STANDALONE FINANCIAL STATEMENT

TEN SQUARE GAMES S.A.

AS AT 31 DECEMBER 2021

Wroclaw, 30.03.2022

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STANDALONE FINANCIAL STATEMENT

1. SELECTED FINANCIAL DATA

Specification	PLN		EUR	
	2021	2020	2021	2020
STATEMENT OF COMPREHENSIVE INCOME				
Bookings	632 970 487	622 000 492	138 278 643	139 019 376
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
CASH FLOW STATEMENT				
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 activity	-72 802 716	-26 586 412	-15 904 471	-5 942 160

Description	PLN		EUR	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
STATEMENT OF FINANCIAL SITUATION				
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 balance-sheet 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 of 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.

*For the purpose of data comparability, for the adjusted EBITDA item, the Company recalculated the ratio for 2020 according to the rules applicable in 2021, i.e. according to the definition of recurring EBITDA calculated for the purposes of the incentive programme. Due to the change in the method of calculating this ratio, the Company presents the adjusted data after the quarters below.

Specification	1Q	2Q	3Q	4Q**	Total 2021
EBIT	**55 404 569**	**38 335 769**	**29 820 661**	**36 983 114**	**160 544 113**
Amortisation (excluding capitalised part)	868 232	894 294	862 837	901 167	3 526 531
Write-downs for impairment	0	3 760 700	0	0	3 760 700
EBITDA	**56 272 801**	**42 990 763**	**30 683 498**	**37 884 281**	**167 831 344**
Non-cash impact of incentive scheme (excluding capitalised portion)	10 981 139	10 970 806	7 694 579	10 023 537	39 670 061
deferred result (revenue minus commissions) - consumables	-2 249 545	-198 724	1 585 693	5 232 970	4 370 394
deferred result (revenue minus commissions) - – durable	-1 181 489	-6 649 270	5 331 821	9 330 773	6 831 835
costs of potential and completed acquisitions (M&A) and review of strategic options	0	0	3 686 602	0	3 686 602
other one offs	0	0	2 054 828	0	2 054 828
Adjusted EBITDA	**63 822 906**	**47 113 575**	**51 037 022**	**62 471 562**	**224 445 065**

**Note: The Company reported in the standalone financial statements for the 3 quarters 2021 the first settlement of the acquisition of the subsidiary Rortos. As of 31.12.2021, the recognition was updated, which affected the values originally recognised in the Company's books. The figures for Q4 2021 are shown as a difference of the amounts for the full year 2021 minus the 3 quarters of the same year.

Specification	1Q	2Q	3Q	4Q	Total 2020
EBIT	**36 716 797**	**28 577 613**	**65 673 138**	**37 489 514**	**168 457 062**
Amortisation (excluding capitalised part)	693 676	737 053	781 666	873 371	3 085 766
Write-downs for impairment	0	0	0	0	0
EBITDA	**37 410 473**	**29 314 666**	**66 454 804**	**38 362 885**	**171 542 828**
Non-cash impact of incentive scheme (excluding capitalised portion)	838 571	6 860 299	6 852 424	6 831 782	21 383 076
deferred result (revenue minus commissions) - consumables	66 898	531 342	402 702	2 179 618	3 180 560
deferred result (revenue minus commissions) - – durable	0	0	0	30 219 470	30 219 470
costs of potential and completed acquisitions (M&A) and review of strategic options	0	0	0	0	0
other one offs	0	0	0	0	0

Adjusted EBITDA	**38 315 942**	**36 706 307**	**73 709 930**	**77 593 755**	**226 325 934**

2. STANDALONE COMPREHENSIVE INCOME STATEMENT

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT	note	for the period 01/01/2021 - 31/12/2021	for the period 01/01/2020 - 31/12/2020
Revenues from the sales of services	**1**	**617 446 466**	**574 286 163**
Costs of services sold	**2**	**48 766 123**	**25 436 249**
Gross profit (loss) on sales		**568 680 343**	**548 849 914**
Other operating income		437 106	249 233
Selling costs	2	343 986 866	343 108 051
General and administrative costs	2	60 332 230	36 512 171
Other operating costs	3	4 254 239	1 021 863
Operating profit (loss)		**160 544 114**	**168 457 062**
Financial income	4	2 355 869	1 731 503
Financial expense	4	4 442 672	849 087
Profit (loss) before taxation		**158 457 311**	**169 339 478**
Income tax	5	20 196 002	18 749 957
Net profit (loss) on continued activity		**138 261 309**	**150 589 521**
Items that may be reclassified subsequently to profit or loss		**0**	**0**
Items that will not be reclassified to profit or loss		**0**	**0**
Total comprehensive income		**138 261 309**	**150 589 521**

Calculation of profit per share	01/01/2021-31/12/2021	01/01/2020 - 31/12/2020
Number of shares		
The weighted average number of shares for the purpose of calculating the value of basic profit per share (in units)	7 276 566	7 249 957
The weighted average number of shares for the purpose of calculating the value of diluted profit per share (in units)	7 276 566	7 249 957
Net profit attributable to Parent Entity	138 261 309	150 589 521
net earnings per share on continued operations in PLN		
basic for the financial period	19,00 zł	20,77 zł
diluted for the financial period	19,00 zł	20,77 zł
Net earnings per share attributable to discontinued operations in PLN		
basic for the financial period	0,00	0,00
diluted for the financial period	0,00	0,00

3. STANDALONE STATEMENT OF FINANCIAL SITUATION

ASSETS	note	31/12/2021	31/12/2020
Fixed assets		**304 648 853**	**16 221 198**
Tangible fixed assets	8	13 336 300	8 556 339
Intangible fixed assets	9	22 278 984	4 701 705
Investments in subsidiaries	10	252 893 402	120 371
Other financial assets	11	9 575 534	857 595
Deferred tax assets	5	6 564 633	1 985 189
Current assets		**200 056 217**	**303 084 104**
Receivables	12	54 163 340	54 083 587

Contract assets	1.3	19 237 145	14 915 356
Loans granted	24	3 983 406	893 758
Cash and cash equivalents	13	122 672 326	233 201 403
TOTAL ASSETS		**504 705 070**	**319 315 302**

EQUITY & LIABILITIES	note	31/12/2021	31/12/2020
Equity		**341 008 743**	**233 713 625**
Share capital	14	730 178	726 731
Share premium		496 100	496 100
Capital from the settlement of the incentive scheme	23	65 139 524	23 436 052
Retained earnings		274 642 941	209 054 742
Long-term liabilities		**62 355 120**	**7 448 738**
Deferred income tax provisions	5	3 618 004	454 711
Other liabilities		7 861 020	6 994 027
Provision for employee benefits	19	2 455 566	0
Leasing liabilities	16	48 420 530	0
Short-term liabilities		**101 341 207**	**78 152 939**
Trade liabilities	15	9 431 245	12 392 029
Current tax liabilities		16 842 777	12 722 936
Leasing liabilities	16	3 556 967	1 192 551
Other liabilities	16	1 211 822	634 894
Provisions for employee benefits	19	5 056 531	1 492 685
Contract liabilities	1.3	65 241 865	49 717 844
TOTAL EQUITY & LIABILITIES		**504 705 070**	**319 315 302**

4. STANDALONE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity	Share capital	Share premium	Capital from the settlement of the incentive scheme	Foreign exchange differences on translation	Retained earnings	Total equity
Equity as at 01/01/2021	**726 731**	**496 100**	**23 436 052**	**0**	**209 054 742**	**233 713 625**
Payment of share capital	3 447					**3 447**
Share-based payments			41 703 472			**41 703 472**
Payment of dividends					-72 673 110	**-72 673 110**
Net profit					138 261 309	**138 261 309**
Total comprehensive income				**0**	**65 588 199**	**65 588 199**
Equity as at 31/12/2021	**730 178**	**496 100**	**65 139 524**	**0**	**274 642 941**	**341 008 743**

Consolidated statement of changes in equity	Share capital	Share premium	Capital from the settlement of the incentive scheme	Foreign exchange differences on translation	Retained earnings	Total equity
Equity as at 01/01/2020	**724 125**	**496 100**	**1 764 034**	**0**	**85 837 127**	**88 821 386**
Payment of share capital	2 606					**2 607**
Share-based payments			21 672 018			**21 672 018**
Payment of dividends					-27 371 907	**-27 371 907**
Net profit					150 589 521	**150 589 521**
Total comprehensive income				**0**	**123 217 614**	**123 217 614**
Equity as at 31/12/2020	**726 731**	**496 100**	**23 436 052**	**0**	**209 054 742**	**233 713 625**

5. STANDALONE CASH FLOW STATEMENT

STANDALONE CASH FLOW STATEMENT	for the period 01/01/2021 - 31/12/2021	for the period 01/01/2020 - 31/12/2020
OPERATING ACTIVITY		
Profit/loss before taxation	**158 457 311**	**169 339 478**
Total adjustments:	**65 797 113**	**37 654 989**
Depreciation and amortization	3 928 888	3 085 766
Foreign exchange gain/loss	939 074	73 304
Interest paid on lease	266 055	233 280
Interest and profit shares (dividends)	-2 261 792	-1 656 905
Change in investments	-252 888 402	0
Change in liabilities due to acquisitions	259 523 157	0
Change in receivables	-1 489 692	-28 137 016
Change in liabilities and accrued expenses	3 635 556	9 302 523
Change in contract liabilities	15 524 021	47 714 329
Change in contract assets	-4 321 789	-14 314 299
Write-offs on intangible assets	3 760 701	0
Share based payments (part not included in the acquisition of intangible assets)	39 670 061	21 383 078
Other adjustments	-488 725	-29 071
Cash on operating activity	**224 254 425**	**206 994 467**
Income tax (paid) / refunded	-17 351 206	-13 788 351
A. Net operating cash flow	**206 903 219**	**193 206 116**
INVESTMENT ACTIVITY		
Repayment of loans granted	893 758	80 000
Purchase of intangible and tangible fixed assets	-23 056 205	-3 792 770
Purchase of shares	-218 160 548	-115 370
Loans granted	-3 925 261	-885 000
B. Net cash flow from investment activities	**-244 248 256**	**-4 713 140**
FINANCIAL ACTIVITY		
Dividends from subsidiaries	2 261 792	1 656 905
Net proceeds from issue of shares and other capital instruments and additional payments to capital	3 447	2 606
Dividends and other payments to owners	-72 673 110	-27 371 906
Payments of finance lease liabilities	-2 128 790	-640 737
Interest on lease	-266 055	-233 280
C. Net cash flow from financing activity	**-72 802 716**	**-26 586 412**
D. Total net cash flow	**-110 147 753**	**161 906 563**
- change in cash due to exchange losses/gains	-381 324	457 976
E. Balance-sheet change in cash, including foreign exchange	**-110 529 077**	**162 364 539**
F. Cash at the beginning of the period	**233 201 403**	**70 836 864**
G. Cash at the end of the period	**122 672 326**	**233 201 403**

GENERAL INFORMATION

1. COMPANY'S DATA

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

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

2. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The standalone financial statement is presented in Polish zlotys (PLN), which is the functional currency and the presentation currency of the Company.

3. PRESENTED PERIODS

The standalone financial statement includes data for the period from 1 January 2021 to 31 December 2021. Comparative data are presented as at 31 December 2020 for the standalone statement of financial condition and for the period from 1 January 2020 to 31 December 2021 for the standalone statement of comprehensive income, standalone statement of cash flows and standalone statement of changes in equity.

4. ABILITY TO CONTINUE AS A GOING CONCERN

The standalone financial statement has been prepared assuming that the Company shall continue their activities for the period of at least 12 months after the last balance-sheet date, i.e. 31/12/2021. The Management Board of the Company, as at the date of signing the statement, was not aware of any facts or circumstances which could indicate a threat to the continuation of activity for the period of at least 12 months after the balance-sheet date due to an intended or forced discontinuance or material limitation of the activity.

5. COMPOSITION OF THE COMPANY’S BODIES AS AT 31/12/2021

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.

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:

Rafal Olesinski – Chairman of the Supervisory Board;

Wiktor Schmidt - Vice Chairman of the Supervisory Board;

Marcin Bilos – Member of the Supervisory Board;

Tomasz Drozdzynski – Member of the Supervisory Board;

Maciej Marszalek – Member of the Supervisory Board;

Arkadiusz Pernal– Member of the Supervisory Board;

Kinga Stanislawska – 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 Drożdzyński resigned from the Supervisory Board on 11 March 2022.

6. SHAREHOLDERS STRUCTURE

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

Shareholder	number of shares as at 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%**

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]	3 000 120	41,09%	3 000 120	41,09%
Others (none of which holds above 5% of shares)	4 301 663	58,91%	4 301 663	58,91%
TOTAL	**7 301 783**	**100%**	**7 301 783**	**100%**

Shareholder	number of shares as at 31/12/2020	share in basic capital	number of votes at GSM	% share in the number of votes
Shareholders' Arrangement	3 739 649	51,46%	3 739 649	51,46%
Others	3 527 662	48,54%	3 527 662	48,54%
TOTAL	**7 267 311**	**100%**	**7 267 311**	**100%**

6.2. List of shares owned by members of the Management Board and Supervisory Board of the Issuing Party

Shareholder	Number of shares as of 30/03/2022	% share in the share capital	number of votes at the GMS	% share in the number of votes
President of the Management Board - Maciej Zuzalek	194 826	2,67%	194 826	2,67%
Member of the Management Board - Anna Idzikowska	17 000	0,23%	17 000	0,23%
Member of the Management Board – Andrzej Ilczuk	2 388	0,03%	2 388	0,03%
Member of the Management Board - Janusz Dziemidowicz	84 249	1,15%	84 249	1,15%
Member of the Management Board – Wojciech Gattner	24 698	0,34%	24 698	0,34%
Member of the Management Board – Magdalena Jurewicz	19 500	0,27%	19 500	0,27%
Member of the Supervisory Board – Arkadiusz Pernal	661 552	9,06%	661 552	9,06%

[1] Shareholders' Arrangement dated 21 October 2019 concerning the maintenance of a consistent policy towards the Company and the concerted exercise of voting rights on the Company's shares. The parties to the Shareholders' Arrangement include Maciej Popowicz and Arkadiusz Pernal.

