donations	5,000	5,000
Creation of revaluation write-offs for intangible assets	566,106	0
Write-down of uncollectible receivables	112,358	2,646
Other	32,152	17
Total	**715,616**	**7,663**

The revaluation write-down on intangible assets relates to a partial write-down on the production costs of the Fishing Battle game. In the report for Q3 2018, the Group reported a preliminary write-down of PLN 632,000.

After detailed verification, the Management Board decided to reduce the amount of the write-down to PLN 566,000.

The amount of PLN 108,061 of uncollectible receivables written is related to Pangolins Games Private Limited (affiliated entity until 21 December 2018).

4. REVENUES AND FINANCIAL COSTS

Financial revenues	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
Interest-based income	98,750	7,683
Excess of positive exchange rate differences	453,267	0
Total	**552,017**	**7,683**

Financial costs	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
Excess of negative exchange rate differences	0	632,450
Interest-based expense	907	0
Liquidation of the company	0	4,449
Total	**907**	**636,899**

5. INCOME TAX AND DEFERRED TAX

Income tax disclosed in the statement of comprehensive income	01/01/2018 - 31/12/2018	01/01/2017 - 31/12/2017
Current income tax	**8,476,814**	**1,881,314**
Concerning the financial year	8,476,814	1,881,314
Deferred income tax	**-96,981**	**-60,182**
Related to the origination and reverse of temporary differences	-96,981	-60,182
Tax disclosed in the consolidated statement of comprehensive income	**8,379,833**	**1,821,132**

The determination of gross profit for the purpose of determining the tax base is as follows:

Specification	01/01/2018-31/12/2018	01/01/2017 - 31/12/2017
Gross financial result (profit, loss)	**44,849,174**	**10,233,177**
Exchange rate differences – balance, not subject to taxation, not constituting tax deductible costs	-77,261	96,034
Write-down of receivables not constituting tax deductible costs	108,195	2,646
Creation and discontinuation of provision for leaves	65,985	35,180
Creation of provision for other costs	20,400	31,200
Social Insurance – costs excluded from the order at the turn of periods	-6,456	7,603
Donations (subsequently deducted from income)	5,000	5,000
Other non-tax-deductible costs	135,033	58,833
Amortization of intangible assets	534,140	423,424
Capitalisation of game costs	-1,668,308	-361,962
Creation of revaluation write-offs for intangible assets	566,106	0
Share-based payments	417,802	113,421
Revenue (and related cost) deferred in the balance sheet	854,517	0
Taxable income	**45,804,327**	**10,644,555**

Provisions concerning value added tax, corporate income tax, personal income tax or social security contributions are subject to frequent changes, as a result of which there is often no reference to well-established regulations or legal precedents. The current regulations also contain ambiguities, which cause differences in legal interpretations 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 additional amounts of liabilities determined as a result of control must be paid together with high interest. These phenomena mean that the tax risk in Poland is higher than usually existing in countries with developed tax system. Tax settlements may be audited within a period of five years. As a result, the amounts disclosed in the financial statement may be subject to change at a later date after they are finally determined by the tax authorities.

Structure of a deferred income tax asset

Specification	as at 31/12/2018	as at 31/12/2017
Deferred income	162,358	0
Provision for leaves	33,554	6,683
Provision for audit costs	3,877	5,928
Valuation of settlements	0	17,159
Total	**199,789**	**29,770**

Structure of deferred income tax provision

Specification	as at 31/12/2018	as at 31/12/2017
Depreciation of games	358,401	285,848
Valuation of settlements	987	0
Total	**359,388**	**285,848**

6. DISCONTINUED ACTIVITY

The Company did not discontinue any activities during the financial year.

7. DIVIDENDS

On March 28, 2018, the General Meeting of Shareholders of the Parent Entity decided to divide the net profit from 2017, in the amount of PLN 7.304.842, by distributing PLN 6,308,880 (in words: six million three hundred eight thousand eight hundred and eighty zloty) between the shareholders, in the form of the dividend of 86.72 grosz (in words: eighty six grosz 72/100) per share, and transferring the remaining amount, PLN 995,962 (in words: nine hundred ninety five thousand nine hundred and sixty two zloty) to the Company's supplementary capital. The Meeting also decided to determine the dividend date on March 28, 2018 and the date of dividend payment on June 25, 2018.

8. TANGIBLE FIXED ASSETS

Changes in fixed assets (by type) - for the period 01.01.2018-31.12.2018.

