CONSOLIDATED QUARTERLY REPORT

OF THE CAPITAL GROUP TEN SQUARE GAMES S.A. FOR Q1 2019

Wrocław, 22/05/2019

SELECTED FINANCIAL DATA CONVERTED INTO EURO

CONSLIDATED DATA

Specification	01/01/2019 - 31/03/2019		01/01/2018 - 31/03/2018	
	PLN	EUR	PLN	EUR
STATEMENT OF COMPREHENSIVE INCOME				
Net revenues	45,303,640	10,550,943	14,399,892	3,446,269
Manufacturing costs of sold services	1,919,193	446,968	1,641,456	392,843
Operating profit (loss)	12,295,632	2,863,578	6,265,437	1,499,482
Gross profit (loss)	12,674,129	2,951,728	6,228,989	1,490,759
Net profit (loss)	10,355,993	2,411,848	4,998,701	1,196,319
CASH FLOW STATEMENT				
Net cash flows from operating activities	12,005,170	2,795,931	3,499,636	837,554
Net cash flows from investment activities	-1,001,908	-233,338	-353,168	-84,522
Net cash flows from financial activity	0	0	0	0

Specification	31/03/2019		31/12/2018	
	PLN	EUR	PLN	EUR
BALANCE				
Fixed assets	3,733,356	867,960	2,701,316	628,213
Current assets	70,398,763	16,366,857	51,766,242	12,038,661
Equity	52,538,414	12,214,543	42,084,424	9,787,075
Long-term liabilities	500,240	116,300	359,388	83,579
Short-term liabilities	21,093,465	4,903,974	12,023,746	2,796,220

EUR/PLN exchange rate	**2019**	**2018**
– for the balance-sheet data	4.3013	4.3000
– for the data from the profit and loss statement and cash flow statement	4.2938	4.1784

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

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

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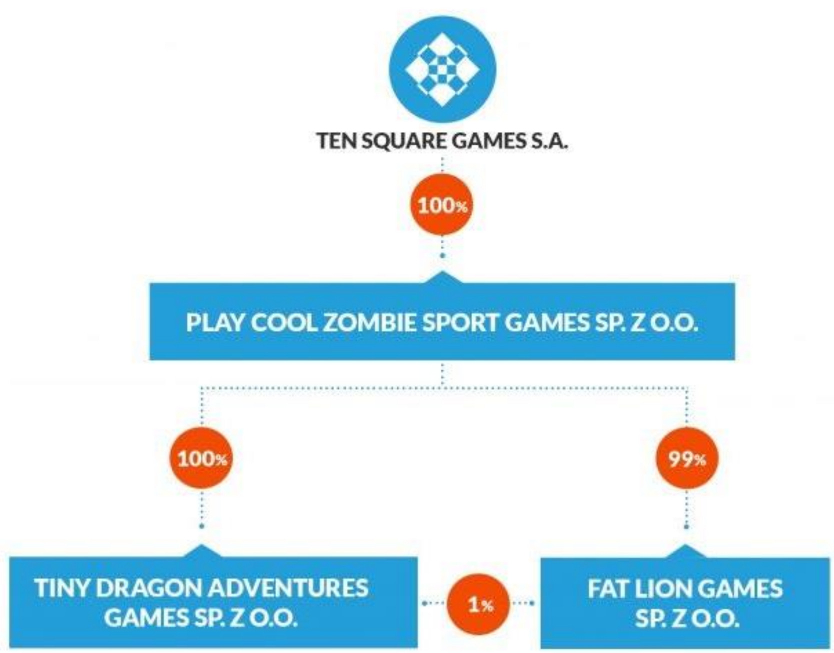
GENERAL INFORMATION

1. COMPANY DATA

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

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

2. CAPITAL GROUP



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

3. SHAREHOLDERS STRUCTURE

Shareholder	number of shares as at 22/05/2019	share in basic capital	number of votes at GSM	% share in the number of votes
President of the Management Board – Maciej Popowicz	2,852,500	39.48%	2,852,500	39.48%
Vice-President of the Management Board – Arkadiusz Pernal	1,365,000	18.89%	1,365,000	18.89%
Member of the Board – Magdalena Jurewicz	25,000	0.35%	25,000	0.35%
NN PTE[3]*	565,000	7.82%	565,000	7.82%
Member of the Supervisory Board – Maciej 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]Consistent with current report no. 8 of 11 May 2018
[2]Consistent with current report no. 9 of 11 May 2018
[3]State consistent with current report no. 10 of May 11, 2018
* NN Otwarty Fundusz Emerytalny (Open Pension Fund) and NN Dobrowolny Fundusz Emerytalny (Voluntary Pension Fund) – both funds managed by NN Powszechne Towarzystwo Emerytalne (General Pension Management Company)

Shareholder	number of shares as at 31/12/2018	share in basic capital	number of votes at GSM	% share in the number of votes
President of the Management Board – Maciej Popowicz	2,852,500	39.21%	2,852,500	39.21%
Vice-President of the Management Board – Arkadiusz Pernal	1,365,000	18.76%	1,365,000	18.76%
Member of the Board – Magdalena Jurewicz	25,000	0.34%	25,000	0.34%
NN PTE[3]*	565,000	7.77%	565,000	7.77%
Member of the Supervisory Board – Maciej 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%**

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

4. COMPOSITION OF THE COMPANY'S BODIES AS AT 31 MARCH 2018

The Management Board:

Maciej Popowicz – President of the Management Board;

Arkadiusz Pernal – Vice-President of the Management Board;

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

Between 1 January 2019 and 22 May 2019 there were no changes in the composition of the Management Board.

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;

Milena Olszewska-Miszuris – Member of the Supervisory Board;

Wiktor Schmidt – Member of the Supervisory Board.

Between 1 January 2019 and 22 May 2019 the following change took place: Ms. Milena Olszewska-Miszuris joined the Supervisory Board as a Member of the Supervisory Board on 14.01.2019.

5. FORM OF THE CONDENSED STATEMENT

The basis for the preparation of the financial statement

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

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

Functional currency and presentation currency

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

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

Presented periods

The interim condensed consolidated financial statement has been prepared as at 31/03/2019 and it covers the period of 3 months, i.e. since 01/01/2019 to 31/03/2019.
Comparative financial data, as at 31/03/2018, have been provided for the data presented in the interim condensed financial statement of financial situation and off-balance sheet items.
Comparative financial data, for the period from 01/01/2018 to 31/03/2018, have been provided for the data presented in the interim condensed consolidated comprehensive income statement.
Comparative financial data, for the period from 01/01/2018 to 31/03/2018, have been provided for the data presented in the interim condensed consolidated statement of changes in equity and the interim condensed consolidated cash flow statement.