Member of the Supervisory Board - Maciej Marszalek	44 000	0,60%	44 000	0,60%
Member of the Supervisory Board - Rafal Olesinski	669	0,01%	669	0,01%
Member of the Supervisory Board - Kinga Stanislawska	105	0,00%	105	0,00%
TOTAL	**1 048 987**	**14,37%**	**1 048 987**	**14,37%**
Others	6 252 796	85,63%	6 252 796	85,63%
TOTAL	**7 301 783**	**100,00%**	**7 301 783**	**100,00%**

Shareholder	**Number of shares as of 31/12/2021**	**share in the share capital**	**number of votes at the GMS**	**% share in the number of votes**
President of the Management Board - Maciej Zuzalek	194 826	2,67%	194 826	2,67%
Member of the Management Board - Anna Idzikowska	17 000	0,23%	17 000	0,23%
Member of the Management Board – Andrzej Ilczuk	2 388	0,06%	2 388	0,06%
Member of the Management Board - Janusz Dziemidowicz	84 249	1,15%	84 249	1,15%
Member of the Management Board – Wojciech Gattner	24 698	0,34%	24 698	0,34%
Member of the Management Board – Magdalena Jurewicz	19 500	0,27%	19 500	0,27%
Member of the Supervisory Board – Arkadiusz Pernal	807 600	11,06%	807 600	11,06%
Member of the Supervisory Board - Maciej Marszalek	44 000	0,60%	44 000	0,60%
Member of the Supervisory Board - Rafal Olesinski	669	0,01%	669	0,01%
Member of the Supervisory Board - Kinga Stanislawska	105	0,00%	105	0,00%
TOTAL	**1 195 035**	**16,43%**	**1 195 035**	**16,43%**
Others	6 095 013	83,57%	6 095 013	83,57%
TOTAL	**7 301 783**	**100,00%**	**7 301 783**	**100,00%**
Shareholder	**Number of shares as of 31/12 /2020**	**share in the share capital**	**number of votes at the GMS**	**% share in the number of votes**
President of the Management Board - Maciej Zuzalek	194 826	2,68%	194 826	2,68%
Vicepresident of the Management Board - Arkadiusz Pernal	1 014 012	13,95%	1 014 012	13,95%
Member of the Supervisory Board - Maciej Marszalek	44 000	0,61%	44 000	0,61%
Member of the Supervisory Board - Rafal Olesinski	669	0,01%	669	0,01%
Member of the Supervisory Board - Kinga Stanislawska	105	0,00%	105	0,00%
TOTAL	**1 253 612**	**17,25%**	**1 253 612**	**17,25%**
Others	*6 013 699*	82,75%	*6 013 699*	*82,75%*
TOTAL	**7 267 311**	**100%**	**7 267 311**	**100%**

6.3. **Series of shares**

Series of shares	Number of shares as of 30/03/2022 and as of 31/12/2021	Nominal value of shares	Total nominal value of shares
A	7 225 000	0,1 PLN	722 500,00
B	76 783	0,1 PLN	7 678,30

Series B shares relate to the Company's incentive programme.

Series of shares	Number of shares as of 31/12/2020	Nominal value of shares	Total nominal value of shares
A	7 225 000	0,1 PLN	722 500,00
B	42 311	0,1 PLN	4 231,10

6.4. Description of changes in shareholding

Changes in the shareholding structure between 31.12.2020 and 30.03.2022 result from the transactions described in:

1) Notifications received on 15 January 2021 regarding changes in the shareholding of the Company, submitted by: Maciej Popowicz and Arkadiusz Pernal, of which the Company informed in the current report No. 5/2021.

2) Personal changes in the composition of the Company's Management Board, as described in the note above.

3) Notification of change in the holding of the Company's shares received on 29 November 2021, submitted by Anna Idzikowska, of which the Company informed in current report no. 37/2021.

4) Notification of change in the ownership of the Company's shares, received on 15 December 2021, submitted by Andrzej Ilczuk, of which the Company informed in the current report no. 39/2021.

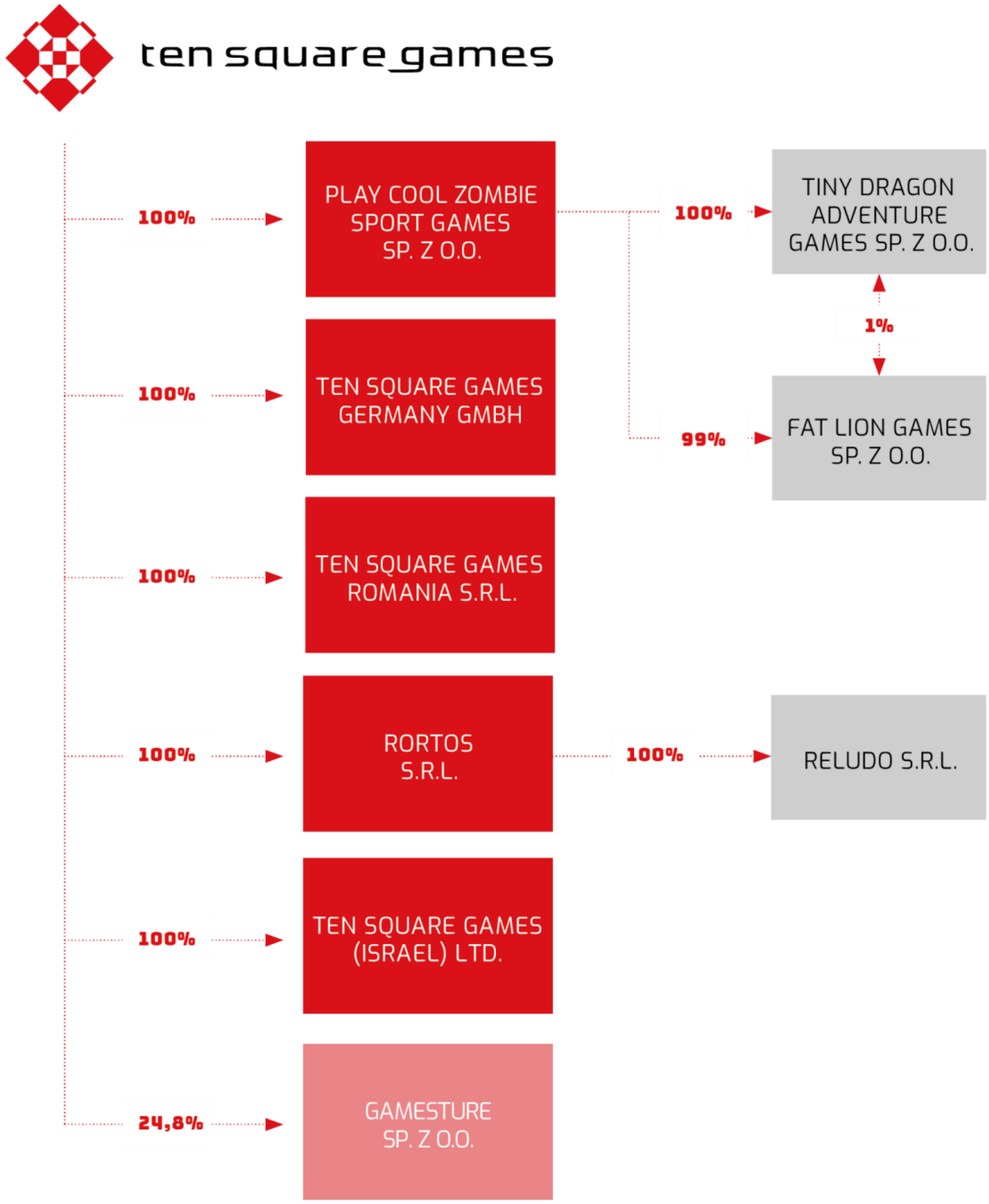
5) Notifications received on 24 January 2022 concerning a change in the holding of the Company's shares, submitted by: Maciej Popowicz and Arkadiusz Pernal, of which the Company informed in current report No. 9/2022.

6) Notification regarding a change in the holding of shares in the Company, received on 28 January 2022, submitted by NN OFE, of which the Company informed in current report no. 15/2022.

In addition, in July 2021, within the framework of the existing 2018-2020 incentive programme, shares were allocated to participants approved by the Supervisory Board. The related increase was registered on 24 September 2021 - the capital was increased by PLN 3,447.20 which corresponds to a capital increase of 34,472 shares.

7. TEN SQUARE GAMES GROUP

As at 30/03/2022:



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, Fat Lion Games Sp. z o.o. was registered.

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

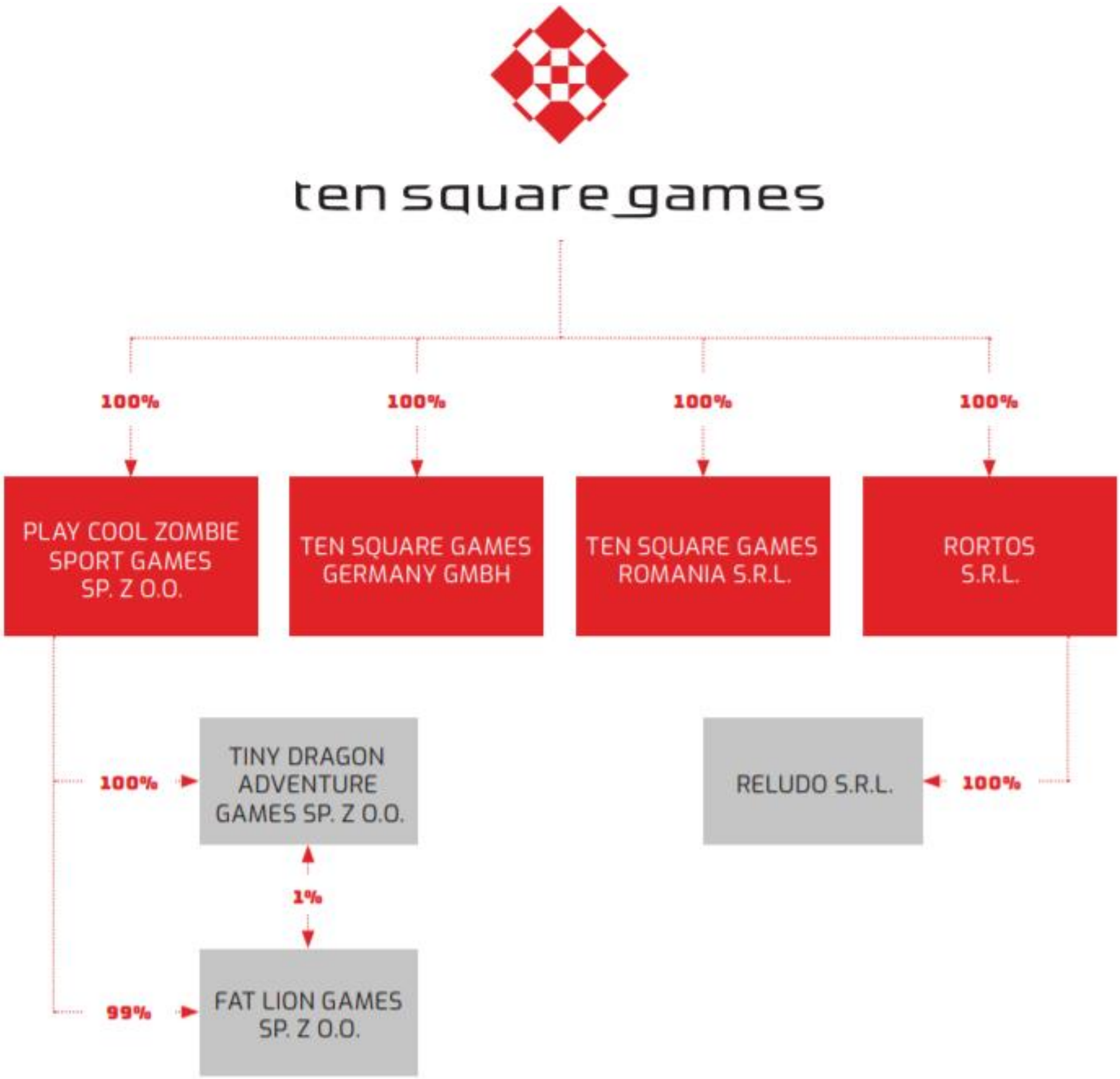
Ten Square Games Romania S.r.l. was incorporated on 17 May 2021 (the date of the memorandum of association) and entered in the commercial register on 28 June 2021.

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.

Status as at 31.12.2021:



8. INFORMATION ON CONSOLIDATION

Ten Square Games S.A. is the Parent Entity in the Group, which prepares consolidated financial statements. The subsidiaries are subject to the consolidated financial statement from the date of a given company's establishment till the date of discontinuation of exercising control.

