



ten square_games

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENT
OF TEN SQUARE GAMES S.A. GROUP
FOR 1.01.2022 – 30.06.2022**

WROCLAW, 5.09.2022

Disclaimer

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



SELECTED FINANCIAL DATA CONVERTED TO EUR

CONSOLIDATED DATA

STATEMENT OF COMPREHENSIVE INCOME

	PLN		EUR	
	for the period 01.01.2022 – 30.06.2022	for the period 01.01.2021 – 30.06.2021	for the period 01.01.2022 – 30.06.2022	for the period 01.01.2021 – 30.06.2021
Bookings	266 002 370	324 173 144	57 294 757	71 290 716
Revenues	274 477 494	338 999 340	59 120 231	74 551 774
Costs of services sold	33 476 255	22 019 279	7 210 514	4 842 417
Operating profit	46 836 287	94 615 365	10 088 157	20 807 543
Gross profit	49 264 204	95 466 480	10 611 111	20 994 718
Net profit	40 535 066	86 077 936	8 730 925	18 930 016
EBITDA	61 770 713	100 295 927	13 304 912	22 059 229
Adjusted EBITDA	70 577 833	111 968 844	15 201 894	24 626 235

CASH FLOW STATEMENT

	PLN		EUR	
	for the period 01.01.2022 – 30.06.2022	for the period 01.01.2021 – 30.06.2021	for the period 01.01.2022 – 30.06.2022	for the period 01.01.2021 – 30.06.2021
Net cash flows from operating activity	83 935 055	107 723 162	18 078 931	23 690 172
Net cash flows from investment activity	-39 131 776	-11 478 016	-8 428 668	-2 524 213
Net cash flows from financial activity	-93 088 667	-547 907	-20 050 545	-120 494

STATEMENT OF FINANCIAL POSITION

	PLN		EUR	
	for the period 01.01.2022 – 30.06.2022	for the period 01.01.2021 – 30.06.2021	for the period 01.01.2022 – 30.06.2022	for the period 01.01.2021 – 30.06.2021
Fixed assets	326 192 131	298 865 805	69 690 239	64 979 303
Current assets	157 694 736	221 414 318	33 691 137	48 139 826
Equity	318 796 029	351 051 347	68 110 078	76 325 466
Long-term liabilities	58 244 747	64 993 212	12 443 863	14 130 802
Short-term liabilities	106 846 091	104 235 564	22 827 435	22 662 861

EUR/PLN exchange rate	2022	2021
for the balance-sheet data	4,6806	4,5994
for the data from the profit and loss statement and cash flow statement	4,6427	4,5472

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

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

SPECIFICATION	1Q2022	2Q2022	1HY 2022 in total
Operating profit (EBIT)	29 391 817	17 444 470	46 836 287
Amortization and depreciation	2 742 054	3 725 224	6 467 278
Write-downs for impairment	0	8 467 149	8 467 149
EBITDA	32 133 872	29 636 841	61 770 713
Non-cash impact of incentive scheme (excluding capitalised portion)	12 303 319	-236 983	12 066 336
deferred result (revenue minus commissions) – consumables	-3 456 258	-636 252	-4 092 510
deferred result (revenue minus commissions) – durable	-1 859 303	-316 187	-2 175 490
costs of potential and completed acquisitions (M&A) and review of strategic options	1 760 415	0	1 760 415
Donations to public benefit organization (regarding the war in Ukraine)	1 000 000	0	1 000 000
Other one-offs	248 368	0	248 368
Adjusted EBITDA	42 130 413	28 447 420	70 577 833

SPECIFICATION	1Q2021	2Q2021	Total 1HY 2021	3Q2021	4Q2021	2021 in total
Operating profit (EBIT)	55 919 321	38 696 044	94 615 365	31 192 480	40 412 748	166 220 593
Amortization and depreciation	941 410	978 452	1 919 862	3 304 646	2 359 808	7 584 316
Write-downs for impairment	0	3 760 700	3 760 700	0	0	3 760 700
EBITDA	56 860 731	43 435 196	100 295 927	34 497 126	42 772 556	177 565 609
Non-cash impact of incentive scheme (excluding capitalised portion)	10 981 139	10 970 806	21 951 945	7 694 579	10 023 537	39 670 061
deferred result (revenue minus commissions) – consumables	-2 249 545	-198 724	-2 448 269	1 585 693	5 232 970	4 370 394
deferred result (revenue minus commissions) – durable	-1 181 489	-6 649 270	-7 830 759	5 331 821	9 330 773	6 831 835
costs of potential and completed acquisitions (M&A) and review of strategic options	0	0	0	3 686 602	0	3 686 602
Other one-offs	0	0	0	2 054 828	0	2 054 828
Adjusted EBITDA	64 410 836	47 558 008	111 968 844	54 850 650	67 359 837	234 179 331





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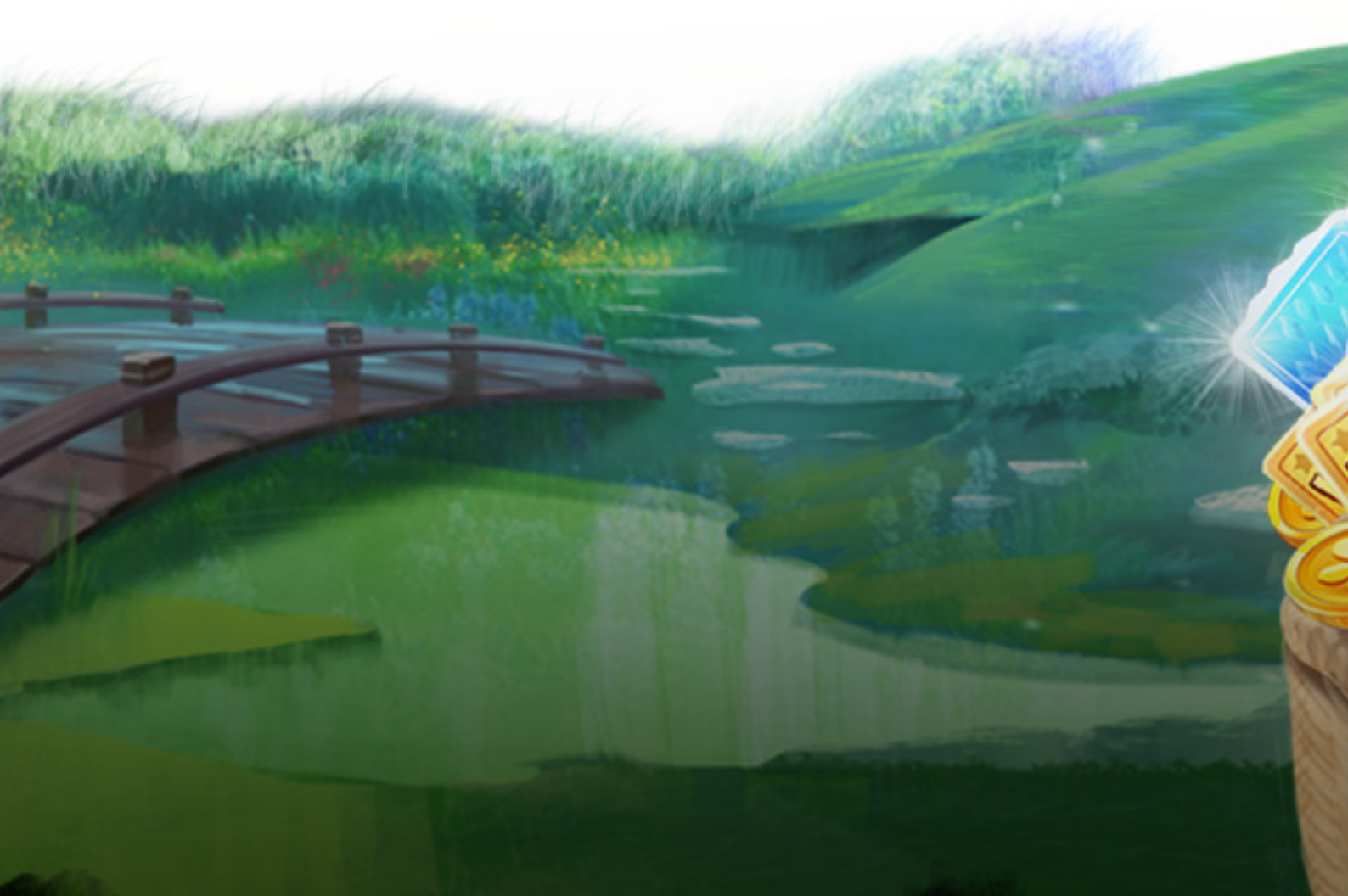




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GENERAL INFORMATION







ENTITY'S REPORTING DATA

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. There were no changes in name or other identifying information in subsequent periods.