Continuity assumption

The interim condensed consolidated financial statement has been prepared assuming that the Company and the Capital Group shall continue their activities for the period of 12 months after the last balance-sheet date, i.e. 31/03/2020. The Management Board of the Parent Entity, as at the date of signing the statement, was not aware of any facts or circumstances which could indicate a threat to the continuation of activity for the period of 12 months after the balance-sheet date due to an intended or forced discontinuance or material limitation of the activity.

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

Audit carried out by an auditing company

These interim condensed consolidated financial statements with selected elements of the interim condensed consolidated financial statements were neither audited nor reviewed by an independent audit firm.

6. STATEMENT OF THE MANAGEMENT BOARD

The Management Board of the Parent Entity declares that, to the best of its knowledge, this interim condensed 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 Company and the Capital Group, and their financial results.

This interim condensed consolidated financial statement has been prepared in accordance with the International Financial Reporting Standards (IRS 34 – Interim Financial Reporting) and related interpretations, applicable to the interim financial reporting, published in the forms of the European Commission's regulations, which were approved by the European Union.

The presented interim condensed consolidated financial statement has been prepared in accordance with the Regulation of the Minister of Finance of 29 March 2018 on current and periodical information submitted by issuers of securities.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

1. INTERIM CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT for the period:	01/01/2019 - 31/03/2019	01/01/2018 - 31/03/2018
Revenues from sales of services	**45,303,640**	**14,399,892**
Manufacturing costs of sold services	**1,919,193**	**1,641,456**
Gross profit (loss) on sales	**43,384,447**	**12,758,436**
Other operating revenues	40,212	17,906
Selling costs	29,688,819	5,643,579
General and administrative costs	1,429,171	850,336
Other operating expenses	11,037	16,990
Operating profit (loss)	**12,295,632**	**6,265,437**
Financial revenues	379,609	5,540
Financial expenses	1,112	41,988
Profit (loss) before taxation	**12,674,129**	**6,228,989**
Income tax	2,318,136	1,230,288
Net profit (loss) on continued activity	**10,355,993**	**4,998,701**
Profit (loss) on discontinued activity	**0**	**0**
Net profit (loss)	**10,355,993**	**4,998,701**
Net profit (loss) attributable to the parent company	**10,355,993**	**4,997,442**
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	**10,355,993**	**4,998,701**
Total comprehensive income assigned to non-controlling shareholders	0	1,259
Total comprehensive income per Parent Entity	**10,355,993**	**4,997,442**

Calculation of profit per share	01/01/2019 - 31/03/2019	01/01/2018 - 31/03/2018
Number of shares		
The weighted average number of shares for the purpose of calculating the value of basic profit per share (in units)	7,254,213	7,275,000
The weighted average number of shares for the purpose of calculating the value of diluted profit per share (in units)	7,254,213	7,275,000
Net profit assigned to the Parent Entity	10,355,993	4,997,442
Net profit per share per shareholders of the Parent Entity		
basic net profit for the trading period	PLN 1.43	PLN 0.69
diluted net profit for the trading period	PLN 1.43	PLN 0.69

The first quarter of 2019 was the continuation of high sales of the Group. The main title of the Fishing Clash Group is responsible for almost 83% of the generated revenues (PLN 37.5m compared with PLN 7.6m in the corresponding period of the previous year). In that period, Let's Fish generated sales of PLN 4.1m (vs. PLN 3.7m a year earlier), while Wild Hunt generated sales of PLN 2.4m (vs. PLN 0.7m a year earlier). Other titles, including games like Game Factory, generated a total of PLN 1.2m (vs. PLN 2.5m a year earlier).

The Group does not note significant seasonality of sales. The level of revenues is dependent on the life cycle of a given game (group of games).

Manufacturing costs of sold services include mainly the remuneration of Company’s employees and associates. An increase in costs in Q1 2019 results from the increases in the level of employment in the comparative periods.

In connection with growing revenues, the amount of sales costs has also increased. Within this item, the Group presents, for instance, commissions for on-line stores and marketing expenses. The costs of marketing campaigns in Q1 2019 amounted to PLN 15.4m compared to PLN 1.7m in the corresponding period of the previous year. In Q1 2019, from PLN 15.4m, PLN 15.0m was spent on the promotion of Fishing Clash and PLN 0.4m on the promotion of Wild Hunt.

Commission expenses amounted to PLN 12.5m in Q1 2019 as compared to PLN 3m; whereas, in both periods, revenues share expenses amounted to PLN 0.4m.

The increase in general and administrative expenses in 2019 was mainly caused by the strengthening of the company's corporate structures – expansion of the finance department, HR department, costs of the Supervisory Board's operations and the company's participation in public trading.

The position of financial revenues or expenses in a given period is affected by foreign exchange – in Q1 2019 they amounted to PLN 302 thousand (reported as revenues) as compared to PLN 40 thousand of costs in the comparable period.

The consolidated net profit of the Group for the first quarter of 2019 amounted to PLN 10.4m and it increased by PLN 5.4m, which means an increase by 107%.

2. INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL SITUATION

ASSETS	31/03/2019	31/12/2018	31/03/2018
Fixed assets	**3,733,356**	**2,701,316**	**2,444,499**
Property, plant and equipment	357,190	246,799	120,844
Intangible assets	2,981,001	2,186,675	1,874,159
Other fixed assets	0	68,053	249,526
Other financial assets	194,726	0	198,003
Deferred income tax assets	200,439	199,789	1,967
Current assets	**70,398,763**	**51,766,242**	**17,678,237**
Trade receivables	16,249,070	10,671,417	6,684,397
Other receivables	2,411,161	540,895	914,886
Prepayments and accruals	848,121	803,134	263,750
Cash and cash equivalents	50,890,411	39,750,796	9,815,204
Assets classified as intended for sale	**0**	**0**	**0**
TOTAL ASSETS	**74,132,119**	**54,467,558**	**20,122,736**