9. AUDITING COMPANY

PKF Consult Spólka z ograniczoną odpowiedzialnością Sp.k.
ul. Orzycka 6 lok. 1B
02 -695 Warszawa

10. THE IMPACT OF THE COVID-19 OUTBREAK ON COMPANY'S OPERATIONS

In March 2020 the World Health Organization declared that the COVID-19 disease caused by the SARS-CoV-2 coronavirus could be referred to as a pandemic, which is the highest level of alert that is issued by the WHO. While the pandemic has had and is having a negative impact on most businesses, there are industries for which 2020 meant an increase in business. The emergence of the COVID-19 outbreak has increased interest in, among other things, mobile games, including those offered by the Company, which has translated into a significant increase in revenue. In 2021, interest in mobile gaming began to slowly return to levels familiar before the pandemic - the Company's Directors' Report details the impact of the COVID-19 outbreak on its operations. As at the date of publication of these standalone financial statements, the Company's Management Board, based on the risk analysis performed to date, estimates that the pandemic does not affect the assessment of the ability to continue as a going concern assumption of the Company.

11. IMPACT OF THE WAR IN UKRAINE ON GROUP OPERATIONS

On 24 February 2022, the Russian invasion of Ukraine began. 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 supporting refugees from Ukraine and to provide a subsidy to employees who decide to host them in their own homes. On 8 March 2022, the Company ceased providing, maintaining and blocked payments for all of its games in Russia and Belarus, which may impact the results generated in 2022 and beyond. 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 at the date of this report.

12. REPRESENTATION OF THE MANAGEMENT BOARD

The Management Board of the Company represents that, to the best of their knowledge, this standalone financial statement and the comparative data have been prepared in accordance with the accounting policy of the Ten Square Games S.A. and that they give a true and fair view of the Group's assets, financial position and results of operations.

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

13. MANAGEMENT BOARD INFORMATION

The Management Board of the Company announces that the selection of the audit firm to audit the annual standalone and consolidated financial statement for fiscal year 2020 was made by the Supervisory Board of the Company in the form of a resolution adopted on 17 May 2019 after the recommendation presented by the Audit Committee. The Supervisory Board selected the audit 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 the Ten Square Games S.A. 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 the audit of the annual separate financial statements of Ten Square Games S.A. and the annual consolidated financial statements of the Ten Square Games S.A. Group for the years 2019, 2020 and 2021 and thus decided to extend the agreement with PKF Consult Sp. z o.o. sp.k.

The audit firm and the members of the team auditing the annual separate and consolidated financial statements for the financial year 2020 fulfilled the conditions for the preparation of an objective and independent report on the audit of the annual financial statement in accordance with the applicable regulations, professional standards and professional ethics.

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

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

BASIS OF PREPARATION AND ACCOUNTING POLICY

1. COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The standalone financial statement prepared as at 31 December 2020 has been prepared in accordance with International Accounting Standards, International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board approved by the European Union, hereinafter referred to as “EU IFRS”.

EU IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) and endorsed for use in the EU.

In preparing the standalone financial statements as at 31 December 2021, the Company adopted all new and approved standards and interpretations issued by the International Accounting Standards Board and the International Accounting Standards Interpretation Committee and approved for application in the EU, applicable to its operations .

Standards, interpretations and amendments to published Standards endorsed by the EU that have been adopted as at 30 March 2022 but are not yet effective for annual periods beginning on 1 January 2021 include:

- Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Amendments to International Financial Reporting Standards 2018-2020, - effective for annual periods beginning 1 January 2022. (earlier application is permitted);
- Amendments to IAS 1 Presentation of Financial Statements and IFRSs-Practical Position 2: Disclosures about Accounting Policies, - effective for annual periods beginning on or after 1 January 2023 (earlier application is permitted);
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - effective for annual periods beginning on or after 1 January 2023 (earlier application is permitted);
- Amendments to IFRS 17 Insurance Contracts - effective for annual periods beginning on or after 1 January 2023. (early application is permitted).

In approving these financial statements, the Group has not applied the following standards, amendments to standards and interpretations that have not yet been endorsed for use in the EU, such as:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of liabilities as current or non-current and Classification of liabilities as current or non-current;
- Amendments to IAS 12 Income Taxes: Deferred tax on assets and liabilities recognised in a single transaction;
- Amendments to IFRS 17 Insurance Contracts: First-time Adoption of IFRS 17 and IFRS 9;

The above amendments to standards and interpretations were not relevant to the Company or had an immaterial impact on the Company's financial position, results of operations or the scope of information presented in these financial statements of the Company.

In preparing the financial statements as at 31.12.2021, the Group has not opted for early application of any standard, interpretation or amendment that has been published but has not yet become effective under European Union legislation. According to the Company's estimates, the early application by the Company of these standards, interpretations and amendments to standards would not have a material impact on these financial statements.

2. CHANGES IN ACCOUNTING PRINCIPLES (POLICY)

There were no changes in accounting policies during 2021.

3. DESCRIPTION OF THE ADOPTED ACCOUNTING PRINCIPLES (POLICY)

3.1. Revenues and costs of operating activity

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

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

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

The Company distinguishes three main sources of revenues:

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

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

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

In the course of 2020, the Company has made changes to its IT systems, whereby it has started to collect data to analyze the usage of durable goods over time. Accordingly, the Company estimates the amount of the liability (customer contract liability) for the provision of the durable good in the game - the revenue relating to the purchase of durable virtual goods (and the commission of digital distribution platforms such as Google Play and App Store relating to this revenue) is recognized by the estimated average playing period of paying users. Estimating the average length of time a paying user remains in the game requires a sufficiently long history of player behavior.

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

Revenues from advertisements displayed in games (advertisements)

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

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

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

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

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

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

3.2. Revenues and costs of financial activity

Financial revenues include mainly interest on free resources on bank accounts, commissions and interest on granted loans, interest due to delay in settling receivables, the amount of released provisions concerning financial activity, revenues on sales of securities, exchange gains, restoration of lost value of investments, the value of cancelled credits and loans as well as profits from settlement of derivative instruments.

Financial costs include mainly interest on credits and loans, interest for delay in the payment of receivables, created provisions for certain or probable losses on financial operations, acquisition value of sold shares, stocks, securities, commissions and handling fees, value of short-term investments, discount and exchange rate differences, losses on settlement of derivative instruments, and, in the case of financial leasing, other fees, excluding capital instalments.

3.3. Income tax

Income tax includes: current tax payable and deferred tax.

Current tax

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

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

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

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

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

Deferred tax

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

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

Uncertainty connected with the recognition of income tax
With the introduction in 2019 of "IFRIC 23: Uncertainty Related to the Recognition of Income Tax", which clarifies the recognition of income tax when it is uncertain whether the tax treatment applied by an entity will be accepted by the tax authorities, the Company assesses each time the possible approach of the authorities to the tax return prepared by the Company. If it is probable that the tax authorities will accept the applied tax approach, the Company will recognise the taxes in the financial statements consistently with the tax returns without reflecting the uncertainty in the recognition of current and deferred tax. Otherwise, the tax base (or tax loss), tax values and unused tax losses are recognised by the Company in an amount that better reflects the resolution of the uncertainty, using the single most probable result or the expected value method (the probability-weighted amounts of possible solutions). In the assessment of the probability of acceptance, the Company assumes that the tax authorities will verify the uncertain tax treatment and have full knowledge of this issue.

3.4. Tangible fixed assets

The Company recognizes fixed assets as separate objects, suitable for use, meeting the criteria for fixed assets specified in IAC 16 Tangible fixed assets, if the purchase price (manufacturing cost) amounts to at least PLN 3,500. Fixed assets with the value below 3,500 PLN undergo one-off amortization and they are recognized as costs in the month of purchase.
Tangible fixed assets are recognized according to the cost (purchase price or manufacturing cost) reduced in the subsequent periods by write-downs and impairment write-offs. External financing costs directly related to the acquisition or production of assets requiring a longer period of time in order to be fit for use or resale are added to the costs of production of such fixed assets until the moment of putting such fixed assets into use. The costs of modernization are included in the balance sheet value of fixed assets when it is probable that they will yield economic gains, and the costs incurred for modernization can be reliably measured. All other expenses for repairing and maintaining fixed assets are recognized in the profit and loss statement for the reporting periods in which they occurred.
Amortization is calculated for all fixed assets, excluding land and fixed assets under construction, by estimated period of economic utility of those assets, using the straight-line method. The Company, using the significance rule, decided that amortization shall start in the month of the asset’s acceptance for use.
The Company, no later than at the end of the financial year, conducts a periodical verification of the adopted economic useful life periods for fixed assets, final value and depreciation methods, and the effects of changes in these estimates are reflected in the following and subsequent financial years (prospectively). As at the balance-sheet date, the Company shall also evaluate tangible fixed assets for impairment and evaluates a necessity of preparing impairment write-downs. This takes place when the Company is sufficiently assured that a given asset shall not generate the expected economic benefits or the achieved benefits shall be significantly lower. The impairment loss shall be recognized in the amount by which the balance-sheet value exceeds the recoverable amount. The recoverable amount is the higher of two amounts: fair value less selling costs or value in use.
The write-downs shall be recognized as other costs relevant for the property functions of fixed assets in the period during which the impairment was determined, no later than at the end of the financial year. If it has been established, with sufficient certainty, that the reasons for which a write-down on the value of assets had been made have stopped, the

Company shall introduce the reversal of the conducted impairment write-down, in full or in part, by recognition of revenues.

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

3.5. Intangible assets

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

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

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

Intangible assets of the Company with the depreciation rates:

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

Development works

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

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

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

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

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

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

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

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

Intangible assets under construction include compensation expense, which is recognized along with share-based payments.

Intangible assets under construction include, among other things, salary costs, recognised together with share-based payments as well as indirect cost markup.

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

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

3.6. Lease

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

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

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

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

After the commencement date, the Company valuates an asset by virtue of the right of use, using the cost model, while the liability is valuated through:

a) increasing the balance sheet value to reflect interest on the lease liability,

(b) reducing in the carrying amount to reflect the lease payments made; and

(c) revaluing the carrying amount to reflect any reassessment or change in the lease, or to reflect revalued substantially fixed lease payments.

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

3.7. Investments in subsidiaries and associates

In accordance with IAS 27, the Company, as a parent company preparing separate financial statements, recognises its investments in subsidiaries, jointly controlled entities and associates at cost. Where the cost of acquisition includes future contingent payments, the Company makes a reasonably reliable estimate of the future cash flows at the date of acquisition and recognises them at their present value, adjusted for the change in the value of cash over time.

In accordance with IAS 28, the Company measures investments in associates using the equity method. An investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the investee's profits or losses after the date of acquisition. An associate is, in turn, an entity over which the investor has significant influence and that is neither a subsidiary nor a joint venture of the investor. Management of the parent company shall consider each time the existence of significant influence and dependence of the company in which the shares are acquired.

3.8. Financial instruments

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

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

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

a) the entity's business model with regard to the management of financial assets, and

b) the characterization of cash flows for a financial asset, resulting from an agreement.

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

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

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

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

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

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

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

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

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

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

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

3.9. Transactions in foreign currencies

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

Valuation

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

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

Transactions during the year

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

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

3.10. Pre-payments and accruals

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

3.11. Capitals

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

3.12. Share-based payments

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

3.13. Payment of dividends

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

3.14. Provisions

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

3.15. Liabilities

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

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

3.16. Significant values based on professional judgement and estimates

The preparation of a standalone financial statement requires from the Management Board of the Company conducting estimates and assumptions which are reflected in this statement and additional information and explanations to the statement.

Accounting judgements and estimates are derived from previous events and other factors, including but not limited to the forecasts on the future events that are likely to occur.

Although the adopted assumptions and estimates are based on the best knowledge of the Management Board concerning current activities and events, actual results might differ from the expected outcome. Estimates and assumptions connected with them are subject to verification. The change of accounting judgements shall be recognized in the period during which it occurred or in the current or future periods, if a conducted change of estimates concerns both the current period and future periods.

Basic judgements conducted by the Management Board of the Parent Entity in the process of applying the accounting principles of the entity and having the most significant impact on the values recognized in the financial statement are provided below.

Professional judgement:

Moment of activation of development costs

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

Depreciation period of activated intangible assets

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

Deferred income tax assets and liabilities

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

Fair value of share-based payments

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

Recognition of revenue from the sales of durable virtual goods

The Company estimates the amount of the liability (customer contract liability) for the provision of a durable in-game good - revenue relating to the purchase of durable virtual goods (and the commission of digital distribution platforms such as Google Play and the App Store relating to this revenue) is recognized over the estimated average play period of the paying users.

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

Under the distribution agreement with Google (full text of the agreement: https://play.google.com/intl/ALL_pl/about/developer-distribution-agreement.html), the Company is required to provide virtual goods in exchange for cash received by Google Play. The above implies recognition of 100% of the net payment amount in sales revenue and 30% of the commission amount in cost of sales.

<u>Uncertainty of estimates</u>

Impairment of assets

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

The use of consumables in the game over time

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

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

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

*The Company defines an active user as one who has ever made a minimum of one payment up to the balance sheet date and has been active in the game (i.e. logged in a minimum of 1 time) in the 30 days

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

The use of durables in the game over time

As a general rule, virtual goods offered in video games fall into two main categories: durable virtual goods (which do not wear out under normal use in the virtual world and can be used by the player as long as the game is played) and consumable virtual goods (which wear out under normal use in the virtual world). Revenue in the second category is recognized when or as it is consumed, as described in the paragraph above. With respect to the recognition of revenue from the sale of so-called durables, the market uses models based on in-game statistics, e.g., the lifespan of a good and/or a group of players. Until 2019, the Company did not have statistical models to estimate the value of durables, which was related to, among other things, the fact that the Company's game economics are based on:

1) the ability to exchange some goods for other goods;

2) possibility of receiving selected goods for free

3) possibility of purchasing goods using both pearls received for free (e.g. by winning a competition) and those purchased for hard currency.