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

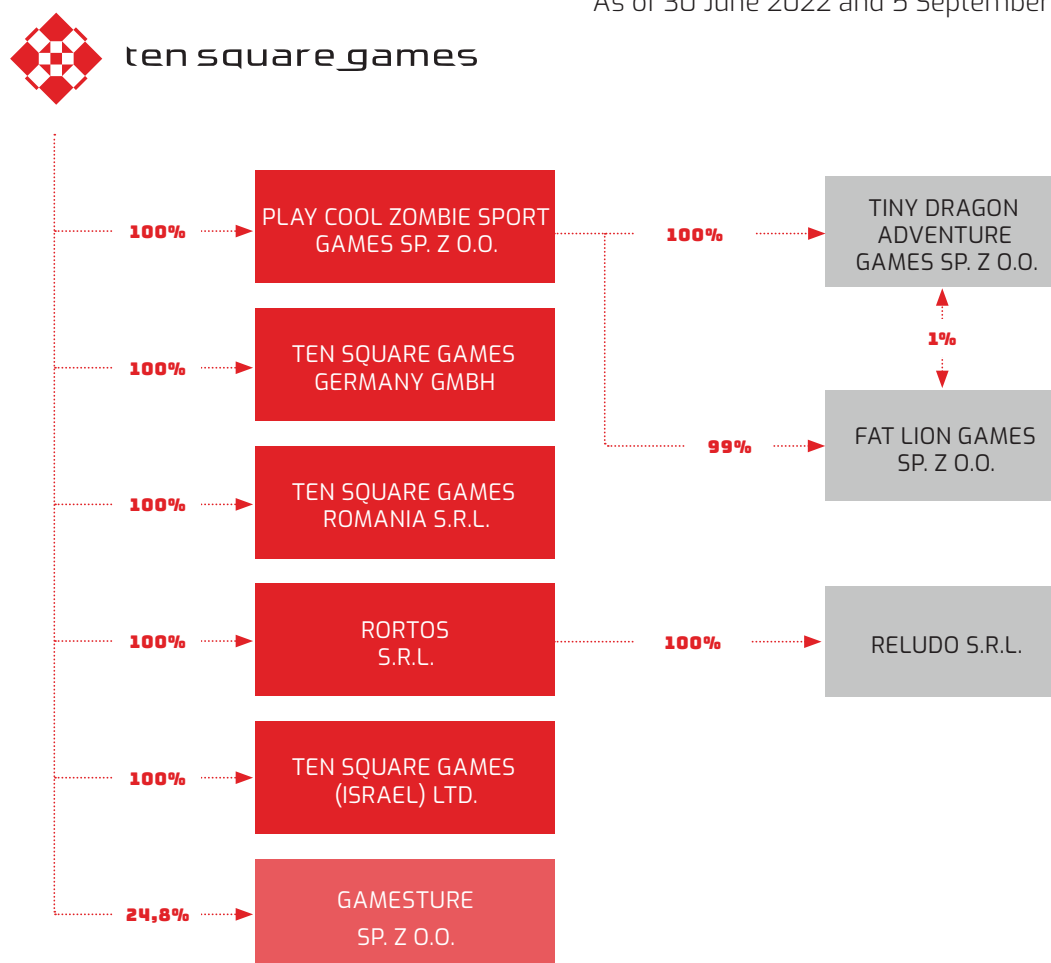
2.

THE CAPITAL GROUP

Ten Square Games S.A. is the Parent Entity in the Capital Group, which prepares consolidated financial statements.

The subsidiaries represented above are subject to the consolidated financial statement since the date of a given company's establishment, until the date of loss of control over the company.

As of 30 June 2022 and 5 September 2022:





3.

SHAREHOLDING STRUCTURE

3.1.

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

Shareholder	Number of shares as at 5.09.2022	% share in capital	number of votes at GSM	% share in the number of votes
Shareholders' Arrangement ⁽¹⁾	2 559 307	34,89%	2 559 307	34,89%
Nationale-Nederlanden OFE/PTE	524 371	7,15%	524 371	7,15%
TFI Allianz Polska S.A	488 915	6,67%	488 915	6,67%
own shares acquired by the Company	70 000	0,95%	70 000	0,95%
Others (none of which holds above 5% of shares)	3 692 229	50,34%	3 692 229	50,34%
Total	7 334 822	100%	7 334 822	100%

Shareholder	Number of shares as at 30.06.2022 and 23.05.2022	% share in 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%
TFI Allianz Polska 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 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%

[1] The Company's shareholders' agreement of 21.10.2019 concerning the conduct of a permanent policy towards the Company and the concerted exercise of voting rights on the Company's shares (current report No. 30/2019). The parties to the shareholders' agreement include Maciej Popowicz (President of the Management Board until May 20, 2020) and Arkadiusz Pernal (Vice President of the Management Board until December 31, 2020). On July 9, 2020, two new members joined the Shareholders' Agreement.





3.2.

List of shares held by members of the Management Board or Supervisory Board of the Parent Company

Shareholder	Number of shares as at 5.09.2022	% share in capital	number of votes at GSM	% share in the number of votes
President of the Management Board – Maciej Zużatek	194 826	2,66%	194 826	2,66%
Member of the Management Board – Anna Idzikowska	25 000	0,34%	25 000	0,34%
Member of the Management Board – Andrzej Ilczuk	10 388	0,14%	10 388	0,14%
Member of the Management Board – Janusz Dziemidowicz	84 249	1,15%	84 249	1,15%
Member of the Management Board – Wojciech Gattner	32 698	0,45%	32 698	0,45%
Member of the Management Board – Magdalena Jurewicz	19 500	0,27%	19 500	0,27%
Member of the Supervisory Board – Arkadiusz Pernal	661 552	9,02%	661 552	9,02%
Member of the Supervisory Board – Maciej Marszałek	44 000	0,60%	44 000	0,60%
Member of the Supervisory Board – Rafał Olesiński	669	0,01%	669	0,01%
Member of the Supervisory Board – Kinga Stanisławska	105	0,00%	105	0,00%
Total	1 072 987	14,63%	1 072 987	14,63%
<i>Others</i>	<i>6 261 835</i>	<i>85,37%</i>	<i>6 261 835</i>	<i>85,37%</i>
Total	7 334 822	100,00%	7 334 822	100,00%

Shareholder	Number of shares as at 30.06.2022 and 23.05.2022	% share in capital	number of votes at GSM	% share in the number of votes
President of the Management Board – Maciej Zużatek	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%
Member of the Supervisory Board – Maciej Marszałek	44 000	0,60%	44 000	0,60%
Member of the Supervisory Board – Rafał Olesiński	669	0,01%	669	0,01%
Member of the Supervisory Board – Kinga Stanisławska	105	0,00%	105	0,00%
Total	1 048 987	14,37%	1 048 987	14,37%
<i>Others</i>	<i>6 252 796</i>	<i>85,63%</i>	<i>6 252 796</i>	<i>85,63%</i>
Total	7 301 783	100,00%	7 301 783	100,00%

Shareholder	Number of shares as at 31.12.2021	% share in capital	number of votes at G5M	% share in the number of votes
President of the Management Board – Maciej Zużatek	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 Marszałek	44 000	0,60%	44 000	0,60%
Member of the Supervisory Board – Rafał Olesiński	669	0,01%	669	0,01%
Member of the Supervisory Board – Kinga Stanisławska	105	0,00%	105	0,00%
Total	1 195 035	16,43%	1 195 035	16,43%
<i>Others</i>	<i>6 095 013</i>	<i>83,57%</i>	<i>6 095 013</i>	<i>83,57%</i>
Total	7 301 783	100,00%	7 301 783	100,00%

3.3. Series of shares

Series of shares	Number of shares as at 5.09.2022	Nominal value of shares	Total nominal value of shares
A	7 225 000	0,1 PLN	722 500,00
B	109 822	0,1 PLN	10 982,20

Series of shares	Number of shares as at 31.12.2021 and 30.06.2022	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 program.





3.4. Description of changes in shareholding structure

Changes in the shareholding structure between 31.12.2021 and 5.09.2022 result from the transactions described in:

1. Received on January 24, 2022, notifications regarding the change in the shareholding of the Company, submitted by: Maciej Popowicz and Arkadiusz Pernal, about which the Company informed in the current report No. 9/2022.
2. The notification on the change in the shareholding of the Company received on January 28, 2022, submitted by NN OFE, about which the Company informed in the current report No. 15/2022.
3. The notification on the change in the shareholding of the Company received on July 6, 2022, submitted by TFI Allianz Polska S.A., about which the Company informed in the current report No. 38/2022.
4. In accordance with current reports No. 32, 33, 34/2022 of July 4, 2022, Members of the Management Board: Anna Idzikowska, Andrzej Ilczuk and Wojciech Gattner acquired 8,000 shares each as part of the incentive scheme settlement. These shares were registered by the Court on September 2, 2022, hence the shares are shown in the tables above only on this date.
5. On July 28, 2022, the Company filed with the National Court Register an application for registration of an increase in supplementary capital by PLN 3,303.90 (33,039 shares) in connection with the next issue of shares related to the settlement of the program for 2021. The supplementary capital was registered on September 2, 2022.



