



CONSOLIDATED QUARTERLY REPORT

OF THE CAPITAL GROUP TEN SQUARE GAMES S.A. FOR Q3 2019

Wrocław, 26.11.2019

Disclaimer

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

SELECTED FINANCIAL DATA, ALSO CONVERTED INTO EURO

CONSOLIDATED DATA

Specification	01.01.2019 - 30.09.2019		01.01.2018 - 30.09.2018	
	PLN	EUR	PLN	EUR
STATEMENT OF COMPREHENSIVE INCOME				
Net revenues	162 831 738	37 792 262	73 706 974	17 328 547
Costs of goods and services sold	7 572 499	1 757 531	5 471 864	1 286 438
Selling costs	100 208 516	23 257 790	37 329 209	8 776 116
General and administrative costs	4 876 130	1 131 720	3 082 721	724 749
Operating profit (loss)	50 201 312	11 651 421	27 822 916	6 541 182
Gross profit (loss)	50 934 822	11 821 664	28 164 519	6 621 493
Net profit (loss)	41 558 988	9 645 590	22 760 385	5 350 978
CASH FLOW STATEMENT				
Net cash flows from operating activities	32 815 358	7 616 246	23 643 988	5 558 714
Net cash flows from investment activities	-2 988 853	-693 695	-1 270 931	-298 797
Net cash flows from financial activity	-27 308 875	-6 338 225	-6 308 880	-1 483 221

Specification	30.09.2019		31.12.2018	
	PLN	EUR	PLN	EUR
BALANCE SHEET				
Fixed assets	5 175 668	1 183 389	2 701 316	628 213
Current assets	71 020 881	16 238 541	51 766 242	12 038 661
Equity	57 036 837	13 041 165	42 084 424	9 787 075
Long-term liabilities	750 665	171 635	359 388	83 579
Short-term liabilities	18 409 047	4 209 129	12 023 746	2 796 220

	2019	2018
EUR/PLN exchange rate		
- for the balance-sheet data	4.3736	4.3000
- for the data from the profit and loss statement and cash flow statement	4.3086	4.2535

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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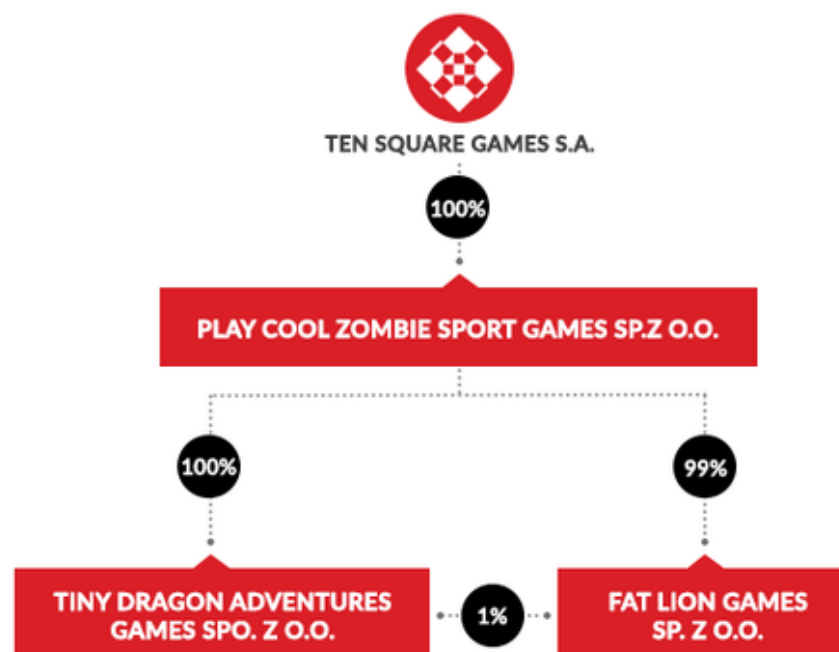
GENERAL INFORMATION

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

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

- as at the date of publication of this report

Shareholder	number of shares as at 26.11.2019	share in basic capital	number of votes at GSM	% share in the number of votes
Shareholders' Agreement ¹	4,603,750	63.58%	4,603,750	63.58%
NN PTE ^{2*}	549,800	7.59%	549,800	7.59%
<i>Others</i>	2,087,695	28.83%	2,087,695	28.83%
TOTAL	7,241,245	100%	7,241,245	100%

¹ The agreement of the Company's shareholders of 21.10.2019 regarding the conduct of a permanent policy towards the Company and the consensual exercise of voting rights attached to the Company's shares (current report no. 30/2019). The parties to the Shareholders' Agreement are, among others Maciej Popowicz and Arkadiusz Pernal - Members of the Management Board, whose shares are shown in the following tables.

² number of shares registered for GSM, which took place at 24.05.2019r.

* NN Otwarty Fundusz Emerytalny and NN Dobrowolny Fundusz Emerytalny – both funds are managed by NN Powszechne Towarzystwo Emerytalne

- as at the date of publication of the previous interim report

Shareholder	number of shares as at 27.08.2019	share in basic capital	number of votes at GSM	% share in the number of votes
Maciej Popowicz ²	2,852,500	39.39%	2,852,500	39.39%
Arkadiusz Pernal ²	1,365,000	18.85%	1,365,000	18.85%
NN PTE ^{3*}	549,800	7.59%	549,800	7.59%
<i>others</i>	2,473,945	34.16%	2,473,945	34.16%
TOTAL	7,241,245	100%	7,241,245	100%

Changes of Shareholder structure between the publications of interim reports are the result of conclusion of the Shareholders' Agreement, resulting in the fact that the Members of the Agreement hold in total 4,603,750 shares in the Company, constituting 63.58% of the share capital, entitled to 4,603,750 votes at the General Meeting of Shareholders of the Company, constituting 63.58% of the total number of votes at the General Meeting of Shareholders of the Company, of which:

- Maciej Popowicz holds in total 2,852,500 shares in the Company, constituting 39.39% of the share capital, entitled to 2,852,500 votes at the General Meeting of Shareholders of the Company, constituting 39.39% of the total number of votes at the General Meeting of Shareholders of the Company,
- Arkadiusz Pernal holds in total 1,365,000 shares in the Company, constituting 18.85% of the share capital, entitled to 1,365,000 votes at the General Meeting of Shareholders of the Company, constituting 18.85% of the total number of votes at the General Meeting of Shareholders of the Company,
- Rafał Vogt holds in total 135,000 shares in the Company, constituting 1.86% of the share capital, entitled to 135,000 votes at the General Meeting of Shareholders of the Company, constituting 1.86% of the total number of votes at the General Meeting of Shareholders of the Company,
- Konrad Słabig holds in total 135,000 shares in the Company, constituting 1.86% of the share capital, entitled to 135,000 votes at the General Meeting of Shareholders of the Company, constituting 1.86% of the total number of votes at the General Meeting of Shareholders of the Company,
- Miłosz Kordecki holds in total 78,750 shares in the Company, constituting 1.09% of the share capital, entitled to 78,750 votes at the General Meeting of shareholders of the Company, constituting 1.09% of the total number of votes at the General Meeting of Shareholders of the Company,

- f) Wojciech Gattner holds in total 37,500 shares in the Company, constituting 0.52% of the share capital, entitled to 37,500 votes at the General Meeting of Shareholders of the Company, constituting 0.52% of the total number of votes at the General Meeting of Shareholders of the Company,

3.2. List of shares held by members of the Management Board and Supervisory Board

- as at the date of publication of this and previous interim report

Shareholder	number of shares as at 26.11.2019	share in basic capital	number of votes at GSM	% share in the number of votes
President of the Management Board – Maciej Popowicz ²	2,852,500	39.39%	2,852,500	39.39%
Vice-President of the Management Board – Arkadiusz Pernal ²	1,365,000	18.85%	1,365,000	18.85%
Member of the Management Board – Magdalena Jurewicz	25,000	0.35%	25,000	0.35%
President of the Supervisory Board – Maciej Zużalek	75,000	1.04%	75,000	1.04%
Member of the Supervisory Board – Maciej Marszałek	52,500	0.73%	52,500	0.73%
Member of the Supervisory Board – Rafał Olesiński	669	0.01%	669	0.01%
<i>others</i>	2,870,576	39.64%	2,870,576	39.64%
TOTAL	7,241,245	100%	7,241,245	100%

3.3. Share series

Share series	Type of shares	Number of shares as at 26.11.2019 and 27.08.2019	Nominal value per share	Total nominal value of shares
A	ordinary	7,225,000	0.1 PLN	722,500.00
B	ordinary	16,245	0.1 PLN	1,624.50

Type B shares refer to the incentive scheme implemented in the Company, and the increase in the share capital connected with it was announced in the current reports no. 23/2019 and 25/2019.

