



ten square games

**MANAGEMENT BOARD REPORT ON ACTIVITIES
TEN SQUARE GAMES S.A.
TEN SQUARE GAMES S.A. GROUP
FOR THE YEAR 2021
WROCLAW, MARCH 30TH, 2022**

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.

This document is a conversion to pdf format of the official annual financial report that was issued in xhtml format.



DEAR SHAREHOLDERS,

I would like to present to you a report that sums up an extraordinary twelve months in the history of TSG, presenting both the financial results achieved in 2021 and selected areas of the non-financial part of our business. I hope that the information contained will allow you to see a broader picture of our business, while bringing you closer to the philosophy that guides our decisions.

Before I turn to the summary of the year, I would like to refer to the circumstances in which I am writing this letter – now for a month there has been a war on our eastern border. TSG has been helping its victims financially and logistically and, as you may know, a few weeks ago we joined the global economic sanctions on Russia and Belarus, withholding the use of our products from players there. This decision was extremely difficult for us as a business, but it was sealed by the ethical values that guide the Ten Square Games team. As we look forward to a peaceful end to the conflict, we are ready to welcome all users to our games at any time.

Back to 2021 – it's hard to sum it up with any other thought than that the only constant in business is change. We went through a lot of them last year, but in the end they brought us closer to the goal of the strategy adopted in 2020, which is to become a global free-to-play mobile games platform offering a diversified and growing portfolio of titles. The transformation and scaling of TSG, which began then, is a process that has taken the last couple of months.

We plan to complete this process in 2022 achieving the target talent scale needed to continue to grow the business in the coming years.

In 2021, user payments in our games grew by almost 4% to nearly PLN 650 million, which – bearing in mind the phenomenal more than two and a half times growth in 2020. – is an undoubted success. Adjusted EBITDA in the reported period grew by 2% to PLN 234 million and free cash flow from operations increased by 4%. Our solid financial performance enabled us to quickly rebuild a substantial cash position, despite the significant outlay on the acquisition of the Rortos studio and the payment of a record dividend.

Against market challenges – which for us in 2021 included the post-pandemic normalisation of consumer behaviour and Apple's privacy policy change (IDFA) – we maintained our leadership position in our key mobile games segments. In 2021 we sailed not one ship, Fishing Clash, but two. Indeed, payments from Hunting Clash amounted to PLN 115.8m compared to PLN 16.1m in 2020 (since its global launch in August 2020), so in the second year since launch it already accounted for 18% in 2021 payments. Opening a second title on this scale is a unique achievement in our industry, where few developers can boast the success of a spinoff product.

2021 was also a year of increased activity on the new production front. This year, Ten Square Games has the opportunity to take another milestone towards a multi-product platform. We are currently working on five new titles underpinned by our existing know-how. Two of them, Undead Clash and Magical District, are currently being tested in the US market. Our first sports title Football Elite is at an advanced stage of production. The second production by our Warsaw studio, Fishing Master, is aimed at strengthening our position in the fishing games segment. The fifth game, by our Italian studio Rortos, will allow TSG to occupy a comfortable place in the new and full of potential flight simulator segment.

From an operational perspective, intensive product development was and is possible thanks to the new addresses on the TSG map and the more than two hundred talents with which we strengthened the team in 2021. In addition to the acquisition of the Verona studio mentioned above, we opened outposts in Berlin and Bucharest, initiating the transformation of Ten Square Games from a Polish business into an international organisation. This process will continue in 2022 and beyond, keeping in mind its DNA, on which the company has built its strength for a decade. Consistent with the global direction of development has also become the work on the ESG strategy according to the good practices of the Warsaw Stock Exchange. Activities in this area address global issues and are an integral part of our business strategy.

The year 2021 was undoubtedly the most comprehensive project we have completed to date. Ten Square Games explored further areas, which always involves taking risks. And although we did not manage to complete everything as we had planned, we are proud of most of the results achieved. We acted in the full knowledge that, while we have no influence on macroeconomic conditions, we must always be ready to make difficult decisions with our eyes open, and that mistakes which happen in difficult periods will improve subsequent decision-making processes.

Thank you for being with us last year despite the rotating price of our shares. Together with the entire Ten Square Games team, I trust that we are able to translate the lessons we have learned into valuable ones. This, in turn, reinforces my conviction that Ten Square Games is not only unafraid of wide and rough waters, but is also capable of navigating through them efficiently in 2022 and beyond.

Best regards,

Maciej Zużatek

President of the Management Board



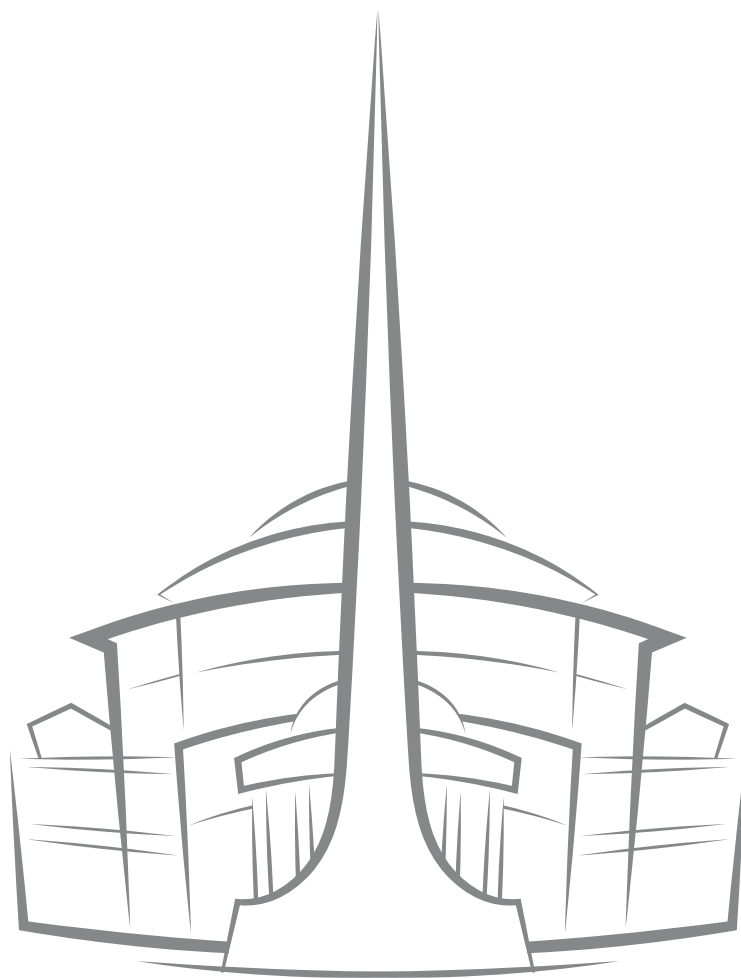


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CORPORATE INFORMATION

The Ten Square Games S.A. Group consists of a parent company and subsidiaries. Ten Square Games S.A. ("Parent Company" or "TSG" or "Issuer") was established as a result of transformation of Ten Square Games Sp. z o.o., which was recorded by the District Court on November 20, 2017.

Name:	Ten Square Games S.A.
Name of parent entity	N/A
Legal form:	Spółka Akcyjna
Registered seat:	ul. Traugutta 45, 50-416 Wrocław
Registration country:	Poland
Core business activity:	publishing activity with regard to computer games (58.21.Z)
Authority keeping the register:	District Court, VI Commercial Division of the National Court Register
KRS no. :	0000704863
Statistical REGON no:	021744780
Tax identification number:	8982196752
Company duration:	indefinite





As at 31.12.2021 the composition of the management and supervisory bodies is as follows

THE MANAGEMENT BOARD

Maciej Zuzalek

President of the Management Board

Anna Idzikowska

Member of the Management Board

Janusz Dziemidowicz

Member of the Management Board

Wojciech Gattner

Member of the Management Board

Andrzej Ilczuk

Member of the Management Board

Magdalena Jurewicz

Member of the Management Board

On 11 October 2021. The Management Board of the Company received information about the decision of the Member of the Management Board of the Company, Mr. Marcin Chruszczyński, to resign from the position in the Management Board of the Company with effect from 20.10.2021. On the same day, Ms Magdalena Jurewicz was appointed to the Management Board of the Company, with the date of taking up the position set for 21.10.2021.

Ms Magdalena Jurewicz was also previously a member of the Management Board of the Company until 30 July 2020, and the interruption in her function was due to family reasons. For the duration of her absence, Mr Marcin Chruszczyński – previously a Member of the Supervisory Board of the Company – assumed the position of a Member of the Management Board of the Company.

In the course of the reporting period and until the date of this report, the following changes in the composition of aforementioned bodies occurred:

1. On 17 December 2020, the Company's Supervisory Board adopted resolutions concerning the appointment of additional persons to the Management Board for the current term of office:

Mr. Janusz Dziemidowicz
Member of the Management Board;

Mr. Wojciech Gattner
Member of the Management Board;

Ms Anna Idzikowska
Member of the Management Board;

Mr. Andrzej Ilczuk
Member of the Management Board

The appointment of the aforementioned persons took effect from the date of registration by the competent registry court of the amendment to the Company's Articles of Association made by resolution number 4 of the Extraordinary General Meeting of Shareholders of the Company dated 16 December 2020, which took place on 21 January 2021.

2. On 11 October 2021. The Management Board of the Company received information about the decision of the Member of the Management Board of the Company, Mr. Marcin Chruszczyński, to resign from the position in the Management Board of the Company with effect from 20.10.2021. On the same day Ms Magdalena Jurewicz was appointed to the Management Board of the Company, with the date of taking up the function set for 21.10.2021.

SUPERVISORY BOARD

Rafał Olesinski

Chairman of the Supervisory Board

Wiktor Schmidt

Vice Chairman of the Supervisory Board

Marcin Bilos

Member of the Supervisory Board

Tomasz Drozdzyński

Member of the Supervisory Board

Maciej Marszałek

Member of the Supervisory Board

Arkadiusz Pernal

Member of the Supervisory Board

Kinga Stanisławska

Member of the Supervisory Board

The following changes in the composition of the body took place during and after the reporting period up to the date of the financial statements:

1. Mr Arkadiusz Pernal joined the Supervisory Board on 1 January 2021.
2. Mr Tomasz Drozdzyński resigned from the Supervisory Board on 11 March 2022.





The shareholding structure of the Parent Company as at 31 December 2021 is as follows:

Shareholder	number of shares as at 31.12.2021	share in basic capital	number of votes at GSM	% share in the number of votes
Shareholders' Arrangement ^[1] , including:	3,000,120	41.09%	3,000,120	41.09%
Others (none of which above 5% of shares)	4,301,663	58.91%	4,301,663	58.91%
TOTAL	7,301,783	100%	7,301,783	100%

After 31.12.2021 changes in the ownership of shares took place. The table below presents the shareholders holding directly or indirectly at least 5% of the total number of votes at the General Meeting of Shareholders as at 30.03.2022.

Shareholder	number of shares as at 30.03.2022	share in basic capital	number of votes at GSM	% share in the number of votes
Shareholders' Arrangement ^[1]	2,559,307	35.05%	2,559,307	35.05%
Nationale-Nederlanden OFE/PTE	524,371	7.18%	524,371	7.18%
Aviva TFI S.A.	365,910	5.01%	365,910	5.01%
own shares acquired by the Company	70,000	0.96%	70,000	0.96%
Others (none of which holds above 5% of shares)	3,782,195	51.80%	3,782,195	51.80%
TOTAL	7,301,783	100%	7,301,783	100%

[1] The Company's shareholders' agreement of 21.10.2019 concerning the conduct of a permanent policy towards the Company and the concerted exercise of voting rights on the Company's shares (current report No. 30/2019). The parties to the shareholders' agreement include Maciej Popowicz and Arkadiusz Pernal.