COMPOSITION OF THE COMPANY'S BODIES AS AT 30.06.2022

The Management Board:

Maciej Zużatek

– 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.

There were no changes in the composition of the Management Board during the reporting period and after it, until the date of preparation of the financial statements.

The Supervisory Board:

Rafał Olesiński

– Przewodniczący Rady Nadzorczej;

Wiktor Schmidt

– Wiceprzewodniczący Rady Nadzorczej;

Marcin Biłos

– Member of the Supervisory Board;

Maciej Marszałek

– Member of the Supervisory Board;

Arkadiusz Pernal

– Member of the Supervisory Board;

Kinga Stanisławska

– Member of the Supervisory Board.

During the reporting period and after it, until the date of preparation of the financial statements, the following changes in the composition of the body took place:

1. Mr. Tomasz Drożdżyński resigned from the function of a Supervisory Board Member on March 11, 2022.





5.

FORM OF CONDENSED STATEMENT

The basis for the preparation of the financial statement

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

The interim condensed consolidated financial statement does not involve all information and disclosures required in the annual financial statement and it shall be read in conjunction with the consolidated financial statement of the Group for the year ending on 31 December 2021.

Functional currency and presentation currency

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

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

Presented periods

The interim condensed consolidated financial statement has been prepared as at 30.06.2022 and it covers the period of 6 months, i.e. since 01.01.2022 to 30.06.2022.

For the data presented in the interim condensed consolidated statement of financial situation and off-balance sheet items, comparable financial data as at 31.12.2021 and 30.06.2021 were presented.

For the data presented in the interim condensed consolidated statement of comprehensive income and the interim condensed standalone statement of comprehensive income, comparable financial data for the period from 01.01.2021 to 30.06.2021 were presented.

For the data presented in the interim condensed consolidated statement of changes in equity and in the interim condensed standalone cash flow statement, comparable financial data were presented for the period from 01.01.2021 to 30.06.2021.

Continuity assumption

The interim condensed consolidated financial statement has been prepared assuming that the Company and the Capital Group shall continue their activities for the period of 12 months after the last balance-sheet date, i.e. 30.06.2023. The Management Board of the Parent Entity, as at the date of signing the statement, was not aware of any facts or circumstances which could indicate a threat to the continuation of activity for the period of 12 months after the balance-sheet date due to an intended or forced discontinuance or material limitation of the activity.

Until the date of preparation of the interim condensed consolidated financial statement for the half year of 2022, there were no events which were not and which should have been included in the accountancy books of the reporting period. At the same time, no material events relating to previous years in these financial statements are included in the financial statement.

Auditing company

These interim condensed consolidated financial statements were audited and reviewed by an independent audit firm:

PKF Consult
Spółka z ograniczoną odpowiedzialnością Sp. k.
ul. Orzycka 6 lok. 1B
02-695 Warszawa
entered on the list of auditing companies
with number 477





6.

STATEMENT OF THE MANAGEMENT BOARD

The Management Board of the Parent Entity declares that, to the best of its knowledge, this interim condensed consolidated financial statement and the comparative data have been prepared in accordance with the accounting provisions of the Capital Group Ten Square Games S.A. and that they reflect a true and fair view of the property and financial situation of the Company and the Capital Group, and their financial results.

The Management Board also declares that the interim report on the activities of the Capital Group presents a true picture of the development, achievements and condition of the Capital Group, including a description of the main threats and risks.

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

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





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II.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT







INTERIM CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT	for the period 01.01.2022 – 30.06.2022	for the period 01.01.2021 – 30.06.2021
Revenues from the sales of services	274 477 494	338 999 340
Costs of services sold	33 476 255	22 019 279
Gross profit (loss) on sales	241 001 239	316 980 061
Other operating revenues	649 817	383 449
Selling costs	147 460 307	191 734 753
General and administrative costs	36 624 347	26 817 669
Other operating costs	10 730 115	4 195 723
Operating profit (loss)	46 836 287	94 615 365
Financial revenues	6 675 234	979 836
Financial costs	3 074 409	128 721
Loss on associates	1 172 908	0
Profit before taxation	49 264 204	95 466 480
Income tax	8 729 138	9 388 544
Net profit on continued activity	40 535 066	86 077 936
Profit on discontinued activity	0	0
Net profit	40 535 066	86 077 936
Net profit attributable to the parent company	40 535 066	86 077 936
Items for requalification for the profit and loss statement in the subsequent periods	9 175 062	1 940
Other comprehensive income	9 175 062	1 940
Subject to reclassification to profit or loss – foreign exchange differences on translation of foreign statements	9 175 062	1 940
Items which will not be subject to requalification for the profit and loss statement in the subsequent periods	0	0
Total comprehensive income	49 710 128	86 075 996
Total comprehensive income assigned to non-controlling shareholders	0	0
Net profit (loss) attributable to the parent company	49 710 128	86 075 996

EARNINGS PER SHARE

CALCULATION OF EARNINGS PER SHARE	for the period 01.01.2022 – 30.06.2022	for the period 01.01.2021 – 30.06.2021
Number of shares		
The weighted average number of shares for the purpose of calculating the value basic of earnings per share (in units)	7 301 783	7 267 311
The weighted average number of shares for the purpose of calculating the value of diluted earnings per share (in units)	7 334 822	7 301 783
Net profit assigned to the Parent Entity	40 535 066	86 077 936
net earnings per share on continued operations in PLN		
basic for the financial period	5,55	11,84
diluted for the financial period	5,53	11,79
Net profit per share attributable to discontinued operations in PLN		
basic for the financial period	5,55	11,84
diluted for the financial period	5,53	11,79
Net profit 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





2.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL SITUATION

ASSETS	30.06.2022	31.12.2021	30.06.2021
Fixed assets	326 192 131	298 865 805	23 994 107
Property, plant and equipment	22 100 236	15 210 185	8 019 642
Intangible assets	112 616 008	106 445 245	8 391 361
Goodwill	163 893 767	161 050 504	0
Other financial assets	23 483 515	9 575 534	5 466 210
Deferred income tax assets	4 098 605	6 584 337	2 116 894
Current assets	157 694 736	221 414 318	398 668 970
Receivables	49 555 331	62 040 655	55 690 077
Contract assets	17 030 022	19 237 145	10 368 188
Loans granted	178 787	583 091	0
Cash and cash equivalents	90 930 596	139 553 427	332 610 705
TOTAL ASSETS	483 886 867	520 280 123	422 663 077

EQUITY & LIABILITIES	30.06.2022	31.12.2021	30.06.2021
Equity	318 796 029	351 051 347	274 431 175
Equity of the Parent Entity's shareholders	318 796 029	351 051 347	274 431 175
Share capital	730 178	730 178	726 731
Share premium	496 100	496 100	496 100
Capital from the settlement of the incentive scheme	77 205 860	65 139 524	46 426 208
Foreign exchange differences on translation of statements of foreign operations	9 175 062	2 715 041	1 940
Retained earnings	249 824 879	281 970 504	226 780 196
Own shares	-18 636 050	0	0
Long-term liabilities	58 244 747	64 993 212	6 530 806
Deferred income tax provisions	7 226 626	4 993 184	661 939
Provisions for employee benefits	2 532 666	2 588 247	0
Lease liabilities	7 246 758	8 991 251	5 868 867
Other liabilities	41 238 697	48 420 530	0
Short-term liabilities	106 846 091	104 235 564	141 701 096
Trade liabilities	22 233 948	6 844 591	20 524 616
Current income tax liabilities	9 278 550	18 766 559	6 983 088
Lease liabilities	3 833 223	3 684 538	1 709 735
Other liabilities	9 823 683	2 463 393	73 459 248
Provisions for employee benefits	4 909 946	7 234 618	4 132 761
Contract liabilities	56 766 741	65 241 865	34 891 648
Total liabilities	165 090 838	169 228 776	148 231 902
TOTAL EQUITY & LIABILITIES	483 886 867	520 280 123	422 663 077