LIABILITIES	31/03/2019	31/12/2018	31/03/2018
Equities	**52,538,414**	**42,084,424**	**10,438,891**
Equities of the Parent Entity's shareholders	***52,538,414***	***42,084,424***	***10,437,109***
Share capital	722,500	727,500	727,500
Reserve capital from the sales of shares above their nominal value	496,100	496,100	496,100
Other capitals	1,879,707	1,776,710	1,599,464
Undistributed financial result	39,084,114	2,616,603	2,616,603
Financial result of the current period	10,355,993	36,467,511	4,997,442
Equity of non-controlling shareholders	***0***	***0***	***1,782***
Long-term liabilities	**500,240**	**359,388**	**394,296**
Deferred income tax provisions	500,240	359,388	394,296
Short-term liabilities	**21,093,465**	**12,023,746**	**9,289,549**
Trade liabilities	9,949,446	2,735,833	1,506,459
Current income tax liabilities	9,528,773	7,722,652	943,242
Other liabilities	199,044	167,920	6,718,876
Other provisions	212,007	176,602	120,972
Prepayments and accrued income	1,204,195	1,220,739	0
TOTAL LIABILITIES	**74,132,119**	**54,467,558**	**20,122,736**

An increase in intangible assets is connected with the expenditures for two new productions of the Group. The total amount of capitalized costs in the period from January to March 2019 amounted to PLN 1.1m.

In the item of other financial assets, the Group presents the deposit for the lease of office space.

An increase in trade receivables results from a dynamic increase in the revenues. The Group does not identify current problems with timely payments from contractors. The increase in other receivables is related to the accumulation of VAT to be refunded, which as at 31.03.2019 amounts to PLN 2.2m compared to PLN 0.4m as at 31.12.2018.

The growing turnover and results of the Group also translate into an increase in cash and cash equivalents disclosed in the balance sheet as at 31.03.2019.

The increase in trade liabilities results from the increase in current marketing expenditures, incurred mainly on the Fishing Clash game, and the CIT liabilities item consists of two items: the current supplementary CIT for Q1 2019 in the amount of PLN 1.9m and the final CIT calculation for 2018 payable on 1.04.2019 in the amount of PLN 6.6m.

3. INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in equity	Share capital	Reserve capital from the sales of shares above their nominal value	Other capitals	Undistributed financial result	Financial result of the current period	Equity of shareholders of the Parent Entity	Capital of non-controlling shareholders	Total equity
3 months ending on 31/03/2019								
Equity as at 01/01/2019	**727,500**	**496,100**	**1,776,710**	**39,084,114**	**0**	**42,084,424**	**0**	**42,084,424**
Changes in accounting principles (policy)								0
Corrections of errors from previous periods								0
Equity after corrections	**727,500**	**496,100**	**1,776,710**	**39,084,114**	**0**	**42,084,424**	**0**	**42,084,424**
Reduction of the share capital in accordance with the resolution of the	-5,000		5,000					0
Share-based payments			302,152			302,152		302,152
Adjustment of share-based payments combined with share capital			-204,155			-204,155		-204,155
Distribution of net profit						0		0
Total comprehensive income					10,355,993	10,355,993		10,355,993
Equity as at 31/03/2019	**722,500**	**496,100**	**1,879,707**	**39,084,114**	**10,355,993**	**52,538,414**	**0**	**52,538,414**
3 months ending on 31/03/2018								
Equity as at 01/01/2018	**727,500**	**496,100**	**544,420**	**9,921,445**	**0**	**11,689,465**	**0**	**5,008,784**
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							523	523
Cost of issue of shares								0
Share capital increase - transformation into a joint-stock company								0
Share-based payments			59,082			59,082		59,082
Distribution of net profit			995,962	-995,962				0
Dividend payment – declared amount (paid on 25/06/2018)				-6,308,880		-6,308,880		-6,308,880
Total comprehensive income					4,997,442	4,997,442	1,259	4,998,701
Equity as at 31/03/2018	**727,500**	**496,100**	**1,599,464**	**2,616,603**	**4,997,442**	**10,437,109**	**1,782**	**10,438,891**

4. INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT	01/01/2019 - 31/03/2019	01/01/2018 - 31/03/2018
OPERATING ACTIVITY		
Profit/loss before taxation	**12,674,129**	**6,228,989**
Total corrections:	**-299,245**	**-1,504,724**
Depreciation	186,479	178,500
Exchange profit/loss	-136,353	-95,896
Change in provisions and accruals (excluding deferred tax provision)	18,861	10,355
Change in receivables	-7,642,645	-2,124,658
Change in liabilities, except for loans and credits, CIT liabilities and dividends	7,242,796	502,749
Change in prepayments and accrued income (excluding short-term share-based payment of RMK)	-192,430	20,671
Share-based payments (part not included in the acquisition of intangible assets)	224,206	58,611
Other corrections	-159	-55,056
Cash on operating activity	**12,374,884**	**4,724,265**
Paid interest	**0**	**0**
Income tax (paid) / refunded	-369,714	-1,224,629
A. Net operating cash flow	**12,005,170**	**3,499,636**
INVESTMENT ACTIVITY		
Proceeds	**0**	**0**
Costs	**1,001,908**	**353,168**
Purchase of intangible and tangible fixed assets	1,001,908	353,168
B. Net cash flow from investment activities	**-1,001,908**	**-353,168**
FINANCIAL ACTIVITY		
Proceeds	**0**	**0**
Costs	**0**	**0**
C. Net cash flow from financial activity	**0**	**0**
D. Total net cash flow	**11,003,262**	**3,146,468**
E. Balance-sheet change in cash, including	**11,139,615**	**3,242,366**
- change in cash due to exchange losses/gains	136,353	95,896
F. Cash at the beginning of the period	**39,827,219**	**6,661,794**
G. Cash at the end of the period	**50,830,481**	**9,808,262**

INTERIM CONDENSED SEPARATE FINANCIAL STATEMENT

1. INTERIM CONDENSED SEPARATE COMPREHENSIVE INCOME STATEMENT

SEPARATE COMPREHENSIVE INCOME STATEMENT for the period:	01/01/2019 - 31/03/2019	01/01/2018 - 31/03/2018
Revenues from the sales of services	**44,871,988**	**13,947,012**
Manufacturing costs of sold services	**1,912,843**	**1,428,847**
Gross profit (loss) on sales	**42,959,145**	**12,518,165**
Other operating revenues	82,936	17,904
Costs of sales	29,554,364	5,573,904
Costs of general management	1,403,722	815,037
Other operating costs	54,351	16,984
Operating profit (loss)	**12,029,644**	**6,130,144**
Financial revenues	500,189	3,438
Financial costs	0	83,571
Profit (loss) before taxation	**12,529,833**	**6,050,011**
Income tax	2,282,755	1,168,390
Net profit (loss) on continued activity	**10,247,078**	**4,881,621**
Profit (loss) on discontinued activity	**0**	**0**
Net profit (loss)	**10,247,078**	**4,881,621**
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	**10,247,078**	**4,881,621**