31.12.2021

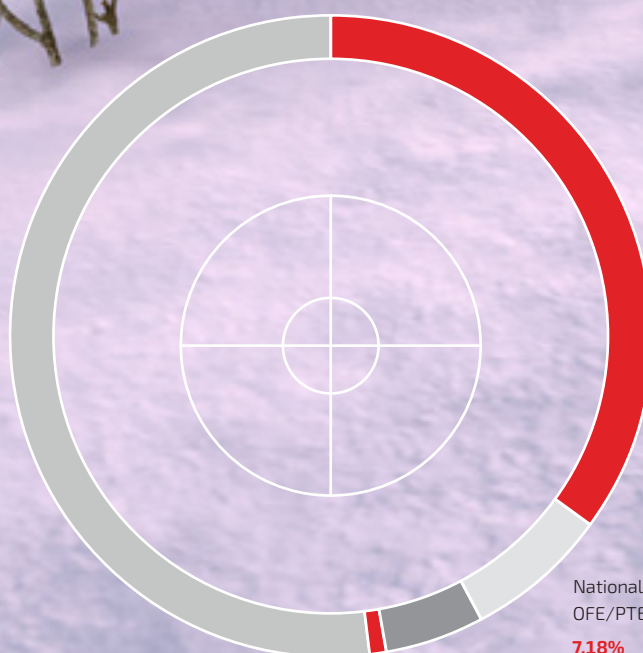
Others
58,91%



Shareholders'
Arrangement
41,09%

30.03.2022

Others
51,80%



Shareholders'
Arrangement
35,05%

Nationale-Nederlanden
OFE/PTE
7,18%

Aviva TFI S.A.
5,01%

own shares acquired by
the Company
0,96%



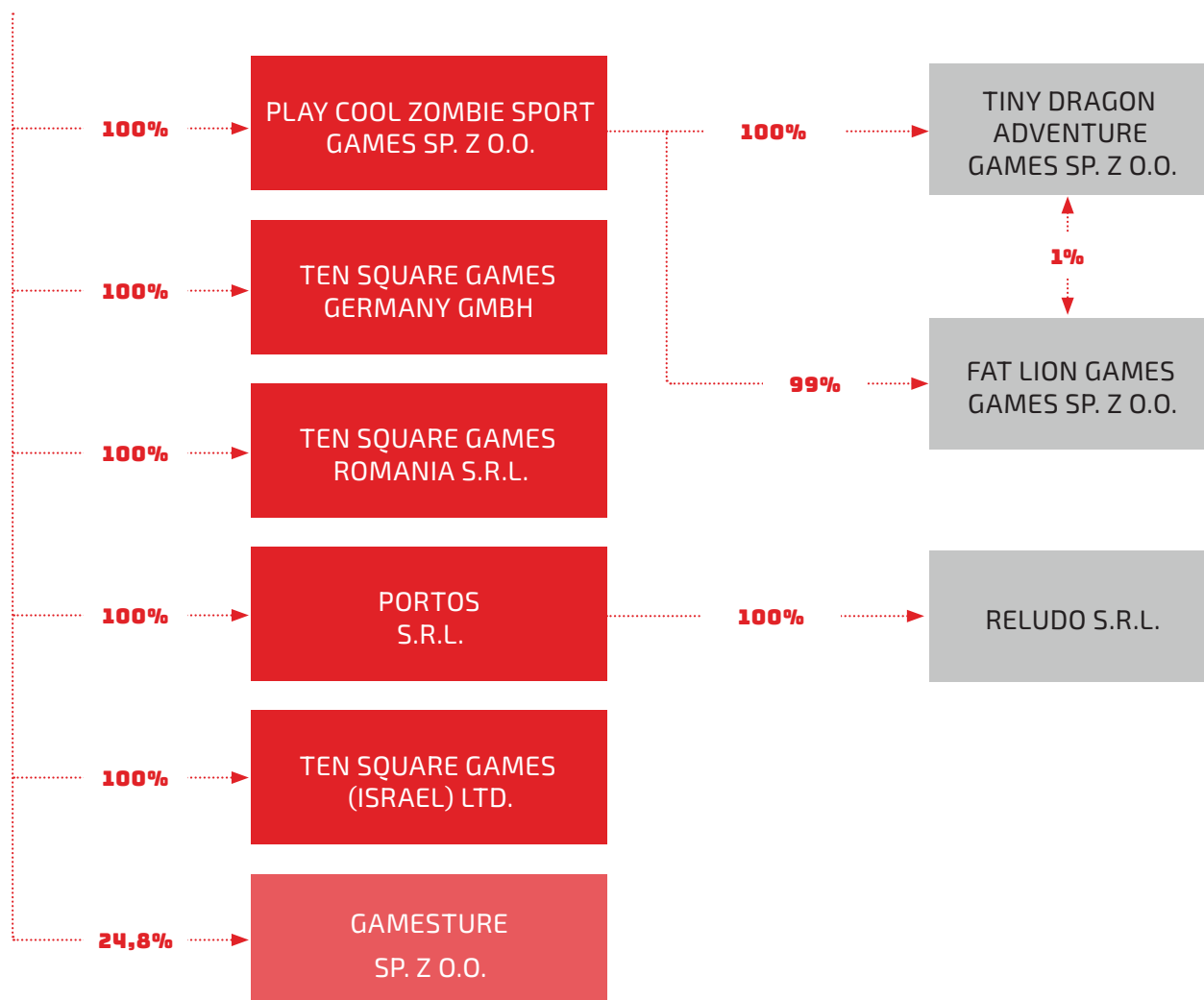
Information on the organizational or capital relations of the issuer with other entities

and specification of the main domestic and foreign investments, in particular securities, financial instruments, intangible assets and real estate, including capital investments made outside its group of related entities, and description of financing methods

The diagram below presents the Issuer's relations with other entities as at 31.12.2021 and as at the date of publication of the standalone and consolidated annual report for 2021:



ten square_games



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

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

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

Ten Square Games Germany was established on 7 December 2020 (the date of signing of the articles of association) and entered in the commercial register on 25 January 2021.

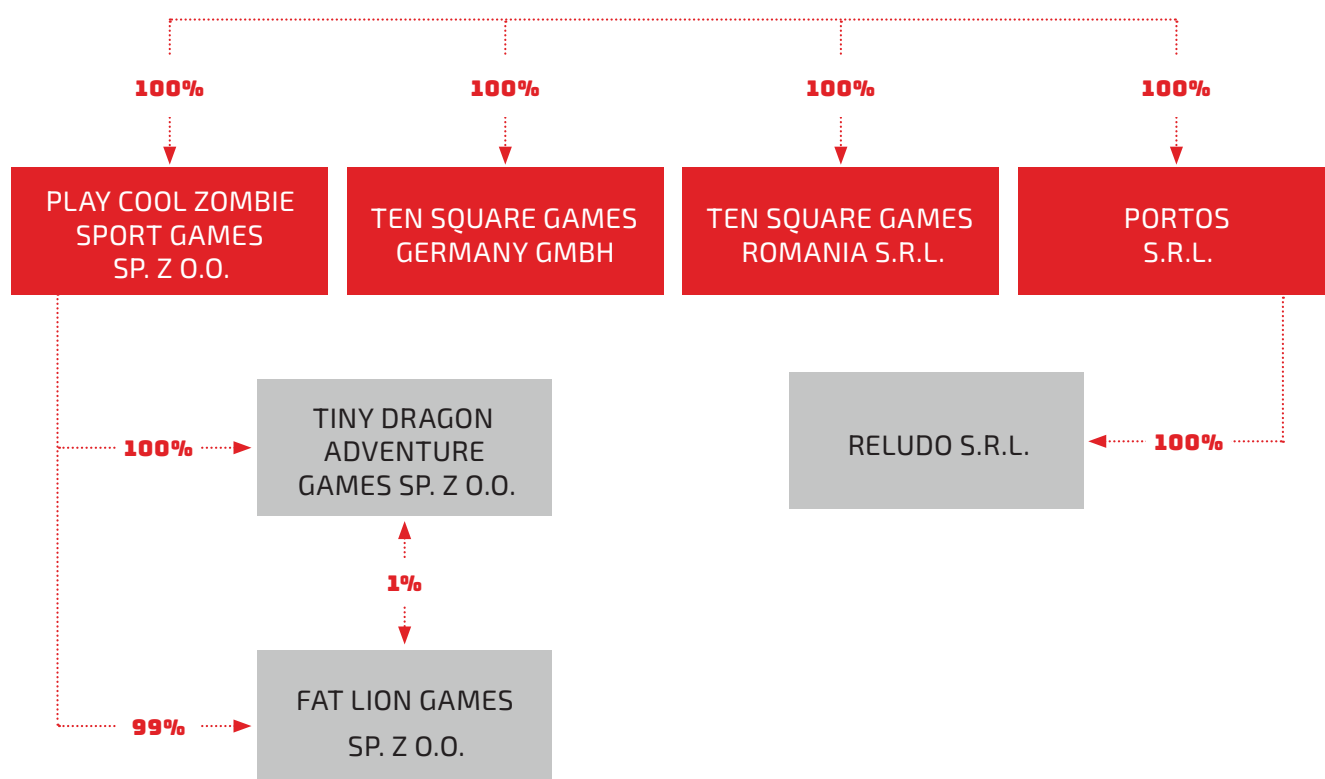
Ten Square Games Romania S.r.l. was incorporated on 17 May 2021 (the date of the memorandum of association) and entered in the commercial register on 28 June 2021.

Ten Square Games S.A. acquired 100% of the shares of Rortos S.r.l. on 5 July 2021, in execution of the provisions of the sale commitment agreement concluded on 30 June 2021.

Ten Square Games (Israel) Ltd. was incorporated on 15 February 2022 (the date of the memorandum of association) and entered in the commercial register on 20 February 2022.

Ten Square Games S.A. acquired 24.8% of the shares of Gamesture Sp. z o.o. on 11 March 2022.

31.12.2021:







BUSINESS PROFILE

The activities of the Group and the Parent Company focus on the design, production, distribution and development of mobile games. The Group's products are offered through the most important mobile platforms – most of all iOS and Android – and through Internet portals.

The Group's game portfolio is developed in the F2P model – downloading a game is free of charge and revenue comes from the following sources:

INCOME

MICRO-PAYMENTS

- » revenues from additional functionalities purchased by the players

ADVERTISEMENTS

- » revenues from advertisements displayed in games

LICENSES

- » revenues from the users' activity in games which are shared with the Company's commercial partners on the basis of license agreements





3.

KEY PRODUCTS



FISHING CLASH

Mobile game

Launch date:

soft launch: 06.2016

hard launch: 10.2017

Mobile fishing game. Players have the opportunity to take part in a sports competition between anglers in excellent 3D graphics. Since its launch in October 2017, Fishing Clash has established its position as the most important mobile angling game in the world, generating over PLN 482 million in bookings in 2021. Fishing Clash is the biggest game of the Group, and in 2020 the game broke into top 50 grossing games globally in Google Play store.

In the Q4 and throughout 2021, as well as in the whole year 2021, the most important products of the Group generating revenues were:

» Fishing Clash

– a mobile fishing game in the F2P model

» Hunting Clash

– Hunting Clash – a mobile hunting game in the F2P model



HUNTING CLASH

Mobile game

Launch date:

soft launch: 11.2019

hard launch: 08.2020

Product targeted at a wide range of players, focusing on collecting and competition. The game features advanced 3D graphics and realistically animated animals. The player has the opportunity to become the best hunter in the world by hunting many animal species and collecting different types of weapons. Since its release in the third quarter of 2020, the game has been among the 200 highest-grossing games on the Android platform in the U.S., generating in 2021 over PLN 115 million in bookings.





The background is a vibrant underwater scene. At the top, a large, stylized logo for 'FISHING CLASH' is displayed. The word 'FISHING' is in a bold, yellow-to-green gradient font with a thick black outline, while 'CLASH' is in a blue-to-cyan gradient font with a similar outline. Below the logo, a large, detailed fish with a yellow and black striped pattern is swimming towards the left. In the center, a large, greyish-blue fish with a black and white striped pattern is swimming towards the right. To the right, a smaller, yellow and black striped fish is swimming. The background is filled with various aquatic plants, bubbles, and a soft, glowing light effect in the bottom right corner.

FISHING CLASH

483 MLN PLN

BOOKINGS IN 2021

The background image is a composite of two nature scenes. The upper portion shows a majestic, snow-dusted mountain peak under a clear blue sky. The lower portion depicts a serene lake surrounded by dense evergreen forests. In the bottom right corner, a close-up of a fox's head is visible, holding a red and silver sniper rifle, looking towards the left.

116 MLN PLN

BOOKINGS IN 2021



HUNTING CLASH





KEY FINANCIAL DATA

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

	PLN		EUR	
	2021	2020	2021	2020
Bookings	649,569,060	625,908,985	141,904,765	139,892,938
Net revenues	634,045,040	578,194,656	138,513,389	129,228,612
Cost of sales	53,930,727	25,438,397	11,781,699	5,685,575
Operating profit (loss)	166,220,593	171,774,342	36,312,527	38,392,191
Gross profit (loss)	161,981,769	170,945,301	35,386,514	38,206,898
Net profit (loss)	141,264,582	151,598,963	30,860,641	33,882,921
EBITDA	177,565,609	174,860,108	38,790,958	39,081,871
Adjusted EBITDA	234,179,331	229,643,214*	51,158,783	51,326,095

CONSOLIDATED CASH FLOW STATEMENT

	PLN		EUR	
	2021	2020	2021	2020
Net operating cash flow	200,946,153	193,713,645	43,898,668	43,295,704
Net cash flow from investment activities	-222,004,602	-4,597,770	-48,499,094	-1,027,618
Net cash flow from financial activity	-75,070,128	-28,243,317	-16,399,810	-6,312,484

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	PLN		EUR	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Fixed assets	298,865,805	16,100,828	66,596,433	3,488,955
Current assets	221,414,318	307,582,759	48,139,826	66,651,374
Equity	351,051,347	238,050,607	77,942,596	51,584,166
Long-term liabilities	64,993,212	7,437,421	14,130,802	1,611,645
Short-term liabilities	104,235,564	78,195,559	22,662,861	16,944,517




STANDALONE COMPREHENSIVE INCOME STATEMENT

	PLN		EUR	
	2021	2020	2021	2020
Bookings	632,970,487	622,000,492	138,278,643	139,019,376
Net revenues	617,446,466	574,286,163	134,887,267	128,355,050
Cost of sales	48,766,123	25,436,249	10,653,440	5,685,094
Operating profit (loss)	160,544,114	168,457,062	35,072,444	37,650,767
Gross profit (loss)	158,457,311	169,339,478	34,616,562	37,847,990
Net profit (loss)	138,261,309	150,589,521	30,204,546	33,657,307
EBITDA	167,831,240	171,542,828	36,664,389	38,340,447
Adjusted EBITDA	224,444,961	226,325,934	49,032,214	50,584,671

STANDALONE CASH FLOW STATEMENT

	PLN		EUR	
	2021	2020	2021	2020
Net operating cash flow	206,903,219	193,206,116	45,200,048	43,182,271
Net cash flow from investment activities	-244,248,256	-4,713,140	-53,358,439	-1,053,404
Net cash flow from financial activities	-72,802,716	-26,586,412	-15,904,471	-5,942,160

STANDALONE STATEMENT OF FINANCIAL POSITION

	PLN		EUR	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Fixed assets	304,648,853	16,221,198	66,236,651	3,515,038
Current assets	200,056,217	303,084,104	43,496,155	65,676,542
Equity	341,008,743	233,713,625	74,142,006	50,644,367
Long-term liabilities	62,355,120	7,448,738	13,557,229	1,614,098
Short-term liabilities	101,341,207	78,152,939	22,033,571	16,935,282

EUR/PLN exchange rate	2021	2020
for the statement of financial position data	4.5994	4.6148
for the data from the profit and loss statement and cash flow statement	4.5775	4.4742

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.

The Management Board of the Parent Company performs a joint analysis based on consolidated data, due to the fact that the standalone and consolidated data for Ten Square Games S.A. and the Ten Square Games S.A. Capital Group are similar to each other (maintained trends for individual balance sheet and result items). In 2021, the subsidiary Rortos was acquired, which significantly changed the value of shares in the separate financial statements and the value of intangible assets in the consolidated financial statements in line with the increase in the acquisition liability and cash outflow. However, this transaction did not have such a significant impact on the Statement of Comprehensive Income, hence the Parent Company decided to describe the consolidated data further.