3.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

6 months ending 30.06.2022	Share capital	Share premium	Capital from the settlement of the incentive scheme	Foreign exchange differences on translation	Retained earnings	Own shares	Equity attributable to shareholders of the Parent Company	TOTAL EQUITY
Equity as at 01.01.2022	730 178	496 100	65 139 524	2 715 041	281 970 504	0	351 051 347	351 051 347
Capital contributions							0	0
Share-based payments			12 066 336				12 066 336	12 066 336
Foreign exchange differences					-3 077 902		-3 077 902	-3 077 902
Distribution of net profit							0	0
Payment of dividend					-72 317 830		-72 317 830	-72 317 830
Other changes							0	0
Net profit					40 535 066		40 535 066	40 535 066
Acquisition of own shares						-18 636 050	-18 636 050	-18 636 050
Other comprehensive income				6 460 021	2 715 041		9 175 062	9 175 062
Total comprehensive income				6 460 021	43 250 107		49 710 128	49 710 128
Change in equity	0	0	12 066 336	6 460 021	-32 145 625	-18 636 050	-32 255 318	-32 255 318
Equity as at 30.06.2022	730 178	496 100	77 205 860	9 175 062	249 824 879	-18 636 050	318 796 029	318 796 029

12 months ending 31.12.2021	Share capital	Share premium	Capital from the settlement of the incentive scheme	Foreign exchange differences on translation	Retained earnings	Equity attributable to shareholders of the Parent Company	TOTAL EQUITY
Equity as at 01.01.2021	726 731	496 100	23 436 052	4 290	213 387 434	238 050 607	238 050 607
Capital contributions	3 447					3 447	3 447
Share-based payments			41 703 472			41 703 472	41 703 472
Foreign exchange differences					-12 692	-12 692	-12 692
Payment of dividend					-72 673 110	-72 673 110	-72 673 110
Net profit					141 264 582	141 264 582	141 264 582
Other comprehensive income				2 710 751	4 290	2 715 041	2 715 041
Total comprehensive income				2 710 751	141 268 872	143 979 623	143 979 623
Change in equity	3 447	0	41 703 472	2 710 751	63 583 070	113 000 740	113 000 740
Equity as at 31.12.2021	730 178	496 100	65 139 524	2 715 041	281 970 504	351 051 348	351 051 347

6 months ending 30.06.2021	Share capital	Share premium	Capital from the settlement of the incentive scheme	Foreign exchange differences on translation	Retained earnings	Equity attributable to shareholders of the Parent Company	TOTAL EQUITY
Equity as at 01.01.2021	726 731	496 100	23 436 052	4 290	213 387 434	238 050 607	238 050 607
Capital contributions						0	0
Share-based payments			22 990 156			22 990 156	22 990 156
Foreign exchange differences				-4 290	-12 064	-16 354	-16 354
Payment of dividend					-72 673 110	-72 673 110	-72 673 110
Net profit					86 077 936	86 077 936	86 077 936
Other comprehensive income				1 940		1 940	1 940
Total comprehensive income				1 940	86 077 936	86 079 876	86 079 876
Change in equity			22 990 156	-2 350	13 392 762	36 380 568	36 380 568
Equity as at 30.06.2021	726 731	496 100	46 426 208	1 940	226 780 196	274 431 175	274 431 175





4.

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	for the period 01.01.2022 – 30.06.2022	for the period 01.01.2021 – 30.06.2021
OPERATING ACTIVITY		
Profit/loss before taxation	49 264 204	95 466 480
Total corrections:	46 708 385	27 324 025
Amortization and depreciation (including the capitalized portion)	6 756 547	1 919 862
Profit/loss on exchange differences	-341 676	-492 331
Interest paid on leasing	163 865	127 174
Interest on liabilities (Rortos)	2 885 945	0
Change in receivables	12 485 324	-524 811
Change in liabilities and accrued expenses	9 134 909	10 922 996
Change in contract liabilities	-8 475 124	-14 826 196
Change in contract assets	2 207 123	4 547 168
Write-off of intangible assets	8 467 149	3 760 701
Share-based payments (part not included in capitalization of intangible assets)	12 066 336	21 936 704
Loss on associates	1 172 918	0
Other adjustments	185 069	-47 242
Cash on operating activity	95 972 589	122 790 505
Income tax (paid) / refunded	-12 037 534	-15 067 343
A. Net operating cash flow	83 935 055	107 723 162
INVESTMENT ACTIVITY		
Repayment of loans granted	404 304	893 758
Purchase of intangible and tangible fixed assets	-25 215 681	-7 786 093
Purchase of shares	-14 320 399	-4 585 680
B. Net cash flow from investment activities	-39 131 776	-11 478 016

	for the period 01.01.2022 – 30.06.2022	for the period 01.01.2021 – 30.06.2021
FINANCIAL ACTIVITY		
Dividends and other payments to shareholders	-72 317 830	0
Payments of lease liabilities	-1 970 922	-420 733
Purchase of own shares	-18 636 050	0
Interest on lease	-163 865	-127 174
C. Net cash flow from financing activity	-93 088 667	-547 907
D. Total net cash flow	-48 285 388	95 697 240
– change in cash due to exchange losses/gains	-337 443	305 087
E. Balance-sheet change in cash, including foreign exchange	-48 622 831	96 002 327
F. Cash at the beginning of the period	139 553 427	236 608 379
G. Cash at the end of the period	90 930 596	332 610 705

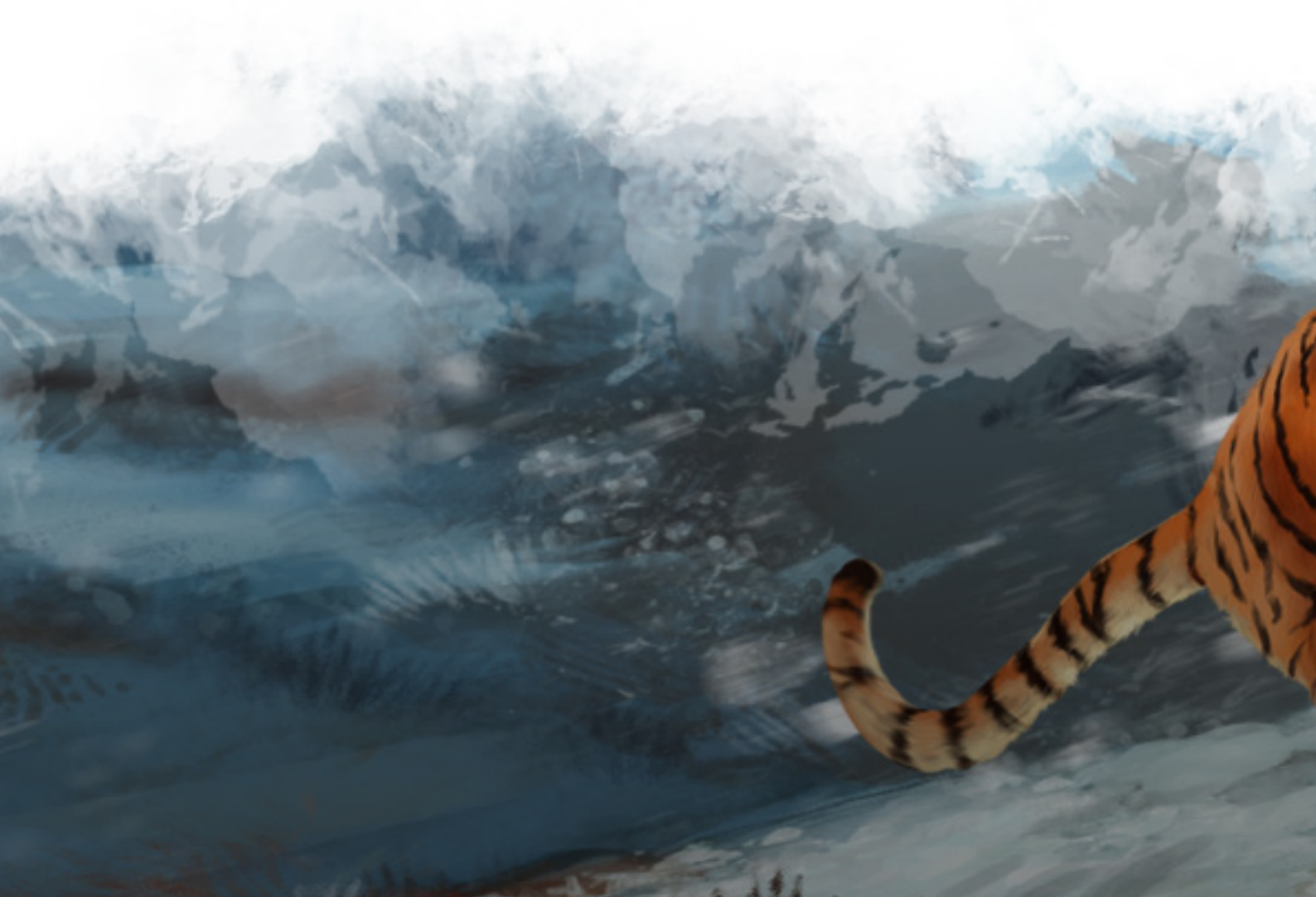




ten square_games

III.