Calculation of profit per share	01/01/2019 - 31/03/2019	01/01/2018 - 31/03/2018
Number of shares		
The weighted average number of shares for the purpose of calculating the value of basic profit per share (in units)	7,254,213	7,275,000
The weighted average number of shares for the purpose of calculating the value of diluted profit per share (in units)	7,254,213	7,275,000
Net profit	10,247,078	4,881,621
Net profit per one share assigned to shareholders		
Basic net profit for the trading period	PLN 1.41	PLN 0.67
diluted net profit for the trading period	PLN 1.41	PLN 0.67

2. INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL SITUATION

ASSETS	31/03/2019	31/12/2018	31/03/2018
Fixed assets	**3,738,356**	**2,706,316**	**2,358,650**
Property, plant and equipment	357,190	246,799	64,423
Intangible assets	2,981,001	2,186,675	1,874,159
Other fixed assets	0	68,053	249,526
Investments in affiliates measured by equity method	5,000	5,000	5,000
Other financial assets	194,726	0	163,574
Deferred income tax assets	200,439	199,789	1,968
Current assets	**69,517,461**	**51,019,639**	**16,184,337**
Trade receivables	17,659,001	11,105,963	8,471,070
Other receivables	2,171,818	172,365	46,822
Prepayments and accruals	844,850	799,659	259,573
Cash and cash equivalents	48,841,792	38,941,652	7,406,872
Assets classified as intended for sale	**0**	**0**	**0**
TOTAL ASSETS	**73,255,817**	**53,725,955**	**18,542,987**

LIABILITIES	31/03/2019	31/12/2018	31/03/2018
Equities	**51,695,655**	**41,350,580**	**9,032,004**
Share capital	722,500	727,500	727,500
Reserve capital from the sales of shares above their nominal value	496,100	496,100	496,100
Other capitals	1,879,707	1,776,710	1,599,464
Undistributed financial result	38,350,270	1,327,319	1,327,319
Financial result of the current period	10,247,078	37,022,951	4,881,620
Long-term liabilities	**511,557**	**370,540**	**380,294**
Deferred income tax provisions	511,557	370,540	380,294
Short-term liabilities	**21,048,605**	**12,004,835**	**9,130,689**
Trade liabilities	9,917,350	2,736,123	1,460,935
Current income tax liabilities	9,516,009	7,710,249	919,472
Other liabilities	199,044	161,120	6,629,311
Other provisions	212,007	176,602	120,972
Prepayments and accruals	1,204,195	1,220,741	0
Liabilities directly connected with the assets intended for sale	**0**	**0**	**0**
TOTAL LIABILITIES	**73,255,817**	**53,725,955**	**18,542,987**

3. INTERIM CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY

Changes in equity	Share capital	Reserve capital from the sales of shares above their nominal value	Other capitals	Undistributed financial result	Financial result of the current period	Total equity
3 months ending on 31/03/2019						
Equity as at 01/01/2018	**727,500**	**496,100**	**1,776,710**	**38,350,270**	**0**	**41,350,580**
Changes in accounting principles (policy)						0
Corrections of errors from previous periods						0
Equity after corrections	**727,500**	**496,100**	**1,776,710**	**38,350,270**	**0**	**41,350,580**
Reduction of the share capital in accordance with the resolution of the Extraordinary General Meeting of Shareholders	-5,000		5,000			0
Share-based payments			302,152			302,152
Adjustment of share-based payments combined with share capital reduction			-204,155			-204,155
Distribution of net profit						0
Total comprehensive income					10,247,078	10,247,078
Equity as at 31/03/2018	**722,500**	**496,100**	**1,879,707**	**38,350,270**	**10,247,078**	**51,695,655**
3 months ending on 31/03/2018						
Equity as at 01/01/2018	**727,500**	**496,100**	**544,420**	**8,632,161**	**0**	**10,400,181**
Changes in accounting principles (policy)						0
Corrections of errors from previous periods						0
Equity after corrections	**727,500**	**496,100**	**544,420**	**8,632,161**	**0**	**10,400,181**
Share-based payments			59,082			59,082
Distribution of net profit			995,962	-995,962		0
Dividend payment – declared amount (paid on 25/06/2018)				-6,308,880		-6,308,880
Total comprehensive income					4,881,621	4,881,621
Equity as at 31/03/2018	**727,500**	**496,100**	**1,599,464**	**1,327,319**	**4,881,621**	**9,032,004**

4. INTERIM CONDENSED SEPARATE CASH FLOW STATEMENT

SEPARATE CASH FLOW STATEMENT	01/01/2019 - 31/03/2019	01/01/2018 - 31/03/2018
OPERATING ACTIVITY		
Profit/loss before taxation	**12,529,833**	**6,050,011**
Total corrections:	**-1,411,224**	**-1,867,972**
Depreciation	186,479	178,135
Exchange profit/loss	-118,127	-81,762
Change in provisions and accrued expenses (without Provisions for deferred tax)	18,861	10,355
Change in receivables	-8,747,218	-2,494,891
Change in liabilities, except for loans and credits, CIT liabilities and dividends	7,217,210	497,180
Change in prepayments and accrued income (excluding short-term share-based payment of RMK)	-192,635	20,514
Share-based payments (part not included in the acquisition of intangible assets)	224,206	58,611
Other corrections		-56,114
Cash on operating activity	**11,118,609**	**4,182,039**
Paid interest	**0**	**0**
Income tax (paid) / refunded	-334,689	-1,168,776
A. Net operating cash flow	**10,783,920**	**3,013,263**
INVESTMENT ACTIVITY		
Proceeds	**0**	**0**
Costs	**1,001,908**	**296,382**
Purchase of intangible and tangible fixed assets	1,001,908	296,382
B. Net cash flow from investment activities	**-1,001,908**	**-296,382**
FINANCIAL ACTIVITY		
Proceeds	**0**	**0**
Costs	**0**	**0**
C. Net cash flow from financial activity	**0**	**0**
D. Total net cash flow	**9,782,012**	**2,716,881**
E. Balance-sheet change in cash, including	**9,900,140**	**2,798,643**
- change in cash due to exchange losses/gains	118,127	81,762
F. Cash at the beginning of the period	**39,017,889**	**4,685,383**
G. Cash at the end of the period	**48,799,901**	**7,402,264**

ACCOUNTING POLICY

1. COMPLIANCE WITH THE INTERNATIONAL ACCOUNTING STANDARDS

This interim condensed consolidated financial statement has been prepared in accordance with the International Financial Reporting Standards and related interpretations, issued by the International Accounting Standards Board, approved by the European Union, under the Regulation on IFRS (European Commission 1606/2002), hereinafter referred to as “EU IFRS”, applicable as at 31/03/2019.