SPLIT OF **CONSOLIDATED** BOOKINGS BY GAMES BY QUARTERS

GAME	1Q 2020	2Q 2020	3Q2020	4Q2020	1Q 2021	2Q 2021	3Q 2021	4Q 2021
Fishing Clash	84,677,795	158,043,812	164,256,332	155,356,610	131,659,442	114,983,038	114,371,143	121,867,965
Hunting Clash	65,559	347,467	3,361,414	12,302,557	26,840,820	30,390,316	28,042,011	30,493,190
Let's Fish	3,868,618	4,551,211	3,708,977	4,348,957	4,208,029	3,710,888	3,110,282	3,445,192
Wild Hunt	3,542,576	4,375,098	3,708,729	3,768,668	3,666,218	3,331,467	2,761,094	3,312,206
Rortos Games	—	—	—	—	—	—	7,183,811	6,954,796
others	2,987,762	3,228,617	4,798,386	4,609,840	2,821,641	2,561,285	2,237,641	1,616,584
TOTAL BOOKINGS	95,142,310	170,546,205	179,833,838	180,386,632	169,196,150	154,976,993	157,705,984	167,689,933
Deferred revenues (consumable)	95,569	-693,809	-575,289	-3,370,129	3,213,637	283,892	-2,265,275	-7,475,672
Deferred revenues (durables)	0	0	0	-43,170,671	1,704,189	9,624,478	-7,489,650	-13,119,620
TOTAL REVENUES	95,237,879	169,852,396	179,258,549	133,845,832	174,113,976	164,885,363	147,951,059	147,094,641

* under the term of bookings, the Group recognises revenue not reduced by deferred revenue (i.e. in the case of micropayments these are payments made by users during the indicated period). The amount of deferred revenue is based on the estimation of the unused virtual currency as well as virtual durables by active players at the balance sheet date. The amount of such deferred revenue is recognised in the financial statements under the balance sheet item 'deferred income'

CONSOLIDATED SELLING COSTS BY QUARTERS

DESCRIPTION	1Q 2020	2Q 2020	3Q 2020	4Q 2020	1Q 2021	2Q 2021	3Q 2021	4Q 2021
Selling costs	48,544,738	124,795,326	95,253,370	74,975,709	95,935,217	95,799,537	82,618,730	72,895,344
marketing:	19,122,999	72,755,975	40,423,986	32,328,468	40,137,460	42,419,871	33,944,492	23,020,677
– Fishing Clash	18,263,312	70,508,454	33,387,047	23,128,972	22,551,718	24,783,495	21,055,086	13,614,460
– Hunting Clash	83,663	607,147	4,385,558	7,863,570	17,412,032	17,438,915	12,889,406	9,334,220
– other titles, events	776,024	1,640,374	2,651,381	1,335,926	173,710	197,461	0	71,997
Provisions	27,044,419	49,255,530	52,189,581	38,530,399	50,414,040	47,816,995	41,574,686	41,874,524
revenue share	417,224	473,283	421,434	439,675	477,124	423,624	411,570	509,652
payroll, remuneration of subcontractors	1,559,372	1,683,409	1,613,387	3,207,421	3,961,297	3,338,075	4,496,667	5,461,878
mobile games market research services	0	0	0	0	548,606	1,317,788	571,024	596,223
Others	400,724	627,129	604,984	469,746	396,689	483,185	1,620,289	1,432,390





4.1. COMMENTS ON THE RESULTS – STATEMENT OF COMPREHENSIVE INCOME

The Management Board, in evaluating of TSG performance and in managing the Group, does not perceive non-cash transactions (incentive plan and deferral of revenue) as having any impact on operations, and therefore analyses the financial results and plans operational and strategic actions without taking them into account. Therefore, the Company's Management Board has decided to:

- » introduce the indicator „Adjusted EBITDA“, which is a key indicator reflecting the operating performance of the Company and the Group;
- » analyse sales revenues through „Bookings“, which are based on actual payments made by users in a given period and are entirely translated into cash flow generation, and do not take into account the effect of recognizing deferred revenues from the sale of virtual currency and virtual durable goods over time. Analysing revenues (i.e. bookings adjusted for the impact of deferring and recognizing them over time) could lead to completely wrong conclusions from the point of view of user behaviour in the game and management of future game development.



THE FOLLOWING TABLE PRESENTS A RECONCILIATION OF REVENUES AND BOOKINGS

DESCRIPTION	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
TOTAL BOOKINGS	649,569,060	625,908,985
Deferred revenues (unused virtual currency)	-6,243,418	-4,543,658
Deferred revenues (unused durables)	-9,280,603	-43,170,671
TOTAL REVENUES	634,045,040	578,194,656

THE FOLLOWING TABLE PRESENTS THE CALCULATION OF „ADJUSTED EBITDA” – **CONSOLIDATED DATA:**

DESCRIPTION	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
EBIT	166,220,593	171,774,342
Amortisation (excluding capitalised part)	7,584,316	3,085,766
Write-downs for impairment	3,760,700	0
EBITDA	177,565,609	174,860,108
Non-cash impact of incentive scheme (excluding capitalised portion)	39,670,061	21,383,076
deferred result (revenue minus commissions) – consumables	4,370,394	3,180,560
deferred result (revenue minus commissions) – durable	6,831,835	30,219,470
costs of potential and completed acquisitions (M&A) and review of strategic options	3,686,602	0
other one offs	2,054,828	0
Adjusted EBITDA	234,179,331	229,643,214





2021 is another successful year in the Group's history. Game payments amounted to PLN 649.6 million, an increase of nearly 4% compared to the record year last year. The flagship game Fishing Clash, which was heavily developed by the product team in 2021, continues to be primarily responsible for the level of consolidated payments. Payments for this title amounted to PLN 482.9 million in 2021, down 14% year-on-year. In 2020, the Group made a bold decision to increase the marketing budget beyond the norm (2020 – PLN 145.3m, 2021 – PLN 82m). The COVID pandemic, which began at that time, triggered short-term price drops in marketing campaigns, which allowed the Group to purchase large volumes of traffic at lower prices. The user base grew 2.4x in that period (average MAU for Q2 2020 was 6.9 million compared to 2.9 million in the previous quarter). 2021 is a period of stabilisation, normalisation of traffic, hence a y/y decline in payments is reasonable and expected in the Group's view, while further down the game payments remain high thanks to a very good decision in 2020.

Another product very relevant to the 2021 results has become Hunting Clash, which since its global launch in Q3 2020 has recorded very good results in terms of user engagement and payments and has quickly become the second largest game in TSG's portfolio. Payments from this game amounted to PLN 115.8m compared to PLN 16.1m in 2020 (the global launch took place in August 2020).

The Group's oldest title, Let's Fish, had another successful year with payments of PLN 14.5m, compared to PLN 16.5m the previous year. This browser-based game has been on the market for more than 10 years, which shows that hobby games developed by the Group remain popular among users and generate good results for many years.

Another game, Wild Hunt, after several years of growth, has probably reached maturity – it generated payments of PLN 13.1 million in 2021 and these were 15% lower than in (the record-breaking) 2020. This game was not supported by marketing expenses last year for the first time since its premiere and, in addition, it now has to take into account the existence of a competing game that is much more modern in terms of technology and design – Hunting Clash, mentioned above.

A new product group is the portfolio of games produced by Rortos, which was acquired in the third quarter of 2021. These games are characterised by a stable level of revenues – for the 6 months of 2021 they generated payments of PLN 14.1 million. Management sees the main growth potential for Rortos products primarily in the Airline Commander game, which is currently being modified, and in new games, the first of which, Wings of Heroes, is currently in open testing.

The Group does not experience significant seasonality in sales. The level of revenue is dependent on the life cycle of a particular game and the cumulative marketing spend over the past few months.

Cost of services sold mainly includes the salaries of the Company's employees and associates directly involved in the production of games. The significant increase in costs during 2021 is primarily due to an increase in the size of the teams in the comparative periods and a higher number of active projects. In addition, in order to increase the competence of the teams, TSG has a policy of establishing partnerships with increasingly experienced employees and collaborators, which is reflected in the increase in personnel costs. All this is also compounded by double-digit wage inflation in the IT sector, to which the Company belongs, and the acquisition and consolidation from mid-2021 of the Italian company RORTOS, whose products have added to the Group's portfolio.

The slight increase of 1% in cost of sales compared to the previous year is very closely correlated with the increase in payments. One of the most significant cost components, commissions, are fully dependent on the level of payments and, as payments increase, the amount of commissions increases proportionally. In contrast, the decrease in the value of the second most significant component – marketing costs – is primarily the result of the normalisation of market conditions after the pandemic-induced disruption in 2020, as described in the first part of this paragraph.

The increase in general and administrative expenses in 2021 is due to the continued expansion of company-wide departments – finance, human resources, HR, among others – and the overall increase in the number of employees and associates, which translates into higher office maintenance costs. In addition, during the reporting period the Group recognised significant non-cash costs of incentive programmes – the total non-cash cost of these programmes recognised in 2021 amounted to PLN 39.7 million, of which PLN 31.2 million was charged to general and administrative expenses.

The Group's consolidated profit before tax in 2021 amounted to PLN 161.9 million and was lower by PLN 5.5 million compared to 2020, a decrease of 3%. The Group's consolidated net profit in 2021 amounted to PLN 141.3 million and was lower by PLN 10.3 million compared to 2020, a decrease of 7%. Due to the impact of non-cash transactions (revenue deferrals and incentive programmes), in the opinion of the Management Board, the decrease in the Company's and the Group's financial results is not adequate, which is better reflected by the indicators cleared of their impact. Consolidated adjusted EBITDA in 2021 amounted to PLN 234.2 million and increased by PLN 4.5 million, i.e. by 2%.





4.2. COMMENTS ON THE RESULTS – STATEMENT OF FINANCIAL SITUATION

The Group's total assets increased year-on-year from PLN 323.7m to PLN 520.3m, or by 61%. This was driven primarily by the acquisition of the Italian company Rortos: an increase in intangible assets from PLN 4.7m in 2020 to PLN 106.4m in 2021 and the recognition of goodwill of PLN 161m.

Games of the acquired company – measured at fair value using the DCF method during the settlement amounted to PLN 61,868,504: Airline Commander – net value: PLN 30,543,199; RFS – net value: PLN 29,028,186, other games – net value: PLN 4,227,914. The Group also recognised goodwill in the amount of PLN 161.05 million.

Other significant changes in other assets were as follows:

- » decrease in cash balance by 41% from PLN 236.6 million as at 31.12.2020 to PLN 139.5 million as at 31.12.2021 (due to partial payment for Rortos shares in the amount of EUR 46.7 million and record capital expenditure and dividend payment);

- » an increase in receivables by 12% from PLN 55.2 million as at the end of the previous year to PLN 62 million as at 31 December 2021

- » a decrease in trade liabilities by PLN 5.5m, i.e. by 45%.

- » an increase in non-current assets by PLN 6.5 million, which resulted primarily from the recognition of assets related to the lease of office space at the TSG headquarters in Wrocław and Italy. This item on the liabilities side corresponds to long – and short-term leasing liabilities, totalling PLN 12.7 million as at 31 December 2021 (+55% year-on-year).

Current income tax liabilities increased from PLN 12.8 million to PLN 18.8 million because during the year the Parent Company pays tax in advance based on the actual tax charge for the last completed financial year at the start of the next tax year (i.e. 2019) and the net profit in 2019 was significantly lower than in 2021.

The Group (and the Parent Company) has strong liquidity and has no problems in the collection of receivables and all liabilities are paid on time.

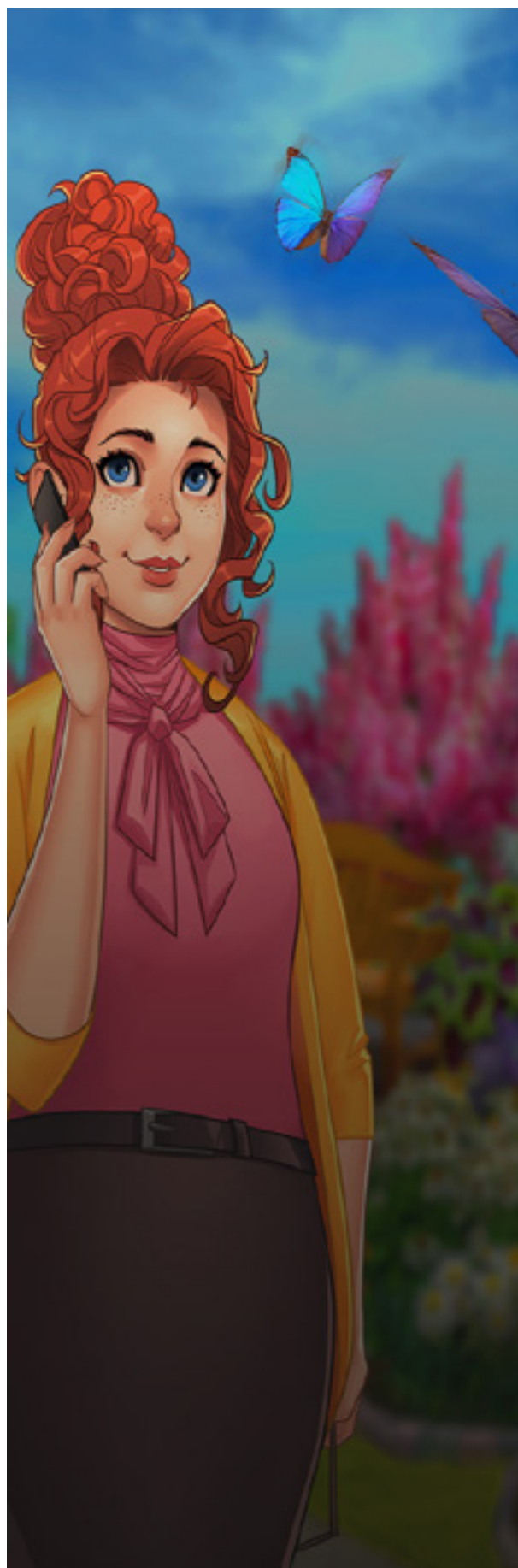
4.3.

COMMENTS ON THE RESULTS – CONSOLIDATED CASH FLOW STATEMENT

The increase of nearly 4% in cash flow from operating activities is a direct result of the very good operating performance, which, thanks to an efficient business model, translates into a fast building of the cash position.

Cash flow from investing activities in 2021 is mainly the purchase of shares in Rortos Srl. The cash payment amounted to EUR 46.7 million (PLN 211.1 million) which represents 86% of the amount of investing activities. Investing activities are supplemented by cash expenditures for the development of new games, which amounted to PLN 19.1 million in 2021 compared to PLN 2 million in the previous year.

Cash flows from financing activities, on the other hand, consist primarily of the 2020 dividend payment (PLN 72.7m) paid in 2021.