BASIS OF PREPARATION AND ACCOUNTING POLICY







1.

COMPLIANCE WITH THE INTERNATIONAL ACCOUNTING STANDARDS

This interim condensed financial statement has been prepared in accordance with the International Accounting Standard No. 34 „Interim Financial Reporting“.

The accounting principles (policy) applied to prepare this report are consistent with those applied in the preparation of the financial statements for the year ended December 31, 2021, except for the application of changes in standards and new interpretations applicable to annual periods beginning on or after 1st of January 2022:

- a.** The annual amendments to IFRS 2018-2020 introduce changes to the standards: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the illustrative examples to IFRS 16 Leases. The amendments clarify the guidelines of the standards for recognition and measurement. As at the date of preparing these interim condensed financial statements, the changes have not yet been approved by the European Union.
- b.** Amendments to IFRS 3 Business Combinations. The amendments to the standard, published in May 2020, are intended to update the relevant references to the Conceptual Framework in IFRS, without introducing substantive changes to accounting for business combinations.
- c.** Amendments to IAS 37 „Provisions, Contingent Liabilities and Contingent Assets“. The amendments to IAS 37 provide clarifications regarding the costs that an entity considers in analysing whether the contract is an onerous contract.

d. Amendments to IAS 1 Presentation of financial statements concern the classification of liabilities as current or long-term and disclosures about the applied accounting policy, applicable to annual periods beginning on or after January 1, 2023 or later.

e. Amendments to IAS 8 Accounting Policies for Changes in Accounting Estimates and Errors, apply to the definition of accounting estimates applicable to annual periods beginning on or after January 1, 2023 or later.

f. Amendments to IAS 12 Income Taxes – apply to deferred tax related to assets and liabilities resulting from a single transaction, effective for annual periods beginning on or after January 1, 2023 or later.

g. IFRS 17 Insurance Contracts, as amended to IFRS 17, applicable to annual periods beginning on or after 1 January 2023. The standard defines a new approach to recognizing income and profit / loss over the period of providing insurance services.

h. Amendments to IFRS 17 Insurance Contracts relate to the first application of IFRS 17 and IFRS 9 (comparative information), applicable to annual periods beginning on or after January 1, 2023 or later.

Introduced in the above-mentioned the changes have been analyzed by the Group's Management Board and have no significant impact on the financial position, results of the Group's operations, or the scope of information presented in these interim condensed financial statements.





2.

CHANGES IN ACCOUNTING PRINCIPLES (POLICY)

In the reporting period there were no changes in the accounting policy.



3.

DESCRIPTION OF THE ADOPTED ACCOUNTING PRINCIPLES (POLICY)

3.1. Consolidation – subsidiaries

Consolidated financial statement

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

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

Standalone financial statement

Pursuant to IAS 27, the Company, as the parent company preparing separate financial statements, recognizes investments in subsidiaries, jointly controlled entities and associates at cost. If the purchase price includes future contingent payments, the Company estimates the value of future cash flows as credibly as possible on the date of purchase, and then recognizes them at the present value, adjusted by 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 recognized initially at cost, and the carrying amount is increased or decreased in order to recognize the investor's share of the profit or loss of the investee, noted by it after the acquisition date.

An associate is an entity over which the investor has significant influence and which is neither a subsidiary of the investor nor a joint venture of the investor. The management board of the parent company always considers the existence of significant influence and dependence of the company in which the shares are acquired.

3.2. **Revenues and costs of operating activity**

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

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

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

The Group distinguishes three main sources of revenues:

REVENUES

MICRO-PAYMENTS

- » revenues from additional functionalities purchased by the players

ADVERTISEMENTS

- » revenues from advertisements displayed in games

LICENSES

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

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).

During the course of 2020, the Company made changes to its information systems so that it began collecting data to analyze the use of durable goods over time. As a result, the Company estimates the amount of the liability (customer contract liability) for the provision of the durable good in the game – revenues related to the purchase of durable virtual goods (and the commission of digital distribution platforms such as Google Play and the App Store related to these revenues) are recognized by the estimated average play 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 selling costs.

Revenues from advertisements displayed in games (advertisements)

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

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

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

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

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

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

3.3. Revenues and costs of financial activity

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

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

3.4. Income tax

Income tax includes: current tax payable and deferred tax.

Current tax

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

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

Ten Square 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 Group, balance sheet valuation of settlements and accounting for revenues from users over time.

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 related to 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 recognizes 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 recognized by the Company in an amount which better reflects the resolution of the uncertainty, using the method of one most probable result or the expected value method (the sums weighted by probabilities of possible solutions). When assessing the probability of acceptance, the Company assumes that the tax authorities will verify the uncertain tax treatment and have full knowledge of this issue.

3.5. Tangible fixed assets

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

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

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

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

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

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





3.6. Intangible assets

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

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

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

Intangible assets of the Group with the depreciation rates:

1. Computer software – from 2 to 5 years,
2. Development costs – from 5 to 10 years.

Software development activities

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

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

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

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

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





3.7. 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 values an asset by virtue of the right of use, using the cost model, while the liability is valued 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.





3.8. Financial instruments

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

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

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

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

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

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

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

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

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

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

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

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

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





3.9.

Transactions in foreign currencies

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

Valuation

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

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

Transactions during the year

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

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

3.10. **Pre-payments and accruals**

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

3.11. **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 Group 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 value the fair value of received services by reference to the fair value of the equity instruments. It is a consequence of the fact that it is usually not possible to reliably estimate the fair value of the received services. The fair value of equity instruments shall be determined at the date of granting such instruments.

3.13. **Payment of dividends**

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





3.14. **Provisions**

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

3.15. **Liabilities**

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

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

3.16. **Significant values based on professional judgement and estimates**

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

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

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

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

Professional judgement:

Moment of activation of development costs

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

Depreciation period of activated intangible assets

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

Deferred income tax assets and liabilities

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

Fair value of share-based payments

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

Recognition of revenue from the sales of durable virtual goods

The Group 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.





Uncertainty of estimates

Impairment of assets

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

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 ^[1]) 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.

- » 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.

[1] 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

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 30.06.2022.

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





ten square_games

IV.

ADDITIONAL NOTES AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENT







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.

SPECIFICATION	01.01.2022 – 30.06.2022	01.01.2021 – 30.06.2021
Sales of services	274 477 494	338 999 340
TOTAL revenues from sales of services	274 477 494	338 999 340
Other operating revenues	649 817	383 449
Financial revenues	6 675 234	979 836
TOTAL revenues from continuing operations	281 802 545	340 362 625
TOTAL revenues	281 802 545	340 362 625

Revenues from discontinued operations did not occur.

1.1. Information on operating segments and result performance indicators

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

Management currently evaluates the Group's financial performance primarily based on 2 metrics: „Bookings” and „Adjusted EBITDA”.

Under „Bookings”, the Group 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 „customer contract liabilities”.

Recurring EBITDA means the Group's operating profit for a given financial year as disclosed in the consolidated financial statements, increased by depreciation of fixed assets and intangible assets, adjusted by:

- » extraordinary and one-off events;
- » 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 Zużatek (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 to the tax and social security systems, resulting, inter alia, from due to changes in applicable regulations, including the „Nowy Lad”, which would increase the costs of the Company due to the need to increase the remuneration of employees and associates (applies only to the financial result for 2022).





1.2. Revenues – source

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

TYPE OF REVENUES	bookings 01-06.2022	share in bookings 2022	bookings 01-06.2021	share in bookings 2021
micro-payments	256 426 396	96,4%	318 604 882	98,3%
advertisements	6 539 909	2,5%	3 692 206	1,1%
licenses	3 036 065	1,1%	1 876 056	0,6%
BOOKINGS TOTAL	266 002 370	100%	324 173 144	100%
Deferred income (consumable)	5 846 444	N/D	3 497 529	N/D
Deferred income (durable)	2 628 681	N/D	11 328 667	N/D
REVENUES TOTAL	274 477 494	N/D	338 999 340	N/D

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

Estimating the average length of time a paying user remains in a game requires a sufficiently long history of player behaviour. Accordingly, as of 31 December 2020, the Group 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. 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.

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. In subsequent reporting periods, the amounts of the adjustments should be (and are in Q1 and Q2 2022) 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 recognized. The advertiser pays for the display of the advertisement, while the due part of this revenue goes to the Group through advertising intermediaries on the basis of advertising reports.