Description	Machines and devices	Other fixed assets	TOTAL
Gross balance sheet values at 01/01/2018	**198,701**	**94,083**	**292,784**
Increases, due to:	257,346	0	257,346
- purchase of fixed assets	257,346	0	257,346
Decreases	0	0	0
Gross balance sheet values at 31/12/2018	**456,047**	**94,083**	**550,130**
Redemption as at 01/01/2018	**150,715**	**71,212**	**221,927**
Increases, due to:	102,099	3,902	106,001
- depreciation	102,099	3,902	106,001
Decreases, due to:	-24,597	0	-24,597
- reversal of depreciation - cost of the entity over which the Control Group lost control during the year	-24,597	0	-24,597
Redemption as at 31/12/2018	**228,217**	**75,114**	**303,331**
Revaluation write-offs as at 01/01/2018	**0**	**0**	**0**
Increases	0	0	0
Decreases	0	0	0
Revaluation write-offs as at 31/12/2018	**0**	**0**	**0**
Net balance sheet value as at 31/12/2018	**227,830**	**18,969**	**246,799**

Changes in fixed assets (by type) - for the period 01.01.2017-31.12.2018.

Description	Machines and devices	Other fixed assets	TOTAL
Gross balance sheet values at 01/01/2017	**145,126**	**141,131**	**286,256**
Increases, due to:	53,575	26,191	79,766
- purchase of fixed assets	53,575	26,191	79,766
Decreases, due to:	0	73,239	73,239
- liquidation	0	73,239	73,239
Gross balance sheet values at 31/12/2017	**198,701**	**94,083**	**292,784**
Redemption as at 01/01/2017	**111,848**	**140,952**	**252,800**
Increases, due to:	38,867	3,498	42,366
- depreciation	38,867	3,498	42,366
Decreases, due to:	0	73,239	73,239
- liquidation	0	73,239	73,239
Redemption as at 31/12/2017	**150,715**	**71,212**	**221,927**
Revaluation write-offs as at 01/01/2017	**0**	**0**	**0**
Revaluation write-offs as at 31/12/2017	**0**	**0**	**0**
Net balance sheet value as at 31/12/2017	**47,985**	**22,871**	**70,857**

Property, plant and equipment – ownership structure

Description	31/12/2018	31/12/2017
Owned	246,799	70,857
Used under a lease, tenancy or other agreement, including a lease agreement	0	0
Total	**246,799**	**70,857**

The Group does not own land in perpetual usufruct.

The Group does not have any liabilities towards the state budget or local government authorities arising from the acquisition of ownership rights to buildings.

Depreciation of fixed assets in 2018 and 2017 was charged to own costs of sales, selling costs and overheads as presented in note 2.

9. INTANGIBLE ASSETS

Changes in intangible (by type) - for the period 01.01.2018-31.12.2018.

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

The item “Development costs” as at 31.12.2018 consists of the following Group's games:

1) Fishing Clash – net value: 425,186 PLN, the amortisation period ends in: 30 months;
2) Wild Hunt – net value 217,214 PLN, the amortisation period ends in: 28 months;
3) Let’s Hunt – net value; 145,862 PLN, the amortisation period ends in: 11 months;
4) Betting engine (part of the cost of the Fishing Battle game) – net value: 316,717 PLN, the amortisation period ends in: 42 months.

During 2018, the Group made a partial write-down of Fishing Battle costs in the amount of PLN 566,106.

The item “intangible assets under construction” as at 31 December 2018 consists of two new productions of the Group:

1) Miniature golf game – value of works until 31.12.2018: 856,349 PLN
2) A game from the hobby area – the value of works until 31.12.2018: 180,027 PLN

Changes in intangible assets (by type) - for the period 01.01.2017-31.12.2018.

Description	Development costs	Computer software	Intangible assets under construction	TOTAL
Gross balance sheet values at 01/01/2017	**3,995,547**	**466,347**	**0**	**4,461,894**
Increases, due to:	0	74,163	361,962	436,125
- purchase	0	74,163	361,962	436,125
Decreases, due to:	728,001	75,734	0	803,735
- liquidation	728,001	75,734	0	803,735
Gross balance sheet values at 31/12/2017	**3,267,546**	**464,775**	**361,962**	**4,094,284**
Redemption as at 01/01/2017	**1,074,790**	**353,733**	**0**	**1,428,523**
Increases, due to:	423,424	112,437	0	535,861
- depreciation	423,424	112,437	0	535,861
Decreases, due to:	136,500	75,734	0	212,234
- liquidation	136,500	75,734	0	212,234
Redemption as at 31/12/2017	**1,361,714**	**390,436**	**0**	**1,752,149**
Revaluation write-offs as at 01/01/2017	**1,286,781**	**0**	**0**	**1,286,781**
Increases	0	0	0	0
Decreases	591,501	0	0	591,501
Revaluation write-offs as at 31/12/2017	**695,280**	**0**	**0**	**695,280**
- net exchange rate differences on conversion of the financial statement into a presentation currency	0	0	0	0
Net balance sheet value as at 31/12/2017	**1,210,552**	**74,340**	**361,962**	**1,646,854**