4. COMPOSITION OF THE COMPANY'S BODIES AS AT 30.09.2019

The Management Board:

Maciej Popowicz – President of the Management Board;

Arkadiusz Pernal – Vice-President of the Management Board;

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

Between 1.01.2019-26.11.2019 there were no changes in the composition of the Management Board.

Supervisory Board:

Maciej Zużalek – Chairman of the Supervisory Board;

Rafał Olesiński – Vice-Chairman of the Supervisory Board;

Marcin Chruszczyński – Member of the Supervisory Board;

Tomasz Drożdżyński – Member of the Supervisory Board;

Maciej Marszałek – Member of the Supervisory Board;

Milena Olszewska-Miszuris – Member of the Supervisory Board;

Wiktor Schmidt – Member of the Supervisory Board.

Between 1.01.2019-26.11.2019 the following change took place: Ms. Milena Olszewska-Miszuris joined the Supervisory Board as a Member of the Supervisory Board on 14.01.2019.

5. FORM OF THE CONDENSED STATEMENT

The basis for the preparation of the financial statement

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

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

Functional currency and presentation currency

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

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

Presented periods

The interim condensed consolidated financial statement has been prepared as at 30.09.2019 and it covers the period of 9 months, i.e. since 1.01.2019 to 30.09.2019.

For the data presented in the interim condensed consolidated statement of financial situation and off-balance sheet items, comparable financial data as at 30 September 2018 and 31 December 2018 were presented.

For the data presented in the interim condensed consolidated statement of comprehensive income and the interim condensed consolidated statement of cash flows, comparable financial data for the period from 01.01.2018 to 30.09.2018 were presented.

For the data presented in the interim condensed consolidated statement of changes in equity capital, comparable financial data were presented for the period from 01.01.2018 to 30.09.2018 and for the period from 01.01.2018 to 31.12.2018.

Continuity assumption

The interim condensed consolidated financial statement has been prepared assuming that the Company and the Capital Group shall continue their activities for the period of 12 months after the last balance-sheet date, i.e. 30.09.2020. 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 third 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	01.07.2019 - 30.09.2019	01.01.2019 - 30.09.2019	01.07.2018 - 30.09.2018	01.01.2018 - 30.09.2018
Revenues from the sales of services	67,650,494	162,831,738	35,436,464	73,706,974
Costs of goods and services sold	2,930,996	7,572,499	1,993,938	5,471,864
Gross profit (loss) on sales	64,719,498	155,259,239	33,442,526	68,235,110
Other operating revenues	2,445	48,564	273	18,191
Selling costs	41,040,733	100,208,516	19,599,257	37,329,209
General and administrative costs	1,898,293	4,876,130	1,027,602	3,082,721
Other operating costs	7,377	21,845	1,051	18,455
Operating profit (loss)	21,775,540	50,201,312	12,814,889	27,822,916
Financial revenues	541,372	735,191	-200,705	342,494
Financial costs	556	1,681	-18,919	891
Profit (loss) before taxation	22,316,356	50,934,822	12,633,103	28,164,519
Income tax	4,166,959	9,375,834	2,399,386	5,404,134
Net profit (loss) on continued activity	22,316,356	41,558,988	10,233,717	22,760,385
Profit (loss) on discontinued activity	0	0	0	0
Net profit (loss)	18,149,397	41,558,988	10,233,717	22,760,385
Items for requalification for the profit and loss statement in the subsequent periods	0	0	0	0
Items which will not be subject to requalification for the profit and loss statement in the subsequent periods	0	0	0	0
Total comprehensive income	18,149,397	41,558,988	10,233,717	22,760,385
Total comprehensive income assigned to non-controlling shareholders	0	0	0	4,023
Net profit (loss) attributable to the parent company	18,149,397	41,558,988	10,233,717	22,756,362

Calculation of earnings per share	01.07.2019 - 30.09.2019	01.01.2019 - 30.09.2019	01.07.2018 - 30.09.2018	01.01.2018 - 30.09.2018
Number of shares				
The weighted average number of shares for the purpose of calculating the value basic of earnings per share (in units)	7,237,007	7,238,620	7,275,000	7,275,000
The weighted average number of shares for the purpose of calculating the value of diluted earnings per share (in units)	7,237,007	7,238,620	7,275,000	7,275,000
Net profit assigned to the Parent Entity	18,149,397	41,558,988	10,233,717	22,756,362
Earnings per share per shareholders of the Parent Entity				
Basic EPS	PLN 2.51	PLN 5.74	PLN 1.41	PLN 3.13
Diluted EPS	PLN 2.51	PLN 5.74	PLN 1.41	PLN 3.13

2. INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL SITUATION

ASSETS	30.09.2019	31.12.2018	30.09.2018
Fixed assets	5,175,668	2,701,316	2,962,791
Property, plant and equipment	506,027	246,799	226,687
Intangible assets	4,213,057	2,186,675	2,396,788
Other fixed assets	0	68,053	113,421
Other financial assets	194,726	0	201,330
Deferred income tax assets	261,858	199,789	24,565
Current assets	71,020,881	51,766,242	35,813,316
Inventories	0	0	0
Trade receivables	24,011,839	10,671,417	12,228,250
Other receivables	3,143,569	540,895	754,274
Prepayments and accruals	1,409,910	803,134	495,708
Loans granted	80,000	0	0
Cash and cash equivalents	42,375,563	39,750,796	22,335,084
Assets classified as intended for sale	0	0	0
TOTAL ASSETS	76,196,549	54,467,558	38,776,107

EQUITY & LIABILITIES	30.09.2019	31.12.2018	30.09.2019
Equity	57,036,837	42,084,424	28,318,798
<i>Equity of the Parent Entity's shareholders</i>	<i>57,036,837</i>	<i>42,084,424</i>	<i>28,314,193</i>
Share capital	724,125	727,500	727,500
Reserve capital from the sales of shares above their nominal value	496,100	496,100	496,100
Other capitals	12,196,462	1,776,710	1,717,628
Undistributed financial result	2,061,163	2,616,603	2,616,603
Financial result of the current period	41,558,988	36,467,511	22,756,362
<i>Equity of non-controlling shareholders</i>	<i>0</i>	<i>0</i>	<i>4,605</i>
Long-term liabilities	750,665	359,388	425,339
Deferred income tax provisions	750,665	359,388	425,339
Short-term liabilities	18,409,047	12,023,746	10,031,970
Trade liabilities	8,570,320	2,735,833	4,712,533
Current income tax liabilities	7,698,212	7,722,652	4,701,728
Other liabilities	261,652	167,920	488,419
Other provisions	209,983	176,602	129,290
Prepayments and accrued income	1,668,880	1,220,739	0
Liabilities directly connected with the assets intended for sale	0	0	0
TOTAL EQUITY & LIABILITIES	76,196,549	54,467,558	38,776,107

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	Undistrib uted financial result	Financial result of the current period	Equity of shareholde rs of the Parent Entity	Capital of non- controlling shareholde rs	Total equity
9 months ending on 30.09.2019 r.								
Equity as at 01.01.2019 r.	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
Payment of share capital	1,625					1,625		1,625
Share-based payments			906,456			906,456		906,456
Reduction of the share capital in accordance with the resolution of the General Meeting of Shareholders	-5,000		5,000					0
Adjustment of share-based payments combined with share capital reduction			-204,155			-204,155		-204,155
Distribution of net profit			9,712,451	-9,712,451				0
Dividend payment				-27,310,500		-27,310,500		-27,310,500
Total comprehensive income					41,558,988	41,558,988		41,558,988
Equity as at 30.09.2019 r.	724,125	496,100	12,196,462	2,061,163	41,558,988	57,036,838	0	57,036,838
9 miesięcy zakończonych 30.09.2018 r.								
Equity as at 01.01.2018 r.	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			177,246			177,246		177,246
Distribution of net profit			995,962	-995,962		0		0
Dividend payment				-6,308,880		-6,308,880		-6,308,880
Total comprehensive income					22,760,385	22,756,362	4,023	22,760,385
Equity as at 30.09.2018 r.	727,500	496,100	1,717,628	2,616,603	22,760,385	28,314,193	4,605	28,318,798
Equity as at 31.12.2018 r.	727,500	496,100	1,776,710	2,616,603	36,469,341	42,084,424	0	42,084,424

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Share capital	Reserve capital from the sales of shares above their nominal value	Other capitals	Undistrib uted financial result	Financial result of the current period	Equity of shareholde rs of the Parent Entity	Capital of non- controlling shareholde rs	Total equity
12 months ending 31.12.2018 r.								
Equity as of 01.01.2018 r.	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
Dividend payment				-6,308,880		-6,308,880		-6,308,880
Total comprehensive income					36,469,341	36,467,511	1,830	36,469,341
Elimination of non-controlling shareholders' capital							-2,412	-2,412
Equity as at 31.12.2018 r.	727,500	496,100	1,776,710	2,616,603	36,469,341	42,084,424	0	42,084,424

4. INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement	for 01.07.2019 - 30.09.2019	for 01.01.2019 - 30.09.2019	for 01.07.2018 - 30.09.2018	for 01.01.2018 - 30.09.2018
OPERATING ACTIVITY				
Profit/loss before taxation	22,316,356	50,934,822	12,633,103	28,164,519
Total corrections:	-7,196,971	-9,084,882	-641,523	-2,888,947
Depreciation	319,760	775,774	208,167	500,908
Exchange profit/loss	-147,907	-107,138	570,463	301,932
Interest and share in profits (dividends)	0	0	0	0
Profit/loss on investment activities	0	0	0	0
Change in provisions and accruals	456,549	481,522	-46,643	18,673
Change in receivables	-8,998,626	-16,137,823	-3,558,455	-7,511,228
Change in liabilities, except for loans and credits,	1,397,464	5,935,658	2,199,574	3,787,247
Change in prepayments and accruals (without short-term prepayments and accruals for share-based payments)	-462,320	-776,903	-97,595	-165,918
Share-based payments (part not included in the acquisition of intangible assets)	281,872	787,950	61,430	175,565
Other corrections	-43,763	-43,922	21,536	3,874
Cash on operating activity	15,119,385	41,849,940	11,991,580	25,275,572
Paid interest	0	0	0	0
Income tax (paid) / reimbursed	-540,761	-9,034,582	-197,731	-1,631,584
A. Net operating cash flow	14,578,624	32,815,358	11,793,849	23,643,988
INVESTMENT ACTIVITY		,		,
Proceeds	0	0	0	0
Outflows	1,097,420	2,988,853	420,156	1,270,931
Purchase of intangible and tangible fixed assets	1,017,420	2,908,853	420,156	1,270,931
Loans granted	80,000	80,000	0	0
B. Net cash flow from investment activities	-1,097,420	-2,988,853	-420,156	-1,270,931
FINANCIAL ACTIVITY		,		,
Proceeds	1,625	1,625	0	0
Dividends and other payments to owners	1,625	1,625	0	0
Outflows	0	27,310,500	1,198,687	6,308,880
Dividends and other payments to owners	0	27,310,500	1,198,687	6,308,880
C. Net cash flow from financial activities	1,625	-27,308,875	-1,198,687	-6,308,880
D. Total net cash flow	13,482,829	2,517,630	10,175,006	16,064,177
E. Balance-sheet change in cash, including	13,630,736	2,624,768	9,604,543	15,762,246
- change in cash due to exchange losses/gains	147,907	107,138	-570,463	-301,931
F. Cash at the beginning of the period	28,862,020	39,827,219	12,550,965	6,661,794
G. Cash at the end of the period	42,344,849	42,344,849	22,725,971	22,725,971

Specification	30.09.2019	30.09.2018
Cash on balance sheet	42,375,563	22,335,084
Foreign exchange gains/losses on balance sheet valuation as at SF date	-30,714	390,887
Total cash and cash equivalents disclosed in the cash flow statement	42,344,849	22,725,971

5. COMMENTS ON THE RESULTS

Due to the fact that the separate and consolidated data for Ten Square Games S.A. and the Ten Square Games S.A. Capital Group are similar (trends for particular balance sheet items and results), the Management Board of the Parent Company performs a joint analysis for the consolidated data.

6.1. STATEMENT OF COMPREHENSIVE INCOME

SPLIT OF CONSOLIDATED REVENUES BY GAMES BY QUARTERS

Game	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019	3Q 2019
Fishing Clash	7,559,687	17,527,268	28,846,155	34,830,640	37,524,342	43,146,664	57,896,490
Let's Fish	3,704,913	3,748,715	4,317,775	4,681,695	4,095,505	3,316,451	3,600,089
Wild Hunt	668,209	926,445	1,264,693	2,020,821	2,439,365	2,094,188	2,343,769
Others	2,467,083	1,668,189	1,007,841	1,238,266	1,227,884	1,368,393	4,226,738
TOTAL PAYMENTS	14,399,892	23,870,618	35,436,464	42,771,423	45,287,096	49,925,696	68,067,086
Deferred income	0	0	0	-1,220,739	16,544	-48,092	-416,592
TOTAL REVENUE	14,399,892	23,870,618	35,436,464	41,550,684	45,303,640	49,877,604	67,650,494

* under the term of payments, the Group recognises revenues not reduced by deferred income (i.e. in the case of micropayments, these are payments made by users during the specified period). The amount of income deferred in time 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 "prepayments and accrued income".

CONSOLIDATED SELLING COSTS BY QUARTERS

Specification	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019	3Q 2019
Selling costs	5,643,579	12,086,373	19,599,257	21,305,935	29,688,819	29,478,964	41,040,733
marketing:	1,719,515	4,933,309	8,762,276	8,616,331	15,487,704	14,286,418	21,210,446
- Fishing Clash	1,619,894	4,829,482	8,609,506	8,350,273	15,060,121	14,014,231	20,966,520
- Wild Hunt	87,552	87,459	130,327	197,001	383,148	222,937	181,426
- other titles, events	12,069	16,368	22,443	69,057	44,435	49,250	62,500
commissions	3,035,466	6,101,737	9,660,729	11,346,164	12,552,593	14,000,307	18,333,228
revenue share	372,292	385,063	414,537	447,634	441,691	331,973	347,491
remuneration, external services	348,530	492,659	609,430	709,782	892,588	665,773	728,866
others	167,776	173,605	152,286	186,024	314,243	194,492	420,702

The growth of revenues, both in the first three quarters of 2019 and in the third quarter of the year alone, is mainly due to the further increase in the popularity of Fishing Clash. Fishing Clash payments increased by PLN 84.7m in the period under review (PLN 138.6m for January-September 2019 as compared to PLN 53.9m for January-September 2018). Additionally, when analysing the dynamics of payments by quarters, the third quarter of 2019 was the best quarter in this respect so far, when Fishing Clash generated PLN 57.9 million as compared to PLN 43.1 million in the second quarter of 2019. The game is supported by significant marketing budgets - for 3 quarters of 2019 the costs amounted to PLN 50 million as compared to PLN 15.1 million in the corresponding period of the previous year. On a quarterly basis, in Q3 2019, the highest amount of PLN 21m was spent on marketing as compared to PLN 14m in Q2 2019 and PLN 15m in Q1 2019. The increased amount of advertising expenditure includes the cost of the test TV campaign in the U.S. market. Starting from September 2019, the game also generated revenues from cooperation with the Chinese partner Netease, however, for now and in the near future, before receiving an official government license for the Android platform, these amounts are negligible.

The second Group's title, Let's Fish, also did well, generating an almost identical level of payments in the three quarters of 2019 as in the first three quarters of 2018 (PLN 11.0-11.7 million). The second quarter of 2019 was entirely devoted to the difficult change of the technology platform and the rewriting of the title from Flash technology to HTML5. The actual production switching of the game version took place in July 2019. The focus on migration and testing at the expense of product development was not without impact on financial results in the short term, while, which is encouraging, in Q3 2019 revenues began to grow again, approaching the results from before the technological changes.

Another game, Wild Hunt, generated payments of PLN 2.3m in Q3 2019. This is yet another quarter in a row when payments fell between PLN 2.0m and PLN 2.5m per quarter. This title is supported by a small marketing budget, which amounted to PLN 0.2m in both Q2 and Q3 2019.

In the category of "other games", in Q3 2019 the Group recorded a significant increase in revenues from ca. PLN 1.2m to PLN 4.2m. The growth is entirely related to the Game Factory segment - in recent months the interest in games from one of the genres with a large share in its portfolio increased rapidly. This does not change the fact that in the Group's opinion this segment ceased to be a key one after the changes introduced in 2018 in the game search algorithms in Google Play and AppStore mobile stores.

The Group does not record any significant seasonality of sales. The level of revenues depends on the life cycle of a given game (group of games) and cumulative marketing expenditure from the few preceding months.

Cost of goods and services sold includes mainly salaries and wages of the Company's employees and associates. The increase in costs during 2019 results from an increase in the size of the team in the comparable periods and from a greater number of active projects.

The increase of selling costs resulted mostly from an increase in marketing expenses in the comparative periods, which is also described in the above paragraphs. Another significant component of expenses, i.e. commissions, is fully dependent on the level of payments and the amount of commissions increases proportionally with their increase.

The increase in general and administrative costs in 2019 was caused by the expansion of general corporate departments, including finance and HR, as well as by a general increase in the number of employees and associates, which translates into higher office maintenance costs.

The Group's consolidated net profit for the first three quarters of 2019 amounted to PLN 41.6 million and was higher by PLN 18.8 million when compared to the corresponding period of 2018, which means an increase by 83%.