The above-mentioned characteristics make it much more difficult to carry out the analysis of the average use of the good over time, hence the Company used the option of not valuing the pearls, in accordance with IFRS 15 par. 44.

In the course of 2020, the Company made changes to its IT systems, which enabled it to start collecting data to analyze the use of durable goods over time. As a result, the Group has estimated the amount of the liability (customer contract liability) for the provision of durable goods in the game as of 31 December 2020 - revenue relating to the purchase of durable virtual goods is recognized by the estimated average playing period of paying users. Estimating the average period of time a paying user remains in the game requires a sufficiently long history of player behaviour. Accordingly, as at 31 December 2020, the Company has only recognised the time income from fixed assets for Fishing Clash. The Company did not recognise deferred revenue from fixed assets for the other leading title, Hunting Clash, until 31 December 2021.

Contingent earn-out payments

In connection with the acquisition of Rortos in July 2021, the parent company has made an initial accounting for the acquisition of the shares and the calculation of the liability to pay. The payment for the acquisition of the shares consists of a cash portion, payable immediately after the acquisition of the shares, and future payments contingent on meeting Rortos' financial targets as set out in the agreement. The acquisition liability has therefore been calculated based on the projected performance of Rortos and the amount of earn-out to be paid for the years 2022-2025 predicted on that basis. The projections of future performance have been determined based on the entity's estimates of revenue, direct costs - including user acquisition expenses, and indirect costs. The calculation includes projected financial results by Rortos' main game titles - including primarily Warplanes, RFS and Airline Commander.

In order to reflect the current market assessment of the time value of money and the risks specific to the liability, future payments were estimated taking into account changes in the time value of money and discounted to present value.

In the calculation of acquisition liabilities, there is primarily uncertainty regarding the achievement of the assumed financial results of the related party. The results in subsequent years may assume a value higher or lower than assumed, resulting in a deviation of the actual liability from the estimated amount as at 31.12.2021.

The amount included under liabilities in the balance sheet represents the most appropriate estimate, consistent with the best available knowledge at the date of preparation of the report.

Determination of materiality

When preparing financial statements, the Company applies the materiality principle. The materiality principle introduces the possibility to apply simplifications, if it does not have a materially negative impact on the reliable and clear presentation of the property and financial situation and financial result. The Company has adopted the amount of PLN 8 million as the materiality level in the preparation of the financial statement (according to the accounting policy, not more than 5% of the gross result).

ADDITIONAL NOTES AND EXPLANATIONS TO THE STANDALONE FINANCIAL STATEMENT

1. SALES REVENUES

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

Description	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Sales of services	634 045 040	578 194 656
TOTAL revenues from sales of services	**634 045 040**	**578 194 656**
Other operating revenues	438 596	201 281
Financial revenues	45 090	83 320
TOTAL revenues from continuing operations	**634 528 726**	**578 479 257**
TOTAL revenues	**634 528 726**	**578 479 257**

Revenues from discontinued operations did not occur.

2.1. Information on operating segments and performance indicators

The Management Board does not separate operating segments that meet the definition of IFRS 8 par. 5, including revenues, costs, assets and liabilities, for which separate financial information would be prepared and on the basis of which decisions concerning the allocation of resources by the Management Board.

Management currently evaluates the Company's financial performance primarily based on 2 metrics: "Bookings" and "Adjusted EBITDA".

Under "Bookings", the Company recognizes revenue not reduced by deferred revenue (i.e. in the case of micropayments, these are payments made by users during the period indicated). The amount of deferred revenue results from an estimate of the unused virtual currency and durable goods (durable) by active players made at the balance sheet date. The amount of such deferred revenue is reported in the financial statements under the balance sheet item "contract liabilities".

EBITDA is net income/(loss) before depreciation and amortization, impairment losses (and their reversals) on property, plant and equipment and intangible assets, interest income, finance costs, foreign exchange differences and income taxes. Adjusted EBITDA excludes, in turn, the effect of deferred income from micropayments and the non-cash cost of the incentive program of the CEO, Mr. Maciej Zuzalek (cost recognized in the statement of comprehensive income in 2020-2022).

Recurring EBITDA means the Group's reported operating profit for the financial year plus depreciation and amortisation of property, plant and equipment and intangible assets, adjusted for:

- extraordinary and non-recurring events;

- costs of conducting the Programme in accordance with the financial reporting standards binding for the Company;

- effect of accounting recognition in time of the incentive programme of President of the Management Board Maciej Zużałek (described below)

- impact of non-cash adjustments to revenue (and related distributor commission expense), related to e.g. deferred revenue from virtual currency or durable virtual goods (durables)

- the effect of possible one-off write-downs on capital expenditure on the creation of mobile games;

- the effect of possible changes in the tax and social security system, resulting, inter alia, from changes in the applicable legislation, including the "New Deal", which would cause an increase in the Company's costs due to the need to increase the remuneration of employees and associates (applies only to the financial result for 2022).

2.2. Revenues – source

The Company's operations are based on the production and distribution of Free to Play (F2P) games. The Company generates sales revenues related to in-game advertising, in-game micropayments and on the basis of licence agreements.

type of revenue	bookings 2021	share in bookings in 2021	bookings 2020	share in bookings in 2020
micro-payments	621 863 154	98,2%	611 456 375	98,3%
advertisements	691 805	0,1%	42 336	0,0%
licences	10 415 528	1,6%	10 501 781	1,7%
BOOKINGS TOTAL	**632 970 487**	**100%**	**622 000 492**	**100,0%**
Deferred revenue (unused virtual currency)	-6 243 418	N/A	-4 543 658	N/A
Deferred revenue (unused durables)	-9 280 603	N/A	-43 170 671	N/A
REVENUES TOTAL	**617 446 466**	N/A	**574 286 163**	N/A

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

In the course of 2020, the Company has made changes to its IT systems so that it has started to collect data to analyze the usage of durable goods over time. As a result, the Group has estimated the amount of the liability (customer contract liability) for the provision of durable goods in the game as at 31 December 2020 - the revenue relating to the purchase of durable virtual goods (and the commission of digital distribution platforms such as Google Play and App Store relating to this revenue) is recognised over the estimated average play period of the paying users. As it is impracticable for the Company to apply the new accounting policies retrospectively as the Company is unable to determine the cumulative effect of applying the new accounting policies to all prior periods, the new accounting policies have therefore been applied prospectively from 2020.

Estimating the average length of time a paying user remains in a game requires a sufficiently long history of player behaviuor. Accordingly, as of 31 December 2020, the Company recognized over time revenue from durable goods only for the Fishing Clash game. The posted adjustment resulted in a decrease of the 2020 revenue by PLN 43.2 million and operating profit by PLN 30.2 million. Subsequent adjustments for the Fishing Clash title, made on a quarterly basis beginning January 1, 2021, no longer have such a material impact on the financial statements.

The impact of a corresponding adjustment in 2021 has a much smaller percentage impact on the Company's revenue and operating profit than it did in 2020.

For the second leading title, i.e. Hunting Clash, the Company did not recognise the timing of revenue from durable goods until 31 December 2021. Due to the first recognition of the adjustment, the impact on the statement is also one-off higher, i.e. a reduction in revenue by PLN 6m and a corresponding reduction in operating profit by PLN 4.2m. In subsequent reporting periods, the amounts of the adjustments should be smaller due to regular recognition and translation of goods every quarter.

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

Settlement with intermediaries takes place on the basis of monthly sales reports, and the payment is made in accordance with the deadline specified in the contract, usually between 1 and 60 days from the end of the calendar month.

2.3. Revenues – games

game	bookings 2021	share in bookings in 2021	bookings 2020	share in bookings in 2020
Fishing Clash	482 881 589	76,3%	562 334 549	90,4%
Hunting Clash	115 766 337	18,3%	16 076 997	2,6%
Let's Fish	14 474 391	2,3%	16 477 763	2,6%
Wild Hunt	13 070 985	2,1%	15 395 071	2,5%
Others	6 777 185	1,1%	11 716 112	1,9%
BOOKINGS TOTAL	**632 970 487**	**100,0%**	**622 000 492**	**100,0%**
Deferred revenue (unused virtual currency)	-6 243 418	N/A	-4 543 658	N/A
Deferred revenue (unused durables)	-9 280 603	N/A	-43 170 671	N/A
REVENUES TOTAL	**617 446 466**	N/A	**574 286 163**	N/A

*In the amount of bookings for the Fishing Clash game, an amount of PLN 3.27 million (0.7% of the total payments for this title) was included relating to licence revenues generated in the Chinese market, in 2020 the Fishing Clash game had not yet been distributed in China, hence revenues for the previous year from this source were not generated.

SPLIT OF CONSOLIDATED BOOKINGS BY GAMES BY QUARTERS:

Game	1Q2021	2Q2021	3Q2021	4Q2021
Fishing Clash	131 659 442	114 630 444	114 723 737	121 867 965
Hunting Clash	26 840 820	30 295 431	28 136 897	30 493 190
Let's Fish	4 208 029	3 709 670	3 111 500	3 445 192
Wild Hunt	3 666 218	3 326 285	2 766 276	3 312 206
Others	2 148 159	1 899 333	1 582 504	1 147 189
TOTAL BOOKINGS	**168 522 668**	**153 861 163**	**150 320 913**	**160 265 742**
Deferred revenue (unused virtual currency)	3 213 637	283 892	-2 265 275	-7 475 672
Deferred revenue (unused durables)	1 704 189	9 624 478	-7 489 650	-13 119 620
REVENUES TOTAL	**173 440 494**	**163 769 533**	**140 565 988**	**139 670 451**

game	1Q 2020	2Q 2020	3Q 2020	4Q 2020
Fishing Clash	84 677 795	158 043 812	164 256 332	155 356 610
Hunting Clash	65 559	347 467	3 361 414	12 302 557
Let's Fish	3 868 618	4 551 211	3 708 977	4 348 957
Wild Hunt	3 542 576	4 375 098	3 708 729	3 768 668
others	1 800 259	2 037 670	3 817 003	4 061 180
BOOKINGS TOTAL	**93 954 807**	**169 355 258**	**178 852 455**	**179 837 972**
Deferred revenue (unused virtual currency)	95 569	-693 809	-575 289	-3 370 129
Deferred revenue (unused durables)	0	0	0	-43 170 671

REVENUES TOTAL	**94 050 376**	**168 661 449**	**178 277 166**	**133 297 172**

Deferred revenuee by game and quarter in 2021 and the balance sheet balance at 1.01.2021 and 31.12.2021 (balance sheet item "liabilities under contracts with customers" for deferred revenue and balance sheet item "assets under contracts with customers" for deferred commission costs):

CONSUMABLE	**Balance sheet item 1.01.2021**	**Change of deferrement Q1 2021**	**Change of deferrement Q2 2021**	**Change of deferrement Q3 2021**	**Change of deferrement Q4 2021**	**Balance sheet item 31.12.2021**
Fishing Clash						
Deferred revenues	-6 235 931	3 080 182	263 529	-1 285 117	-5 245 808	-9 423 145
Deferred costs	1 870 779	-924 055	-79 059	385 535	1 573 743	2 826 943
Hunting Clash						
Deferred revenues	0	0	0	-953 028	-1 918 953	-2 871 981
Deferred costs	0	0	0	285 908	575 686	861 594
Let's Fish						
Deferred revenues	-143 137	62 366	6 257	-17 775	-122 288	-214 577
Deferred costs	42 941	-18 710	-1 877	5 332	36 687	64 373
Wild Hunt						
Deferred revenues	-168 108	71 089	14 106	-9 355	-188 622	-280 890
Deferred costs	50 433	-21 327	-4 232	2 806	56 587	84 267
TOTAL						
Deferred revenues	-6 547 176	3 213 637	283 892	-2 265 274	-7 475 672	-12 790 593
Deferred costs	1 964 153	-964 091	-85 168	679 582	2 242 702	3 837 178

DURABLE	**Balance sheet item 1.01.2021**	**Change of deferrement Q1 2021**	**Change of deferrement Q2 2021**	**Change of deferrement Q3 2021**	**Change of deferrement Q4 2021**	**Balance sheet item 31.12.2021**
Fishing Clash						
Deferred revenues	-43 170 671	1 704 189	9 624 478	-7 489 650	-7 100 476	-46 432 130
Deferred costs	12 951 201	-522 700	-2 975 208	2 157 829	2 007 090	13 618 212
Hunting Clash						
Deferred revenues	0	0	0	0	-6 019 144	-6 019 144
Deferred costs	0	0	0	0	1 781 756	1 781 756
TOTAL						
Deferred revenues	-43 170 671	1 704 189	9 624 478	-7 489 650	-13 119 620	-52 451 274
Deferred costs	12 951 201	-522 700	-2 975 208	2 157 829	3 788 846	15 399 968
CONSUMABLE + DURABLE	**Balance sheet item 1.01.2021**	**Change of deferrement Q1 2021**	**Change of deferrement Q2 2021**	**Change of deferrement Q3 2021**	**Change of deferrement Q4 2021**	**Balance sheet item 31.12.2021**
Deferred revenues	-49 717 847	4 917 826	9 908 370	-9 754 924	-20 595 291	-65 241 866
Deferred costs	14 915 354	-1 486 791	-3 060 376	2 837 411	6 031 547	19 237 146
Impact on result	**-34 802 493**	**3 431 035**	**6 847 994**	**-6 917 513**	**-14 563 743**	**-46 004 721**