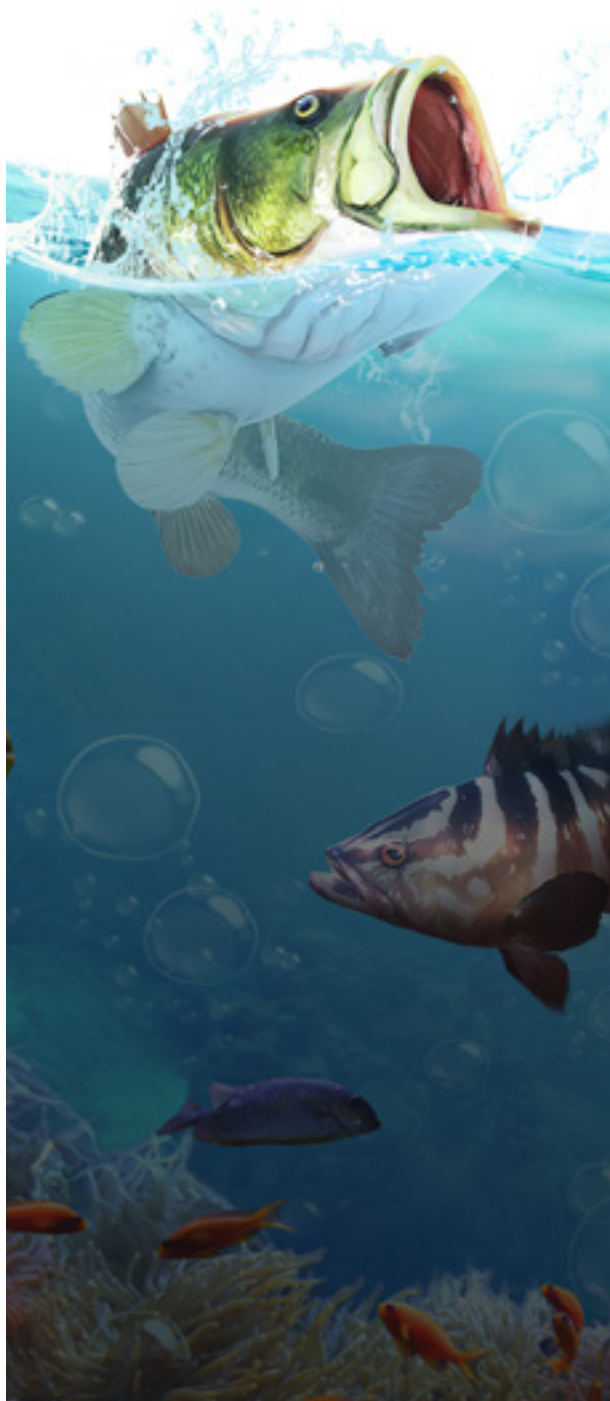


5.

INFORMATION ON MAJOR PRODUCTS/ SERVICES

**WITH AN INDICATION OF THE VALUE AND
QUANTITY AND THE SHARE OF EACH PRODUCT/
SERVICE AND EXPLANATION OF CHANGES IN
THIS RESPECT DURING THE FINANCIAL YEAR**

The Group focuses on the distribution of games in the F2P (Free-2-Play) model and revenues from games are generated mainly by micro-payments in the game (almost 100% of total revenues). Therefore, the Group does not report the number of products sold, but only the value of sales. In the opinion of the Management Board, the major indicator allowing to determine the popularity of the product is the level of bookings generated by active players.



GAME	1Q 2021	2Q 2021	3Q 2021	4Q 2021	razem 2021
Fishing Clash	131,659,442	114,983,038	114,371,143	121,867,965	482,881,589
Hunting Clash	26,840,820	30,390,316	28,042,011	30,493,190	115,766,337
Let's Fish	4,208,029	3,710,888	3,110,282	3,445,192	14,474,391
Wild Hunt	3,666,218	3,331,467	2,761,094	3,312,206	13,070,985
Rortos games			7,183,811	6,954,796	14,138,607
other	2,821,641	2,561,285	2,237,641	1,616,584	9,237,152
BOOKINGS IN TOTAL	169,196,150	154,976,993	157,705,984	167,689,933	649,569,060
Deferred revenue (virtual currency)	3,213,637	283,892	-2,265,275	-7,475,672	-6,243,418
Deferred revenue (durables)	1,704,189	9,624,478	-7,489,650	-13,119,620	-9,280,603
REVENUES IN TOTAL	174,113,976	164,885,363	147,951,059	147,094,641	634,045,040

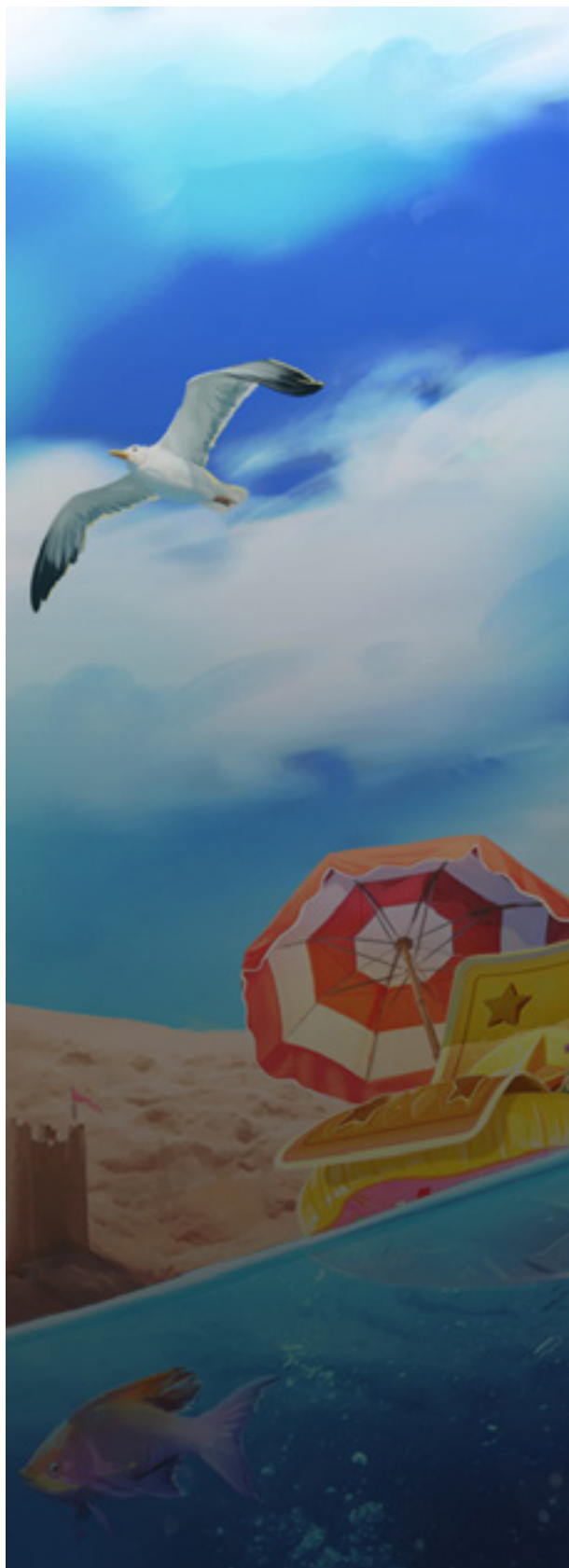
PERIOD	1Q 2021	2Q 2021	3Q 2021	4Q 2021
Fishing Clash – MAU* (average per period)	3,849,763	2,928,300	3,165,192	2,499,913
Hunting Clash – MAU (average per period)	3,136,097	2,241,126	1,729,973	1,711,249
Let's Fish – MAU (average per period)	281,634	300,303	299,096	325,547
Wild Hunt – MAU (average per period)	651,733	524,830	596,168	664,014

GAME	1Q 2020	2Q 2020	3Q 2020	4Q 2020	razem 2020
Fishing Clash	84,677,795	158,043,812	164,256,332	155,356,610	562,334,549
Let's Fish	65,559	347,467	3,361,414	12,302,557	16,076,997
Wild Hunt	3,868,618	4,551,211	3,708,977	4,348,957	16,477,763
Hunting Clash	3,542,576	4,375,098	3,708,729	3,768,668	15,395,071
other	2,987,762	3,228,617	4,798,386	4,609,840	15,624,605
BOOKINGS IN TOTAL	95,142,310	170,546,205	179,833,838	180,386,632	625,908,985
Deferred revenue (virtual currency)	95,569	-693,809	-575,289	-3,370,129	-4,543,658
Deferred revenue (durables)	0	0	0	-43,170,671	-43,170,671
REVENUES IN TOTAL	95,237,879	169,852,396	179,258,549	133,845,832	578,194,656

PERIOD	1Q 2020	2Q 2020	3Q 2020	4Q 2020
Fishing Clash – MAU* (average per period)	2,894,045	6,915,710	4,165,725	3,223,278
Hunting Clash – MAU (average per period)	0	0	1,315,618	2,042,704
Let's Fish – MAU (average per period)	428,742	514,341	369,797	347,293
Wild Hunt – MAU (average per period)	1,293,296	1,203,639	777,609	589,348

[*] MAU – monthly active users





6.

INFORMATION ON KEY MARKETS

DIVIDED INTO DOMESTIC AND FOREIGN MARKETS, AS WELL AS INFORMATION ON SOURCES OF SUPPLY OF MATERIALS FOR PRODUCTION (GOODS AND SERVICES), SPECIFYING DEPENDENCE ON ONE OR MORE CUSTOMERS AND SUPPLIERS

The Group's products are sold globally through stores with mobile applications (mainly Google Play, AppStore) and, to an increasingly lesser extent, with the use of browser channels. Bookings are made by individuals and the Group receives an aggregated amount from its intermediaries (e.g. Google Play). The Group signed (at arm's length) framework agreements with intermediaries. The share of aggregators in bookings is presented in the table below.

COUNTERPARTY	bookings 2021	share of bookings 2021	bookings 2020	share of bookings 2020
Google Inc.	390,427,974.80	60.1%	362,263,244	57.9%
Apple Distribution International	226,519,218.57	34.9%	224,354,185	35.8%
others (none of which above 10%)	32,621,867	5.0%	39,291,556	6.3%
BOOKINGS TOTAL	649,569,060	100.0%	625,908,985	100.0%
Deferred revenue (virtual currency)	-6,243,418	N/D	-4,543,658	N/D
Deferred revenue (durables)	-9,280,603	N/D	-43,170,671	N/D
REVENUE TOTAL	634,045,040	N/D	578,194,656	N/D

With regards to bookings analysis per geographical markets, the Group assigns bookings from users on the basis of their IP number, using external databases and sales reports in countries available on selected distribution platforms.

The percentage share of individual users from each continent in the Group's total bookings changed marginally in 2021 compared to the previous period – North America and Europe are by far the most important markets for TSG's products.

REGION	bookings 2021	share in bookings 2021	bookings 2020	share in bookings 2020
North America	278,406,215	42.9%	258,775,994	41.3%
Europe	242,676,411	37.4%	245,992,079	39.3%
<i>including Poland</i>	33,660,826	5.2%	31,826,280	5.1%
Asia	98,485,916	15.2%	88,084,808	14.1%
South America	14,283,599	2.2%	18,172,694	2.9%
Australia and Oceania	9,957,890	1.5%	9,801,122	1.6%
Africa	5,759,029	0.9%	5,082,288	0.8%
BOOKINGS IN TOTAL	649,569,060	100%	625,908,985	100%
Deferred revenue (virtual currency)	-6,243,418	N/D	-4,543,658	N/D
Deferred revenue (durables)	-9,280,603	N/D	-43,170,671	N/D
REVENUES IN TOTAL	634,045,040	N/D	578,194,656	N/D

Costs incurred by the Group include costs of production, maintenance, distribution and marketing of games. Remunerations of employees and co-workers constitute majority of costs of production and maintenance of titles. Distribution costs are commissions for intermediaries (mobile stores, payment aggregators). Marketing costs are related to the costs of marketing campaigns run by intermediaries.

In none of these cases is the Group obliged to cooperate with a given entity (no binding long-term agreements signed, cooperation based on orders each time). Although the Group does not identify any significant formal dependence on suppliers, it should be noted that majority of the user acquisition costs are generated with Google and Facebook





BRIEF DESCRIPTION OF THE ISSUER'S MATERIAL ACHIEVEMENTS AND FAILURES

IN THE REPORTING PERIOD, TOGETHER WITH THE SPECIFICATION OF THE MOST IMPORTANT EVENTS RELATED TO THE ISSUER

In 2021, the Group consistently delivered on its strategy. Payments increased by PLN 23.7 million, or nearly 4%, mainly due to the global launch title Hunting Clash in August 2020, which more than compensated for the decline in payments in the flagship game Fishing Clash from the peaks reached in the pandemic-dominated year 2020. Profitability measured by adjusted EBITDA amounted to PLN 234 million, which was PLN 4.5 million (or 2%) higher than in 2020.

The Company's undoubted achievement in the analysed period was obtaining on 28 June 2021 a licence from the regulatory authority managing the Chinese video games market to publish the Fishing Clash game on the Chinese market. The process of obtaining a licence to publish games in this huge and promising market is lengthy, complicated and not often successful. After receiving a positive decision from the NPPA, the Company, through its distributor, Netease, made a special version of the game (including paid features) available on Apple's Chinese online shop,

which took place at the end of July 2021. At the end of the year, the game was also made available in the first Chinese shops (marketplace) for Android devices. The results generated by the game in the first months on the Chinese market are satisfactory and give grounds for further development of the game in this country. The support of the Chinese Fishing Clash is handled by a dedicated team of experienced specialists.

A significant event in TSG's operations in 2021 was the negotiations in the process of purchasing 100% of the share capital of Rortos S.r.l., Verona, which ended on 5 July 2021 with the signing of a disposal agreement. The value of the agreement, excluding subsequent earn-out payments, amounted to EUR 46.7 million. This transaction, detailed in the financial statements, follows the implementation of the strategy announced in 2020 and is the first acquisition in TSG's history.

On 10 June 2021, the Board of Directors of Ten Square Games S.A. decided to commence the process of reviewing strategic options for the Company. The purpose of this process was to select the best way to implement the Company's long-term strategy of further growth and maximising shareholder value. The Board considered various strategic options, including the acquisition of a strategic or financial investor. On 11 October 2021, the decision was made to close the process. During the Review, the Board assessed market conditions and considered various strategic options. The Review generated significant interest from strategic and financial investors, which was thoroughly analysed and confirmed the validity of the Company's strategy. The Board believes that focusing on the Company's current strategy, operations and projects remains the best way to achieve the Company's long-term objective of further diversification and growth and maximising shareholder value, while remaining a listed company on the Warsaw Stock Exchange.