6.2. STATEMENT OF FINANCIAL POSITION

In balance sheet terms, high sales of the Group's products translate into higher current assets (increase in cash and trade receivables), whereas at the end of June 2019 the Group paid out PLN 27.3 million in dividends, which significantly reduced the level of cash on a one-off basis. Additionally, a larger number of new projects translates into an increase in the value of the "intangible assets" item.

During the analyzed period, the Group records an increase in the value of other receivables and a simultaneous decrease in other liabilities. These items present mainly VAT. The change in the VAT settlement sign (from liabilities to receivables) is related to receiving in 2019 invoices for advertising displayed on Facebook channels issued by a Polish entity, whereas in 2018 invoices were issued by an Irish company (excluding VAT).

The increase in short-term liabilities results from the increase in current marketing expenditures, incurred mainly for the Fishing Clash game.

The Group (and the Parent Company) has high liquidity, all liabilities are settled on time, and the Group does not have any problems with the collection of receivables.

6.3. CASH FLOW STATEMENT

The increase of operations cash flows (+39%) is a direct result of good financial results, mostly attributed to the global success of Fishing Clash game. Investment activities of the Group involve production of new games – in 2019 the Group worked on four such titles, compared to two in 2018, thus the significant increase of capital expenditures in analysed periods. Financial activities is cash flow connected with dividend payment.

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

STANDALONE FINANCIAL STATEMENT OF COMPREHENSIVE INCOME	for 01.07.2019 - 30.09.2019	for 01.01.2019 - 30.09.2019	for 01.07.2018 - 30.09.2018	for 01.01.2018 - 30.09.2018
Revenues from the sales of services	66,196,349	160,486,925	35,243,455	72,748,115
Costs of goods and services sold	2,930,997	7,566,149	1,860,389	4,822,791
Gross profit (loss) on sales	63,265,352	152,920,776	33,383,066	67,925,324
Other operating revenues	57,325	145,695	147	18,061
Selling costs	40,912,883	99,870,309	19,443,256	37,068,418
Costs of general management	1,872,439	4,791,781	942,109	2,824,029
Other operating costs	62,288	125,109	1,038	18,435
Operating profit (loss)	20,475,067	48,279,272	12,996,810	28,032,503
Financial revenues	527,298	855,551	-230,096	733,609
Financial costs	543	557	9	140
Profit (loss) before taxation	21,001,822	49,134,266	12,766,705	28,765,972
Income tax	3,920,674	9,046,658	2,379,802	5,293,802
Net profit (loss) on continued activity	17,081,148	40,087,608	10,386,903	23,472,170
Profit (loss) on discontinued activity	0	0	0	0
Net profit (loss)	17,081,148	40,087,608	10,386,903	23,472,170
Items for requalification for the profit and loss statement in the subsequent periods	0	0	0	0
Items which will not be subject to requalification for the profit and loss statement in the subsequent periods	0	0	0	0
Total comprehensive income	17,081,148	40,087,608	10,386,903	23,472,170

Calculation of profit per share	for 01.07.2019 - 30.09.2019	for 01.01.2019 - 30.09.2019	for 01.07.2018 - 30.09.2018	for 01.01.2018 - 30.09.2018
Number of shares				
The weighted average number of shares for the purpose of calculating the value of basic profit per share (in units)	7,237,007	7,238,620	7,275,000	7,275,000
The weighted average number of shares for the purpose of calculating the value of diluted profit per share (in units)	7,237,007	7,238,620	7,275,000	7,275,000
Net profit	17,081,148	40,087,608	10,386,903	23,472,170
Net profit per one share assigned to shareholders				
Basic net profit for the trading period	PLN 2.36	PLN 5.54	PLN 1.43	PLN 3.23
Diluted net profit for the trading period	PLN 2.36	PLN 5.54	PLN 1.43	PLN 3.23

2. INTERIM CONDENSED STANDALONE STATEMENT OF FINANCIAL SITUATION

ASSETS	30.09.2019	31.12.2018	30.09.2018
Fixed assets	5,180,668	2,706,316	2,881,509
Property, plant and equipment	506,027	246,799	170,200
Intangible assets	4,213,057	2,186,675	2,396,788
Other fixed assets	0	68,053	113,421
Investments in affiliates measured by equity method	5,000	5,000	5,000
Other financial assets	194,726	0	171,535
Deferred income tax assets	261,858	199,789	24,565
Current assets	68,728,638	51,019,639	35,114,891
Stocks	0	0	0
Trade receivables	25,494,408	11,105,963	15,246,874
Other receivables	2,025,784	172,365	239,917
Prepayments and accruals	1,406,844	799,659	484,281
Loans granted	80,000	0	0
Cash and cash equivalents	39,721,602	38,941,652	19,143,819
Assets classified as intended for sale	0	0	0
TOTAL ASSETS	73,909,306	53,725,955	37,996,400

EQUITY AND LIABILITIES	30.09.2019	31.12.2018	30.09.2019
Equity	54,831,614	41,350,580	27,740,717
Share capital	724,125	727,500	727,500
Reserve capital from the sales of shares above their nominal value	496,100	496,100	496,100
Other capitals	12,196,462	1,776,710	1,717,628
Undistributed financial result	1,327,319	1,327,319	1,327,319
Financial result of the current period	40,087,608	37,022,951	23,472,170
Long-term liabilities	761,982	370,540	411,337
Deferred income tax provisions	761,982	370,540	411,337
Short-term liabilities	18,315,710	12,004,835	9,844,346
Trade liabilities	8,570,320	2,736,123	4,626,325
Current income tax liabilities	7,604,875	7,710,249	4,696,929
Other liabilities	261,652	161,120	391,802
Other provisions	209,983	176,602	129,290
Prepayments and accrued income	1,668,880	1,220,741	0
Liabilities directly connected with the assets intended for sale	0	0	0
TOTAL EQUITY AND LIABILITIES	73,909,306	53,725,955	37,996,400

3. INTERIM CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY

STANDALONE 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	Total equity
9 months ending 30.09.2019 r.						
Equity as at 01.01.2019	727,500	496,100	1,776,710	38,350,270	0	41,350,580
Changes in accounting principles (policy)						0
Corrections of errors from previous periods						0
Equity after corrections	727,500	496,100	1,776,710	38,350,270	0	41,350,580
Payment of share capital	1,625					1,625
Share-based payments			906,456			906,456
Reduction of the share capital in accordance with the resolution of the Extraordinary General Meeting of Shareholders	-5,000		5,000			0
Adjustment of share-based payments combined with share capital reduction			-204,155			-204,155
Distribution of net profit			9,712,451	-9,712,451		0
Dividend payment				-27,310,500		-27,310,500
Total comprehensive income					40,087,608	40,087,608
Equity as at 30.09.2019	724,125	496,100	12,196,462	1,327,319	40,087,608	54,831,614
9 months ending 30.09.2018 r.						
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
Payment of share capital						
Share-based payments			177,246			177,246
Distribution of net profit			995,962	-995,962		0
Dividend payment				-6,308,880		-6,308,880
Total comprehensive income					23,472,170	23,472,170
Equity as at 30.09.2018	727,500	496,100	1,717,628	1,327,319	23,472,170	27,740,717

STANDALONE 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	Total equity
12 months ending 31.12.2018 r.						
Equity as at 01/01/2018	727,500	496,100	544,420	8,632,161	0	10,400,181
Changes in accounting principles (policy)						0
Corrections of errors from previous periods						0
Equity after corrections	727,500	496,100	544,420	8,632,161	0	10,400,181
Issue of shares						0
Cost of shares issue						0
Share capital increase – transformation into a joint-stock company						0
Share-based payments			236,328			236,328
Distribution of net profit			995,962	-995,962		0
Dividend payment				-6,308,880		-6,308,880
Total comprehensive income					37,022,951	37,022,951
Equity as at 31/12/2018	727,500	496,100	1,776,710	1,327,319	37,022,951	41,350,580