2.4. Revenues – by partner

counterparty	bookings 2021	share in bookings in 2021	bookings 2020	share in bookings in 2020
Google Inc.	379 712 521	60,0%	362 071 021	58,2%
Apple Distribution International	220 564 790	34,8%	224 348 253	36,1%
Others (none of which above 10%)	32 693 176	5,2%	35 581 218	5,7%
BOOKINGS TOTAL	**632 970 487**	**100,0%**	**622 000 492**	**100,0%**
Deferred revenue (unused virtual currency)	-6 243 418	N/A	-4 543 658	N/A
Deferred revenue (unused durables)	-9 280 603	N/A	-43 170 671	N/A
REVENUES TOTAL	**617 446 466**	N/A	**574 286 163**	N/A

2.5. Revenues – distribution channel

distribution channel	bookings 2021	share in bookings in 2021	bookings 2020	share in bookings in 2020
Mobile	609 887 622	96,4%	593 258 672	95,4%
Browser	23 082 865	3,6%	28 741 820	4,6%
BOOKINGS TOTAL	**632 970 487**	**100,0%**	**622 000 492**	**100,0%**
Deferred revenue (unused virtual currency)	-6 243 418	N/A	-4 543 658	N/A
Deferred revenue (unused durables)	-9 280 603	N/A	-43 170 671	N/A
REVENUES TOTAL	**617 446 466**	N/A	**574 286 163**	N/A

2.6. Revenues – geographical breakdown

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

region	bookings 2021	share in bookings in 2021	bookings 2020	share in bookings in 2020
North America	271 292 044	42,9%	258 419 217	41,5%
Europe	236 975 730	37,4%	246 177 676	39,6%
including Poland	*32 800 684*	*5,2%*	*31 973 733*	*5,1%*
Including from subsidiaries (Poland)	*4 112 620*	*0,6%*	*6 421 675*	*1,0%*
Asia	95 468 804	15,1%	85 578 935	13,8%
South America	13 918 607	2,2%	17 027 471	2,7%
Australia and Oceania	9 703 434	1,5%	9 756 162	1,6%
Africa	5 611 868	0,9%	5 041 030	0,8%
BOOKING TOTAL	**632 970 487**	**100,0%**	**622 000 492**	**100%**
Deferred revenue (unused virtual currency)	-6 243 418	N/A	-4 543 658	N/A
Deferred revenue (unused durables)	-9 280 603	N/A	-43 170 671	N/A
REVENUES TOTAL	**617 446 466**	N/A	**574 286 163**	N/A

2. OPERATING COSTS

Description	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Depreciation	3 928 888	3 085 766
Consumption of materials and energy	1 130 695	1 435 098
Third-party services	390 734 191	358 649 644

Taxes and fees	3 048 565	2 332 780
Remuneration	66 448 844	38 002 586
Social insurance and other benefits	9 554 574	3 675 601
Other costs by type	479 064	122 150
Total costs by type, including:	**475 324 821**	**407 303 625**
Costs of rendering of services for internal purposes (negative value)	-22 239 602	-2 247 154
Selling costs (negative)	-343 986 866	-343 108 051
General and administrative costs (negative)	-60 332 230	-36 512 171
Costs of goods and services sold	**48 766 123**	**25 436 249**

*Amortisation recognised in the statement of comprehensive income amounts to PLN 3,526,531. The difference to the amount shown above is due to the fact that, by charging indirect costs to capitalised gaming costs, a portion of equipment and licence depreciation is capitalised again.

Split of selling costs:

Description	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Selling costs	**343 986 866**	**343 108 051**
marketing:	139 472 692	164 531 515
- Fishing Clash	*82 004 759*	*145 287 784*
- Hunting Clash	*57 074 573*	*12 939 938*
- Wild Hunt	*0*	*1 542 597*
- other games, events	*393 360*	*4 761 195*
provisions	178 502 401	166 970 495
revenue share	1 821 970	1 751 616
salaries, subcontractor services	17 014 262	7 365 120
mobile games market research services	3 033 641	0
others	4 141 900	2 489 305

Description	1Q 2021	2Q 2021	3Q 2021	4Q 2021
Selling costs	**95 832 122**	**95 525 500**	**81 132 421**	**71 496 823**
marketing:	40 087 652	42 419 871	33 944 492	23 020 677
- Fishing Clash	*22 551 718*	*24 783 495*	*21 055 086*	*13 614 460*
- Hunting Clash	*17 412 032*	*17 438 915*	*12 889 406*	*9 334 220*
- other games, events	*123 903*	*197 461*	*0*	*71 997*
provisions	50 407 481	47 813 942	39 952 894	40 328 084
revenue share	477 124	423 624	411 570	509 652
salaries, subcontractor services	3 724 485	3 262 805	4 511 194	5 515 779
mobile games market research services	548 606	1 317 788	571 024	596 222
others	586 773	287 471	1 741 246	1 526 408

Description	1Q 2020	2Q 2020	3Q 2020	4Q 2020
Costs of sales	**48 466 126**	**124 710 377**	**95 120 197**	**74 811 350**
marketing:	19 122 999	72 755 975	40 423 986	32 228 555
- Fishing Clash	*18 263 312*	*70 508 454*	*33 387 047*	*23 128 972*
- Hunting Clash	*83 663*	*604 428*	*3 975 520*	*8 276 328*

- other games, events	*776 024*	*1 643 093*	*3 061 419*	*823 255*
provisions	27 035 473	49 240 691	52 177 030	38 517 301
revenue share	417 224	473 283	421 434	439 675
salaries, subcontractor services	1 489 706	1 613 299	1 541 167	2 720 948
mobile games market research services	0	0	0	0
others	400 724	627 129	556 581	904 871

Cost analysis:

Breakdown of costs of salaries and other employee benefits (excluding amounts shown in the production cost components)	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Basic remuneration	24 745 372	15 249 688
Share-based payments (part of remuneration)	41 703 472	21 383 078
Social insurance and other benefits	9 554 574	3 466 418
Total costs of employee benefits, including:	**76 003 418**	**40 099 184**
Items included in the cost of goods sold	27 233 878	12 140 659
Items included in the selling costs	7 198 652	2 661 563
Items included in general and administrative costs	41 570 888	25 296 962

Distribution of depreciation costs	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Items included in the cost of services sold:	**2 559 817**	**2 298 192**
Amortization of fixed assets	1 223 367	1 271 869
Amortization of intangible assets	1 336 450	1 026 323
Items included in the selling costs	**546 105**	**390 400**
Amortization of fixed assets	507 985	376 235
Amortization of intangible assets	38 120	14 165
Items included in general and administrative costs	**420 609**	**397 174**
Amortization of fixed assets	394 321	381 558
Amortization of intangible assets	26 288	15 616
Items included in the cost of products manufactured for the entity's own use:	**402 357**	**0**
Amortization of fixed assets	375 407	0
Amortization of intangible assets	26 950	0

3. OTHER OPERATING COSTS

Other operating costs	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Intangible assets impairment charge	3 760 701	0
Donations	404 430	913 420
Write-down of uncollectible receivables	7 118	6 199
Other	81 990	102 244
Total	**4 254 239**	**1 021 863**

During the second quarter of 2021, the Company's Management Board, having re-examined the competitive environment, decided to discontinue development of Golf Royale, a game in development. Taking into account the growing number of competitors offering advanced games with similar themes and the relatively high marketing costs in this segment, further investment in this title was deemed unprofitable. As a result, the Company incurred a cost of PLN 3,761 thousand. The personnel resources creating Golf Royale were allocated mainly to the team working on the further development of Fishing Clash.

4. FINANCIAL INCOME AND EXPENSE

Financial revenues	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Dividends received	2 261 792	1 656 905
Interest income	94 077	74 598
Total	**2 355 869**	**1 731 503**

Financial costs	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Excess of negative exchange rate differences	1 500 506	615 807
Interest costs	2 942 166	233 280
Total	**4 442 672**	**849 087**

5. INCOME TAX AND DEFERRED TAX

Income tax disclosed in the statement of comprehensive income	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Current income tax	**21 612 152**	**20 449 568**
Concerning the financial year	21 612 152	20 449 568
Deferred income tax	**-1 416 150**	**-1 699 611**
Related to the origination and reverse of temporary differences	-1 416 150	-1 699 611
Tax disclosed in the statement of comprehensive income	**20 196 002**	**18 749 957**

Specification	01/01/2021 - 31/12/2021	01/01/2020 - 31/12/2020
Gross profit (loss)	**158 457 311**	**169 339 478**
Unrealized exchange rate differences	4 205 352	-118 326
Dividends received	-2 261 792	-1 656 905
Write-down of receivables (non-deductible)	7 118	6 199
Unused annual leave accrual	362 142	276 908
Cost accruals	5 657 269	1 004 486
Donations (subsequently deducted from income)	404 430	876 698
Other non-tax-deductible costs	3 474 947	465 739
Depreciation – lease	1 925 258	1 546 361
Amortization of intangible assets	1 250 698	978 157
Capitalisation of game costs	-22 239 602	-2 247 154

Intangible assets impairment charge	3 760 701	0
Share-based payments	41 703 472	21 672 018
Revenue (and related cost) deferred in the balance sheet	11 202 237	33 400 030
Other tax-deductible expenses	-2 230 722	-1 164 257
Taxable income	**205 678 819**	**224 379 432**
including income taxed at 5% (IP Box)	*119 694 631*	*153 331 258*
including income taxed at 19%	*85 984 188*	*71 048 174*

The company took advantage of the so-called IP Box relief in 2019 and 2020. This relief allows taxation of income obtained from qualified property rights at the rate of 5% instead of standard 19%.

Laws concerning corporate income tax are subject to frequent changes, as a result of which there is often no reference to well-established regulations or legal precedents. The current regulations also contain ambiguities, which cause differences in legal interpretations of tax regulations both between state authorities and between state authorities and enterprises. Tax and other settlements (e.g. customs or foreign exchange settlements) may be subject to control by authorities which are entitled to impose high penalties, and additional amounts of liabilities determined as a result of control must be paid together with high interest. These phenomena mean that the tax risk in Poland is higher than usually existing in countries with developed tax system. Tax settlements may be audited for a period of five years. As a result, the amounts disclosed in the financial statement may be subject to change at a later date after they are finally determined by the tax authorities.

Structure of a deferred income tax asset

Specification	as at 31/12/2021	as at 31/12/2020
Accounting for virtual currency over time	447 671	229 151
Accounting for durables over time	4 343 041	1 434 997
Accrual for annual leave	169 690	58 937
Accrual for audit costs	9 797	4 746
Lease – IFRS 16 valuation	184 923	74 630
Revaluation of settlements	149 957	0
Provision for renumerations	1 257 609	182 728
Other provisions	1 945	0
Total	**6 564 633**	**1 985 189**

Structure of deferred income tax provision

Specification	as at 31/12/2021	as at 31/12/2020
Depreciation of games	3 618 004	429 355
Revaluation of settlements	0	25 356
Total	**3 618 004**	**454 711**

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply when the asset is realized or the liability is settled, based on available projections. For a significant portion of temporary differences, a rate of 5% has been applied resulting from the Company's application of the IP Box tax credit.

6. DISCONTINUED ACTIVITY

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

7. DISTRIBUTION OF PROFIT FOR 2020

The Company's General Meeting of Shareholders on 23.06.2021 adopted a resolution on the distribution of the Company's net profit for 2020 in the amount of PLN 150,589,521 as follows:

1) the amount of PLN 72,673,110.00 was earmarked for distribution to shareholders in the form of a dividend payment of PLN 10.00 per share;

2) the amount of PLN 77,916,411.00 was allocated to the creation of reserve capital for the acquisition of own shares.

The dividend date was set at 5 July 2021 and the dividend payment date at 19 July 2021.

8. TANGIBLE FIXED ASSETS

Specification	Machinery and equipment	Buildings, premises and civil engineering works	Other fixed assets	fixed assets under construction	TOTAL
Gross carrying amount at 01.01.2021	**2 278 219**	**8 693 695**	**198 898**	**0**	**11 170 812**
Increases due to acquisition of fixed assets	2 176 532	0	34 995	5 079 800	7 291 327
Decreases due to sale of fixed assets	111 840	0	0	0	111 840
Gross carrying amount at 31.12.2021	**4 342 911**	**8 693 695**	**233 893**	**5 079 800**	**18 350 299**
Depreciation at 01.01.2021	**1 110 157**	**1 373 227**	**131 089**	**0**	**2 614 473**
Increases due to depreciation*	744 395	1 738 739	17 945	0	2 501 080
Decreases due to sale	101 554	0	0	0	101 554
Depreciation at 31.12.2021	**1 752 998**	**3 111 966**	**149 034**	**0**	**5 013 998**
Write-downs as at 01.01.2021	**0**	**0**	**0**	**0**	0
Write-downs as at 31.12.2021	**0**	**0**	**0**	**0**	0
Net carrying amount as at 31.12.2021	**2 589 913**	**5 581 729**	**84 859**	**5 079 800**	**13 336 300**

* Increases in depreciation and amortisation are not the same as the item "Depreciation and amortisation" shown in the statement of comprehensive income due to the recognition of the accumulated depreciation of fixed assets of the Rortos Company, acquired in 2021, as an increase in depreciation and amortisation.

Fixed assets movement schedule - for the period 01/01/2020-31/12/2020.