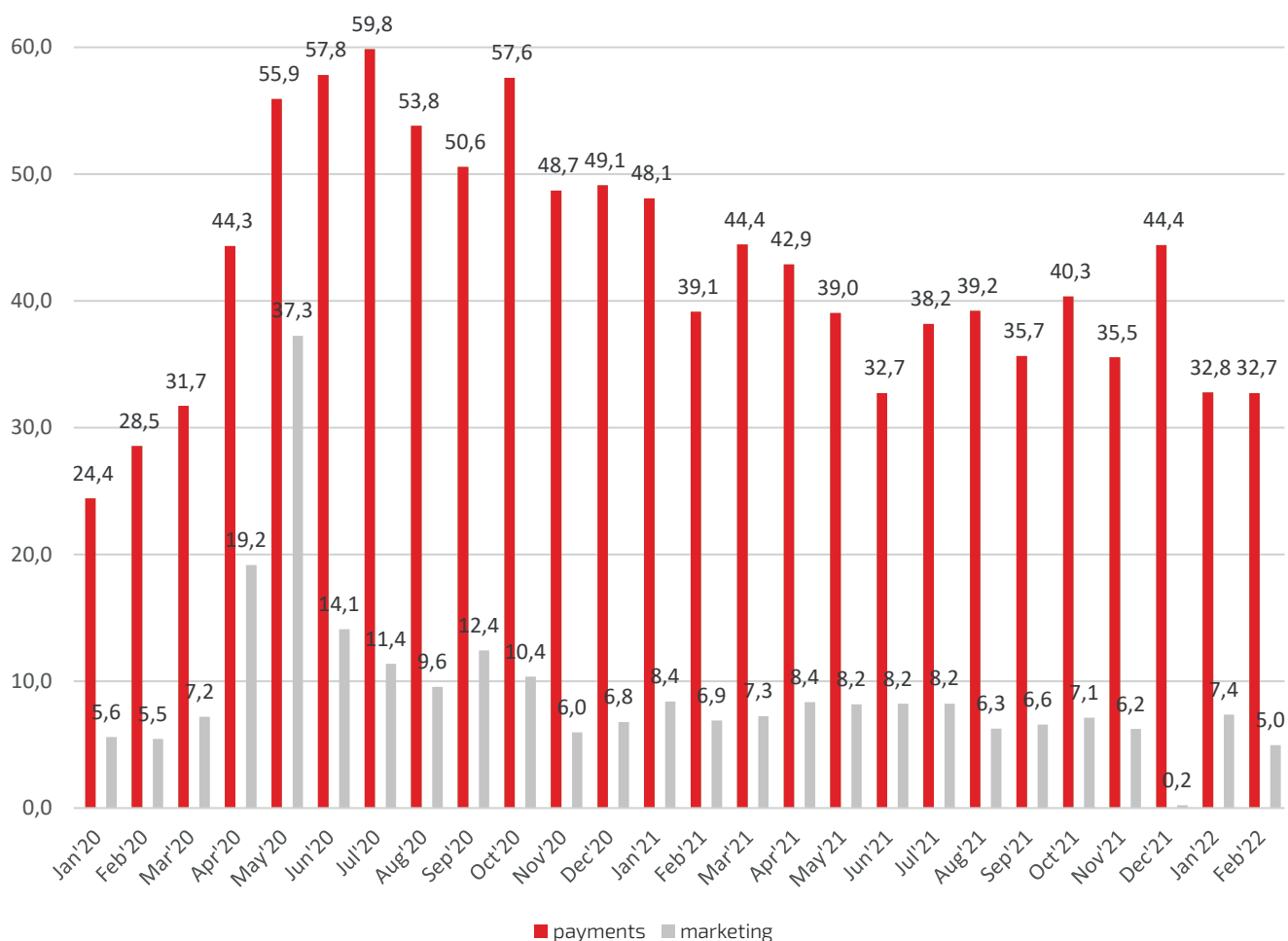
Both in the period under review and in the coming months, the Company's Management Board is focusing its efforts on strengthening its teams (mainly product and cross-product teams – e.g. Marketing and Business Intelligence). The aim of these activities is to accelerate the creation and further development of high quality mobile games which engage users and generate satisfactory financial results. The marketing team, in turn, continues to focus on scaling and optimising marketing expenditures dedicated to the promotion of Fishing Clash and Hunting Clash. The Company continuously monitors developments in the advertising market and changes in the behaviour of acquired user groups.





MONTHLY ANALYSIS OF PAYMENTS AND MARKETING COSTS OF KEY GAMES

Fishing Clash (without FC China)**



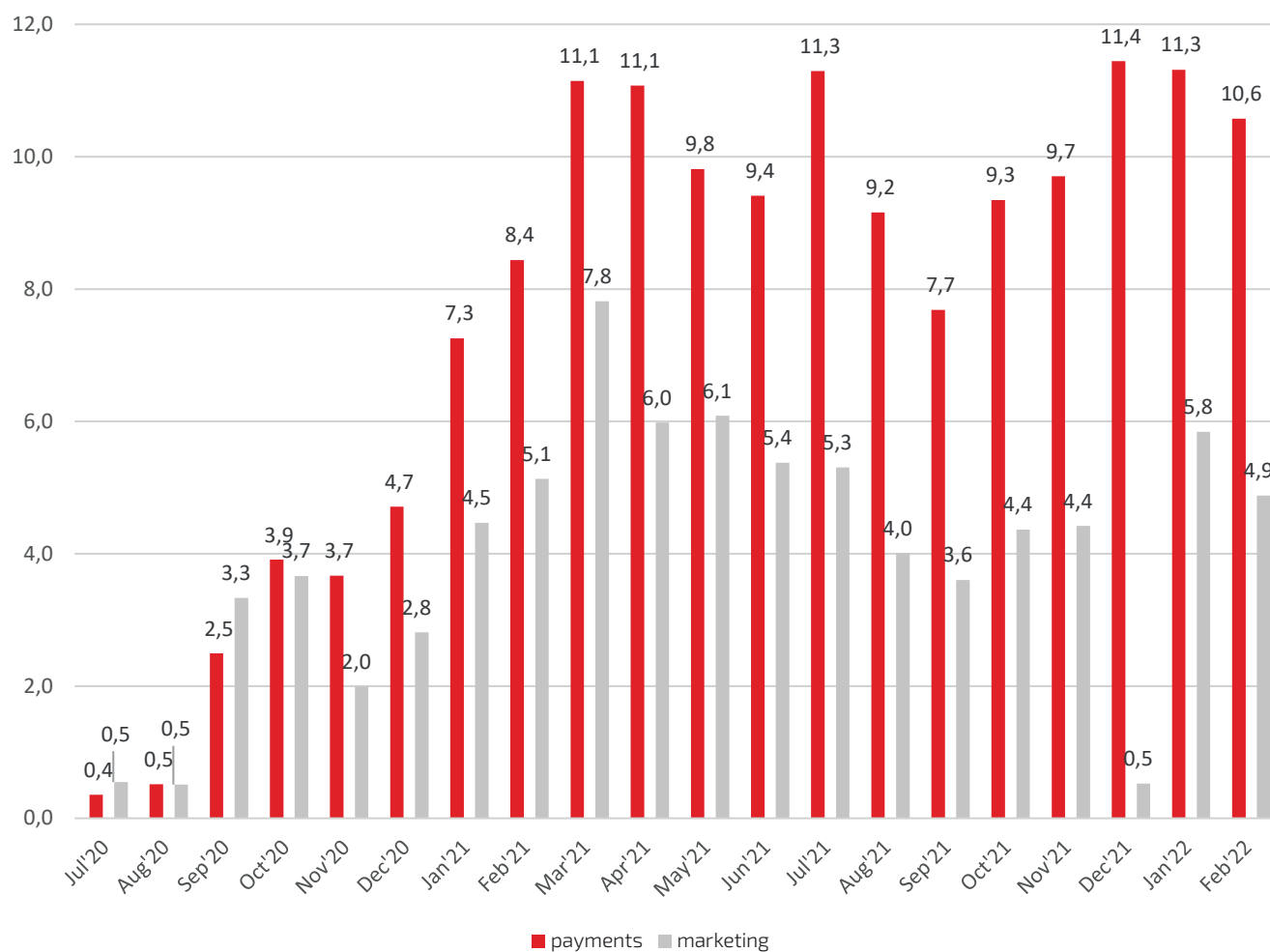
* Figures for January and February 2022 are Group estimates

** The graph above does not include revenue from the Chinese market due to a different settlement model. The Group records as revenue from this market the licence payment from its partner Netease, which is the recipient of aggregated payments from users, and also incurs marketing expenses. The licence income is the profit distribution after aggregator commissions and after marketing expenses according to the agreement concluded between the parties. In the classic sales model – i.e. directly through the GooglePlay shop and AppStore – the Group is the recipient of aggregated user payments and also bears the full cost of commissions and marketing itself

2021 was a time of normalisation for Fishing Clash after an exceptional 2020, with the user acquisition market situation returning to normal after the resulting disruption from the COVID pandemic outbreak. The product team spent the first half of the year largely focusing on technical improvements to the game, which proved essential after the surge in player numbers in 2020. In contrast, the end of the

year was mainly marked by rebuilding existing and delivering new in-game content such as live ops, game modes, new fishing grounds, etc. Marketing budgets were significantly lower than in the previous year, while payments fluctuated between PLN 30-40m per month for most of the year.

Hunting Clash



* Data for January and February 2022 are the Group's estimates

The Hunting Clash game started 2021 with very strong growth, supported by significant marketing budgets. Later in the year, growth stalled and the team focused on expanding the game's content to deepen the gameplay and make it more appealing to players, thereby extending their engagement time with the game. The effects began to show in the

fourth quarter when in-game payments returned to growth, setting a new record for payment levels in December 2021.





CURRENT AND PROJECTED FINANCIAL SITUATION

The Group and the Parent Company are in very good financial condition, which allows for further development of new games with the use of own financing. The Management Board's objective remains to maintain a stable financial standing of the Company and the entire Group by expanding the portfolio of games offered by the Group and promoting the current titles.

The table below presents the key performance indicators of the Group and the Parent Company.

PROFITABILITY INDICATORS	2021	2020
Chosen financial data		
EBIT – Capital Group	166,220,593	171,774,342
EBIT – Parent Company	160,544,114	168,457,062
EBITDA – Capital Group	177,565,609	174,860,108
EBITDA – Parent Company	167,831,240	171,542,828
Adjusted EBITDA – Capital Group	234,179,331	229,643,214
Adjusted EBITDA – Parent Company	224,444,961	226,325,934

PROFITABILITY INDICATOR – THE GROUP	2021	2020
Profitability EBITDA*	28.01%	30.24%
Profitability adjusted EBITDA**	36.93%	39.72%
Profitability EBIT***	26.22%	29.71%
Gross profitability	25.55%	29.57%
Net profitability	22.28%	26.22%
ROA	27.15%	46.84%
ROE	40.24%	63.68%

PROFITABILITY INDICATOR – PARENT COMPANY	2021	2020
Profitability EBITDA*	27.18%	29.87%
Profitability adjusted EBITDA**	33.35%	39.41%
Profitability EBIT***	26.00%	29.33%
Gross profitability	25.66%	29.49%
Net profitability	22.39%	26.22%
ROA	27.39%	47.16%
ROE	40.54%	64.43%

Source: Management Board

Principles for the calculation of indicators:

- * Profitability at the level of operating profit plus depreciation (EBITDA) – (operating profit for the period + depreciation) / revenues from operations;
- ** Profitability at the level of Adjusted EBITDA (as defined in Section 4) / bookings;
- *** Profitability at the level of operating profit (EBIT) – operating profit for the period / revenues from operations; Gross profitability – profit before tax for the period / revenues from operations; Net profitability – net profit for the period / revenues from operationse; Return on assets (ROA) – net profit for the period / total assets; Return on equity (ROE) – net profit for the period / total equity.

Profitability ratios remained at very high levels both in 2021 and 2020.





DEBT RATIOS

Due to the fact that the Group (including the Parent Company) did not use external financing in 2020-2021, no debt ratios will be presented.

The Group's equity in 2021 represented 67.9% of total assets, while at the end of 2020: 73,5%.

The structure of liabilities in the case of the stand-alone data looked analogous to the consolidated data.

Liquidity ratio	2021	2020
Current liquidity ratio – the Group	2.12	3.93
Current liquidity ratio – the Parent Company	1.97	3.88

Source: The Group

Current liquidity ratio = total current assets / total short-term liabilities

Both in 2021 and 2020 the liquidity ratios remained at a very high level due to generating positive cash flows during the year. The decrease in ratios on 31 December 2021 is primarily due to significant capital expenses and record dividend payed out during the year, which resulted in reduction of cash position.

9.

DESCRIPTION OF FACTORS AND EVENTS

INCLUDING THE UNUSUAL ONES, HAVING A SIGNIFICANT IMPACT ON THE FINANCIAL STATEMENT

As described above in the commentary on the results, the acquisition of 100% of shares in Rortos increased the Group's balance sheet total year on year by 61% to a record PLN 520.3 million. At the same time the impact of the acquisition on the statement of comprehensive income is not as significant – revenues from Rortos' games account for approximately 2% of the Group's total revenues.





10.

MAJOR ACHIEVEMENTS IN RESEARCH AND DEVELOPMENT

In 2021, the Group continued work on new games initiated in 2020. The first of these is Undead Clash, a game about fighting zombies with elements of the mechanics proven in the Group's most popular titles. The game is currently at an advanced stage of production and is available to the public in the US as part of early open testing. Another title under production is Football Elite – the first sports game in Ten Square Games' portfolio based on slot mechanics, dedicated to American football fans, among others. Public tests of this game are to be launched in spring 2022. The Warsaw team, in turn, is still working on a new title, also based on slot mechanics – Magical District. This game, too, is currently in the public testing phase, the results of which will help determine the further direction of its development. At the same time, the Warsaw studio is working on another, as yet undisclosed title, whose public tests are scheduled for late 2022 or early 2023. Furthermore, a new game by Rortos, acquired in 2021, Wings of Heroes, is currently being tested in India. In addition, the newly formed Wrocław-based development team is currently working on a thorough redevelopment of one of the titles in the Rortos portfolio – Airline Commander, in which the Board sees significant potential for future revenue growth for the Company.

The Group continually conducts development work on new games. Inherent in this process is the risk that certain titles may not meet market expectations and TSG's ambitions.

One such game was Golf Royale – during the second quarter of 2021, the Company's Board of Directors, after re-examining the competitive environment, decided to cease development of this game. Given the increasing number of competitors offering advanced games with similar themes and the relatively high marketing costs in this segment, it was deemed unprofitable to continue investing in this title. In connection with the above, the Company incurred an expense of PLN 3,761 thousand connected with the write-off of the costs of the period, related to the write-off of expenditure incurred to date. The personnel resources creating Golf Royale were allocated mainly to the team working on the further development of Fishing Clash.

Similarly to previous years, work is also constantly underway to improve the Group's backoffice capabilities, with particular emphasis on the Business Intelligence department – the constantly improved predictive and analytical models are key to planning and verifying the further development of the product profile and marketing activities undertaken.