Intangible assets – ownership structure

Description	31/12/2018	31/12/2017
Owned	2,186,675	1,646,854
Used under a lease, tenancy or other agreement, including a lease agreement	0	0
Total	**2,186,675**	**1,646,854**

The Group does not hold any intangible assets with limited use rights.

The Group does not have any bank loans which would be secured with intangible assets.

Redemption of intangible assets in 2018 and 2017 was charged to own costs of sales, selling costs and overheads as presented in note 2.

10. OTHER FICED ASSETS

Description	31/12/2018	31/12/2017
Share-based payments	68,053	249,526

In October 2017 there were donations of shares from current shareholders (Mr. Maciej Popowicz and Mr. Arkadiusz Pernal). The shares were donated to several selected employees of the Group in accordance with a promise made in 2014, 2016 or 2017. A total of 7 people have been donated to, of which five promises were made in 2014, one at the end of 2016 and one in the first quarter of 2017. For transactions resulting from contracts concluded before the transition to IAS, i.e. until 1 January 2015, the Group has taken advantage of the exemption granted by Appendix D2 of IFRS 1.

With respect to the 2016 and 2017 promises, the transactions were recognised as share-based payments and are settled within 3 years from the commencement of the provision of services covered by share-based payments in accordance with the definition contained in IFRS 2.

11. INFORMATION ON FINANCIAL INSTRUMENTS

FINANCIAL ASSETS	Balance value		Fair value	Category of financial instruments
	31/12/2018	31/12/2017	2018/2017	
Other financial assets (long-term), including:	0	163,573	N/A	Financial assets valuated according to amortized costs
deposit	*0*	*163,573*	*N/A*	*Financial assets valuated according to amortized costs*
Trade receivables and other receivables	11,212,312	5,509,053	N/A	Financial assets valuated according to amortized costs
Cash and cash equivalents	39,750,796	6,572,838	39,750,796 / 6,572,838	Financial assets valuated according to the fair value
FINANCIAL LIABILITIES	**Balance value**		**Fair value**	**Category of financial instruments**
	31/12/2018	**31/12/2017**	**2018/2017**	
Trade liabilities and other liabilities	2,903,753	1,413,705	N/A	Financial liabilities valuated according to amortized costs

12. TRADE RECEIVABLES

Balance structure:

Description	31/12/2018	31/12/2017
Trade receivables	**10,671,417**	**4,551,180**
– from related parties	0	0
– from other parties	10,671,417	4,551,180
Revaluation write-offs	0	0
Gross trade receivables	**10,671,417**	**4,551,180**

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 – 50% as at 31/12/2018, compared to 14.0% as at 31/12/2017;

Apple Distribution International – 22.1% as at 31/12/2018, compared to 18.3% as at 31/12/2017;

No other entity exceeded the 10% share in total receivables as at 31.12.2018.

In December 2018 the Group wrote off receivables in the amount of PLN 108,061 from its hitherto affiliated company Pangolins Games Private Limited.

As at the balance sheet dates of 31.12.2018 and 31.12.2017, the Group did not have any significant amounts of receivables which would be expected to result in credit losses.