4. INTERIM CONDENSED STANDALONE CASH FLOW STATEMENT

STANDALONE CASH FLOW STATEMENT	for 01.07.2019 - 30.09.2019	for 01.01.2019 - 30.09.2019	for 01.07.2018 - 30.09.2018	for 01.01.2018 - 30.09.2018
OPERATING ACTIVITY				
Profit/loss before taxation	21,001,822	49,134,266	12,766,705	28,765,972
Total corrections:	-7,254,549	-9,465,800	-1,166,333	-5,263,215
Depreciation	319,760	775,774	198,487	481,202
Exchange profit/loss	-128,363	-116,060	546,186	310,869
Interest and share in profits (dividends)	0	-124,875	0	-355,607
Profit/loss on investment activities	0	0	0	0
Change in provisions (without a deferred tax provision)	456,549	481,522	-46,643	18,673
Change in receivables	-9,128,317	-16,436,592	-3,974,326	-9,471,751
Change in liabilities, except for loans and credits, CIT liabilities and dividends	1,404,748	5,942,168	2,124,072	3,729,144
Change in prepayments and accruals (without short-term prepayments and accruals for share-based payments)	-462,422	-777,311	-101,804	-158,827
Share-based payments (part not included in the acquisition of intangible assets)	281,872	787,950	61,430	175,565
Other corrections	1,624	1,624	26,265	7,517
Cash on operating activity	13,747,273	39,668,466	11,600,371	23,502,757
Paid interest	0	0	0	0
Income tax (paid) / refunded	-417,154	-8,830,099	-169,755	-1,508,286
A. Net operating cash flow	13,330,119	30,838,367	11,430,616	21,994,471
INVESTMENT ACTIVITY				
Proceeds	0	0	0	0
Costs	1,097,420	2,988,853	419,893	1,194,739
Purchase of intangible and tangible fixed assets	1,017,420	2,908,853	419,893	1,194,739
Other investment spendings	80,000	80,000	0	0
B. Net cash flow from investment activities	-1,097,420	-2,988,853	-419,893	-1,194,739
FINANCIAL ACTIVITY				
Proceeds	0	124,875	0	355,607
Dividends and other payments to owners	0	124,875	0	355,607
Costs	0	27,310,500	1,198,687	6,308,880
Dividends and other payments to owners	0	27,310,500	1,198,687	6,308,880
C. Net cash flow from financial activity	0	-27,185,625	-1,198,687	-5,953,273
D. Total net cash flow	12,232,699	663,889	9,812,036	14,846,459
E. Balance-sheet change in cash, including	12,361,063	779,950	9,265,851	14,535,590
- change in cash due to exchange losses/gains	128,363	116,060	-546,186	-310,869
F. Cash at the beginning of the period	27,449,079	39,017,889	9,719,806	4,685,383
G. Cash at the end of the period	39,681,779	39,681,779	19,531,842	19,531,842

ACCOUNTING PRINCIPLES

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 30.09.2019.

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 an 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 selling costs.

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 goods and services sold 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.

Selling costs – 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.

General and administrative 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 IAS 16 Tangible fixed assets, if the purchase price (manufacturing cost) amounts to at least PLN 3,500. Fixed assets with the value below 3,500 PLN undergo one-off amortization and they are recognized as costs in the month of purchase.

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

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

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

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

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

3.6. Intangible assets

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

The Company, no later than at the end of the financial year, conducts a periodical verification of the adopted economic useful life periods for intangible assets, final value and depreciation methods, and the effects of changes in these estimates are reflected in the

following and subsequent financial years (prospectively). As at the balance-sheet date, the Group shall also evaluate intangible assets for impairment and evaluate a necessity of preparing impairment write-downs. This takes place when the Group is sufficiently assured that a given asset shall not generate the expected economic benefits or the achieved benefits shall be significantly lower. The impairment loss shall be recognized in the amount by which the balance-sheet value exceeds the recoverable amount. The recoverable amount is the higher of two amounts: fair value less selling costs or value in use.

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

Intangible assets of the Group with the depreciation rates:

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

Development works

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

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

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

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

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

3.7. Financial instruments

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

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

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

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

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

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

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

a) a financial asset is maintained in accordance with the business model whose aim is maintaining financial assets for the purpose of obtaining cash flows resulting from the agreement and the sales of financial assets; and

b) the provisions of the agreement concerning a financial asset result in the creation of cash flows, within specified periods, which are only the repayment of main amount and interest on the outstanding amount.

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

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

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

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

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

3.8. Transactions in foreign currencies

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

Valuation

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

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

Transactions during the year

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

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

3.9. Pre-payments and accruals

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

3.10. Equity

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

3.11. Share-based payments

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

3.12. Payment of dividends

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

3.13. Provisions

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

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

Fair value of share-based payments

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

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

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

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

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

Uncertainty of estimates

Impairment of assets

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

Using premium packages in time

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

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

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

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

- preceding the balance sheet date and/or

- after the balance sheet date.

Determination of materiality

When preparing financial statements, the Group applies the materiality principle. The materiality principle introduces the possibility to apply simplifications, if it does not have a materially negative impact on the reliable and clear presentation of the property and financial situation and financial result. The Group has adopted the amount of PLN 1.5 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).

ADDITIONAL EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. REVENUES

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

Specification	01.01.2019 - 30.09.2019	01.01.2018 - 30.09.2018
Sales of services	162,831,738	73,706,974
TOTAL revenues from sales of services	162,831,738	38,270,510
Other operating revenues	48,564	18,191
Financial revenues	735,191	342,494
TOTAL revenues from continuing operations	163,615,493	38,631,195
TOTAL revenues	163,615,493	38,631,195

Revenues from discontinued operations did not occur.

1.1. Information on operating segments

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

1.2. Revenues - source

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

Type of revenues	payments 1-9 2019*	share of payments 2019	payments 1-9 2018*	share of payments 2018
micro-payments	154,164,582	94,4%	66,346,477	90,0%
advertisements	6,549,640	4,0%	4,778,419	6,5%
licences	2,565,656	1,6%	2,582,078	3,5%
PAYMENTS TOTAL	163,279,878	100,0%	73,706,974	100,0%
deferred income	-448,140	N/A	0	N/A
REVENUES TOTAL	162,831,738	N/A	73,706,974	N/A

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

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

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

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

1.3. Revenues - games

Game	payments in 1-9 2019*	share in payments in 2019	payments in 1-9 2018*	share in payments in 2018
Fishing Clash	138,567,495	84,9%	53,933,110	73,2%
Let's Fish	11,012,046	6,7%	11,771,403	16,0%
Wild Hunt	6,877,322	4,2%	2,859,348	3,9%
other	6,823,015	4,2%	5,143,114	7,0%
PAYMENTS TOTAL	163,279,878	100,0%	73,706,974	100,0%
deferred income	-448,140	N/D	0	N/D
REVENUES TOTAL	162,831,738	N/D	73,706,974	N/D

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

Fishing Clash: - PLN 535.208

Let's Fish: + PLN 79.211

Wild Hunt: + PLN 7.857

The Group analysed the number of unused premium packages as at the balance sheet date of 30 September 2018 for active, paying players. The analysis showed that these packages were used on average statistically over the following 7 days. The potential value of the liability to provide services as at the balance sheet date was approximately PLN 1,3 million, which in the Group's opinion was not a material amount, therefore the revenues disclosed in the financial statements were not adjusted for this liability. The Group decided to introduce deferred income as at 31/12/2018 (one time revenue correction of 1,2M PLN) and from that moment on it shows deferred income as a balance.

Game	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019	3Q 2019
Fishing Clash	7,559,687	17,527,268	28,846,155	34,830,640	37,524,342	43,146,664	57,896,490
Let's Fish	3,704,913	3,748,715	4,317,775	4,681,695	4,095,505	3,316,451	3,600,089
Wild Hunt	668,209	926,445	1,264,693	2,020,821	2,439,365	2,094,188	2,343,769
other	2,467,083	1,668,189	1,007,841	1,238,266	1,227,884	1,368,393	4,226,738
PAYMENTS TOTAL	14,399,892	23,870,618	35,436,464	42,771,423	45,287,096	49,925,696	68,067,086
deferred income	0	0	0	-1,220,739	16,544	-48,092	-416,592
REVENUES TOTAL	14,399,892	23,870,618	35,436,464	41,550,684	45,303,640	49,877,604	67,650,494

1.3. Revenues - counterparties

Counterparty	payments 1-9 2019*	share in payments 2019	payments 1-9 2018*	share in payments 2018
Google Inc.	93,294,222	57,1%	38,344,387	52,0%
Apple Distribution International	46,945,340	28,8%	18,424,049	25,0%
others (of which none individually exceeds 10%)	23,040,316	14,1%	16,938,538	23,0%
PAYMENTS TOTAL	163,279,878	100,0%	73,706,974	100,0%
deferred income	-448,140	N/A	0	N/A
REVENUES TOTAL	162,831,738	N/A	73,706,974	N/A

1.4. Revenues – distribution channels

Distribution channel	payments in 1-9 2019*	share in payments in 2019	payments in 1-9 2018*	share in payments in 2018
mobile	146,941,625	90,0%	61,546,855	83,5%
web browsers	16,338,253	10,0%	12,160,119	16,5%
PAYMENTS TOTAL	163,279,878	100,0%	73,706,974	100,0%
deferred income	-448,140	N/A	0	N/A
REVENUES TOTAL	162,831,738	N/A	73,706,974	N/A