2. CHANGES IN ACCOUNTING PRINCIPLES (POLICY)

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

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

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

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

3. DESCRIPTION OF THE ADOPTED ACCOUNTING PRINCIPLES (POLICY)

3.1. Consolidation – subsidiaries

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

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

3.2. Revenues and costs of operating activity

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

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

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

The Group distinguishes three main sources of revenues:

1) revenues from additional functionalities purchased by the players (micro-payments);
2) revenues from advertisements displayed in games (advertisements);

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

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

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

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

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

Revenues from the users' activity in games which are shared with the Company's commercial partners on the basis of license agreements (licenses)
Revenues due to the users' activity in games shall be recognized by the Group in the amount due resulting from the sales report, received from a partner (a part of revenues due to users' payment, after deduction of applicable taxes, commissions, returns and discounts).
Costs of sold services shall be recognized by the Group in the same period as revenues from sales of these components, according to the principle of matching revenues and costs. In this item, the Group shall recognize the costs of manufacturing services, direct costs and a reasonable proportion of indirect costs related to the maintenance of games after their launch, i.e. after the so-called soft launch. In this item, the following positions shall be recognized: costs of server maintenance, personnel costs of design departments as well as the depreciation of (games) development costs and depreciation of IT equipment.

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

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

3.3. Revenues and costs of financial activity

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

3.4. Income tax

Income tax includes: current tax payable and deferred tax.

Current tax

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

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

Deferred tax

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

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

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

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

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

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

3.5. Tangible fixed assets

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

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

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

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

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

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

3.6. Intangible assets

Intangible assets are 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.

Professional judgement:

Moment of activation of development costs

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

Depreciation period of activated intangible assets

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

Deferred income tax assets and liabilities

Deferred income tax assets and liabilities are 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.

Uncertainty of estimates

Impairment of assets

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

Using premium packages in time

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

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

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

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

- preceding the balance sheet date and/or

- after the balance sheet date.

Determination of materiality

When preparing financial statements, the Group applies the materiality principle. The materiality principle introduces the possibility to apply simplifications, if it does not have a materially negative impact on the reliable and clear presentation of the property and financial situation and financial result. The Group has adopted the amount of PLN 0.5 m as the materiality level in the preparation of the financial statement (according to the accounting policy, not more than 5% of the gross result).

NOTES TO THE FINANCIAL STATEMENTS – CONSOLIDATED DATA

1. REVENUES

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

Specification	01/01/2019 - 31/03/2019	01/01/2018 - 31/03/2018
Sales of services	45,303,640	14,399,892
TOTAL Revenues from sales of services	**45,303,640**	**14,399,892**
Other operating revenues	40,212	17,906
Financial revenues	379,609	5,540
TOTAL revenues from continuing operations	**45,723,461**	**14,423,338**
TOTAL revenues	**45,723,461**	**14,423,338**

Revenues from discontinued operations did not occur.

1.1. Information on operating segments

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

1.2. Revenues – source

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

type of revenue	payments in Q1 2019*	share in payments in 2019	payments in Q1 2018*	share in payments in 2018
micro-payments	43,323,296	95.7%	11,270,522	78.3%
advertisements	1,128,029	2.5%	2,283,965	15.9%
licences	835,772	1.8%	845,405	5.8%
PAYMENTS TOTAL	**45,287,096**	**100.0%**	**14,399,892**	**100.0%**
deferred income	16,544	N/D	0	N/D
REVENUES TOTAL	**45,303,640**	N/D	**14,399,892**	N/D

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

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

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

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

1.3. Revenues – games

type of games	payments in Q1 2019	share in payments in 2019	payments in Q1 2018	share in payments in 2018
Fishing Clash	37,524,342	82.9%	7,559,687	52.5%
Let's Fish	4,095,505	9.0%	3,704,913	25.7%
Wild Hunt	2,439,365	5.4%	668,209	4.6%
other	1,227,884	2.7%	2,467,083	17.1%
PAYMENTS TOTAL	**45,287,096**	**100.0%**	**14,399,892**	**100.0%**
deferred income	16,544	N/D	0	N/D
REVENUES TOTAL	**45,303,640**	N/D	**14,399,892**	N/D

Revenues deferred in time by games with respect to Q1 2019:
Fishing Clash: -42,956 PLN
Let's Fish: +48,725 PLN
Wild Hunt: +10,775 PLN

The Group also estimated the amount of deferred income as at 31.03.2018 – the amount of the estimate did not exceed the materiality threshold established for the purposes of preparing the financial statements and therefore the Group did not enter in the accounting books the estimate of deferred income as at that date.

1.4. Revenues – distribution channels

distribution channel	payments in Q1 2019	share in payments in 2019	payments in Q1 2018	share in payments in 2018
mobile games	39,554,505	87.3%	10,733,920	74.5%
browser games	5,732,591	12.7%	3,665,973	25.5%
PAYMENTS TOTAL	**45,287,096**	**100.0%**	**14,399,892**	100.0%
deferred income	16,544	N/D	0	N/D
REVENUES TOTAL	**45,303,640**	N/D	**14,399,892**	N/D

1.5. Revenues – geographical division

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

region	payments in Q1 2019	share in payments in 2019	payments in Q1 2018	share in payments in 2018
Europe	19,058,861	42.1%	6,403,962	45.0%
including Poland	3,367,498	7.4%	1,556,278	11.0%
North America	18,840,761	41.6%	4,821,724	33.0%
Asia	5,190,872	11.5%	2,195,022	15.0%
South America	921,911	2.0%	421,820	3.0%
Australia and Oceania	859,762	1.9%	388,831	3.0%
Africa	414,929	0.9%	168,533	1.0%
Total	**45,287,096**	**100.0%**	**14,399,892**	**100.0%**
deferred income	16,544	N/D	0	N/D
REVENUES TOTAL	**45,303,640**	N/D	**14,399,892**	N/D