Currency structure:

	31/12/2018			31/12/2017		
currency	**amount in currency**	**valuation**	**% share**	**amount in currency**	**valuation**	**% share**
PLN	5,718,576	5,718,576	53.59%	1,152,891	1,152,891	25.30%
USD	1,154,729	4,341,434	40.68%	562,211	1,957,225	43.00%
EUR	64,678	278,116	2.61%	277,835	1,158,822	25.50%
RUB	4,893,413	264,734	2.48%	4,218,082	254,772	5.60%
BRL	38,269	37,071	0.35%	1,705	1,792	0.00%
JPY	574,227	19,595	0.18%	426,409	13,182	0.30%
GBP	1,024	4,905	0.05%	1,814	8,526	0.20%
INR	90,000	4,849	0.04%	0	0	0.00%
CHF	332	1,268	0.01%	733	2,614	0.10%
CAD	222	614	0.01%	160	445	0.00%
CZK	1,484	248	0.00%	3,200	522	0.00%
SEK	16	7	0.00%	65	28	0.00%
AUD	0	0	0.00%	119	323	0.00%
NOK	0	0	0.00%	93	39	0.00%
TOTAL	**-------**	**10,671,417**	**100.00%**	**-------**	**4,551,180**	**100.00%**

	31/12/2018	31/12/2017
age structure – debt period	**value of receivables**	**value of receivables**
not overdue	10,641,181	4,404,252
up to one month	18,441	144,567
1-3 months	10,988	1,092
3-6 months	807	426
6-12 months	0	453
over a year	0	390
Total receivables	**10,671,417**	**4,551,180**

As at the balance sheet dates of 31.12.2018 and 31.12.2017, the Group did not have any significant amounts of receivables which would be expected to result in credit losses.

13. OTHER RECEIVABLES

Description	31/12/2018	31/12/2017
Other receivables, including:	**540,895**	**957,873**
- on account of taxes, except corporate income tax	369,360	955,119
– deposit for office rental	171,535	0
– other	0	2,754

Description	31/12/2018	31/12/2017
Other receivables, including:	**540,895**	**957,873**
– from related parties	0	0
– from other parties	540,895	957,873
Revaluation write-offs	0	0
Other gross receivables	**540,895**	**957,873**

Absence of court-enforced claims.

14. PRE-PAYMENTS AND ACCRUALS

Description	31/12/2018	31/12/2017
Activated commission expenses (in line with deferred income)	366,222	0
Share-based payments	181,473	181,473
Annual fee - a tool for tracking marketing campaigns	80,733	66,131
Registration fees for trade mark applications	32,938	26,183
Maintenance of software/subscriptions for programs	125,893	28,981
Insurance	7,480	2,265
Trainings for leaders	0	9,282
Other pre-payments and accruals	8,395	15,474
Pre-payments and accrued expenses	**803,134**	**329,790**

15. CASH AND CASH EQUIVALENTS

Description	31/12/2018	31/12/2017
Cash at hand and in bank accounts:	**39,750,796**	**6,572,838**
cash on hand	3,608	6,731
cash in bank accounts:	39,747,188	6,566,107
including deposits up to 3 months	*7,895,370*	*0*
Total	**39,750,796**	**6,572,838**

16. SHARE CAPITAL

The share capital of Ten Square Games S.A. as at 31.12.2018 and 31.12.2017 amounts to PLN 727,500 and is divided into 7,275,000 bearer shares with a nominal value of PLN 0.10 each.

17. RESERVE CAPITAL FROM THE SALES OF SHARES/STOCK ABOVE THEIR NOMINAL VALUE

In 2012, the supplementary capital was created from the surplus of the issue value over the nominal value in the amount of PLN 544,800.
In 2017, the supplementary capital was increased by PLN 149,700 at the time of the share capital increase and acquisition of new shares by Mr Maciej Zużałek.
In the same year, the supplementary capital was reduced by PLN 198,400 due to the increase in the Company's share capital at the time of its transformation into a joint-stock company.
There were no changes in supplementary capital from the sale of shares above par in 2018.

18. UNDISTRIBUTED FINANCIAL RESULT

The item “Undistributed financial result” consists of amounts resulting from the transformation of data into IAS, which were not subject to distribution in a resolution of the Shareholders.

19. TRADE LIABILITIES

Description	31/12/2018	31/12/2017
Trade liabilities	**2,735,833**	**963,940**
– towards related parties	16,605	10,148
– towards other parties	2,719,228	953,792