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





1.3. Revenues – games

GAME	bookings 01-06.2022	share in bookings 2022	bookings 01-06.2021	share in bookings 2021
Fishing Clash ^[1]	180 212 241	67,7%	246 642 480	76,1%
Hunting Clash	57 257 671	21,5%	57 231 136	17,7%
Let's Fish	5 493 439	2,1%	7 918 916	2,4%
Wild Hunt	5 308 113	2,0%	6 997 685	2,2%
Airline Commander	5 972 563	2,2%	0	0,0%
Real Flight Simulator	7 592 924	2,9%	0	0,0%
Others	4 165 419	1,6%	5 382 926	1,7%
BOOKINGS TOTAL	266 002 370	100,0%	324 173 144	100,0%
Deferred income (consumable)	5 846 444	N/D	3 497 529	N/D
Deferred income (durable)	2 628 681	N/D	11 328 667	N/D
REVENUES TOTAL	274 477 494	N/D	338 999 340	N/D

[1] The amount of payments for the Fishing Clash game includes the amount of PLN 2.480 million (1.37% of the total payments for this title) related to the license income generated on the Chinese market. In the comparative period the revenues amounted to PLN 0.2 million.

Split of consolidated bookings by games by quarters:

GAME	1Q2021	2Q2021	3Q2021	4Q2021	1Q2022	2Q2022
Fishing Clash	131 659 442	114 983 038	114 371 143	121 867 964	95 826 978	84 385 263
Hunting Clash	26 840 820	30 390 316	28 042 011	30 493 190	32 279 619	24 978 052
Let's Fish	4 208 029	3 710 888	3 110 282	3 445 192	3 099 293	2 394 146
Wild Hunt	3 666 218	3 331 467	2 761 094	3 312 206	2 790 545	2 517 568
Gry Rortos			7 183 811	6 954 796	7 547 941	8 277 091
Other	2 821 641	2 561 285	2 237 641	1 616 584	1 006 988	898 886
BOOKINGS TOTAL	169 196 150	154 976 993	157 705 984	167 689 934	142 551 364	123 451 006
Deferred income (consumable)	3 213 637	283 892	-2 265 275	-7 475 672	4 937 513	908 931
Deferred income (durable)	1 704 189	9 624 478	-7 489 650	-13 119 620	2 845 786	-217 105
REVENUES TOTAL	174 113 976	164 885 363	147 951 059	147 094 641	150 334 663	124 142 831

Deferred revenue by game and quarter in 2021 and 2022, and the balance sheet balance at 1.01.2021, 1.01.2022 and 30.06.2022 (balance sheet item "contract liabilities" for deferred revenue and balance sheet item "contract assets" for deferred commission costs):

CONSUMABLE	Balance sheet item	Change of deferral				Balance sheet item	Change of deferral		Balance sheet item
	01.01.2021	Q1 2021	Q2 2021	Q3 2021	Q4 2021	01.01.2022	Q1 2022	Q2 2022	30.06.2022
Fishing Clash									
deferred revenues	-6 235 931	3 080 182	263 529	-1 285 117	-5 245 807	-9 423 145	3 305 098	696 382	-5 421 665
deferred costs	1 870 779	-924 055	-79 059	385 535	1 573 742	2 826 943	-991 529	-208 915	1 626 500
Hunting Clash									
deferred revenues				-953 028	-1 918 954	-2 871 981	1 505 052	134 265	-1 232 664
deferred costs				285 908	575 686	861 594	-451 516	-40 280	369 799
Let's Fish									
deferred revenues	-143 137	62 366	6 257	-17 775	-122 289	-214 577	31 977	45 604	-136 996
deferred costs	42 941	-18 710	-1 877	5 332	36 687	64 373	-9 593	-13 681	41 099
Wild Hunt									
deferred revenues	-168 108	71 089	14 106	-9 355	-188 621	-280 890	95 385	32 680	-152 825
deferred costs	50 433	-21 327	-4 232	2 806	56 586	84 267	-28 616	-9 804	45 847
TOTAL									
deferred revenues	-6 547 176	3 213 637	283 892	-2 265 274	-7 475 671	-12 790 593	4 937 512	908 931	-6 944 150
deferred costs	1 964 153	-964 091	-85 168	679 582	2 242 701	3 837 178	-1 481 254	-272 679	2 083 245





DURABLE	Balance sheet item		Change of deferral			Balance sheet item		Change of deferral		Balance sheet item
	01.01.2021	Q1 2021	Q2 2021	Q3 2021	Q4 2021	01.01.2022	Q1 2022	Q2 2022		30.06.2022
Fishing Clash										
deferred revenues	-43 170 671	1 704 189	9 624 478	-7 489 650	-7 100 476	-46 432 130	4 497 751	-434 953		-42 369 332
deferred costs	12 951 201	-522 700	-2 975 208	2 157 829	2 007 091	13 618 212	-1 463 979	556 566		12 710 800
Hunting Clash										
deferred revenues					-6 019 144	-6 019 144	-1 651 965	217 848		-7 453 261
deferred costs					1 781 756	1 781 756	477 496	-23 274		2 235 978
TOTAL										
deferred revenues	-43 170 671	1 704 189	9 624 478	-7 489 650	-13 119 620	-52 451 274	2 845 786	-217 105		-49 822 593
deferred costs	12 951 201	-522 700	-2 975 208	2 157 829	3 788 846	15 399 968	-986 483	533 292		14 946 777
CONSUMABLE + DURABLE										
deferred revenues	-49 717 847	4 917 826	9 908 370	-9 754 924	-20 595 291	-65 241 866	7 783 298	691 826		-56 766 743
deferred costs	14 915 354	-1 486 791	-3 060 376	2 837 411	6 031 547	19 237 146	-2 467 737	260 613		17 030 022
Impact on net profit	-34 802 493	3 431 035	6 847 994	-6 917 513	-14 563 743	-46 004 721	5 315 561	952 439		-39 736 721

1.4. Revenues – by partner

PARTNER	bookings 01-06.2022	share in bookings 2022	bookings 01-06.2021	share in bookings 2021
Google Inc.	152 131 033	57,2%	192 641 369	59,4%
Apple Distribution International	95 736 702	36,0%	114 213 802	35,2%
Others (none of which shares are above 10%)	18 134 635	6,8%	17 317 973	5,3%
BOOKINGS TOTAL	266 002 370	100%	324 173 144	100%
Deferred income (consumable)	5 846 444	N/D	3 497 529	N/D
Deferred income (durable)	2 628 681	N/D	11 328 667	N/D
REVENUES TOTAL	274 477 494	N/D	338 999 340	N/D

1.5. Revenues – distribution channel

DISTRIBUTION CHANNEL	bookings 01-06.2022	share in bookings 2022	bookings 01-06.2021	share in bookings 2021
mobile	257 118 002	96,7%	311 320 751	96,0%
browser	8 884 368	3,3%	12 852 393	4,0%
BOOKINGS TOTAL	266 002 370	100%	324 173 144	100%
Deferred income (consumable)	5 846 444	N/D	3 497 529	N/D
Deferred income (durable)	2 628 681	N/D	11 328 667	N/D
REVENUES TOTAL	274 477 494	N/D	338 999 340	N/D

1.6. Revenues – geographical breakdown

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

REGION	bookings 01-06.2022	share in bookings 2022	bookings 01-06.2021	share in bookings 2021
North America	115 737 456	43,5%	143 145 984	44,2%
Europe	100 942 054	37,9%	119 768 539	36,9%
<i>including Poland</i>	<i>12 359 610</i>	<i>4,6%</i>	<i>15 219 671</i>	<i>4,7%</i>
Asia	34 059 459	12,8%	45 634 044	14,1%
South America	7 353 099	2,8%	8 291 062	2,6%
Australia and Oceania	5 460 233	2,1%	4 589 118	1,4%
Africa	2 450 068	0,9%	2 744 397	0,8%
BOOKINGS TOTAL	266 002 370	100%	324 173 144	100%
Deferred income (consumable)	5 846 444	N/D	3 497 529	N/D
Deferred income (durable)	2 628 681	N/D	11 328 667	N/D
REVENUES TOTAL	274 477 494	N/D	338 999 340	N/D





2.