2. OPERATING COSTS

Specification	01/01/2019 - 31/03/2019	01/01/2018 - 31/03/2018
Depreciation	186,479	178,550
Consumption of materials and energy	163,476	69,078
Third-party services	31,162,805	6,594,996
Taxes and fees	114,137	46,001
Remuneration	2,035,178	1,367,451
Social insurance and other benefits	293,614	182,440
Other costs by type	16,918	42,658
Total costs by type, including:	**33,972,607**	**8,481,174**
Change in products	0	0
Costs of manufacturing goods for internal purposes (negative value)	-935,424	-345,803
Selling costs (negative)	-29,688,819	-5,643,579
General and administrative costs (negative)	-1,429,171	-850,336
Costs of manufacturing sold products and services	**1,919,193**	**1,641,456**

3. TABLE OF MOVEMENTS – INTANGIBLE ASSETS

Specification	Development costs	Computer software	Intangible assets in progress	TOTAL
Gross balance sheet value as at 01/01/2019	**4,261,440**	**493,542**	**1,036,376**	**5,791,359**
Increases, due to:	1,248,107	2,924	935,424	2,186,455
- purchase	0	2,924	935,424	938,348
- reclassification	1,248,107	0	0	1,248,107
Decreases, due to:	0	0	1,248,107	1,248,107
- reclassification	0	0	1,248,107	1,248,107
Gross balance sheet value as at 31/03/2019	**5,509,547**	**496,466**	**723,693**	**6,729,706**
Extinction as at 01/01/2019	**1,895,075**	**448,224**	**0**	**2,343,299**
Increases, due to:	128,195	15,825	0	144,020
- depreciation	128,195	15,825	0	144,020
Decreases	0	0	0	0
Extinction as at 31/03/2019	**2,023,270**	**464,049**	**0**	**2,487,319**
Revaluation write-offs as at 01/01/2019	**1,261,386**	**0**	**0**	**1,261,386**
Increases	0	0	0	0
Decreases	0	0	0	0
Revaluation write-offs as at 31/03/2019	**1,261,386**	**0**	**0**	**1,261,386**
Net balance sheet value as at 31/03/2019	**2,224,891**	**32,417**	**723,693**	**2,981,001**

The net value as at 31.03.2019 disclosed under "completed development works" consists of the Group's following games:

- Golf Rush – PLN 1.248m (including cash outflows: PLN 1,101m and non-cash expenses (share-based payments) PLN 147 thousand);
- Fishing Clash – PLN 383 thousand;
- Betting engine (part of expenditures reported for Fishing Battle) – PLN 294 thousand;
- Wild Hunt – PLN 194 thousand;
- Let’s Hunt – PLN 106 thousand.

The value of work disclosed as at 31.03.2019 under "intangible assets under construction" includes the Group's following production:

- Hobby game – PLN 444 thousand;
- Two productions from the Games for Women area – a total of PLN 280 thousand.

4. TRADE RECEIVABLES

	31/03/2019		31/12/2018	
currency	**amount in PLN**	**% share**	**amount in PLN**	**% share**
USD	8,133,603	50.06%	4,341,434	40.68%
PLN	7,482,031	46.05%	5,718,576	53.59%
RUB	383,798	2.36%	264,734	2.48%
EUR	185,264	1.14%	278,116	2.61%
other currencies	64,373	0.40%	68,557	0.64%
TOTAL	**16,249,070**	**100.00%**	**10,671,417**	**100.00%**

	31/03/2019	31/12/2018
age structure – debt period	**value of receivables**	**value of receivables**
not overdue	16,153,876	10,641,181
up to one month	91,598	18,441
more than one month	3,596	11,795
Total receivables	**16,249,070**	**10,671,417**

Users' payments are aggregated by intermediaries (on-line stores, payment aggregators, licensees). Payments due to displayed advertisements are accumulated by advertising intermediaries. In the structure of receivables, the biggest balance is created by:
Google Inc – 43.6% as at 31/03/2019, compared to 50.0% as at 31/12/2018;
Apple Distribution International – 35.7% as at 31/03/2019, compared to 22.1% as at 31/12/2018;
No other entity exceeded 10% of the total amount due as at 31.03.2019.
As at the balance sheet date of 31.03.2019 and 31.12.2018, the Group did not have any significant amounts of receivables, which would have expected credit losses.

5. OTHER RECEIVABLES

Specification	31/03/2019	31/12/2018
Other receivables, including:	**2,411,161**	**540,895**
- on account of taxes, except for corporate income tax	2,205,730	369,360
- office lease deposit	205,431	171,535

6. DISTRIBUTION OF PROFIT FOR 2018

On 18.04.2019 the Management Board of the Company adopted a resolution in which it decided to submit a motion to the General Meeting of Shareholders of the Company to distribute the Company's net profit for 2018 in the amount of 37.022.951,00 PLN (in words: thirty-seven million twenty-two thousand nine hundred and fifty-one zloty) in the following manner:

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

At the same time, the Management Board of the Company requested the General Meeting of Shareholders to set the dividend date as 5 June 2019 and the dividend payment date as 19 June 2019.

The date of the planned Ordinary General Meeting of Shareholders was set at 24 May 2019.

7. INFORMATION ON RELATED ENTITIES, INCLUDING INFORMATION ON THE REMUNERATION OF SENIOR MANAGEMENT AND THE SUPERVISORY BOARD

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

Affiliate	Net sales		Net purchase		Remuneration	
Period:	**01/01/2019-31/03/2019**	**01/01/2018-31/03/2018**	**01/01/2019-31/03/2019**	**01/01/2018-31/03/2018**	**01/01/2019-31/03/2019**	**01/01/2018-31/03/2018**
Subsidiaries:	**722,771**	**1,820,139**	**0**	**0**	**0**	**0**
Play Cool Zombie Sport Games Sp. z o. o.	110,845	307,727				
Tiny Dragon Adventure Games Sp. z o. o.	447,168	1,487,748				
Fat Lion Games Sp. z o. o.	164,758	24,664				
Management Board	**0**	**0**	**72,000**	**0**	**25,500**	**94,500**
Maciej Popowicz			40,500		13,500	52,500
Arkadiusz Pernal			31,500		12,000	42,000
Magdalena Jurewicz (since 1/09/2018)			0		36,675	0
Supervisory Board	**0**	**0**	**0**	**0**	**54,000**	**46,500**
Maciej Zużałek					3,000	3,000
Rafał Olesiński					10,500	10,500
Marcin Chruszczyński					10,500	10,500
Tomasz Drożdżyński					9,000	9,000
Maciej Marszałek					4,500	4,500
Milena Olszewska-Miszuris (since 14.01.2019)					7,500	0
Wiktor Schmidt					9,000	9,000
Other key personnel	**0**	**0**	**0**	**27,705**	**0**	**27,705**
Family members of key personnel	**0**	**0**	**107,182**	**26,670**	**0**	**26,670**