<table>
<tr><th rowspan="3">Description</th><th rowspan="3">Total</th><th colspan="4">due date</th></tr>
<tr><th colspan="2">overdue:</th><th colspan="2">not overdue, payable to:</th></tr>
<tr><th>31 - 90 days</th><th>0 - 30 days</th><th>0 - 30 days</th><th>31 - 60 days</th></tr>
<tr><td>31/12/2018</td><td>2,735,833</td><td>13,110</td><td>3,692</td><td>2,535,369</td><td>183,662</td></tr>
<tr><td>– towards related parties</td><td>16,605</td><td>0</td><td>0</td><td>16,605</td><td>0</td></tr>
<tr><td>– towards other parties</td><td>2,719,228</td><td>13,110</td><td>3,692</td><td>2,518,764</td><td>183,662</td></tr>
<tr><td>31/12/2017</td><td>963,940</td><td>67</td><td>29,102</td><td>865,753</td><td>69,018</td></tr>
<tr><td>– towards related parties</td><td>10,148</td><td>0</td><td>429</td><td>9,719</td><td>0</td></tr>
<tr><td>– towards other parties</td><td>953,792</td><td>67</td><td>28,673</td><td>856,034</td><td>69,018</td></tr>
</table>

20. OTHER LIABILITIES

Description	31/12/2018	31/12/2017
Liabilities due to other taxes, customs duties, social security and other, excluding corporate income tax:	**162,224**	**445,650**
VAT	0	324,131
Flat tax at source	1,739	9,101
PIT	34,051	33,537
Social insurance contributions (ZUS)	122,784	76,875
State Fund for Rehabilitation of Disabled People (pol. PFRON)	3,650	2,006
Other liabilities	**5,696**	**4,115**
Other liabilities in total	**167,920**	**449,765**

The Group did not have any materially overdue liabilities as at the balance sheet dates of 31.12.2018 and 31.12.2017.

The liabilities are due within 25 days.

21. SOCIAL ASSETS AND LIABILITIES OF THE COMPANY'S SOCIAL BENEFITS FUND

The Group did not have any company social benefits fund as at the balance sheet date 31.12.2018 and 31.12.2017.

22. CONTINGENT LIABILITIES

As at 31 December 2018 and as at 31 December 2017, the Group did not have any significant contingent liabilities, including guarantees and sureties granted, including bills of exchange.

23. PROVISIONS

Provisions disclosed in the financial statements relate to provisions for unused holidays.

In the reporting period covered by these financial statements, the following changes in provisions occurred:

<table>
<tr><th rowspan="2">Description</th><th rowspan="2">As at 1/01/2018</th><th colspan="2">Chances during the year</th><th rowspan="2">As at 31/12/2018</th></tr>
<tr><th>Assumption</th><th>Use</th></tr>
<tr><td>Provision for leaves</td><td>110,617</td><td>176,602</td><td>110,617</td><td>176,602</td></tr>
</table>

In the previous reporting periods, the following changes in the balance of provisions took place:

Description	As at 01/01/2017	Chances during the year		As at 31/12/2017
		Assumption	Use	
Provision for leaves	75,437	110,617	75,437	110,617

24. EXPLANATIONS TO THE STATEMENT OF CASH FLOWS

Description	31/12/2018	31/12/2017
Cash in the balance sheet	**39,750,796**	**6,572,838**
Exchange differences on balance sheet valuation as at financial statement	76,423	88,957
Total cash and cash equivalents disclosed in the cash flow statement	**39,827,219**	**6,661,794**

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES

The Group's operations are exposed to the following financial risks:

(a) credit risk,

(b) liquidity risk,

(c) market risk.

Credit risk – - this is a risk that arises when one of the parties to a financial instrument causes the Group to incur financial losses, if it fails to meet its obligations towards the Group. Credit risk arises in the case of receivables, cash and cash equivalents, deposits, purchased bonds and deposits.

The Group's core business – the sale of games – due to its specific nature, is to a negligible extent exposed to this type of risk. The Group cooperates with a narrow group of customers (including aggregators of payments from individual users) and through long-established relationships and historical absence of problems with the repayment of receivables, exposure to a single credit risk is not high. The majority of receivables are repaid within 3 months after the receivables arise. The Group consistently monitors the inflow of receivables and keeps in touch with customers in case of payment delays. The Group invests its cash in reliable financial institutions (banks). Credit risk concerns the Group to an insignificant extent.

Liquidity risk – this is a risk that arises when the Group encounters difficulties in meeting its obligations related to financial liabilities. The Group cares about maintaining liquidity at an appropriate and safe level. Historically, the Group finances itself from its own resources and all new projects or significant purchases are verified for the possibility of timely repayment of the liability. Liquidity risk concerns the Group to an insignificant extent.

Market risk – is the risk that arises when the fair value of a financial instrument or future cash flows related to it will fluctuate due to changes in market prices. This risk comprises three types of risk: currency risk, interest rate risk, other price risk.