OPERATING COSTS

SPECIFICATION	01.01.2022 – 30.06.2022	01.01.2021 – 30.06.2021
Amortization and depreciation	6 756 547	1 930 925
Consumption of materials and energy	835 960	458 347
Third-party services	182 758 467	206 863 718
Taxes and fees	1 517 731	1 290 342
Remuneration	34 968 668	34 790 432
Social insurance and other benefits	6 657 095	3 147 038
Other costs by type	509 744	101 919
Total costs by type, including:	234 004 212	248 582 721
Costs of rendering of services for internal purposes (negative value)	-16 443 304	-8 011 020
Selling costs (negative)	-147 460 307	-191 734 753
General and administrative costs (negative)	-36 624 347	-26 817 669
Costs of services sold	33 476 255	22 019 279

Breakdown of selling costs by quarters:

SPECIFICATION	01.01.2022 – 30.06.2022	01.01.2021 – 30.06.2021
Selling costs	147 460 307	191 734 753
marketing:	54 625 990	82 557 331
– <i>Fishing Clash</i>	29 210 048	47 335 212
– <i>Hunting Clash</i>	23 790 643	34 850 947
– <i>Airline Commander</i>	1119 186	0
– <i>other titles</i>	506 113	371 172
commissions	77 401 692	98 231 035
revenue share	854 953	900 748
remuneration, external services	11 050 800	7 299 372
services of mobile gaming market research	675 743	1 866 395
other	2 851 130	879 873

SPECIFICATION	1Q 2021	2Q 2021	3Q 2021	4Q 2021	1Q 2022	2Q 2022
Selling costs	95 935 217	95 799 537	82 618 730	72 895 344	79 870 756	67 589 551
marketing:	40 137 460	42 419 871	33 944 492	23 020 677	30 070 387	24 555 603
– <i>Fishing Clash</i>	22 551 718	24 783 495	21 055 086	13 614 460	16 110 636	13 099 412
– <i>Hunting Clash</i>	17 412 032	17 438 915	12 889 406	9 334 220	13 532 653	10 257 990
– <i>Airline Commander</i>					303 480	815 706
– <i>other titles</i>	173 710	197 461		71 997	123 618	382 495
commissions	50 414 040	47 816 995	41 574 686	41 874 524	42 032 471	35 369 221
revenue share	477 124	423 624	411 570	509 652	448 775	406 178
remuneration, external services	3 961 297	3 338 075	4 496 667	5 461 878	5 857 302	5 193 498
services of mobile gaming market research	548 606	1 317 788	571 024	596 223	308 753	366 990
other	396 689	483 185	1 620 289	1 432 390	1 456 548	1 394 582





3.

OTHER OPERATING COSTS

OTHER OPERATING COSTS	01.01.2022 – 30.06.2022	01.01.2021 – 30.06.2021
Write off of intangible assets	8 467 149	3 760 701
Donations	2 034 390	361 930
Write-down of uncollectible receivables	4 651	5 698
Other	223 925	67 394
TOTAL	10 730 115	4 195 723

During the second quarter of 2022, the Management Board of the Company decided to discontinue work and close the Football Elite project. The decision to close the project was made after conducting a marketing cost analysis in June, considering the market potential and the involvement of players who could test the new game.

In the opinion of the Management Board, the optimization of the project would take many months, and the incurred costs would be disproportionate to the potential revenues and the size of the segment of this type of game. The write off from 2021 was related with Golf Royale game.

4.

FINANCIAL REVENUES AND COSTS

FINANCIAL REVENUES	01.01.2022 – 30.06.2022	01.01.2021 – 30.06.2021
Interest income	151 425	53 006
Surplus of positive exchange differences	6 523 809	926 831
TOTAL	6 675 234	979 836

FINANCIAL COSTS	01.01.2022 – 30.06.2022	01.01.2021 – 30.06.2021
Interest – discount unwinding on the liability related to purchase of Rortos	2 885 945	0
Interest on lease	158 474	127 174
Other	29 990	1 547
TOTAL	3 074 409	128 721





5.

INCOME TAX AND DEFERRED TAX

INCOME TAX PRESENTED IN THE STATEMENT OF COMPREHENSIVE INCOME	01.01.2022 – 30.06.2022	01.01.2021 – 30.06.2021
Current income tax	3 754 448	9 301 704
Related to current period	3 754 448	9 301 704
Deferred tax	4 974 690	86 840
Associated with incurrence and reversal of temporary differences	4 974 690	86 840
Tax charge shown in the consolidated statement of comprehensive income	8 729 138	9 388 544



Reconciliation of gross profit with taxable income:

SPECIFICATION	01.01.2022 – 30.06.2022	01.01.2021 – 30.06.2021
Financial gross profit	49 264 204	95 466 480
Exchange differences	-4 614 782	-511 352
Write off of receivables (non tax-deductible)	3 921	3 056
Movement on holiday accrual	457 698	391 948
Accrual for other costs	-1 102 142	2 200 648
Donations (deducted from income)	2 034 390	361 930
Other costs that are not tax deductible	5 101 285	564 172
Amortization of intangible assets	378 419	702 884
Depreciation of right of use (leasing)	988 076	956 776
Capitalization of development costs	-16 443 304	-8 011 020
Write-off of intangible assets (capitalized development costs)	8 467 149	3 760 701
Share-based payments	12 066 336	22 990 156
Revenue (and related cost) deferred in the balance sheet in time	-6 268 000	-10 279 028
Other tax deductible costs not included in the balance sheet costs	-1 458 297	-1 093 806
Taxable income	48 874 953	107 503 545

The parent company has been using the IP Box relief. This relief is based on taxing the income obtained from eligible property rights at a rate of 5% instead of the standard 19%. Corporate income tax regulations are subject to frequent changes, as a result of which there is often no reference to established regulations or legal precedents. The binding regulations also contain ambiguities, which cause differences in opinions as to the legal interpretation of tax regulations, both between state authorities and between state authorities and enterprises.

Tax and other settlements (e.g. customs or foreign currency settlements) may be inspected by authorities that are entitled to impose high penalties, and the additional amounts of liabilities determined as a result of the inspection must be paid together with high interest. These phenomena cause that the tax risk in Poland is higher than the risk usually existing in countries with a developed tax system. Tax settlements may be inspected for a period of five years. As a result, the amounts disclosed in the financial statements may change later after their amount is finally determined by the tax authorities.





Structure of deferred income tax assets:

SPECIFICATION	as at 30.06.2022	as at 31.12.2021	as at 30.06.2021
deferred revenue and costs related to consumables (net result)	243 045	447 671	106 737
deferred revenue and costs related to durables (net result)	2 289 465	4 343 041	1 491 751
accrual for annual leave	256 652	169 690	92 291
accrual for costs of audit	7 866	9 797	1 756
lease – IFRS 16 valuation	110 878	204 628	108 121
valuation of payables and receivables	0	149 957	0
accrual for remuneration	1 061 534	1 257 609	316 238
other accruals	129 165	1 944	0
TOTAL	4 098 605	6 584 337	2 116 894

Structure of deferred income tax provision:

SPECIFICATION	as at 30.06.2022	as at 31.12.2021	as at 30.06.2021
amortization of games	6 431 882	4 993 184	635 656
revaluation of receivables and payables	794 744	0	26 283
TOTAL	7 226 626	4 993 184	661 939



DISTRIBUTION OF PROFIT FOR 2021

On May 26, 2022, the Ordinary General Meeting of Shareholders adopted a resolution regarding the distribution of profit for 2021 in the amount of PLN 138,261,309 as follows:

1. the amount of PLN 72,317,830 to be distributed among the shareholders as a dividend of PLN 10.00 per share (excluding treasury shares);
2. the amount of PLN 65,943,479 to be transferred to the Company's supplementary capital.

The dividend day was scheduled for 2 June 2022 and the dividend payment – for 16 June 2022.





TABLE OF MOVEMENT – TANGIBLE ASSETS

SPECIFICATION	Machinery and equipment	Buildings, premises and civil engineering works	Other fixed assets	Fixed assets under construction	TOTAL
Gross carrying amount at 01.01.2022	5 560 158	10 049 365	419 726	5 079 800	21 109 049
Increases, due to:	1 198 182	8 197 228	3 927 386	30 341	13 353 137
– acquisition of fixed assets	1 192 645	3 467 650	3 927 386	30 341	8 618 022
– reclassification	0	4 706 841	0	0	4 706 841
– valuation at balance sheet date	5 537	22 737	0	0	28 274
Decreases, due to:	112 032	0	32 436	4 706 841	4 851 309
– sale of tangible assets	112 032	0	32 436	0	144 468
– reclassification	0	0	0	4 706 841	4 706 841
Gross carrying amount at 30.06.2022	6 646 308	18 246 593	4 314 676	403 300	29 610 877
Cummulated depreciation at 01.01.2022	2 522 928	3 179 749	196 187	0	5 898 864
Increases, due to:	775 481	938 350	22 085	0	1 735 916
– depreciation	775 481	938 350	22 085	0	1 735 916
Decreases	98 410	0	25 729	0	124 139
Cummulated depreciation at 30.06.2022	3 199 999	4 118 099	192 543	0	7 510 641
Write-downs, impairment allowances at 01.01.2022	0	0	0	0	0
Increases	0	0	0	0	0
Decreases	0	0	0	0	0
Write-downs, impairment allowances at 30.06.2022	0	0	0	0	0
Net carrying amount at 30.06.2022	3 446 309	14 128 494	4 122 133	403 300	22 100 236