Affiliate	Gross receivables		Gross liabilities		Remuneration liabilities	
As at:	**31/03/2019**	**31/03/2018**	**31/03/2019**	**31/03/2018**	**31/03/2019**	**31/03/2018**
Subsidiaries	**2,268,179**	**3,158,780**	**0**	**0**	**0**	**0**
Play Cool Zombie Sport Games Sp. z o. o. (including the dividend)	403,553	128,174				
Tiny Dragon Adventure Games Sp. z o. o.	1,366,714	3,000,241				
Fat Lion Games Sp. z o. o.	497,911	30,365				
Management Board	**0**	**0**	**0**	**0**	**0**	**0**
Maciej Popowicz			16,605			
Arkadiusz Pernal			12,915			
Magdalena Jurewicz			0			
Supervisory Board	**0**	**0**	**0**	**0**	**0**	**0**
Maciej Zużałek						
Rafał Olesiński						
Marcin Chruszczyński						
Tomasz Drożdżyński						
Maciej Marszałek						
Milena Olszewska-Miszuris						
Wiktor Schmidt						
Other key personnel	**0**	**0**	**0**	**0**	**0**	**0**
Family members of key personnel	**0**	**0**	**17,355**	**0**	**0**	**0**

The Parent Entity sells internally produced games to its subsidiaries and in return receives compensation (in the form of revenue share, i.e. % of the revenue generated by the titles sold). The decrease in turnover in 2019 results from a decrease in revenues from Game Factory games.

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

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

Transactions indicated in the table above do not include dividend payments to Members of the Management Board or Supervisory Board.

8. DEFERRED TAX

Structure of a deferred income tax asset

Specification	as at 31/03/2019	as at 31/12/2018
deferred income/expense	160,158	162,358
provision for leaves	40,281	33,554
provision for audit costs	0	3,877
Total	**200,439**	**199,789**

Structure of deferred income tax provision

Specification	as at 31/03/2019	as at 31/12/2018
depreciation of games	494,810	358,401
valuation of settlements	5,430	987
Total	**500,240**	**359,388**

9. PROVISIONS

Specification	As at 01/01/2019	Changes during the year		As at 31/03/2019
		Assumption	Use	
Provision for leaves	176,602	212,007	176,602	212,007

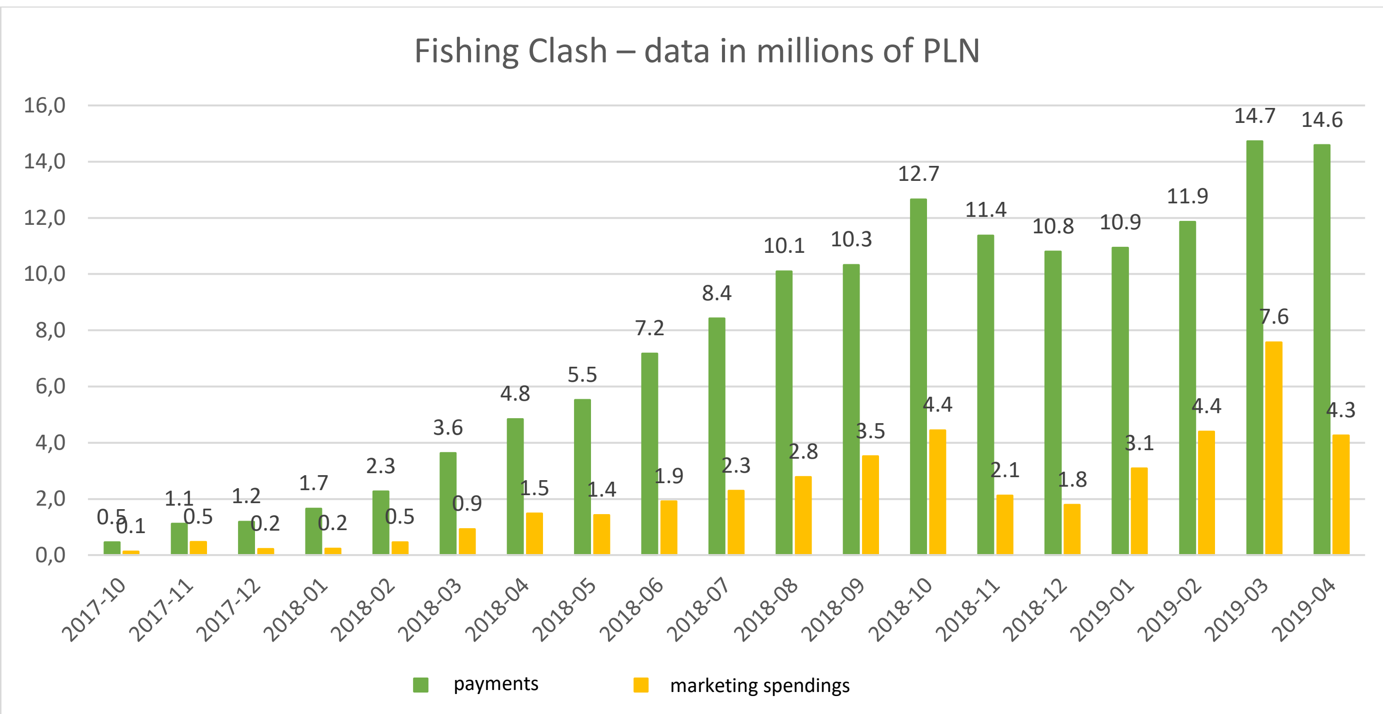
OTHER ADDITIONAL INFORMATION

1. BRIEF DESCRIPTION OF THE ISSUER'S MATERIAL ACHIEVEMENTS AND FAILURES IN THE REPORTING PERIOD, TOGETHER WITH THE SPECIFICATION OF THE MOST IMPORTANT EVENTS RELATED TO THE ISSUER

The first quarter of 2019 saw Fishing Clash return to a growth path due to further product development and the announced increase in marketing spending. Fishing Clash revenues in the analysed period increased to PLN 37.5m, which is a result nearly 8% higher than in Q4 2018.