Currency risk – is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Due to the global nature of Ten Square Games Group's operations, where the majority of revenues are generated in USD and partly in EUR, the Group is exposed to the risk of rapid changes in foreign exchange rates, including in particular the strengthening of the Polish zloty against foreign currencies, mainly USD.

The majority of revenue contracts are settled in foreign currencies, mainly in USD and PLN. As a result, the strengthening of the Polish zloty against the USD is an undesirable phenomenon for the Group, which results in a decrease in the Group's sales revenues. In order to reduce foreign exchange risk, the Group partially mitigates the currency risk in its operations by adjusting the currency cost structure, however, it is not possible to eliminate the Group's foreign exchange risk completely. The Group does not use (and has not used) any instruments to hedge against currency risk.

Interest rate risk – the risk that arises when the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group invests surplus funds in interest-bearing assets (interest-bearing bank accounts) to an insignificant extent, hence it is not significantly exposed to interest rate risk.

The main interest rate risk is related to debt instruments, however, in 2018 and 2017 the Group did not use external debt instruments with variable interest rates (loans and bonds), therefore it was not exposed to changes in cash flows as a result of interest rate changes.

Other price risks – these are risks that arise when the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those resulting from interest rate or currency risk), regardless of whether these changes are caused by factors specific to individual financial instruments or to their issuer, or factors relating to all similar financial instruments traded on the market. The Group does not use financial instruments that carry a price risk. The Group is not exposed to any other price risk.

ANALYSIS OF EXPOSURE TO CURRENCY RISK

A significant share of sales in USD in the Group's revenue structure makes it possible for the Group's financial results to be materially influenced by the exchange rate of the Polish zloty against that currency. Net foreign currency exposure to which the Group was exposed as at the balance sheet date is presented in the table below.

	31/12/2018			
currency risk – exposure to currency risk	**USD**	**EUR**	**RUB**	**other currencies (excluding PLN)**
trade receivables in currency	1,154,729	64,678	4,893,413	--------
trade receivables valued at PLN	4,341,434	278,116	264,734	68,557
cash in foreign currency	2,634,300	124,472	22,412,200	--------
cash and cash equivalents valued at PLN	9,904,176	535,228	1,212,500	0
trade liabilities in currency	-516,985	-18,820	0	--------
trade liabilities valued at PLN	-1,943,709	-80,925	0	-26
net exposure in currency	**3,272,043**	**170,330**	**27,305,613**	**--------**
net exposure in PLN	**12,301,901**	**732,419**	**1,477,234**	**68,531**

Data for the previous reporting period:

	31/12/2017			
currency risk – exposure to currency risk	**USD**	**EUR**	**RUB**	**other currencies (excluding PLN)**
trade receivables in currency	562,211	277,835	4,218,082	--------
trade receivables valued at PLN	1,957,225	1,158,822	254,772	27,471
cash in foreign currency	1,018,464	121,045	5,873,732	--------
cash and cash equivalents valued at PLN	3,545,579	504,866	354,773	0
trade liabilities in currency	-88,068	-7,680	0	--------
trade liabilities valued at PLN	-306,591	-32,031	0	0
net exposure in currency	**1,492,607**	**391,200**	**10,091,814**	**--------**
net exposure in PLN	**5,196,213**	**1,631,657**	**609,546**	**27,471**

The table below presents the Group's sensitivity to a 10% increase in the zloty's exchange rate in relation to the above-mentioned currencies. A positive value indicates an increase in pre-tax profit due to an increase in the exchange rate (weakening of the Polish zloty).

currency risk – sensitivity analysis	**31/12/2018**	**31/12/2017**
change by +10% / -10%.	+1,458,009 / -1,458,099	+746,489 / -746,498

26. CAPITAL MANAGEMENT

The main objective of the Group's capital management is to maintain a good credit rating and safe capital ratios that would support the Group's operations and increase the value for its shareholders.
At present, the Group finances its operations with profits and does not use debt financing. The Group manages its capital structure and may change it as a result of changes in the economic situation. In order to maintain or adjust the capital structure, the Group may change the payment of dividends to shareholders, return capital to shareholders or issue new shares. In the years ended 31 December 2018 and 31 December 2017, no changes were introduced to the objectives, principles and processes applicable in this area.

Description	31/12/2018	31/12/2017
Interest-bearing loans and borrowings	0	0
Trade liabilities and other liabilities	2,903,753	1,413,705
Cash and cash equivalents	39,750,796	6,572,838
Net debt	**-36,847,043**	**-5,159,133**
Equity	42,084,424	11,689,465
Total capital	**42,084,424**	**11,689,465**
Net equity and debt	**78,931,467**	**16,848,598**

27. EMPLOYEE BENEFIT PLANS

In 2018 and 2017, the Group did not run any employee benefit programs.