1.5. Revenues – geographical distribution

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

Region	payments in 1-9 2019*	share in payments in 2019	payments in 1-9 2018*	share in payments in 2018
North America	69,204,873	42,4%	31,491,621	42,7%
Europe	65,400,289	40,1%	29,818,573	40,5%
<i>including Poland</i>	<i>10,455,283</i>	<i>6,4%</i>	<i>5,852,678</i>	<i>7,9%</i>
Asia	21,015,107	12,9%	8,021,011	10,9%
South America	3,316,650	2,0%	1,822,238	2,5%
Australia and Oceania	2,931,731	1,8%	1,652,774	2,0%
Africa	1,411,228	0,8%	900,756	1,2%
Total	163,279,878	100,0%	73,706,974	100,0%
deferred income	-448,140	N/A	0	N/A
REVENUES TOTAL	162,831,738	N/A	73,706,974	N/A

2. OPERATING COSTS

Specification	01.01.2019 – 30.09.2019	01.01.2018 – 30.09.2018
Depreciation	775,774	500,908
Consumption of materials and energy	472,407	210,423
Third-party services	105,646,603	41,147,146
Taxes and fees	456,504	193,027
Remuneration	6,622,235	4,283,423
Social insurance and other benefits	1,156,135	586,001
Other costs by type	80,452	106,511
Total costs by type, including:	115,210,110	47,027,438
Change in products	0	0
Costs of manufacturing goods for internal purposes (negative value)	-2,552,965	-1,143,644
Selling costs (negative)	-100,208,516	-37,329,209
General and administrative costs (negative)	-4,876,130	-3,082,721
Costs of goods and services sold	7,572,499	5,471,864

Specification	01.01.2019 - 30.09.2019	01.01.2018 - 30.09.2018
Selling costs	100,208,516	37,329,209
marketing:	50,984,569	15,415,100
- <i>Fishing Clash</i>	50,040,872	15,058,882
- <i>Wild Hunt</i>	787,511	305,338
- <i>other titles, events</i>	156,186	50,880
commissions	44,886,127	18,797,932
revenue share	1,121,155	1,171,891
remuneration, external services	2,287,227	1,450,619
others	929,438	493,667

Specification	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019	3Q 2019
Selling costs	5,643,579	12,086,373	19,599,257	21,305,935	29,688,819	29,478,964	41,040,733
marketing:	1,719,515	4,933,309	8,762,276	8,616,331	15,487,704	14,286,418	21,210,446
- <i>Fishing Clash</i>	1,619,894	4,829,482	8,609,506	8,350,273	15,060,121	14,014,231	20,966,520
- <i>Wild Hunt</i>	87,552	87,459	130,327	197,001	383,148	222,937	181,426
- <i>other titles, events</i>	12,069	16,368	22,443	69,057	44,435	49,250	62,501
commissions	3,035,466	6,101,737	9,660,729	11,346,164	12,552,593	14,000,307	18,333,227
revenue share	372,292	385,063	414,537	447,634	441,691	331,973	347,491
remuneration, external services	348,530	492,659	609,430	709,782	892,588	665,773	728,866
others	167,776	173,605	152,286	186,024	314,243	194,492	420,703

3. TABLE OF MOVEMENTS – INTANGIBLE ASSETS

Specification	Development costs	Computer software	Intangible assets under development	TOTAL
Gross balance sheet value as at 01.01.2019	4,261,440	493,542	1,036,376	5,791,359
Increases, due to:	2,332,093	62,604	2,552,965	4,947,662
- purchase	0	62,604	2,552,965	2,615,569
- reclassification	2,332,093	0	0	2,332,093
Decreases, due to:	0	0	2,332,093	2,332,093
- reclassification	0	0	2,332,093	2,332,093
Gross balance sheet value as at 30.09.2019	6,593,533	556,146	1,257,249	8,406,928
Extinction as at 01.01.2019	1,895,075	448,223	0	2,343,299
Increases, due to:	540,598	48,589	0	589,187
- depreciation	540,598	48,589	0	589,187
Decreases	0	0	0	0
Extinction as at 30.09.2019	2,435,673	496,812	0	2,932,485
Revaluation write-offs as at 01.01.2019	1,261,386	0	0	1,261,386
Increases	0	0	0	0
Decreases	0	0	0	0
Revaluation write-offs as at 30.09.2019	1,261,386	0	0	1,261,386
Net balance sheet value as at 30.09.2019	2,896,474	59,334	1,257,249	4,213,057

The net value as at 30.09.2019 disclosed under "completed development works" consists of the Group's following games:

- Golf Rush – PLN 1,092M;
- Flip This House (costs capitalised until 30.09.2019) – PLN 0,6M;
- Solitales (costs capitalised until 30.09.2019) – PLN 0,484M;
- Fishing Clash – PLN 0,298M;
- Betting engine (part of expenditures reported for Fishing Battle) – PLN 0,249M;

- Wild Hunt – PLN 0,147M;
- Let's Hunt – PLN 0,027M.

The value of work disclosed as at 30.09.2019 under "intangible assets under construction" includes a game Hunting Clash, which was moved to soft launch fase as of 31.10.2019.

4. TRADE RECEIVABLES

currency	30.09.2019			31.12.2018		
	amount in currency	valuation	% share	amount in currency	valuation	% share
USD	3,481,656	12,999,112	54,14%	1,154,729	4,341,434	40,68%
PLN	10,330,888	10,330,888	43,02%	5,718,576	5,718,576	53,59%
EUR	59,421	252,660	1,05%	64,678	278,116	2,61%
RUB	6,944,341	411,105	1,71%	4,893,413	264,734	2,48%
BRL	0	0	0,00%	38,269	37,071	0,35%
JPY	249,358	8,646	0,04%	574,227	19,595	0,18%
Other currencies	-----	9,428	0,04%	-----	11,891	0,11%
TOTAL	-----	24,011,839	100,00%	-----	10,671,417	100,00%

age structure – overdue	30.09.2019	31.12.2018
	value of receivables	value of receivables
not overdue	23,998,955	10,641,181
up to one month	8,937	18,441
1-3 months	3,909	10,988
3-6 months	38	807
6-12 months	0	0
over a year	0	0
Total receivables	24,011,839	10,671,417

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 – 38,3% as at 30.09.2019, compared to 50% as at 31.12.2018;

Apple Distribution International – 40,6% as at 30.09.2019, compared to 22.1% as at 31.12.2018;

No other entity exceeded 10% of the total amount due as at 30.09.2019.

As at the balance sheet date of 30.09.2019 and 31.12.2018, the Group did not have any significant amounts of receivables, which would have expected credit losses.

5. OTHER RECEIVABLES

Specification	30.09.2019	31.12.2018
Other receivables, including:	3,143,569	540,895
- on account of taxes, except for corporate income tax	2,938,138	369,360
- office lease deposit	205,431	171,535

6. TRADE PAYABLES

Currency	30.09.2019			31.12.2018		
	Amount in currency	Valuation	% share	Amount in currency	Valuation	% share
USD	2,075,880	7,750,504	90,43%	516,985	1,943,709	71,05%
PLN	773,573	773,573	9,03%	711,173	711,173	25,99%
EUR	10,876	46,243	0,54%	18,820	80,925	2,96%
CAD	0	0	0,00%	9	26	0,00%
TOTAL	-----	8,570,320	100,00%	-----	2,735,833	100,00%

The largest share in the amount of trade payables is held by liabilities resulting from marketing campaigns. As at 30 September 2019, they accounted for 86% of total trade liabilities as compared to 63% as at 31 December 2018.

7. PREPAYMENTS AND ACCRUALS

Specification	30.09.2019	31.12.2018
Activated commission costs (in line with deferred income)	500,666	366,222
Marketing campaigns – prepayments	393,292	0
Technical software maintenance /software subscriptions	437,705	125,893
Registration fees for trade mark applications	41,259	32,938
Insurances	15,094	7,480
Share based payments	11,344	181,473
Yearly fee – marketing campaign research tool	0	80,733
Other accruals	10,550	8,395
Prepayments and accruals	1,409,910	803,134

Specification	30.09.2019	31.12.2018
Deferred income (unused premium packages)	1,668,880	1,252,287
Prepayments and accrued income	1,668,880	1,252,287