In the opinion of the Management Board, the development projects run currently are aimed at consistent implementation of the strategy and are a chance to broaden the Group's product offer with new profitable, timeless titles.

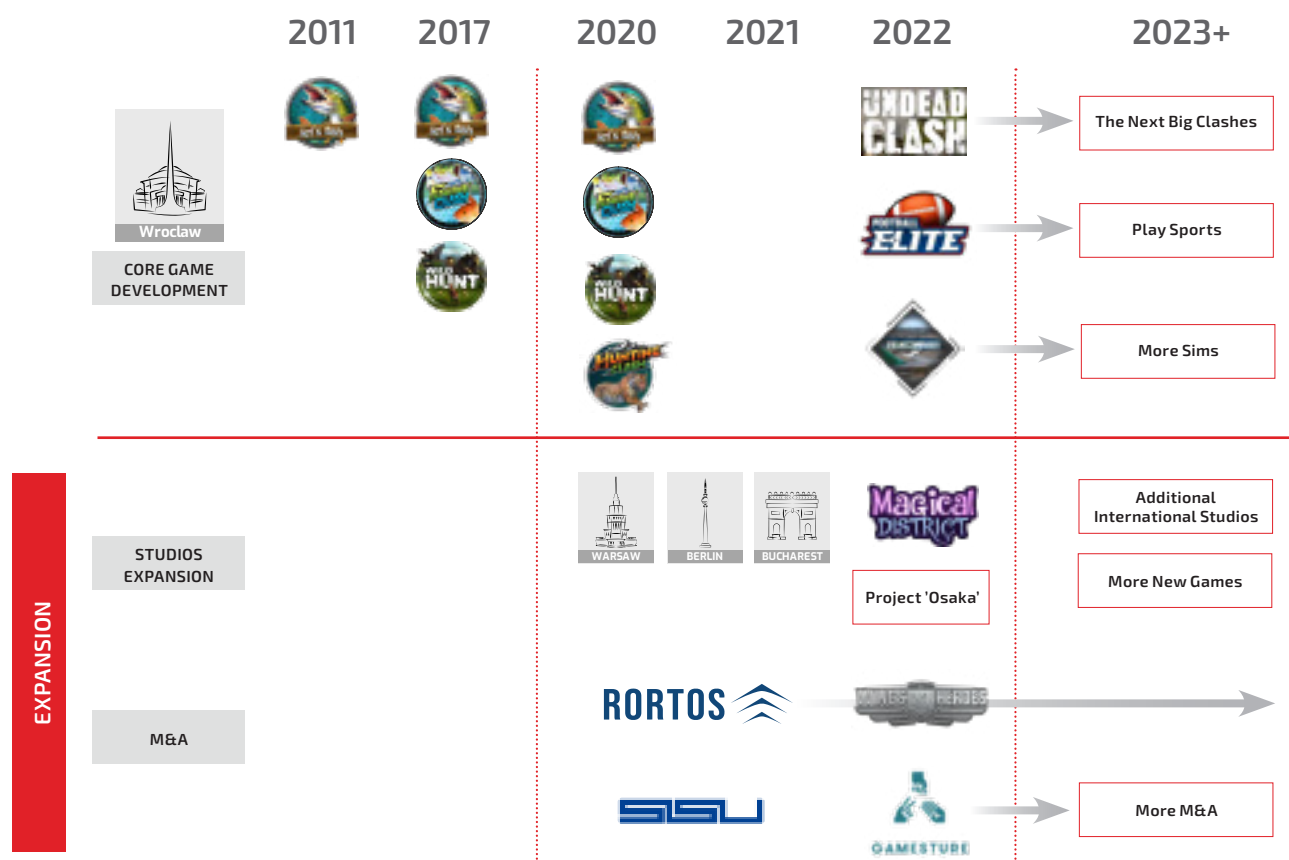
11.

EXPECTED DEVELOPMENT OF THE ENTITY AND THE GROUP

The Group's strategy is based on the search for and innovative combination of the most effective models of games from the Free 2 Play segment in interesting thematic areas. Its implementation involves building a portfolio of timeless products with a long lifespan and deep monetization. In the opinion of the Management Board, long-time experience in

maintaining and developing F2P games and a well thought-out publishing pipeline support consistent implementation of its strategy.

In 2020, the Parent Company's Management Board developed and began implementing a new strategy – its basic assumptions are presented in the graphic below:





The core pillar of future growth is the team in TSG's Wrocław office where new titles will be created and current titles developed. We are constantly increasing the size of our team, especially in product units and business departments supporting them (e.g. Growth, Business development, Business intelligence, Market Insight) – the goal is to have a strong team developing a diversified portfolio of mobile games. An extremely important aspect of building a very strong team of professionals in Wrocław is the ability to provide specialized product support services for the second and third elements of the strategy described below.

The second fundamental element of the strategy is the creation of design studios in new locations. Launched in the first quarter of 2020, TSG's design office in Warsaw continues to work on the development of new titles. In addition, in the fourth quarter of 2020 the Parent's Management Board made a decision to establish a subsidiary in Berlin, which in 2021 began to create a mobile game production studio operationally independent of the Parent, and to attract to TSG talented employees who do not decide to move to Poland and work within the Parent's structures. In turn, in the first quarter of 2021, the Parent's Management Board decided to set up a subsidiary in Bucharest, which in July 2021 began hiring Romanian employees qualified and experienced in the video gaming industry, who work for projects carried out by the Parent or other entities

in the Group. In February 2022, another subsidiary based in Israel was established. This company is also expected to bring together local gaming talent and provide business support for all Group games.

Thirdly, the Group continuously analyses the free-to-play games market and actively conducts activities aimed at entering into close cooperation (e.g. through an acquisition transaction) with another entity operating in this market. The result of these activities is the acquisition in July 2021 of Rortos, which is the world's leading Italian manufacturer of flight simulators produced for mobile devices. This transaction is described in more detail in the Annual Consolidated Financial Statements. In March 2022, the Group made another acquisition by purchasing a 24.8% stake in the share capital of Gamestrure Sp. z o.o. Gamestrure is a company specialising in the RPG genre, with a team of 68 people operating from studios in Krakow and Poznan. The company was founded in 2014 and currently its two main titles are: Questland, set in a fantasy world and featuring a turn-based combat system, and Slash & Roll, based on the PvP (player vs. player) team combat model. Both of these games are becoming increasingly popular among role-playing game fans. Two further Gamestrure titles are currently in production.





12.

CORPORATE SOCIAL RESPONSIBILITY

At Ten Square Games, we consider ourselves a part of a global ecosystem, so redistributing a part of our revenue to solve relevant global problems is our responsibility. To ensure having the optimally positive impact on the world around us and build a long term value for all of our stakeholders, we have applied the Environmental, Social, and Governance (ESG) standards to our strategy and operations. We partner with global organizations, like the Fair Play Alliance and Tech To The Rescue, to further apply more sustainable solutions in our games and share our resources with non-governmental organizations.





2021-2024 SUSTAINABLE DEVELOPMENT PILLARS

ENVIRONMENT

The environmental goal of Ten Square Games is to reduce its carbon footprint according to Greenhouse Gas Protocol (GHGP) in four areas of company's operations:

1. reducing CO2 emission of processes and solutions in all TSG offices;
2. reducing CO2 emission of business travels;
3. offsetting the ecological impact made by employees and contractors while performing their professional duties;
4. offsetting the ecological impact made by players while using TSG products.

SOCIETY

Ten Square Games recognizes its impact on local societies where our most important stakeholders live: employees and contractors with their families, players, suppliers and shareholders. We believe that commercial enterprises like ours, are the most influential organizations in transforming capitalism due to our size, organizational capacity, and access to intellectual and financial capital. Therefore, our daily business principles, procedures and policies focus on the following social factors:

1. supporting economical inclusion of people from disadvantaged groups, e.g. by hiring, development, and diversification of the workforce;
2. equal pay – with an effect of having the current gender gap pay at TSG slightly smaller than in the Polish economy at large. This result is accomplished through various actions taken in 2021, e.g. annual salaries benchmarks, promoting and hiring females for leadership and senior technical roles. It's worth noting that many of the top positions within TSG Group are held by women – starting with 1/3rd of Board members in the roles of the Chief Growth Officer and Chief Financial Officer – and then: Chief HR Officer, Head of Growth, Head of Consumer Insights & Market Research, Head of Frontend Development, Head of Legal, Chief Accountant. In total, 27% of leaders at TSG are females, which is an average rate in the technology industry, but the number is to be increased following an aforementioned trend of expanding teams' diversity. Employing more female experts, including in managerial positions, is likely to increase average women's salaries, thus decreasing the gender pay gap.
3. mental health – recognizing the relevance of this matter, catalyzed by the COVID-19 pandemic, Ten Square Games is committed to supporting employees' wellbeing. Apart from providing private medical care, the company introduces a mental self-care package consisting of education and therapeutical services sponsorship.

GOVERNANCE

Ten Square Games uses accurate and transparent accounting methods, avoids conflicts of interest in the Board members' choices, does not use any kind of contributions to obtain favorable treatment, does not engage in any illegal practices – but instead provides transparency in its operations in compliance with the stock market regulations.

We joined the Fair Play Alliance, a global coalition of gaming companies committed to creating healthier players' communities, where we can develop and share best practices to free our products and services from harassment, discrimination, and abuse. Following our values, we believe that gaming, as entertainment, should be an inclusive and safe space that gives users lots of constructive challenges and fun while interacting with each other.

Ten Square Games is also a member of Tech To The Rescue, which is a voluntary movement of tech companies that help non-governmental organizations around the world implement digital solutions to scale up their social influence.





DELIVERY OF SUSTAINABLE DEVELOPMENT GOALS

As an international company from the fastest growing digital industry, at Ten Square Games we are more than aware, what challenges today's world is facing. Climate crisis, inequality, poverty and hunger are some of the global problems we want to help solve with the resources we have as a business.

To tackle the most critical global issues in the most comprehensive and systematic way, we joined the United Nations Global Compact Initiative, and follow the Sustainable Development Goals that the initiative has adopted:



ZERO HUNGER

Every year we donate money to a local charity, Fundacja Pocięcha, which supplies 700 meals to kids from economically disadvantaged families.



GOOD HEALTH AND WELL-BEING

We provide our employees and contractors with:

- » a private medical care subscription that ensures quick access to specialized doctors
- » free oncological screenings and regular education on cancer prevention
- » psychological services refund and mental health education
- » free physiotherapeutic services on-site
- » Free access to sports & leisure facilities in Poland.



QUALITY EDUCATION

We offer numerous development projects (e.g. The Boost Week), training programs (e.g. Skill UP) and international knowledge-sharing events to raise the qualifications of our employees and contractors. We also support tech education in local communities and sponsor programs that allow people from non-tech backgrounds to become IT professionals.



GENDER QUALITY

Our daily business principles, procedures and policies are non-discriminatory and equal-rights oriented. We support hiring, development, and diversification of the workforce where an individual employee is treated with dignity and respect regardless of their age, gender, work experience, religious background, level of (dis)ability, ethnicity or nationality.



DECENT WORK AND ECONOMIC GROWTH

We have tailored our benefits program to address the needs of everyone, for example, by offering medical insurance to same-sex partners or the opportunity to work fewer hours in the first month after returning from maternity leave while retaining the right to full remuneration.



REDUCED INEQUALITIES

Ten Square Games Group hires female experts in leadership and technical positions. Since these are the highest-paid jobs, such policy helps neutralize the gender pay gap present in all economies where the company operates.

We enable and support employee volunteering, including competency-based and hands-on programs.

Together with our global competitors, we granted one hundred wishes to children battling terminal illnesses. Following our values of Daring To Explore, we additionally organized a crowdfunding campaign among our employees and contractors and fulfilled twelve extra wishes of Polish children.





CLIMATE ACTION

We made the first steps towards carbon neutrality and joined forces with Planetly, a global platform that enables the reduction and offsetting carbon emissions, helping Ten Square Games achieve its net-zero targets – in line with the Science-Based Targets initiative.



PARTNERSHIPS FOR THE GOALS

Ten Square Games joined the United Nations Global Compact Initiative, a program that unites businesses in a pledge to promote human rights and sustainability in their organizations.



LIFE BELOW WATER

We run multiple ecological campaigns, that resulted in planting a thousand trees, and increased education of our employees, contractors and players. Together with the Healthy Seas NGO, we have involved the users of our products to clean international waters from fishnet waste and conducted an educational campaign on endangered underwater species.

SUMMARY

While Ten Square Games' journey towards sustainability began many years ago, it has gained momentum over the past two years. In 2021, the total amount donated by the Company to charity exceeded PLN 500tys. In 2021, the total amount donated by the Company to charity exceeded PLN 500 thousand, not counting actions coordinated by the employer, in which private money was donated by employees, and many man-hours devoted by team members. Guided by one of the company's values, Grow Together, and the growing expectations of stakeholders in a post-pandemic reality, we have implemented more international standards of corporate responsibility in our strategies and operations. We hope to become not only a fully sustainable organisation, but also to ensure the survival of our planet and the well-being of all people.





13.

SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

WHICH WERE NOT REFLECTED IN THE FINANCIAL STATEMENT FOR A GIVEN PERIOD

From 20 January 2022 to 28 January 2022 the first tranche of the own share buyback launched by the Parent Company was carried out in accordance with the resolution of the Issuer's Management Board of 20 January 2022 on commencement of the own share buyback and detailed conditions and procedures for carrying out the first tranche of the Company's own share buyback, adopted in execution of Resolution No. 7 of the Company's Ordinary General Meeting of 23 June 2021 on authorising the Management Board to acquire own shares in the name and on behalf of the Company and defining the principles for the acquisition of own shares by the Company and creating a reserve capital.