The marketing team concentrated on scaling and optimizing marketing expenditure on the promotion of Fishing Clash. In the first quarter, total expenditures reached over PLN 15.1m as compared to PLN 8.4 m spent in the last quarter of 2018. The level of marketing expenses in March 2019 was related to the test allocation of the marketing budget, which translated into over PLN 7.5m of expenses. The Group has been monitoring the current performance of the acquired cohorts of users, which indicates good profitability of the acquired traffic. Pending a full assessment of the profitability of such activities, the Group continues the policy of a more balanced spending model.

The project team focused on product development, introducing improvements such as new types of fish, new fisheries and improved game functionality. The success of Fishing Clash and good results of the Group's other products translated into very good financial results of the Group in the first quarter of 2019 (revenues - PLN 45.3m, net profit - PLN 10.3m.



2. QUALITY PARAMETERS OF THE GAMES

Period:	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Fishing Clash – MAU* (average in the period)	1,206,433	1,456,767	1,862,515	1,499,813	1,991,253
Let's Fish - MAU (average in the period)	823,139	684,358	630,915	535,582	499,767
Wild Hunt – MAU* (average in the period)	538,589	432,313	1,384,340	1,249,584	843,800

*MAU – monthly average active users

3. DESCRIPTION OF FACTORS AND EVENTS, INCLUDING THE UNUSUAL ONES, HAVING A SIGNIFICANT IMPACT ON THE CONDENSED FINANCIAL STATEMENT

In the period from January 1, 2019 to March 31, 2019, there were no unusual events which had a significant impact on the condensed financial statement.

4. SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE INTERIM PERIOD WHICH WERE NOT REFLECTED IN THE FINANCIAL STATEMENT FOR A GIVEN INTERIM PERIOD

After the reporting period, but before the publication of this report, the Group has been observing further good financial parameters for Fishing Clash. Estimated sales revenues in April 2019 amounted to PLN 14.6m. In April, the Group maintained high marketing support for Fishing Clash, which is continually being adjusted to the dynamic development of the game.

In April 2019, the Group launched a new game called Golf Rush on the Android soft launch platform. Its first stage consisted in checking the correctness and stability of the application and the systems integrated with it. Product statistics are collected and analysed on an ongoing basis and work on improving the gameplay is underway. The initial launch of the game took place in Poland, Brazil and Indonesia.

Subsequent stages of the soft launch phase assume launching new markets and gaining more users for testing.

5. INDICATION OF FACTORS WHICH, IN THE ISSUER'S OPINION, WILL INFLUENCE THE RESULTS ACHIEVED BY THE ISSUER IN A PERIOD NO SHORTER THAN THE NEXT QUARTER

In the subsequent quarters of 2019, the Group intends to continue the development of its activity in current areas of operation.

Further development of Fishing Clash shall have a crucial impact on the Group's results in the subsequent quarters. The improvement of results, both in the product and marketing sphere, may significantly influence the result of the subsequent quarter. In order to use its potential, the Group is continuing the optimization of live-ops, developing the functionalities of the product and improving marketing efforts.

The Group is also working on launching a version of Fishing Clash on the Chinese market. The cooperation with the distributor (Netease) to date has been assessed positively by the Group.

Factors that may affect the Group's performance in the future is also the performance of the Group's tests of new productions (soft launch), the first of which is currently in progress (Golf Rush), and the second one is scheduled for the fourth quarter of this year (a new hobby game).

At the same time, we are working on two games for women for whom the soft launch date has not been set yet.

The main axis of the Group's development is organic growth understood as production and distribution of own F2P games. In the future, however, the Group does not rule out acquisitions, investments or publishing contracts concluded with other entities producing games in a similar gaming model.

External factors which may influence the Group's results are: the exchange rate of American dollar, the appearance of competitive games on the market, the parameters of advertising market, such as prices and supply of the advertisements displayed in the Group's games as well as the prices of advertisements bought by the Group or a change of policy of crucial distribution platforms, such as Google Play, Facebook and Apple, which may influence the scope and possibility of distribution of the Group's products.

6. OTHER INFORMATION RELEVANT TO THE ASSESSMENT OF THE ISSUER’S HUMAN RESOURCES, PROPERTY AND FINANCIAL SITUATION AS WELL AS THE FINANCIAL RESULT, THEIR CHANGES AND INFORMATION RELEVANT TO ASSESSING THE POSSIBILITY OF FULFILMENT OF THE ISSUER’S COMMITMENTS

As at 31/03/2019, no significant information of such nature exists in the Capital Group Ten Square Games S.A.

7. THE MANAGEMENT BOARD’S STANCE ON THE POSSIBILITY OF FULFILMENT OF PREVIOUSLY PUBLISHED FORECASTS FOR A GIVEN YEAR IN THE LIGHT OF THE RESULTS PRESENTED IN THE QUARTERLY REPORT, COMPARED TO THE FORECASTED RESULTS

The Management Board of Ten Square Games S.A. did not publish forecasts of financial results in 2019.

8. SEASONALITY OR CYCLICALITY OF OPERATIONS

The Group’s activity is not seasonal.

9. INDICATION OF SIGNIFICANT PENDING PROCEDDINGS IN COURT, RELEVANT ARBITRATION BODY OR PUBLIC ADMINISTRATION AUTHORITY, CONCERNING THE ISSUER’S OR ITS SUBSIDIARY’S LIABILITIES AND DEBTS

Neither Ten Square Games S.A. nor any of its subsidiaries, as at 31 March 2019 and as at the date of issue of the financial statement, was a party to any proceedings in court, arbitration proceedings or proceedings before public administration authorities.

10. CREDITS, LOANS, WARRANTIES

Neither Ten Square Games S.A. nor any of its subsidiaries, as at 31 March 2019 and as at the date of issue of the financial statement, was a party to credit or loan agreements. The Issuer and its subsidiaries did not grant any warranties during the reporting period.

APPROVAL OF THE FINANCIAL STATEMENT

This report for the period from 1 January 2019 to 31 March 2019 was signed and approved for publication by the Management Board of Ten Square Games S.A. on 22 May 2019.

		date	**signature**
President of the Management Board	Maciej Popowicz	22/05/2019	
Vice-President of the Management Board	Arkadiusz Pernal	22/05/2019	
Member of the Board	Magdalena Jurewicz	22/05/2019	