8. DISTRIBUTION OF PROFIT FOR 2018

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

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

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

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

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

9.1 Management

Related person	Net purchase		Remuneration		Net dividend	
Period	1.01.2019-30.09.2019	1.01.2018-30.09.2018	1.01.2019-30.09.2019	1.01.2018-30.09.2018	1.01.2019-30.09.2019	1.01.2018-30.09.2018
Management Board	216,000	24,000	186,525	272,735	12,989,687	4,249,713
Maciej Popowicz	121,500	13,500	40,500	144,500	8,733,785	2,862,410
- Ten Square Games S.A.	121,500	13,500	40,500	144,500	8,733,785	2,862,410
- Play Cool Zombie Sport Games Sp. z o.o.	0	0	0	0	0	0
- Tiny Dragon Adventure Games Sp. z o.o.	0	0	0	0	0	0
- Fat Lion Games Sp. z o.o.	0	0	0	0	0	0
Arkadiusz Pernal	94,500	10,500	36,000	116,000	4,179,357	1,369,742
- Ten Square Games S.A.	94,500	10,500	36,000	116,000	4,179,357	1,369,742
- Play Cool Zombie Sport Games Sp. z o.o.	0	0	0	0	0	0
- Tiny Dragon Adventure Games Sp. z o.o.	0	0	0	0	0	0
- Fat Lion Games Sp. z o.o.	0	0	0	0	0	0
Magdalena Jurewicz	0	0	110,025	12,235	76,545	17,561
- Ten Square Games S.A.	0	0	110,025	12,235	76,545	17,561
- Play Cool Zombie Sport Games Sp. z o.o.	0	0	0	0	0	0
- Tiny Dragon Adventure Games Sp. z o.o.	0	0	0	0	0	0
- Fat Lion Games Sp. z o.o.	0	0	0	0	0	0
Supervisory Board (Ten Square Games S.A.)	0	0	165,500	139,500	392,428	105,364
Maciej Zużalek	0	0	9,000	9,000	229,635	52,682
Rafał Olesiński	0	0	31,500	31,500	2,048	0
Marcin Chruszczyński	0	0	31,500	31,500	0	0
Tomasz Drożdżyński	0	0	27,000	27,000	0	0
Maciej Marszałek	0	0	13,500	13,500	160,745	52,682
Milena Olszewska-Miszuris	0	0	26,000	0	0	0
Wiktor Schmidt	0	0	27,000	27,000	0	0
Key personnel (Ten Square Games S.A.)	0	0	0	72,445	n/a	n/a
Family members of key personnel/Management Board (Ten Square Games S.A.)	188,842	88,830	0	0	n/a	n/a

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.

9.2 Other related entities

Affiliate	Net sales		Net purchase		Interest on loans	
Period:	1.01.2019-30.09.2019	1.01.2018-30.09.2018	1.01.2019-30.09.2019	1.01.2018-30.09.2018	1.01.2019-30.09.2019	1.01.2018-30.09.2018
Subsidiaries:	4,277,969	3,669,980	0	0	0	0
Play Cool Zombie Sport Games Sp. z o.o.	344,670	486,460	0	0	0	0
Tiny Dragon Adventure Games Sp. z o.o.	2,802,897	3,034,279	0	0	0	0
Fat Lion Games Sp. z o.o.	1,130,402	149,241	0	0	0	0
Personally related entities:	0	0	84,583	77,600	0	0
Olesiński i Wspólnicy Spółka komandytowa	0	0	84,583	77,600	0	0

Affiliate	Gross receivables		Gross liabilities		Granted loans	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018	30.09.2019	30.09.2018
As at:						
Subsidiaries:	3,949,773	3,622,208	0	0	0	0
Play Cool Zombie Sport Games Sp. z o.o.	129,458	486,460	0	0	0	0
Tiny Dragon Adventure Games Sp. z o.o.	2,646,433	2,986,507	0	0	0	0
Fat Lion Games Sp. z o.o.	1,173,882	149,241	0	0	0	0
Personally related entities:	0	0	5,704	0	0	0
Olesiński i Wspólnicy Spółka komandytowa	0	0	5,704	0	0	0

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

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

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

10. CURRENT INCOME TAX

Income tax disclosed in the statement of comprehensive income	01.01.2019 - 30.09.2019	01.01.2018 - 30.09.2018
Current income tax	9,046,461	5,259,941
Relating to the financial year	9,046,461	5,259,941
Deferred income tax	329,373	144,193
Related to the creation and reversal of temporary differences	329,373	144,193
Income tax payable disclosed in the consolidated statement of comprehensive income	9,375,834	5,404,134

Name	01.01.2019 - 30.09.2019	01.01.2018 - 30.09.2018
Gross financial result (profit, loss)	50,934,822	28,164,519
Foreign exchange differences – balance sheet differences, differences not constituting the tax base, not constituting the tax deductible costs	-182,977	-477,504
Interest	557	28
Other costs not constituting tax deductible costs	192,532	116,857
Amortisation of intangible assets	540,987	380,005
Capitalisation of games costs	-4,077,629	-1,143,643
Share-based payments	940,483	313,351
Income (and related expense) deferred in time – finally, as per account balance	313,696	0
Taxable income	48,662,471	27,353,614

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

In May 2019, the Parent Company applied for an interpretation of tax law with respect to the use of IP Box in its operations, and in September an interpretation for two out of three questions raised was received.

In an individual interpretation, the Director of the National Fiscal Information confirmed the correctness of the position of the Parent Company with respect to two of the three issues presented to the Authority in the application for an interpretation.

The Authority considered the position to be correct:

- 1) that the Applications (i.e. the online games created and delivered by the Company, in particular for Internet browsers and mobile devices), including Additional Functions (additional functionalities such as, for example, virtual objects available in the Applications, additional locations in the Applications), made available as part of the Application in exchange for micropayments - within the meaning of the provisions of the IP Box are entirely computer programmes produced by the Company,
- 2) that the costs incurred by the Company in connection with the Applications and Additional Functions constitute the costs of research and development activities related to the development of the Applications, which should be classified in the above types of costs as eligible costs in accordance with the relief.

In its application, the Parent Company also asked a question about the classification of revenues, however, in this respect the Authority refused to issue an interpretation.

Taking into account the interpretation on costs received from the National Fiscal Information (described above) and the absence of any interpretation on revenues, the Management Board of the Parent Company commenced work on the implementation of IP BOX relief. As at the date of publication of this report, the Management Board has not made a final decision on the relief settlement model and therefore the calculation of current tax for three quarters of 2019 does not include any potential benefits in the form of taking advantage of the IP BOX relief. At the same time, the Management Board points out that the settlement of the relief is possible from 1.01.2019 and at the time of taking final decisions on the scope of its application, the settlement will cover the entire year 2019.

11. DEFERRED TAX

Structure of a deferred income tax asset

Specification	As at 30.09.2019	As at 31.12.2018
Provision for leaves	39,897	33,554
Provision for audit costs	0	3,877
Revenue and cost deferred over time – consumption of virtual goods	221,961	162,358
Total	261,858	199,789

Structure of deferred income tax provision

Specification	As at 30.09.2019	As at 31.12.2018
Amortisation of games	711,770	358,401
Valuation of settlements	38,895	987
Total	750,665	359,388

12. PROVISIONS

Specification	As at 01.01.2019	Changes during the year		As at 30.09.2019
		Assumption	Use	
Provision for leaves	176,602	209,983	176,602	209,983

OTHER ADDITIONAL INFORMATION

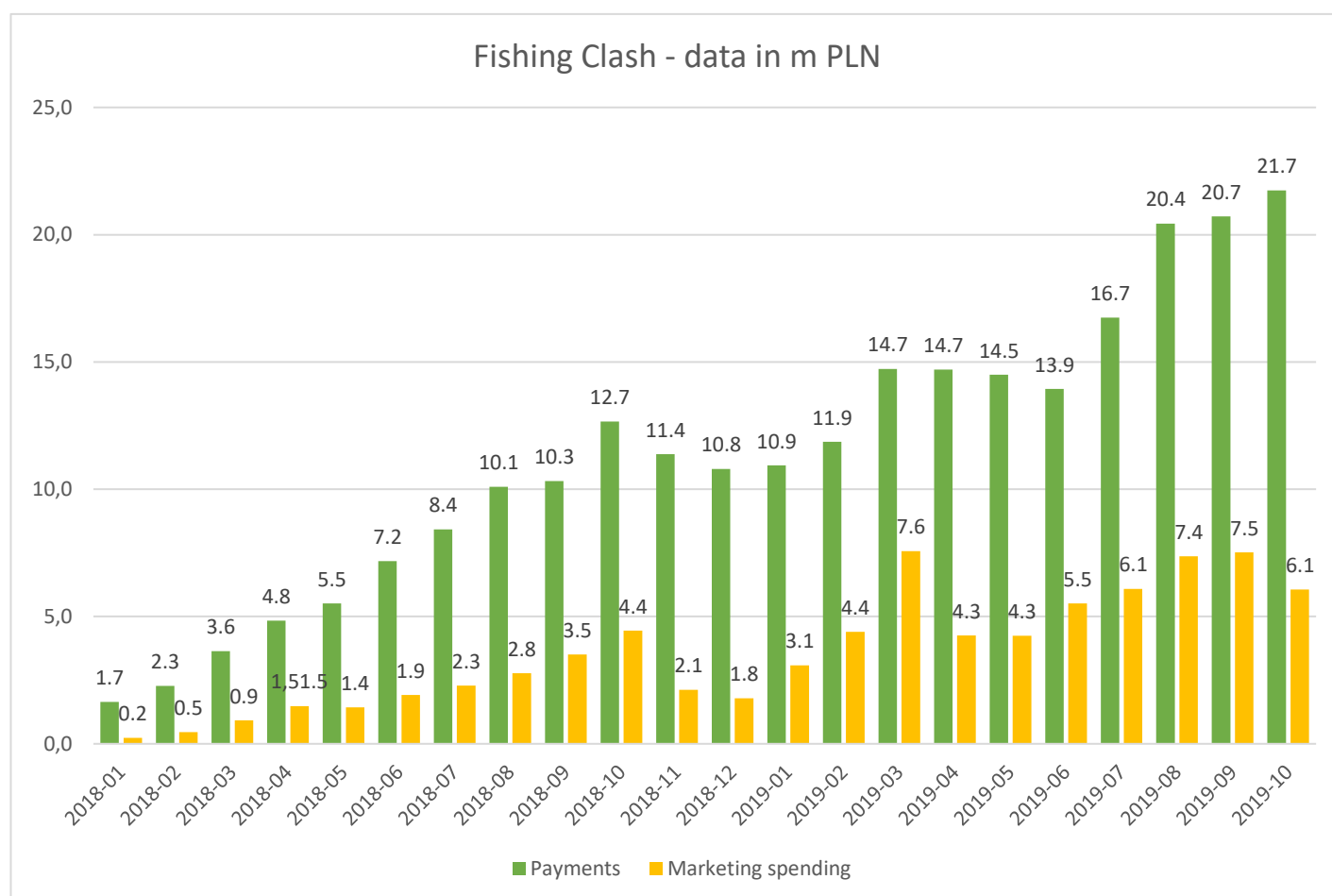
1. A BRIEF DESCRIPTION OF THE ISSUER'S SIGNIFICANT ACHIEVEMENTS OR FAILURES IN THE REPORTING PERIOD, INCLUDING A LIST OF THE MOST IMPORTANT EVENTS CONCERNING THE ISSUER