The total number of shares purchased under the first tranche of the buy-back of treasury shares amounted to 70,000 shares and corresponds to

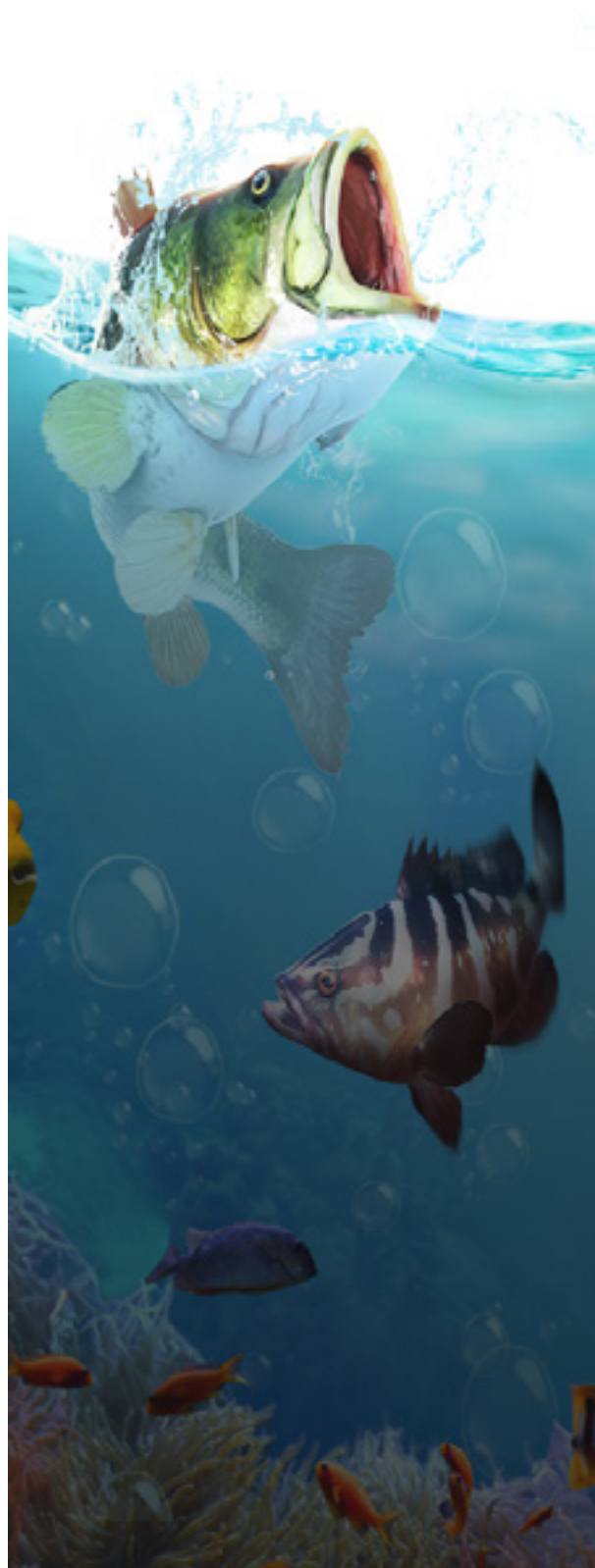
70,000 votes at the Company's General Meeting; which represents a 0.96% share in the Company's share capital and 0.96% in the total number of votes at the Company's General Meeting. The average unit purchase price of own shares was PLN 266.04. The shares were purchased for the total amount of PLN 18,623,013.60.

The shares acquired as part of the transaction may be (i) redeemed (voluntary redemption), (ii) exchanged for shares in the course of the Company's acquisitions, (iii) disposed of by the Company's Management Board in another manner permitted by law, taking into account the needs resulting from the Company's operations.

On 24 February 2022, the Russian invasion of Ukraine commenced. This event has had and continues to have a significant impact on the Company's operations – among other things, it has rapidly disrupted financial markets (strong weakening of the Polish zloty, potentially positive impact on results in subsequent periods). The Company employs a total of several dozen people from countries involved in the conflict (Ukraine, Russia, Belarus), so the priority was to ensure, as far as possible, the safety of employees located in the war zone, which is dealt with by a special working group. In addition, the Board of Directors decided to donate PLN 1 million to NGOs involved in humanitarian support in Ukraine and to provide subsidies to employees who decide to host them in their own homes. On 8 March 2022, the Company ceased the provision, maintenance and ability to pay of all its games in Russia and Belarus, which may impact the results generated in 2022 and beyond.

On 11 March 2022, the Parent purchased 24.8% of the share capital of Gamesture Sp. z o.o. The payment amounted to approximately USD 3.5 million.

There were no other significant events not reflected in the Group's financial statements between 1 January 2022 and 30 March 2022.





14.

DESCRIPTION OF SIGNIFICANT RISK FACTORS AND THREATS

SPECIFYING TO WHAT EXTENT THE ISSUER IS EXPOSED TO THEM

The activities of the Ten Square Games Group are subject to the influence of external and internal factors such as exchange rates, competition, changes in the macroeconomic situation, tax and other regulations. The following are descriptions of the Group's defined, material and company-specific external and internal factors that may adversely affect the Ten Square Games Group's business.

Risk factors that may affect the Group's performance are as follows:

- » PLN/EUR and PLN/USD exchange rate. A significant portion of the Group's revenue is generated in foreign currencies, and the Group is therefore exposed to the risk of sudden changes in foreign exchange rates. At present, a significant portion of the costs associated with the purchase of advertising is incurred in U.S. dollars, partly offsetting the risk of exposure to foreign exchange rate fluctuations. A change in this proportion may happen in the future.
- » Launch on the market of products competitive to the Group's games. Due to low entry barriers for new entrants and easy access to global distribution of new products, the mobile gaming market is competitive. Consumers are offered numerous products, often with similar themes. A competitive market requires the Group to work on continuous improvement of the quality of its products and search for new areas of interest to a wide range of customers.
- » Parameters of the advertising market, such as prices of advertisements purchased by the Group, as well as various distribution channels. The Group's economic model is based on the possibility of acquiring players at prices lower than the expected value generated by the players – which was the case in 2020. However it cannot be ruled out that the cost of acquiring a user will exceed the above mentioned profitability threshold.

- » Change in the policy of key distribution platforms such as Google Play, Apple and Facebook, affecting the scope and distribution capabilities of the Group's products. As our games reach users through entities independent of the Group, any change on their part as regards the Group's application promotion policy, application selection and distribution rules may have an impact on the Group's results.
- » Changing the policies of key platforms - marketing channels. An example of such changes is the change in Apple's privacy policy introduced in 2021, which strongly disrupted the online advertising market. As a result of these changes, it has become much more difficult to accurately target marketing campaigns and to verify the predicted future value of acquired user groups. This is a problem that all advertisers using this type of marketing are currently facing. Similar new regulations have also been announced for the Google platform in 2022-2023, but the details and scope of the changes are not yet known.
- » Duration of game development. F2P productions are relatively short and low-budget, but here, too, delays in production may occur as a result of difficult access to talent or changes in the market and the resulting changes in the product. Game production is a complex process based to a large extent on creative and artistic work, which often makes it difficult to set a precise production schedule.
- » The ability to maintain and develop a team of developers and other professionals in the field of development of F2P games, as well as attracting talent from Poland and abroad. The market of F2P specialists in Poland is young and shallow. Access to such specialists is of key importance for the Group. In addition, the Group notes strong wage pressure from both existing and new potential employees.
- » The Group's products are consumed by players. The demand for these products may be subject to changing fashions, market trends or sudden changes in the perception of specific customer groups. A change in the macroeconomic situation may also result in a shift in the purchasing behaviour of some customers.
- » Innovation in new technologies in the segment of electronic entertainment. Technological changes that may affect the way games are delivered to consumers and the way they are consumed cannot be ruled out. This may necessitate rapid adaptation of the Group's products to new realities.
- » If the Group takes steps to take over external entities or projects, the Group will be exposed to business risk related to their correct valuation and subsequent integration. This may affect the Group's financial results in the future.
- » The Group's operations depend on the proper functioning of IT systems and technical infrastructure, networks and servers. As a result of failure of the technical infrastructure, the Group's products may be interrupted, which makes it impossible for the Group to conduct its daily operations. Any system failure or access to data by unauthorized persons may result in loss or disclosure of data, reduction of sales revenues, necessity to incur unforeseen costs or penalties.
- » Due to its business profile, the Group is exposed to hacking attacks on its technology infrastructure. The Group takes a number of measures to mitigate this risk.





- » The conditions of personal data processing are regulated by general provisions on personal data protection, including Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC (GDPR), whose absolute applicability within the national legal order is mandatory as of 25 May 2018. The Group has put in place legal, organisational and technical solutions to ensure the security of the processed data and full compliance with the new regulation. Should the current data protection measures prove ineffective, data may be disclosed, modified or lost, whether as a result of system failure, human error or unauthorised actions by third parties. Violations of data protection rules can lead to financial penalties by the supervisory authority, as well as loss of reputation and customer confidence.
- » Changes in legal and tax regulations and the risk of providing services to users in various jurisdictions.

A new risk (since the beginning of February 2020) to the Group's operations is the unfavourable development of the situation related to the continuing effects of the spread of COVID-19 coronavirus. In March 2020, the Group decided to change the mode of operation from stationary work in the Wrocław office to remote work. The remote working model was subsequently used by the Group for a significant part of 2020, 2021 and 2022 (until the date of this report). The fact of operating under the remote working model has not had a material impact on the Group's operating efficiency to date.

- » Another emerging risk is the situation in Ukraine in light of the Russian invasion of the country (February 2022). Ukraine is directly adjacent to Poland, where the Company's headquarters are located, and to Romania, where one of the game development studios is located. On 08.03.2022 the Company stopped making all its games available in Russia and Belarus, which may translate into results generated in 2022 and in subsequent years. Sales in these markets accounted for approximately 5.3% of total 2021 payments and 99% of the receivables have already been paid to the Group as of the date of this report. Nevertheless, as of the date of this report, it is not possible to estimate the potential impact of the conflict on both the economic and social fields, but it could be very serious both locally and globally.

15.

CHARACTERISTICS OF EXTERNAL AND INTERNAL FACTORS

SIGNIFICANT FOR THE DEVELOPMENT OF THE ISSUER'S BUSINESS

In 2022 the Group intends to continue development of its operations in the existing areas, i.e. develop its current portfolio and create new projects in the Free 2 Play mobile game apps segment.

Further development of Fishing Clash will have key impact on the Group's results. The improvement of results, both in the area of product and marketing, may significantly influence the result of subsequent quarters. In order to use its potential, the Group is continuing the optimization of live-ops, developing the functionalities of the product and incurring user acquisition costs. In 2021, the Company has decided to further increase the size of the team working on this key product, which should translate into improved organisational efficiency and support further development of the game.

Equally important to the development of TSG will be the growth rate of the number of active users and bookings for the Hunting Clash. Several months after the global launch, it is evident that this title has instantly become the leader in the hunting game market, however, its performance is still significantly lower than Fishing Clash. A very strong team of

specialists has been engaged for its further development, with the size of the team doubling in 2021 to accelerate the game's development.

External factors which may affect the Group's results include the exchange rate of the US dollar and the euro, the emergence on the market of products competing with the Group's games, advertising market parameters such as prices and supply of advertising displayed in the Group's games and prices of advertising purchased by the Group, or changes in the policy of key distribution platforms Google Play, Facebook and Apple affecting the scope and possibility of distribution of the Group's products. A new and very important external factor is also the geopolitical situation and the war in Ukraine which started in February 2022.





16.

AGREEMENTS

WHICH MAY RESULT IN FUTURE CHANGES IN THE PROPORTIONS OF SHARES HELD BY SHAREHOLDERS

Agreements that may affect future changes in the proportions of shares held by shareholders are those relating to the incentive scheme. Details of the plan are described in note 22 in the consolidated financial statement.



17.

THE MANAGEMENT BOARD'S STANCE

ON THE POSSIBILITY OF FULFILMENT OF PREVIOUSLY PUBLISHED FORECASTS FOR A GIVEN YEAR IN THE LIGHT OF THE RESULTS PRESENTED IN THE QUARTERLY REPORT, COMPARED TO THE FORECASTED RESULTS

The Management Board of Ten Square Games S.A. did not publish forecasts of 2021 financial results.



18.

SEASONALITY OR CYCLICALITY OF OPERATIONS

The Group's activity is not seasonal.





19.

CREDITS, LOANS, WARRANTIES

Ten Square Games S.A. granted in 2021 to unrelated parties loans on market terms (fixed interest rate at 2%, tenure of 1 year) for a total amount of PLN 580 thousand. These loans should be repaid with interest in 2022. The parent company also grants loans to its subsidiaries. The loans are granted on market terms and the repayment period has been specified not longer than until 31.12.2022. The balance of loans to related parties as at 31.12.2021 amounts to PLN 3.4 million.

Ten Square Games S.A. and none of its subsidiaries, as at 31 December 2020 and as at the date of issue of the financial statement, was not a party to credit or loan agreements other than described in previous sentence. The Issuer and its subsidiaries did not grant any warranties or sureties during the reporting period.

20.

ACQUISITION OF OWN SHARES

The acquisition of the Company's own shares took place after the end of the reporting period and is described in section 13 – Significant events subsequent to the end of the reporting period.



21.

BRANCHES (ESTABLISHMENTS) OWNED BY THE UNIT

Neither the parent company nor its subsidiaries have branches (plants).

22.

FINANCIAL INSTRUMENTS

21.1.

Financial instruments with respect to the following risks: changes in prices, credit risk, material disruption of cash flows and liquidity to which an entity is exposed:

The Group and the Parent Company do not use such financial instruments due to the fact that the expected costs of their use could be higher than the probable benefits.

21.2.

Financial instruments within the scope of the entity's objectives and methods of financial risk management, including methods of hedging material types of planned transactions for which hedge accounting is applied

The Group and the Parent Company do not use such financial instruments due to the fact that the expected costs of their use could be higher than the probable benefits.





23.

INFORMATION ON CONCLUDED AGREEMENTS SIGNIFICANT FOR THE ISSUER'S OPERATIONS

INCLUDING AGREEMENTS CONCLUDED BETWEEN SHAREHOLDERS KNOWN TO THE ISSUER, INSURANCE AGREEMENTS, COOPERATION AGREEMENTS OR COOPERATION AGREEMENTS

On 11 February 2019 the Parent Company and Archicom Nieruchomości 5 Spółka z ograniczoną odpowiedzialnością with its registered seat in Wrocław entered into a lease agreement concerning office space located in the City One office and service building developed within the City Forum project located in Wrocław at ul. Traugutta 45. The agreement was concluded for a definite period of 5 years. The lease period began on 02.01.2020, i.e. on the date of taking over the leased object and will end on 02.01.2025. The office space covered by the lease agreement is used by the Issuing Party in order to conduct business activity. Terms and conditions of the lease agreement do not differ from market standards used in agreements of this type.

On 21 January 2020 the Parent Company concluded another agreement with Archicom Nieruchomości 5 Spółka z ograniczoną odpowiedzialnością with its registered office in Wrocław for the lease of office space in the same building as the agreement indicated above. The need to lease additional space is related to the increase in the number of employees and collaborators. The new office space was made available to the Issuer on 15 September 2020 and the lease period is 5 years from the date of taking

over the object of lease. The office space covered by the lease agreement is used by the Company for business activity. The terms and conditions of the lease agreement do not deviate from market standards applied in agreements of this type.