Description	Machinery and equipment	Buildings, premises and civil engineering facilities	Other fixed assets	TOTAL
Gross balance sheet values at 01/01/2020	**1 038 975**	**0**	**114 403**	**1 153 378**
Increases, due to:	1 239 244	8 693 695	84 495	10 017 434

- purchase of fixed assets	1 239 244	8 693 695	84 495	10 017 434
Decreases	0	0	0	0
- sale of fixed assets	0	0	0	0
Gross carrying amount at 31/12/2020	**2 278 219**	**8 693 695**	**198 898**	**11 170 812**
Accumulated depreciation as at 01/01/2020	**499 389**	**0**	**85 421**	**584 810**
Increases, due to:	610 768	1 373 227	45 668	2 029 663
- depreciation	610 768	1 373 227	45 668	2 029 663
Decreases	0	0	0	0
Accumulated depreciation as at 31/12/2020	**1 110 157**	**1 373 227**	**131 089**	**2 614 473**
Revaluation write-offs as at 01/01/2020	**0**	**0**	**0**	**0**
Increases	0	0	0	0
Decreases	0	0	0	0
Revaluation write-offs as at 31/12/2020	**0**	**0**	**0**	**0**
Net carrying amount as at 31/12/2020	**1 168 062**	**7 320 468**	**67 809**	**8 556 339**

Property, plant and equipment – ownership structure

Description	31/12/2021	31/12/2020
Owned	3 633 728	1 235 871
Used under a lease, tenancy or other agreement, including a lease agreement	11 576 457	7 320 468
Total	**15 210 185**	**8 556 339**

The Group does not own land in perpetual usufruct.

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

Depreciation of fixed assets in 2021 and 2020 was charged to costs of services sold, selling costs,general and administrative costs as well as, in part, accounted for own production costs as presented in note 2. The breakdown of the increase in depreciation is shown in the table below.

Specification	31/12/2021	31/12/2020
Depreciation of own fixed assets	1 659 035	716 582
Amortisation of the right of use	1 726 910	1 313 081
TOTAL	**3 385 945**	**2 029 663**

9. INTANGIBLE ASSETS

Changes in intangible assets (by type group) - for the period 01.01.2021-31.12.2021.

Specification	Development costs	Computer software	Intangible assets under construction	Goodwill	TOTAL

Gross carrying amount at 01.01.2021	**7 995 077**	**669 286**	**2 554 464**	**0**	**11 218 827**
Increases due to acquisition	67 992 880	595 583	42 573 651	161 050 504	272 212 617
Decreases	0	0	0	0	0
Gross carrying amount at 31.12.2021	**75 987 957**	**1 264 868**	**45 128 114**	**161 050 504**	**283 421 443**
Depreciation at 01.01.2021	**3 681 433**	**586 731**	**0**	**0**	**4 268 164**
Increases due to depreciation	5 444 279	213 594	0	0	5 657 873
Decreases	0	0	0	0	0
Depreciation at 31.12.2021	**9 125 712**	**800 325**	**0**	**0**	**9 926 037**
Write-downs as at 01.01.2021	**2 248 958**	**0**	**0**	**0**	**2 248 958**
Increases	171 615	0	3 589 086	0	3 760 701
Decreases	0	0	0	0	0
Write-downs as at 31.12.2021	**2 420 573**	**0**	**3 589 086**	**0**	**6 009 659**
Net carrying amount as at 31.12.2021	**64 441 673**	**464 543**	**41 539 028**	**161 050 504**	**267 495 749**

The net value as at 31.12.2021 shown under "completed development work" consists of the Group's games:

1) Hunting Clash - net value: PLN 642,375, remaining amortisation period: 22 months;

2) Games of the acquired Rortos S.r.l. - games valued at fair value using the DCF method in the course of settlement of the acquisition - preliminary settlement: PLN 61,868,504:

A) Airline Commander - net value: PLN 30,543,199, remaining amortisation period: 114 months;

B) RFS - net value: PLN 29,028,186, remaining amortisation period: 114 months;

C) Other games - net value: 4,227,914 PLN, remaining amortisation period: 30 months.

The item "intangible assets under construction" as at 31.12.2021 consists of capitalised costs of five titles at various stages of development:

1) Undead Clash - PLN 8,027,498;

2) Magical District - PLN 6,422,102;

3) Football Elite - PLN 4,859,871;

4) Fishing Master - PLN 897,366;

5) Warplanes (a game by Rortos) - PLN 20,334,049 - fair value measurement using the DCF method.

Additionally, costs of internally manufactured tools used for company-wide/product-wide purposes were capitalised under this item. The value of these tools under construction as at 31.12.2021 amounted to PLN 998,143.

Goodwill consists of the value resulting from the settlement of the acquisition of Rortos in the amount of PLN 168,120,380 and the value of Reludo, which was acquired by Rortos in previous years, in the amount of PLN 367,952.

During the second quarter of 2021 the Company's Management Board, having re-examined the competitive environment, decided to discontinue development of Golf Royale, which is currently in production. Taking into consideration the growing number of competitors offering advanced games with similar themes and the relatively high marketing costs in this segment, further investment in this title was considered to be unprofitable. Accordingly, the Company incurred an expense of PLN 3,761 thousand (PLN 3,589 thousand through a decrease in the gross value of intangible assets under construction and PLN 172 thousand as a write-off of development costs). The personnel resources creating Golf Royale were allocated mainly to the team working on the further development of Fishing Clash.

Intangible assets movement schedule - for the period 01/01/2020-31/12/2020.

Description	Development costs	Computer software	Intangible assets under construction	TOTAL
Gross carrying amount at 01/01/2020	**7 995 077**	**556 146**	**307 310**	**8 858 533**
Increases, due to:	0	113 140	2 247 154	2 360 294
- purchase	0	113 140	2 247 154	2 360 294
- reclassification	0	0	0	0
Decreases, due to:	0	0	0	0
- reclassification	0	0	0	0
Gross carrying amount at 31/12/2020	**7 995 077**	**669 286**	**2 554 464**	**11 218 827**
Accumulated depreciation as at 01/01/2020	**2 703 276**	**508 784**	**0**	**3 212 060**
Increases, due to:	978 157	77 947	0	1 056 104
- depreciation	978 157	77 947	0	1 056 104
Decreases	0	0	0	0
Accumulated depreciation as at 31/12/2020	**3 681 433**	**586 731**	**0**	**4 268 164**
Revaluation write-offs as at 01/01/2020	**2 248 958**	**0**	**0**	**2 248 958**
Increases	0	0	0	0
Decreases	0	0	0	0
Revaluation write-offs as at 31/12/2020	**2 248 958**	**0**	**0**	**2 248 958**
Net carrying amount as at 31/12/2020	**2 064 686**	**82 555**	**2 554 464**	**4 701 705**

Intangibles – ownership structure

Description	31/12/2021	31/12/2020
Owned	274 933 577	4 701 705
Used under a rental, lease or other agreement, including a lease agreement	0	0
TOTAL	**274 933 577**	**4 701 705**

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

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

Amortization of intangible assets in 2021 and 2020 was charged to costs of services sold, selling costs, general and administrative costs, as well as, in part, accounted for own production costs as presented in note 2.

10. SETTLEMENT OF THE ACQUISITION OF THE ASSETS OF A SUBSIDIARY - RORTOS

On 5 July 2021, the Company entered into an agreement for the sale of its entire shareholding in Rortos S.r.l, Verona, as buyer, with its existing partners Antonio Farina and Roberto Simonetti as sellers.

The price for the entire stake acquired in Rortos was set at EUR 45,000,000 without taking into account the cash free and debt free basis based on a 2020 EBITDA multiplier, normalised by the capitalisation of personnel costs, of 9.8. After taking into account the cash and debt free basis at the date of settlement, the payment amounted to EUR 46.7 million. In addition, under the terms of the Agreement, the Sellers will be entitled to an additional consideration (earn-out payment) depending on Rortos' performance in the period from 1 July 2021 to 31 December 2025, calculated in accordance with the formula agreed in the Agreement - in a maximum amount not exceeding the EBITDA achieved by Rortos in the relevant period.

The Parent has made a preliminary settlement of the acquisition of shares and calculation of the liability to pay for earn-out payments. The acquisition liability was calculated based on Rortos' forecasted results for the coming years and the amount of the earn-out payment predicted on that basis.

Goodwill on acquisition is initially recognised at cost, being the excess of the cost of the business combination over the net assets measured at fair value. Goodwill acquired in a business combination represents the consideration paid by the acquirer in exchange for the expected future economic benefits from assets that are not capable of being individually identified and separately recognised.

The main assets acquired that the Parent Company has recognised as acquired during the acquisition are the games of Rortos. The Company analysed games which are currently generating revenue or are in the process of being developed and will generate revenue in the future. Based on a 10-year forecast, the fair value of the games was calculated using the discounted cash flow (DCF) method. The possibilities of generating positive cash flows during the analysed period were analysed, and the economic useful life of games was assumed as 10 years from the valuation date or, in the case of games under development, from the soft launch date. The main games recognised in the valuation are Airline Commander (fair value: PLN 32 151 thousand), Real Flight Simulator (fair value: PLN 30 556 thousand), Warplanes (game under development, soft launch planned for early 2022). - PLN 19,335 thousand) and other games by Rortos and Reludo (PLN 5,267 thousand).

The DCF calculation assumed a weighted average cost of capital rate of 13%.

Management has recognised games as the main asset acquired in the acquisition of the Company. No other significant assets have been identified.

As at 31.12.2021, EUR 3,078 thousand of revenue from Rortos games and EUR 1,641 thousand of net profit (excluding consolidation adjustments) were recognised in the consolidated statements. Revenue for the full year amounted to EUR 5,969 thousand and profit amounted to EUR 230 thousand.

Receivables acquired as at 05/07/2021 are shown in the table below:

Main assets	**Data in EUR**	**Data in PLN**
Trade receivables	545 185	2 457 859
Public-law receivables	531 243	2 395 003
Others	22 129	99 764
Receivables	**1 098 557**	**4 952 626**
Cash	**4 352 598**	**19 622 816**

Liabilities acquired are presented in the table below:

Liabilities	**Data in EUR**	**Data in PLN**
Trade liabilities – mostly connected with the M&A proces	2 455 755	11 071 279
Income tax liabilities	426 726	1 923 810

Leasing liabilities	294 749	1 328 817
Other liabilities	768 013	3 462 434
Provision for employee benefits	95 583	430 917
Total	**4 040 826**	**18 217 257**

No contingent liabilities at the acquisition date.

SETTLEMENT AT THE ACQUISITION DATE

Specification - consolidated statement	**Data in PLN according to the exchange rate as at the acquisition date**
Goodwill	158 107 803
Value of adjusted net assets	94 646 519
Liability value at the acquisition date	**252 754 322**

The above figures include the settlement of the acquisition of Rortos S.r.l at the acquisition date (estimation of the fair value of the net assets acquired and recognition of goodwill).

SETTLEMENT AS AT THE BALANCE SHEET DATE 31.12.2021

Goodwill	**Data in PLN**
Value at the date of acquisition	158 107 803
Balance sheet valuation	2 574 750
Value at balance sheet date	**160 682 552**

The goodwill recognised in the balance sheet consists of the value resulting from the settlement of the acquisition of Rortos in the amount of PLN 160,682,552 and the value of Reludo, which was acquired by Rortos in previous years, in the amount of PLN 367,952.

Acquisition liability	**Data in PLN**
Value at acquisition date (discounted)	252 754 322
Cash payment - July 2021 (FIFO valuation)	-211 102 628
Balance sheet valuation	4 116 047
Unfolding of the discount	2 652 789
Value at the balance sheet date - other long-term liabilities	**48 420 530**

Amount resulting from translation recognised in the statement of comprehensive income:	**Data in PLN**
Financial costs	-6 768 835
Valuation of goodwill - other comprehensive income:	2 574 750
Revaluation of existing games to fair value - other comprehensive income:	-250 437

TOTAL	**-4 444 522**

11. INFORMATION ON FINANCIAL INSTRUMENTS

FINANCIAL ASSETS	31/12/2021	31/12/2020	Category of financial instruments
Other financial assets (long-term), including:	9 575 534	857 595	Financial assets valuated at amortized costs
deposit	*2 267 534*	*857 595*	*Financial assets valuated at amortized costs*
units in the investment fund Sisu Game Ventures	*7 308 000*	*0*	*Financial assets valuated at amortized costs*
Trade receivables and other receivables	62 040 655	55 165 266	Financial assets valuated at amortized costs
unrealised exchange differences on measurement	59 458	281 884	*financial assets measured at fair value*
Cash and cash equivalents	139 553 427	236 608 379	Financial assets valuated at fair value
unrealised exchange differences on measurement	-384 041	505 794	*financial assets measured at fair value*
FINANCIAL LIABILITIES	**Balance value**		**Category of financial instruments**

FINANCIAL LIABILITIES	31/12/2021	31/12/2020	Category of financial instruments
Trade liabilities and other liabilities	9 307 984	13 027 834	Financial liabilities valuated at amortized costs
unrealised exchange differences on measurement	*3 660*	*151 052*	*Financial liabilities valuated at amortized costs*

For both financial assets and financial liabilities, fair value equals carrying value.

12. RECEIVABLES

Balance structure:

Description	31/12/2021	31/12/2020
Trade receivables	46 140 422	47 589 017
Other receivables	11 602 972	4 073 461
Accruals and deferred income	4 297 261	3 502 788
Receivables	**62 040 655**	**55 165 266**

11.1 Trade receivables

Payments from users are aggregated by intermediaries (mobile application stores, payment aggregators, licensees).

Payments from displayed ads, on the other hand, are accumulated by advertising intermediaries. In the structure of receivables, the largest balances come from:

- Google Inc – 55,3% as of 31 December 2021 compared to 50% as of 31 December 2020.
- Apple Distibution International – 34,3% at 31 December 2021 compared to 34% at 31 December 2020;

No other entity exceeded a 10% share of total receivables on 31 December 2021.