28. INCENTIVE SCHEME FOR 2018-2020

In March 2018, the Shareholders of the Parent Company adopted an incentive scheme for key employees and associates of the Group. As a result of the implementation of the programme, there may be potential changes in the proportions of shares held by the shareholders.

On the basis of the resolution on the programme, a conditional increase in the Company's share capital, excluding pre-emptive rights of the existing shareholders, was made by the amount not higher than PLN 6,547.50 through the issue of not more than 65,475 ordinary registered shares of series B with a nominal value of PLN 0.10 per share. Series B shares could be taken up by holders of registered subscription warrants of series A issued in a number not higher than 65,475 on the basis of the Programme Resolution.

In January 2019, the Extraordinary General Meeting of Shareholders adopted an amendment to the incentive scheme consisting in the following:

1) replacement of the conditional share capital with the target capital;
2) removal of subscription warrants – programme participants receive, after meeting the programme conditions, bearer shares with limited transferability (lock-up) for a period specified in the programme regulations;
3) increase of the pool of shares possible to be allocated in the years of the programme (programme pool after changes: 101,850 ordinary series B bearer shares with a par value of PLN 0.10).

The incentive scheme covers the years 2018-2020, and the shares may be subscribed for in three tranches – for the financial year 2018 (tranche I), 2019 (tranche II) and 2020 (tranche III). In order to offer shares, the Capital Group must reach a certain level of consolidated, adjusted for extraordinary events and costs of the programme itself, EBITDA. The Supervisory Board established the following levels of EBITDA:

- PLN 26 million for the financial year 2018;
- PLN 31.5 million for the financial year 2019;
- PLN 35 million for the financial year 2020;

If the required level is not reached in one year of the programme, shares for a given year may be granted in the next period if the cumulated EBITDA reached the required level and the EBITDA for the next period was reached.

Programme participants will have the right to sell shares acquired under Tranche I not earlier than 1 July 2020. Programme participants will have the right to sell shares acquired under Tranche II not earlier than 1 January 2021. Program participants will have the right to sell shares acquired in Tranche III not earlier than 1 September 2021.

In March 2018, November 2018 and March 2019, the Issuer's Supervisory Board adopted resolutions on establishing the list of Programme Participants and made an initial allocation of 62,780 Warrants (currently shares): 16,245 under Tranche I, 26,915 under Tranche II and 22,220 under Tranche III.

The cost of the incentive scheme in 2018 amounted to PLN 236,328. The estimated cost of the programme for pre-allocated shares at the moment of issuing the financial statement will amount to approximately PLN 1.2 million in 2019 and PLN 0.9 million in 2020.

Reconciliation of the costs of the incentive scheme for share-based payments:

Description	01/01/2018-31/12/2018	01/01/2017-31/12/2017
Share-based payments - costs by type:	**417,802**	**113,421**
Costs of share-based payments related to 2017 contracts settled in 2017-2020 [description in note 10].	181,474	113,421
Costs of the incentive scheme for the period 2018-2020	236,328	0
Share-based payments - costs in the calculation system	**230,820**	**45,369**
Costs of manufacturing sold products and services	84,126	0
Costs of sales	71,255	0
Costs of general management	75,439	45,369
Capitalisation of share-based payment costs (production of games)	**186,982**	**68,052**

29. INFORMATION ON AFFILIATED ENTITIES, INCLUDING INFORMATION ON REMUNERATION OF SENIOR MANAGEMENT AND THE SUPERVISORY BOARD

The table below presents total amounts of transactions conducted with affiliates for the current and previous financial year:

Affiliate	**Net sales**		**Net purchase**		**Remuneration**	
Period	**01/01/2017-31/12/2017**	**01/01/2018-31/12/2018**	**01/01/2017-31/12/2017**	**01/01/2018-31/12/2018**	**01/01/2017-31/12/2017**	**01/01/2018-31/12/2018**
Affiliates	**6,917,516**	**4,562,233**	**0**	**0**	**0**	**0**
Play Cool Zombie Sport Games Sp. z o.o.	1,408,982	784,375				
Tiny Dragon Adventure Games Sp. z o.o.	5,508,534	3,454,089				
Fat Lion Games Sp. z o.o.		323,769				
Management Board	**0**	**0**	**253,000**	**96,000**	**47,300**	**341,740**
Maciej Popowicz			143,000	54,000	25,400	161,400
Arkadiusz Pernal			110,000	42,000	21,900	131,400
Magdalena Jurewicz						48,940
Supervisory Board	**0**	**0**	**0**	**0**	**15,500**	**186,000**
Maciej Zużałek					1,000	12,000
Rafał Olesiński					3,500	42,000
Marcin Chruszczyński					3,500	42,000
Tomasz Drożdżyński					3,000	36,000
Maciej Marszałek					1,500	18,000
Wiktor Schmidt					3,000	36,000
Key personnel	**0**	**0**	**0**	**0**	**46,800**	**72,445**
Family members of key personnel	**0**	**0**	**50,247**	**108,830**	**0**	**0**

During 2017, the Parent Company also received from Play Cool Zombie Sport Games Sp. z o.o. the amount of PLN 705 as interest on the loan, and from Tiny Dragon Adventure Games Sp. z o.o. the amount of PLN 1,048 on the same account. Both loans were repaid during 2017.

Affiliate	Trade receivables		Trade liabilities		Remuneration liabilities	
As at	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018
Affiliates	**3,002,770**	**1,177,568**	**429**	**0**	**0**	**0**
Play Cool Zombie Sport Games Sp. z o.o.	469,725	138,110	429			
Tiny Dragon Adventure Games Sp. z o.o.	2,533,045	801,749				
Fat Lion Games Sp. z o.o.		237,709				
Management Board	**0**	**0**	**0**	**16,605**	**4,016**	**5,696**
Maciej Popowicz				16,605	2,008	2,848
Arkadiusz Pernal					2,008	2,848
Magdalena Jurewicz						
Supervisory Board	**0**	**0**	**0**	**0**	**0**	**0**
Key personnel	**0**	**0**	**0**	**0**	**0**	**0**
Family members of key personnel	**0**	**0**	**10,148**	**0**	**0**	**0**

The Parent Entity sells to its affiliates self-produced games for which it receives remuneration. Until 30 November 2017 and after 1 September 2018, the Parent Company also buys advisory services from Members of the Management Board.

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

Transactions indicated in the table above do not include dividend payments for members of the Management Board and Supervisory Board.

30. EMPLOYMENT

The average employment in the financial year was 42 persons (32 in 2017). The main group of employees are specialists in information and communication technologies.

31. OPERATING LEASE AGREEMENTS

The Parent Company and its subsidiaries are parties to lease agreements for offices located in Wrocław at ul. Długosza 60. The agreements were concluded on market terms with an entity not affiliated with the Group, and the lease term expires on 31 December 2019. The parent company was obliged to pay a deposit, which was disclosed in the balance sheet under the item “other receivables” in the group of current assets as at 31.12.2018 (item “other financial assets” in the group of fixed assets as at 31.12.2017).

The expected total of rent and service charges in 2019 is PLN 799,336. Due to the short-term nature of the agreements (up to 12 months), the Group decided to take advantage of the exemption from *IFRS 16 Lease* and not to recognize lease assets and liabilities in 2019. In such a case, the Group recognizes lease payments in the profit and loss account on a straight-line basis over the term of the lease agreement.

32. LITIGATIONS

The Group had no pending court cases in 2018 or 2017.

33. EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date that could affect the financial data included in the financial statements for the period ended 31 December 2018.

34. SHARE OF SUBSIDIARIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT

Not applicable - all subsidiaries have been included in the consolidated financial statement.

35. INFORMATION ON TRANSACTIONS WITH THE ENTITY AUDITING THE FINANCIAL STATEMENTS

Description	**costs in 2018**	**costs in 2017**
audit of the consolidated and separate financial statements for 2018 (2017)	34,000	30,000
review of the consolidated and separate financial statements for the first half of 2018	22,000	0
audit of historical financial information for the years 2015-2016	0	28,000
audit of historical financial information for the years 2016-2017	0	1,200
other services related to the initial public offering	12,800	19,000
TOTAL	**68,800**	**78,200**

		date	**signature**
The Chairman of the Management Board	Maciej Popowicz	21/03/2019	
The Vice-President of the Management Board	Arkadiusz Pernal	21/03/2019	
Member of the Management Board	Magdalena Jurewicz	21/03/2019	
Person entrusted with keeping the books of accounts	Karolina Hoszowska-Dubaniowska	21/03/2019	