The third quarter of 2019 brought exceptionally dynamic growth of Fishing Clash game revenues due to further development of the product, and optimal allocation of marketing budgets. Fishing Clash revenues in the analyzed period increased to PLN 57.9 million, which is a result over 34% higher than in the previous quarter. The project team continues to focus on product development, introducing improvements such as new types of fish, new fisheries and improved game interface.

The marketing team focused on scaling and optimizing marketing expenditures devoted to the promotion of Fishing Clash. The total expenditure reached over PLN 21 million in the third quarter as compared to PLN 14 million in the previous quarter. The Group monitors the current performance of the acquired cohorts of users, which indicates good profitability of the acquired traffic.

Fishing Clash is still in the process of obtaining licenses for the Chinese market. In the third quarter, technological tests were conducted on the iOS platform for this market, which were successful and generated little revenue for the Group. The current stage of the licensing process is deprived of marketing support and, due to the exclusion of the functionality of purchases in the application, does not generate revenues. The Group will immediately inform in a separate announcement about obtaining a full license for the Chinese market when it becomes a fact.

To sum up, the success of the Fishing Clash game and good results of the Group's other products translated into very good financial results of the Group in the first three quarters of 2019 (revenues - PLN 162.8 million, net profit - PLN 41.6 million).



2. QUALITY PARAMETERS OF GAMES

Period	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019	3Q 2019
Fishing Clash – MAU* (average for the period)	1,206,433	1,456,767	1,862,515	1,499,813	1,991,253	1,435,734	1,984,688
Let's Fish - MAU (average for the period)	823,139	684,358	630,915	535,582	499,767	459,712	432,407
Wild Hunt - MAU (average for the period)	538,589	432,313	1,384,340	1,249,584	843,800	668,371	652,730

*MAU – monthly average active users

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

Between January 1st and September 30th 2019 no untypical events occurred, which would have significant impact on condensed interim consolidated financial statement.

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

After the reporting period, but before the publication of this report, the Group observes further good financial parameters for Fishing Clash. Estimated sales revenues in October 2019 amounted to a record PLN 21.7 million. At the same time, the Group started to slow down the expenditures on new user acquisition, which is characteristic for the end of the year, when the competition on the Internet advertising market is getting stronger.

In October 2019, the Group soft launched on the Android platform two new games addressed to women (Flip This House and SoliTales) and at the beginning of November one hunting game (Hunting Clash). This is the first stage of product life, focused on checking the correctness and stability of applications and systems integrated with them. Product statistics are collected and analyzed on an ongoing basis, and work on improving the gameplay is underway. Soft launch of games takes place on several selected markets and may last from a few months to even over a year. Ultimately, it allows to make a decision on the global launch of a game combined with a user acquisition campaign or on the stopping of work on it in the event that its anticipated results do not meet the Group's expectations.

After the reporting period, but before the publication of this report, the Management Board of the Group decided to make a write-down on selected capitalised development work. As the betting engine was not expected to be used in the near future, PLN 0.241 million, i.e. its entire carrying amount, was written off. On the other hand, due to the decision to rebuild the graphic layer and interface of Golf Rush game, it was decided to create a write-down on a part of capitalized costs of creating this game - the amount of the write-down amounted to PLN 0.746 million (of PLN 1.066 million in total net value as at the write-down date). These write-downs will be posted in the fourth quarter of 2019. The Management Board stresses that partial write-down of Golf Rush costs doesn't affect the operational aspect of current activity of the team – it is still the intention of the Group to develop a golfing game that will be well received by the market.

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 perspective of subsequent quarters of 2019 and 2020, the Group intends to continue the development of its operations in the existing areas.

Further development of Fishing Clash will have a key impact on the results in the following quarters. The improvement of results both in the product and marketing areas may have a significant impact on the result for the next quarter. In order to utilise this potential, the Group conducts constantly optimised live-ops activities, continues the development of product functionality and intensifies its marketing efforts.

The Group is also working on the launch of Fishing Clash for Android on the Chinese market. The Group positively assesses the cooperation with the distributor (Netease) so far.

Factors that may affect the Group's results in the future are also the results of the Group's tests of new games (soft launch).

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 that may affect the Group's results include primarily the U.S. dollar exchange rate, the appearance of products competitive for the Group's games on the market, advertising market parameters such as prices and supply of advertising displayed in the Group's games and prices of advertising purchased by the Group, as well as changes in the policy of key distribution platforms such as Google Play, Facebook and Apple, which affect the scope and possibility of distribution of the Group's products.

6. OTHER INFORMATION SIGNIFICANT FOR THE ASSESSMENT OF HUMAN RESOURCES, PROPERTY, FINANCIAL STANDING, FINANCIAL RESULT AND THEIR CHANGES AND INFORMATION IMPORTANT FOR THE ASSESSMENT OF THE ISSUER'S ABILITY TO MEET ITS OBLIGATIONS

As at 30 September 2019, the Ten Square Games S.A. Capital Group did not have any other material information of the above nature.

7. THE POSITION OF THE ISSUER'S MANAGEMENT BOARD REGARDING THE POSSIBILITY OF MEETING THE PREVIOUSLY PUBLISHED FORECASTS FOR A GIVEN YEAR IN THE LIGHT OF THE RESULTS PRESENTED IN THE QUARTERLY REPORT IN RELATION TO THE FORECAST RESULTS

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

8. SEASONALITY OR CYCLICALITY OF OPERATIONS

There is no seasonality or cyclicity in Group's operations.

9. INDICATION OF SIGNIFICANT PROCEEDINGS PENDING BEFORE THE COURT, ARBITRATION AUTHORITY OR PUBLIC ADMINISTRATION AUTHORITY CONCERNING LIABILITIES AND RECEIVABLES OF THE ISSUER OR ITS SUBSIDIARY

Ten Square Games S.A. or any of its subsidiaries was not a party to any legal, arbitration or governmental proceeding as at September 30, 2019 or the date of the financial statements.

10. LOANS, BORROWINGS, WARRANTIES

Ten Square Games S.A. is a party to three loan agreements (lender) for the total amount of PLN 80 thousand. The loans were granted on market terms to entities not affiliated with the Company.

Except for the loans described above, neither Ten Square Games S.A. nor any of its subsidiaries was a party to any loan or borrowing agreement as at September 30, 2019, and as at the date of the financial statements. The Issuer and its subsidiaries did not grant any warrants in the period covered by this report.

APPROVAL OF THE FINANCIAL STATEMENT

This report for the period from January 1 to September 30, 2019 was signed and approved for publication by the Management Board of Ten Square Games S.A. on November 26, 2019.

		date	signature
President of the Management Board	Maciej Popowicz	26.11.2019	
Vice-President of the Management Board	Arkadiusz Pernal	26.11.2019	
Member of the Board	Magdalena Jurewicz	26.11.2019	