Currency structure:

	31/12/2021			31/12/2020		
currency	**amount in currency**	**valuation**	**% share**	**amount in currency**	**valuation**	**% share**
PLN	25 313 416	25 313 416	54,86%	25 032 361	25 032 361	52,60%
USD	4 527 014	18 379 677	39,83%	5 733 350	21 548 224	45,28%
EUR	469 254	2 158 288	4,68%	103 763	478 845	1,01%
RUB	4 871 221	264 020	0,57%	10 132 938	507 660	1,07%
BRL	0	0	0,00%	0	0	0,00%
JPY	0	0	0,00%	0	0	0,00%
Others	------	25 021	0,05%	------	21 927	0,05%
TOTAL		**46 140 422**	**100%**		**47 589 017**	**100%**

	31/12/2021	31/12/2020
age structure – overdue	**value of receivables**	**value of receivables**
not overdue	46 056 781	44 211 099
up to one month	23 655	607 355
1-3 months	59 529	2 247 572
3-6 months	397	522 991
6-12 months	60	0
over a year	0	0
Total receivables	**46 140 422**	**47 589 017**

As at the balance sheet dates of 31/12/2021 and 31/12/2020, the Group did not have any significant amounts of receivables which would be expected to result in credit losses. As of 31/12/2021 and 31/12/2020 The Group did not create allowances for trade receivables or have receivables pursued in court.

11.2 Other receivables

Description	31/12/2021	31/12/2020
Other receivables, including:	**11 602 972**	**4 073 461**
- tax related	11 437 914	4 046 461
– deposit for office rental	165 058	27 000

11.3 Prepayments

Description	31/12/2021	31/12/2020
Registration fees for trademark applications	3 202 110	2 405 477
Maintenance of software technical service/software subscriptions	301 876	122 517
Insurance	70 919	20 639
TV advertising - prepayment	0	830 488

Other prepayments	722 356	123 668
Prepayments	**4 297 261**	**3 502 789**

13. CASH AND CASH EQUIVALENTS

Description	31/12/2021	31/12/2020
Cash at hand and in bank accounts:	**139 553 427**	**236 608 379**
cash on hand	21 464	3 776
cash in bank accounts:	139 531 963	236 604 603
including deposits up to 3 months	*0*	*190 000 000*
Total	**139 553 427**	**236 608 379**

As at 31 December 2021, the Group held cash in banks: ING Bank Śląski S.A. and Bank Gospodarstwa Krajowego S.A. The maximum value of credit risk associated with cash equals its carrying amount. Current accounts do not bear interest. The fair value of cash and cash equivalents as at 31 December 2021 is not materially different from their carrying amount.

14. SHARE CAPITAL

The share capital of Ten Square Games S.A. as at 31/12/2021 amounts to PLN 730,178.30 and is divided into 7,301,783 bearer shares with a nominal value of PLN 0.10 each.

15. TRADE LIABILITIES

Description	31/12/2021	31/12/2020
Trade liabilities	**6 844 591**	**12 392 029**
– towards related parties	15 529	0
– towards third parties	6 829 062	12 392 029

Description	*Total*	*due date*		
		overdue:	*not overdue, payable to:*	
		0 - 30 days	**0 - 30 days**	**31 - 60 days**
31/12/2021	**6 844 591**	**38 537**	**6 806 054**	**0**
– towards related parties	15 529	0	15 529	0
– towards third parties	6 829 062	38 537	6 790 525	0
31/12/2020	**12 392 029**	**127 765**	**7 709 041**	**4 555 222**
– towards related parties	0	0	0	0
– towards third parties	12 392 029	127 765	7 709 041	4 555 222

16. OTHER LIABILITIES AND LEASE LIABILITIES

Specification	31/12/2021	31/12/2020
Liabilities due to the acquisition of Rortos	48 420 530	0
TOTAL OTHER LONG-TERM LIABILITIES	**48 420 530**	**0**

Description	31/12/2021	31/12/2020
Liabilities due to other taxes, customs duties, social security and other, excluding corporate income tax:	1 941 186	635 805
Tax at source	*62 493*	*11 279*
Personal Income Tax	*87 148*	*109 404*
Social insurance contributions (ZUS)	*1 759 312*	*494 947*
State Fund for Rehabilitation of Disabled People (pol. PFRON)	*32 233*	*20 175*
Other liabilities	522 207	1
Other liabilities in total	**2 463 393**	**635 806**

The Group did not have any materially overdue liabilities as at the balance sheet dates of 31/12/2021 and 31/12/2020. The liabilities are due within up to 25 days.

Description	31/12/2021	31/12/2020
Shortterm lease liabilities	3 684 538	1 192 551
Longterm lease liabilities	8 991 251	6 994 027
- due within 1 to 2 years	3 734 878	2 032 345
- due within 2 to 3 years	3 849 513	2 214 203
- due within 3 to 4 years	669 445	2 291 652
- due within 4 to 5 years	133 227	455 827
- due within over 5 years	604 187	0
TOTAL LEASING LIABILITIES	**12 675 789**	**8 186 578**

The lease obligations arise from entered into lease agreements described in detail in Note 27.

Costs recognised in profit or loss arising from leases are set out below.

Specification	31.12.2021	31.12.2020
Amortisation	1 726 910	1 313 081
Interest	271 663	141 790
Realised and unrealised exchange differences	-10 764	560 834
Total	**1 987 809**	**2 015 705**

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

The Group did not have any company social benefits fund as at the balance sheet date 31/12/2021 and 31/12/2020.

18. CONTINGENT LIABILITIES

As at 31 December 2021 and 2020, the Group did not have any significant contingent liabilities, including guarantees and sureties granted, including bills of exchange.

19. PROVISIONS FOR EMPLOYEE BENEFITS

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

Description	As at 1/01/2021	Chances during the year		As at 31/12/2021
		Assumption	Use	
Provision for annual leave (short term)	530 961	1 353 213	530 961	1 353 213
Provisions for bonuses (short term)	961 724	5 881 405	961 724	5 881 405
Provisions for bonuses (long term)	0	2 588 247	0	2 588 247
TOTAL PROVISIONS	**1 492 685**	**9 822 865**	**1 492 685**	**9 822 865**

The increase in the holiday reserve is due to the increase in headcount, the reserve amount should be utilised within 12 months after the end of the financial year.

The provision for bonuses mainly results (total of PLN 5.1 million) from the bonus system in force in the Group from 2021, the main purpose of which is to tie key employees of the company more firmly to the TSG Group. These bonuses are contingent on financial performance and are only payable upon continued employment with the Group at the time of payment - in varying proportions, this is between a few months and 2.5 years after the end of the period for which they are due.

The remaining amount of provisions for bonuses (PLN 3.4 million) are short-term provisions, payable during the first half of 2022, and are mostly due for 4Q2021.

In the previous reporting period, there were the following changes in provisions for employee benefits:

Description	As at 01/01/2020	Chances during the year		As at 31/12/2020
		Assumption	Use	
Provision for leaves (short term)	254 054	530 961	254 054	530 961
Provisions for bonuses (short term)	0	961 724	0	961 724
TOTAL PROVISIONS	**254 054**	**1 492 685**	**254 054**	**1 492 685**

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES

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

(a) credit risk,

(b) liquidity risk,

(c) market risk.

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

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

Liquidity risk – this is a risk that arises when the Group encounters difficulties in meeting its obligations related to financial liabilities. The Group cares about maintaining liquidity at an appropriate and safe level. Historically, the Group finances itself from its own resources and all new projects or significant purchases are verified for the possibility of timely repayment of the liability. Cash allows to cover all liabilities (the value of cash exceeds the value of liabilities more than twice) and therefore the entity does not assess this risk as significant. Liquidity risk concerns the Group to an insignificant extent.

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

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

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

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

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

The main interest rate risk is related to debt instruments, however, in 2021 and 2020 the Group did not use external debt instruments with variable interest rates (loans and bonds), therefore it was not exposed to changes in cash flows as a result of interest rate changes.

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

ANALYSIS OF EXPOSURE TO CURRENCY RISK

A significant share of sales in USD and EUR in the Group's revenue structure means that the Group's financial results can be materially influenced by the exchange rate of the Polish zloty against these currencies. Net foreign currency exposure as at the balance sheet date is presented in the table below.

	31/12/2021				
currency risk – exposure to currency risk	**USD**	**EUR**	**RUB**	**GBP**	**other currencies (excluding PLN)**
trade receivables in currency	4 527 014	469 254	4 871 221	0	--------
trade receivables valued at PLN	18 379 677	2 158 288	264 020	0	25 021
cash in foreign currency	3 509 731	2 862 519	13 482 844	205 252	--------
cash and cash equivalents valued at PLN	14 249 509	13 165 870	730 770	1 125 724	181 069
trade liabilities in currency	444 075	889 527	0	0	--------
trade liabilities valued at PLN	1 802 944	4 091 293	0	0	407 081
net exposure in currency	**8 475 358**	**1 282 792**	**18 354 065**	**205 252**	--------
net exposure in PLN	**34 432 130**	**19 415 450**	**994 790**	**1 125 724**	**432 102**

Data for the previous reporting period:

	31/12/2020	**31/12/2020**	**31/12/2020**	**31/12/2020**
currency risk – exposure to currency risk	**USD**	**EUR**	**RUB**	**other currencies**

				(excluding PLN)
trade receivables in currency	5 733 350	103 763	10 132 938	--------
trade receivables valued at PLN	21 548 224	478 845	507 660	21 927
cash in foreign currency	7 593 029	111 806	719 492	--------
cash and cash equivalents valued at PLN	28 537 641	515 961	36 047	111 877
trade liabilities in currency	2 794 981	68 779	0	--------
trade liabilities valued at PLN	10 504 657	317 400	0	0
net exposure in currency	**16 121 360**	**284 347**	**10 852 430**	--------
net exposure in PLN	**60 590 522**	**1 312 205**	**543 707**	**133 804**

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

currency risk – sensitivity analysis	31/12/2021	31/12/2020
change by +10% / -10%.	+ 5 640 020 / - 5 640 020	+ 6 258 024 / - 6 258 024

21. CAPITAL MANAGEMENT

The main objective of the Group's capital management is to maintain solid credit rating and safe capital ratios that would support the Group's operations and increase the value for its shareholders.
At present, the Group finances its operations with operating profits and does not use debt financing. The Group manages its capital structure and may change it as a result of changes in the economic situation. In order to maintain or adjust the capital structure, the Group may change the payment of dividends to shareholders, return capital to shareholders or issue new shares. In the years ended 31 December 2021 and 31 December 2020, no changes were introduced to the objectives, principles and processes applicable in this area.

Description	31/12/2021	31/12/2020
Interest-bearing loans and borrowings	0	0
Trade liabilities and other liabilities	57 728 514	13 027 834
Cash and cash equivalents	139 553 427	236 608 379
Net debt	**-81 824 913**	**-223 580 545**
Equity	351 051 3475	238 050 607
Total capital	**351 051 347**	**238 050 607**
Net equity and debt	**432 876 260**	**461 631 151**

22. EMPLOYEE BENEFIT PLANS

In connection with the introduction of the Employee Capital Plan program in Poland, the Company entered into an agreement with Aviva Specialized Open Investment Fund PPK to operate the Employee Capital Plan, and the Parent Company's employees became participants in the Plan from November 2020. The total costs of the PPK program incurred by the Company in 2021 amounted to PLN 166 thousand, compared to PLN 20 thousand in 2020.

23. INCENTIVE SCHEME

Incentive program for 2018-2020

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

On the basis of the resolution on the programme, the share capital of the Company could be increased by an amount not exceeding PLN 6,547.50 by issuing not more than 65,475 ordinary registered shares of series B with a nominal value of PLN 0.10

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

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

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

In 2018, 2019 and 2020, the Issuer's Supervisory Board adopted resolutions on establishing the list of Programme Participants and made an initial allocation of 81,612 shares: 16,245 under Tranche I, 26,915 under Tranche II and 38,452 under Tranche III.

The cost of the incentive scheme in 2018 amounted to PLN 236 thousand and all the shares initially allocated in the first tranche were taken up by the programme participants (i.e. 16,245 shares) during 2019.
The cost of the incentive scheme in 2019 was PLN 1.187 million and all shares initially allocated in the second Tranche were taken up by the scheme participants (i.e. 26,066 shares) during 2020.
The cost of the incentive scheme in 2020 was PLN 3.572 million, 34,472 shares were issued under the third Tranche during 2021.

Incentive program for 2021-2022

In May 2020, the Shareholders of the Company adopted an incentive program for key employees and associates of TSG for the years 2021-2022. The Program was established in order to ensure that the persons key to the development of the Company participate in the expected increase in the value of the Company and to bind the persons covered by the Program with the Company in a lasting way.

The aim of the Programme is to create mechanisms which will encourage and motivate qualified individuals, key to the implementation of the Company's strategy, to act in the interest of the Group and its shareholders by enabling them to acquire shares in the Company.

Participants in the Scheme will be entitled to subscribe for a total of up to 100,000 Shares issued through an increase of the share capital within the authorised capital established under the Resolution on the Scheme.

The Incentive Scheme covers the years 2021-2022, and the shares may be acquired in two tranches - for the financial year 2021 (Tranche I) and 2022 (Tranche II). The shares may be offered on condition that the Group achieves a certain level of recurring EBITDA*, which was determined by the Supervisory Board for each of the years 2021 and 2022.

If the required level is not achieved in the first year of the program, in the subsequent period shares for a given year may be granted if the cumulative recurring EBITDA reaches the level required for both years.

The Supervisory Board set the following levels of recurring EBITDA based on the resolution in April 2021:

- 248 804 235 PLN for the financial year 2021;
- PLN 251,330,811 for the financial year 2022.