On 3.11.2021 the third lease agreement for office space in the City One office building in Wrocław was concluded. The agreement was concluded for a definite period, i.e. until 2 January 2025 on terms analogous to the previous agreements.

On 21 October 2019 the Shareholders' Arrangement was concluded, as a result of which, as at the date of conclusion of the Agreement, the Members of the Agreement held a total of 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, which the Company informed about in current report no. 30/2019. Among the Members of the Agreement are Maciej Popowicz and Arkadiusz Pernal.

In January 2020 and January 2021 transactions of sale of the Company's shares by Maciej Popowicz and Arkadiusz Pernal took place, in the process of accelerated book-building addressed only to selected investors meeting specific criteria. The Parent Company informed about these transactions in current reports no. 10/2020 of 31 January 2020 and 6/2021 of 15 January 2021. As at the date of this Report, the Shareholders' Agreement holds 2,559,307 shares, representing a 35.05% interest in the share capital.

As of 20 May 2020, Mr. Maciej Zuzalek, also the Company's shareholder, who was employed in the Parent Company on the basis of a managerial contract, became the President of the Management Board.

Apart from the above-mentioned agreements, the Management Board is not aware of the existence of other significant agreements.

24.

ASSESSMENT OF FINANCIAL RESOURCES MANAGEMENT

INCLUDING THE ABILITY TO MEET THE ISSUER'S OBLIGATIONS, AND IDENTIFICATION OF ANY THREATS AND ACTIONS THAT THE ISSUER HAS UNDERTAKEN OR INTENDS TO UNDERTAKE IN ORDER TO COUNTERACT SUCH THREATS

The Parent Company and its subsidiaries have a high level of cash as at 31 December 2021 and 31 December 2020. The Group companies settle their liabilities on time. The Group companies also do not encounter problems with collection of receivables – the vast majority of amounts relating to a given

month are settled within the next 4-5 weeks. In the opinion of the Management Board, the Issuer's current financial situation does not require taking any additional steps to counteract the above-mentioned threats.





25.

ASSESSMENT OF THE POSSIBILITY OF REALIZATION OF INVESTMENT PLANS

**INCLUDING CAPITAL INVESTMENTS, IN COMPARISON TO THE AMOUNT OF FUNDS HELD, TAKING INTO
ACCOUNT POSSIBLE CHANGES IN THE STRUCTURE OF FINANCING OF THIS ACTIVITY**

Cash available as at 31 December 2021 amounted to PLN 139.6 million, therefore the Group has full capacity to develop the existing product portfolio and create new ones. The Group is also interested in acquiring other entities operating on the F2P games market – if the Parent's Management Board considers it advantageous to acquire a large entity, it is not precluded to obtain external financing. Such steps will be taken if a favourable investment opportunity arises.



26.

INFORMATION ON THE CONTROL SYSTEM OVER EMPLOYEE SHARE PROGRAMS

The Company's share-based incentive scheme covering the activities of the Company and its Capital Group in 2021 to 2022 was approved by the General Meeting on 20 May 2020.

Detailed regulations of the programmes were also approved by the shareholders in the form of resolutions. Implementation of the programmes is overseen directly by the Supervisory Board and the Management Board of the Issuer.

27.

DESCRIPTION OF SIGNIFICANT OFF-BALANCE SHEET ITEMS IN TERMS OF SUBJECT MATTER, OBJECT MATTER AND VALUE

As at 31 December 2021 and as at 31 December 2020, the Group did not have any significant off-balance sheet items.





28.

VALUE OF REMUNERATION, AWARDS OR BENEFITS

INCLUDING THOSE RESULTING FROM INCENTIVE OR BONUS SCHEMES BASED ON THE ISSUER'S CAPITAL
FOR MEMBERS OF THE ISSUER'S MANAGEMENT, SUPERVISORY OR ADMINISTRATIVE BODIES

PERIOD	Remuneration		Net dividend	
	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
Management Board	41,740,662	19,198,998	2,591,385	4,264,362
Maciej Popowicz (until 20/05/2020):	0	83,612	0	0
– Ten Square Games S.A.	0	83,612	0	0
Maciej Zuzalek (since 20/05/2020)	25,247,671	18,608,045	1,578,091	189,000
– Ten Square Games S.A. – cash fixed remuneration	824,520	508,541	1,578,091	189,000
– Ten Square Games S.A. – cash variable remuneration paid	290,479	0	0	0
– Ten Square Games S.A. – cash variable remuneration outstanding**	205,440	290,479	0	0
– Ten Square Games S.A. – share-based incentive program recognized over time	24,132,672	18,099,504	0	0
Arkadiusz Pernal	0	185,142	0	3,980,862
– Ten Square Games S.A. – cash remuneration	0	185,142	0	3,980,862
Marcin Chruszczynski (between 01/08/2020 and 21/10/2021)	602,093	160,890	0	0
– Ten Square Games S.A. – cash remuneration	310,759	160,890		0
– Ten Square Games S.A. – share-based incentive program for 2021-2022*	291,334	0	0	0
Andrzej Ilczuk (since 21.01.2021)	4,647,402	0	0	0
– Ten Square Games S.A. – cash remuneration	514,190	0	0	0
– Ten Square Games S.A. – share-based incentive program for 2021-2022*	4,133,212	0	0	0,

PERIOD	Remuneration		Net dividend	
	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
<i>Anna Idzikowska (since 21.01.2021)</i>	4,712,024	0	162,000	0
– Ten Square Games S.A. – cash fixed remuneration	514,065	0	162,000	0
– Ten Square Games S.A. – cash variable remuneration	64,747,	0	0	0
– Ten Square Games S.A. – share-based incentive program for 2021-2022*	4,133,212	0	0	0,
<i>Janusz Dziemidowicz (since 21.01.2021)</i>	409,225	0	682,417	0
– Ten Square Games S.A. – cash remuneration	409,225	0	682,417	0
<i>Wojciech Gattner (since 21.01.2021)</i>	6,021,714	0	168,877	0
– Ten Square Games S.A. – cash fixed remuneration	514,066	0	168,877	0
– Ten Square Games S.A. – cash variable remuneration paid**	1,374,436	0	0	0
– Ten Square Games S.A. – cash variable remuneration outstanding	1,395,201	0	0	0
– Ten Square Games S.A. – share-based incentive program for 2021-2022*	4,133,212	0	0	0
<i>Magdalena Jurewicz (until 31/07/2020 and since 21.10.2021):</i>	100,533	161,309	0	94,500
– Ten Square Games S.A. – cash remuneration	100,533	161,309	0	94,500
Supervisory Board				
<i>Maciej Zuzalek (until 21/04/2020 Chairman of the Supervisory Board, since 20.05.2020 CEO)</i>	0	3,700	0	0
<i>Rafał Olesinski</i>	102,000	78,854	5,419	2,529
<i>Marcin Chruszczynski (until 20/05/2020)</i>	0	16,258	0	0
<i>Tomasz Drozdzyński</i>	51,565	46,983	0	0
<i>Maciej Marszałek</i>	60,000	43,516	356,400	185,220
<i>Milena Olszewska-Miszuris (until 20/05/2020)</i>	0	19,258	0	0
<i>Wiktor Schmidt</i>	48,000	46,483	0	0
<i>Marcin Bilos (until 20/05/2020)</i>	54,000	33,777	0	0
<i>Kinga Stanisławska (since 20/05/2020)</i>	54,000	33,048	851	0
<i>Arkadiusz Pernal (since 01.01.2021)</i>	50,452	0	6,541,560	0
<i>Affiliates (Ten Square Games S.A.)</i>	162,000	107,040	13,081,500	8,318,979
<i>Maciej Popowicz (since 20/05/2020)</i>	162,000	107,040	13,081,500	8,318,979
<i>Marcin Chruszczynski (between 01/06/2020 and 31/07/2020)</i>	0	25,267	0	0
<i>Key personnel (Ten Square Games)</i>	0	0	b/d	b/d
<i>Family members of key personnel / Management Board (Ten Square Games)</i>	55,395	217,956	b/d	b/d





Members of the Management Board who were appointed to the Management Board by Resolution No. 4 of the Extraordinary General Meeting of Shareholders of the Company of December 16, 2020 (Janusz Dziemidowicz, Wojciech Gattner, Anna Idzikowska and Andrzej Ilczuk) did not receive remuneration in 2020 for performing the function of a Member of the Management Board. Appointment of the persons indicated above took place on the date of registration by the competent registration court of the amendment to the Company's Articles of Association, which took place on 21 January 2021.

In the case of the members of the Management Board, the fixed cash remuneration is presented together with the amounts resulting from two legal relationships:

- » appointment
- » employment contract / cooperation agreement / management contract.

* In April 2021, the so-called allocation of shares to programme participants took place in accordance with a resolution of the Supervisory Board. The actual allocation of shares depends on the fulfilment of the conditions of the programme (among others, remaining in a legal relationship with the Company, meeting financial targets) and is verified after the end of the financial year for which the shares were pre-allocated, i.e. after the approval of the financial statements. The cost of the pre-allocated shares, on the other hand, is recognised at the time the services are provided, i.e. during 2021.

** The variable remuneration due to the President of the Management Board, Mr Maciej Zużatek, depends on the fulfilment of management objectives, which is confirmed by a resolution of the Supervisory Board after approval of the report. Therefore, the amount indicated above may still be subject to later changes.

** The variable remuneration of the Management Board member Mr Wojciech Gattner is calculated for a given quarter and paid in the following quarter. Mr Wojciech Gattner joined the Management Board in January 2021, for clarity of data the amount of remuneration paid includes all payments made in the period 21 January 2021 – 31 December 2021, although the amount of PLN 413,776 was paid for Q4 2020.

Transactions between related parties took place on terms equivalent to those in arm's length transactions. The executives did not enter into transactions with subsidiaries of Ten Square Games S.A.





AGREEMENT WITH THE AUDITOR

The selection of an audit firm to audit the annual standalone and consolidated financial statements for the financial year 2021 and 2020 was made by the Company's Supervisory Board in the form of a resolution adopted on 17 May 2019 after the recommendation presented by the Audit Committee. The Supervisory Board appointed an auditing firm PKF Consult Sp. z o.o. sp. k. to review the semi-annual financial statements of Ten Square Games S.A. and the semi-annual consolidated financial statements of Ten Square Games S.A. Capital Group for the periods from 01.01.2019 to 30.06.2019, from 01.01.2020

to 30.06.2020 and from 01.01.2021 to 30.06.2021, as well as audit of the annual standalone financial statements of Ten Square Games S.A. and annual consolidated financial statements of Ten Square Games S.A. Capital Group for the years 2019, 2020 and 2021 and thus decided to extend the agreement with PKF Consult Sp. z o.o. sp.k.

In addition to the audit contract, the Issuer entered into a fee report evaluation contract in March 2021.

DESCRIPTION	costs in 2021	costs in 2020
audit of the consolidated and separate financial statements for 2021 (2020)	42,761	42,761
review of the consolidated and separate financial statements for the first half of 2021 (2020)	25,202	25,202
assessment of the remuneration report for 2021 (2020)	8,800	8,800
TOTAL	76,763	76,763





30.

INFORMATION ON TRANSACTIONS CONCLUDED BY THE ISSUER OR ITS SUBSIDIARY WITH RELATED PARTIES

**ON TERMS OTHER THAN MARKET TERMS, TOGETHER WITH THEIR AMOUNTS AND INFORMATION
SPECIFYING THE NATURE OF SUCH TRANSACTIONS**

In 2020, as well as from 1 January 2022 until the date of publication of the standalone and consolidated annual report for 2021, the Issuer and its subsidiaries did not enter into any significant transactions with related parties under conditions other than market conditions.



31.

ISSUE OF SECURITIES

USE OF PROCEEDS FROM THE ISSUE OF SECURITIES IN THE PERIOD COVERED BY THE REPORT

In 2021, as well as from 1 January 2022 until the date of publication of the standalone and consolidated annual report for 2021, no issue of the Issuer's securities took place.

32.

CHANGES IN THE BASIC PRINCIPLES OF MANAGEMENT OF THE ISSUER AND ITS CAPITAL GROUP

In 2021, as well as from 1 January 2022 until the date of publication of the standalone and consolidated annual report for 2021, the Issuer did not make any changes to the basic principles of management of the Issuer's enterprise and its Capital Group.





33.

AGREEMENTS CONCLUDED BETWEEN THE ISSUER AND MANAGEMENT BOARD MEMBERS

PROVIDING FOR COMPENSATION IN CASE OF RESIGNATION OR DISMISSAL FROM THEIR FUNCTION WITHOUT AN IMPORTANT REASON OR IF THEIR DISMISSAL RESULTS FROM THE ISSUER'S MERGER VIA ACQUISITION

In 2021, as well as from 1 January 2022 until the date of publication of the standalone and consolidated annual report for 2021, the Issuer did not conclude any agreements with members of the Management Board providing for compensation in the event of resignation or dismissal from the position held without an important reason or if the dismissal is due to the Issuer's merger by acquisition.



34.

INFORMATION ON ALL LIABILITIES ARISING FROM PENSIONS AND BENEFITS

OF A SIMILAR NATURE FOR FORMER MANAGING, SUPERVISING OR FORMER MEMBERS OF ADMINISTRATIVE BODIES AND ON LIABILITIES INCURRED IN CONNECTION WITH THOSE PENSIONS

In 2021, as well as from 1 January 2022 until the date of publication of the standalone and consolidated annual report for 2021, there were no liabilities arising from pensions and benefits of a similar

nature for former managing, supervising or former members of administrative bodies and no liabilities were incurred in connection with those pensions.

35.

PRINCIPLES OF CORPORATE GOVERNANCE

The Issuer is subject to corporate governance rules contained in the document 'Code of Best Practice for WSE Listed Companies'. The statement of compliance

with corporate governance rules in Ten Square Games S.A. in 2021 is a separate part of this Management Board Report on activities.





REPORT ON THE ACTIVITIES OF THE MANAGEMENT BOARD
was approved for publication by the Board of Directors of the Company
on 30.03.2022 and signed by:

**THE PRESIDENT OF THE
MANAGEMENT BOARD**

Maciej Zużatek

**MEMBER OF THE
MANAGEMENT BOARD**

Anna Idzikowska

**MEMBER OF THE
MANAGEMENT BOARD**

Andrzej Ilczuk

**MEMBER OF THE
MANAGEMENT BOARD**

Janusz Dziemidowicz

**MEMBER OF THE
MANAGEMENT BOARD**

Magdalena Jurewicz

**MEMBER OF THE
MANAGEMENT BOARD**

Wojciech Gattner

Wroclaw, March 30th, 2022