*Recurring EBITDA means the operating profit achieved by the Group for a given financial year, as disclosed in the consolidated financial statements, plus depreciation and amortisation of tangible and intangible assets, adjusted for:

- extraordinary and non-recurring events;
- costs of conducting the Programme in accordance with the financial reporting standards binding for the Company;
- effect of accounting recognition in time of the incentive programme of President of the Management Board Maciej Zużałek (described below)
- impact of non-cash adjustments to revenue (and related distributor commission expense), related to e.g. deferred revenue from virtual currency or durable virtual goods (durables)
- the effect of possible one-off write-downs on capital expenditure on the creation of mobile games;
- the effect of possible changes in the tax and social security system, resulting, inter alia, from changes in current legislation, including the "New Deal", which would cause an increase in the Company's costs due to the need to increase the salaries of employees and associates (applies only to the financial result for 2022).

As regards the amount of recurring EBITDA in 2021, in October 2021 the Supervisory Board adopted a resolution allowing the target to be reduced by 8%, i.e. to PLN 228,899,896.

The cost of the incentive programme in 2021 amounted to PLN 17.6 million, and as at the date of issuing this report, the Company estimates that 34,009 shares will be issued under the first Tranche.

Participants in the program will have the right to sell shares acquired under tranche I no earlier than 2 January 2024, and under tranche II no earlier than 2 January 2025.

Incentive program for President of the Management Board

In the reported period the Company recognized a portion of the cost of the dedicated incentive program for the new President of the Management Board, Mr. Maciej Zuzalek. The said incentive scheme entailed a transfer of 144,825 shares at a par value of PLN 0.1 per share by the Company's existing shareholders. In accordance with IFRS 2 "Share-based Payment", any transfer of equity instruments of an enterprise from its shareholders to parties providing goods or services is a share-based payment and is measured in accordance with that standard. The market value of the scheme was PLN 72.4 million and the cost (not related to cash outflow) will be borne by the Group proportionally over 3 years (12 consecutive quarters) starting from 20 May 2020.

RECONCILIATION OF COSTS

Reconciliation of costs of incentive schemes by nature and by function:

Specification	1.01.2021-31.12.2021 (current scheme)	1.01.2020-31.12.2020 (previous scheme)
Share-based payments - cost by nature:	**41 703 472**	**21 672 018**
Costs of the motivation scheme for years 2018-2020	0	3 572 514
Costs of the motivation scheme for years 2021-2022	17 570 794	0

Costs of the motivation scheme for CEO Maciej Zużałek	24 132 678	18 099 504
Share-based payments - costs by function:	**39 670 061**	**21 383 078**
Cost of services sold	5 611 739	1 162 930
Selling costs	2 818 075	1 311 325
General administrative costs	31 240 247	18 908 823
Capitalisation of share-based payment costs (game production)	**2 033 411**	**288 940**

The reconciliation of the costs of the incentive schemes to the capital created from the valuation of the incentive scheme is as follows:

Specification	As at 31/12/2021	As at 31/12/2020
TOTAL Capital from the settlement of the incentive scheme	**65 139 524**	**23 436 052**
Including costs of the CEO's incentive scheme	42 232 182	18 099 504
Including costs of the incentive scheme for 2021	17 570 794	0
Including costs of the incentive scheme for 2020	3 572 514	3 572 514
Including costs of the incentive scheme for 2019	1 187 441	1 187 441
Including costs of the incentive scheme for 2018	236 328	236 328
Including costs of the incentive scheme for 2017	340 265	340 265

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

The tables below present total amounts of transactions conducted with affiliates for the current and previous reporting periods:

25.1 Management

Remuneration is presented below, broken down into paid and payable. In the absence of annotations, the amount paid is equal to the amount due for the reporting period. The totals for a given person present instead the amounts paid, without the amounts due.

Affiliate	Remuneration		Net dividend	
Period	**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 renumeration	*824 520*	*508 541*	*1 578 091*	*189 000*
- Ten Square Games S.A. – cash variable renumeration paid	*290 479*	*0*	*0*	*0*
*- Ten Square Games S.A. – cash variable renumeration 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 renumeration	*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 renumeration	*310 759*	*160 890*	*0*	*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 renumeration	*514 190*	*0*	*0*	*0*
*- Ten Square Games S.A. - share-based incentive program for 2021-2022**	*4 133 212*	*0*	*0*	*0*
Anna Idzikowska (since 21.01.2021)	**4 712 024**	**0**	**162 000**	**0**
- Ten Square Games S.A. – cash fixed renumeration	*514 065*	*0*	*162 000*	*0*
- Ten Square Games S.A. – cash variable renumeration	*64 747*	*0*	*0*	*0*
*- Ten Square Games S.A. - share-based incentive program for 2021-2022**	*4 133 212*	*0*	*0*	*0*
Janusz Dziemidowicz (since 21.01.2021)	**409 225**	**0**	**682 417**	**0**
- Ten Square Games S.A. – cash renumeration	*409 225*	*0*	*682 417*	*0*
Wojciech Gattner (since 21.01.2021)	**6 021 714**	**0**	**168 877**	**0**
- Ten Square Games S.A. – cash fixed renumeration	*514 066*	*0*	*168 877*	*0*
*- Ten Square Games S.A. – cash variable renumeration paid***	*1 374 436*	*0*	*0*	*0*
- Ten Square Games S.A. – cash variable renumeration 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*
Magdalena Jurewicz(until 31/07/2020 and since 21.10.2021):	**100 533**	**161 309**	**0**	**94 500**
- Ten Square Games S.A. – cash renumeration	*100 533*	*161 309*		*94 500*
Supervisory Board (Ten Square Games S.A.)	**420 016**	**321 877**	**6 904 230**	**187 749**
Maciej Zuzalek (until 21/04/2020 Chairman of the Supervisory Board, since 20.05.2020 CEO)	0	3 700	0	0
Rafal Olesinski	102 000	78 854	5 419	2 529
Marcin Chruszczynski (until 20/05/2020)	0	16 258	0	0
Tomasz Drozdzynski	51 565	46 983	0	0
Maciej Marszalek	60 000	43 516	356 400	185 220
Milena Olszewska-Miszuris (until 20/05/2020)	0	19 258	0	0
Wiktor Schmidt	48 000	46 483	0	0
Marcin Bilos (until 20/05/2020)	54 000	33 777	0	0
Kinga Stanislawska (since 20/05/2020)	54 000	33 048	851	0
Arkadiusz Pernal (since 01.01.2021)	50 452	0	6 541 560	0
Affiliates (Ten Square Games S.A.)	**162 000**	**107 040**	**13 081 500**	**8 318 979**
Maciej Popowicz (since 20/05/2020)	162 000	107 040	13 081 500	8 318 979

Marcin Chruszczynski (between 01/06/2020 and 31/07/2020)	0	25 267	0	0
Key personnel (Ten Square Games)	**0**	**0**	**n/d**	**n/d**
Family members of key personnel / Management Board (Ten Square Games)	**55 395**	**217 956**	**n/d**	**n/d**

Related person	**Liabilities**		**Receivables**	
Period	**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	**639 981**	**290 479**	**0**	**0**
Maciej Popowicz (until 20.05.2020)	0	0	0	0
Maciej Zużałek (since 20.05.2020)	205 440	290 479	0	0
Arkadiusz Pernal (until 31.12.2020)	0	0	0	0
Marcin Chruszczyński (from 01.08.2020 to 21.10.2021)	0	0	0	0
Andrzej Ilczuk (since 21.01.2021)	0	0	0	0
Anna Idzikowska (since 21.01.2021)	0	0	0	0
Janusz Dziemidowicz (since 21.01.2021)	0	0	0	0
Wojciech Gattner (since 21.01.2021)	434 541	0	0	0
Magdalena Jurewicz (until 31.07.2020 and since 21.10.2021)	0	0	0	0
Supervisory Board	**0**	**0**	**0**	**0**
Related persons (Ten Square Games S.A.)	**0**	**0**	**0**	**0**
Key personnel (Ten Square Games S.A.)	**0**	**0**	**0**	**0**
Family members of key personnel/Management Board (Ten Square Games S.A.)	**0**	**0**	**0**	**0**

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 Zużałek, 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.

25.2 Other affiliated parties

Affiliated party	Net sales		Net purchase		Dividend	
Period:	**01/01/2021 - 31/12/2021**	**01/01/2020 - 31/12/2020**	**01/01/2021 - 31/12/2021**	**01/01/2020 - 31/12/2020**	**01/01/2021 - 31/12/2021**	**01/01/2020 - 31/12/2020**
Subsidiaries:	**4 663 840**	**6 470 076**	**7 226 393**	**0**	**2 261 792**	**1 656 905**
Play Cool Zombie Sport Games Sp. z o.o.	80 687	146 607	0	0	2 261 792	1 656 905
Tiny Dragon Adventure Games Sp. z o.o.	2 566 393	4 666 667	0	0	0	0
Fat Lion Games Sp. z o.o.	1 514 715	1 656 802	0	0	0	0
Ten Square Games Germany GmbH	0	0	6 584 079	0	0	0
Ten Square Games S.R.L	0	0	642 314	0	0	0
RORTOS S.R.L.	502 045	0	0	0	0	0
Personally affiliated entities:	**0**	**0**	**106 646**	**125 606**	**0**	**0**
Olesinski i Wspólnicy Spólka komandytowa	0	0	106 646	125 606	0	0
Roberto Simonetto	0	0	0	0	0	0
Antonio Farina	0	0	0	0	0	0

Affiliated party	Net receivables		Net payables		Loans	
As of:	**31/12/2021**	**31/12/2020**	**31/12/2021**	**31/12/2020**	**31/12/2021**	**31/12/2020**
Subsidiaries:	**762 982**	**931 456**	**2 953 716**	**0**	**3 400 315**	**0**
Play Cool Zombie Sport Games Sp. z o.o.	7 359	44 627	0	0	0	0
Tiny Dragon Adventure Games Sp. z o.o.	185 190	591 102	0	0	506 767	0
Fat Lion Games Sp. z o.o.	68 388	295 727	0	0	506 767	0
Ten Square Games Germany GmbH	0	0	2 618 125	0	1 724 775	0
Ten Square Games S.R.L	0	0	335 591	0	662 006	0
RORTOS S.R.L.	502 045	0	0	0	0	0
Personally affiliated entities:	**0**	**0**	**48 436 059**	**25 450**	**0**	**0**
Olesinski i Wspólnicy Spólka komandytowa	0	0	15 529	25 450	0	0
Roberto Simonetto	0	0	29 047 476	0	0	0
Antonio Farina	0	0	19 373 054	0	0	0

The Parent sells internally produced games to its Polish subsidiaries and receives remuneration in return. On the other hand, Ten Square Games Germany GmbH and Ten Square Games S.R.L. were established in order to acquire human capital (gaming industry talent) in the local markets. Employees of these companies work for games produced by the Parent Company and their cost is then invoiced to the Parent Company. Transactions between the Parent and Rortos S.r.l. consist of production/maintenance support for Rortos' games, for which the Parent receives remuneration.

The Parent uses legal/tax services offered by the law firm Olesiński i Wspólnicy Sp.k. as needed, each time basing on the valuation of works for a given project.

Transactions between related parties took place on terms equivalent to those applicable to transactions concluded on market terms.

The liability to Mr Roberto Simonetto and Mr Antonio Farina arises from the purchase of 100% of the shares in Rortos, as further described in Note 10.

25. EMPLOYMENT

The average of employees in the financial year was 235 persons (147 in 2020). The main group of employees are specialists in information and communication technologies.

26. LEASE AGREEMENTS

Parent company

On 11 February 2019 the Company and Archicom Nieruchomości 5 Spółka z o.o. signed a lease agreement concerning office space located in the City One office and service building located in Wrocław at 45 Traugutta Street. The agreement was concluded for a definite period of 5 years. The lease period started on 02.01.2020, i.e. on the date of taking over the Leased Object and will end on 02.01.2025.

On January 21, 2020 another lease agreement was concluded between the Company and Archicom Nieruchomości 5 Spółka z ograniczoną odpowiedzialnością with its registered seat in Wrocław, concerning office space located in the City One office and service building located in Wrocław at 45 Traugutta Street. The lease period started on September 15, 2021 and the agreement was concluded for the period of 5 years, starting from the date of handover of the premises (terms and conditions of the agreement are the same as those of the earlier agreement).

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

All the above agreements are recognised in the financial statements in accordance with IFRS 16, i.e. the initial value of the acquired right to use is recognised in fixed assets and subsequently depreciated over the office lease term. The discounted payments under the leases are shown in liabilities in the long- and short-term parts, respectively.

Rortos S.r.l

The right to use Rortos' office space was also recognised in 2021. The lease agreement for the office on Del Pontiere Street in Verona was concluded on 01.07.2019 for a period of 6 years from the date of acceptance of the premises, with an option to extend for a further 6 years - until 2031. The monthly rent is EUR 2,500.

27. LITIGATIONS

The Group had no pending court cases in 2021 or 2020.

28. EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date that could affect the financial data included in the financial statements for the period ended 31 December 2021. However, significant events that will affect the report in the next period are presented below.

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.

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

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

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

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**

		date	signature
The Chairman of the Management Board	Maciej Zuzalek	30/03/2022	
Member of the Management Board	Anna Idzikowska	30/03/2022	
Member of the Management Board	Magdalena Jurewicz	30/03/2022	
Member of the Management Board	Andrzej Ilczuk	30/03/2022	
Member of the Management Board	Janusz Dziemidowicz	30/03/2022	
Member of the Management Board	Wojciech Gattner	30/03/2022	

Person entrusted with keeping the books of accounts	Karolina Hoszowska-Dubaniowska	30/03/2022	