Ownership structure – carrying amount:

SPECIFICATION	30.06.2022	30.06.2021
Owned	7 568 442	1 568 543
Used under a lease, tenancy or other agreement, including a lease agreement	14 531 794	6 451 099
TOTAL	22 100 236	8 019 642

Changes in tangible assets (by groups) – for period from 1.01.2021 to 30.06.2021

SPECIFICATION	Machinery and equipment	Buildings, premises and civil engineering works	Other fixed assets	TOTAL
Gross carrying amount at 01.01.2021	2 278 219	8 693 695	198 898	11 170 812
Increases, due to:	619 377	0	0	619 377
– acquisition of fixed assets	619 377	0	0	619 377
Decreases, due to:	78 927	0	0	78 927
– sale of tangible assets	78 927	0	0	78 927
Gross carrying amount at 30.06.2021	2 818 669	8 693 695	198 898	11 711 262
Cummulated depreciation at 01.01.2021	1 110 157	1 373 227	131 089	2 614 473
Increases, due to:	270 965	869 369	8 973	1 149 307
– depreciation	270 965	869 369	8 973	1 149 307
Decreases	72 160	0	0	72 160
Cummulated depreciation at 30.06.2021	1 308 962	2 242 596	140 062	3 691 620
Write-downs, impairment allowances at 01.01.2021	0	0	0	0
Increases	0	0	0	0
Decreases	0	0	0	0
Write-downs, impairment allowances at 30.06.2021	0	0	0	0
Net carrying amount at 30.06.2021	1 509 707	6 451 099	58 836	8 019 642

Changes in tangible assets (by groups) – for period from 01.01.2021 to 31.12.2021

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:	3 393 780	1 355 670	220 828	5 079 800	10 050 077
– acquisition of fixed assets	3 393 780	1 355 670	220 828	5 079 800	10 050 077
Decreases, due to:	0	0	0	0	0
– sale of tangible assets	111 840	0	0	0	111 840
Gross carrying amount at 31.12.2021	5 560 158	10 049 365	419 726	5 079 800	21 109 049
Cummulated depreciation at 01.01.2021	1 110 157	1 373 227	131 089	0	2 614 473
Increases, due to:	1 514 326	1 806 522	65 097	0	3 385 945
– depreciation	1 514 326	1 806 522	65 097	0	3 385 945
Decreases	101 554	0	0	0	101 554
Cummulated depreciation at 31.12.2021	2 522 928	3 179 749	196 187	0	5 898 864
Write-downs, impairment allowances at 01.01.2021	0	0	0	0	0
Increases	0	0	0	0	0
Decreases	0	0	0	0	0
Write-downs, impairment allowances at 31.12.2021	0	0	0	0	0
Net carrying amount at 31.12.2021	3 037 230	6 869 616	223 539	5 079 800	15 210 185





8.

TABLE OF MOVEMENT – TANGIBLE ASSETS AND GOODWILL

SPECIFICATION	Development costs	Computer software	Intangible assets	Goodwill	TOTAL
Gross carrying amount at 01.01.2022	75 987 957	1 264 868	45 128 114	161 050 504	283 431 443
Increases, due to:	25 846 157	96 746	16 728 103	2 843 263	45 514 268
– acquisition	0	96 746	16 728 103	0	16 824 849
– reclassification	23 012 461	0	0	0	23 012 461
– valuation at balance sheet date	2 833 695	0	0	2 843 263	5 676 958
Decreases, due to:	0	0	23 012 462	0	23 012 461
– reclassification	0	0	23 012 462	0	23 012 461
Gross carrying amount at 30.06.2022	101 834 114	1 361 614	38 843 755	163 893 767	305 933 250
Cummulated amortization at 01.01.2022	9 125 712	800 325	0	0	9 926 037
Increases, due to:	4 908 301	112 329	0	0	5 020 630
– amortization	4 908 301	112 329	0	0	5 020 630
Decreases	0	0	0	0	0
Cummulated amortization at 30.06.2022	14 034 013	912 655	0	0	14 946 667
Write-downs, impairment allowances at 01.01.2022	2 420 573	0	3 589 086	0	6 009 659
Increases	0	0	8 467 149	0	8 467 149
Decreases	0	0	0	0	0
Write-downs, impairment allowances at 30.06.2022	2 420 573	0	12 056 235	0	14 476 808
Net carrying amount at 30.06.2022	85 379 528	448 959	26 787 520	163 893 767	276 509 775

The net value as at 30.06.2022 roku shown under „development costs” consists of the Group's games and internally created tools:

- » Hunting Clash – carrying amount: 467.182 PLN, remaining amortisation period: 16 months;
- » Games of Rortos S.r.l – games valued at fair value using the DCF method in the course of settlement of the acquisition:
 - Airline Commander – carrying amount: 29.926.036 PLN, remaining amortisation period: 108 months;
 - RFS – carrying amount: 28.441.635 PLN, remaining amortisation period: 108 months;
 - Warplanes – carrying amount: 22.029.080 PLN, remaining amortisation period: 119 months;
 - Other games – carrying amount: 3.506.842 PLN, remaining amortisation period: 24 months;
- » Internally developed tools – 1.008.753 PLN in total.

As at June 30, 2022, the item “intangible assets under construction” includes the capitalized costs of five titles at various stages of advancement:

- » Undead Clash – 12.854.002 PLN;
- » Magical District – 9.216.906 PLN (further development suspended as of 30.06.2022);
- » Fishing Master – 3.974.269 PLN.

Additionally, this balance sheet item consists of capitalized costs of internally developed tools. The value of these tools under construction as at June 30, 2022 amounted to PLN 742.344.

Goodwill consists of the value arising from the settlement of the acquisition of Rortos in the amount of PLN 163.519.319 and the value of Reludo, acquired by Rortos in the previous years, in the amount of PLN 374.448.

During the second quarter of 2022, the Management Board of the Company decided to discontinue work and close the Football Elite project. The decision to close the project was made after conducting a marketing cost analysis in June, considering the market potential and the involvement of players who could test the new game. In the opinion of the Management Board, the optimization of the project would take many months, and the incurred costs would be disproportionate to the potential revenues and the size of the segment of this type of game.





Changes in value of intangible assets in period from 1.01.2021 to 30.06.2021:

SPECIFICATION	Development costs	Computer software	Intangible assets in construction	TOTAL
Gross carrying amount at 01.01.2021	7 995 077	669 286	2 554 464	11 218 827
Increases, due to:	0	220 955	8 011 020	8 231 976
– acquisition	0	220 955	8 011 020	8 231 976
– reclassification	0	0	0	0
Decreases, due to:	0	0	0	0
– liquidation	0	0	0	0
Gross carrying amount at 30.06.2021	7 995 077	890 240	10 565 483	19 450 803
Cummulated amortization at 01.01.2021	3 681 433	586 731	0	4 268 164
Increases, due to:	702 883	78 733	0	781 617
– amortization	702 883	78 733	0	781 617
Decreases	0	0	0	0
Cummulated amortization at 30.06.2021	4 384 316	665 465	0	5 049 781
Write-downs, impairment allowances at 01.01.2021	2 248 958	0	0	2 248 958
Increases	171 615	0	3 589 086	3 760 701
Decreases	0	0	0	0
Write-downs, impairment allowances at 30.06.2021	2 420 573	0	3 589 086	6 009 659
Net carrying amount at 30.06.2021	1 190 188	224 776	6 976 397	8 391 361

Zmiany wartości niematerialnych i prawnych w okresie 1.01.2021 – 31.12.2021:

SPECIFICATION	Development costs	Computer software	Intangible assets in construction	Development costs	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
Cummulated amortization at 01.01.2021	3 681 433	586 731	0	0	4 268 164
Increases due to amortization	5 444 279	213 594	0	0	5 657 873
Decreases	0	0	0	0	0
Cummulated amortization at 31.12.2021	9 125 712	800 325	0	0	9 926 037
Write-downs, impairment allowances 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, impairment allowances at 31.12.2021	2 420 573	0	3 589 086	0	6 009 659
Net carrying amount at 31.12.2021	64 441 673	464 543	41 539 028	161 050 504	267 495 749





9.

OTHER FINANCIAL ASSETS

SPECIFICATION	30.06.2022	31.12.2021
– long-term deposits	2 267 534	2 267 534
– participation units of the Sisu Game Ventures investment fund	8 068 500	7 308 000
– shares in Gamesture Sp. z o.o.	13 147 481	0
TOTAL	23 483 515	9 575 534

On March 11, 2022, the Parent Company acquired 24.8% of shares in the share capital of Gamesture Sp. z o.o. The amount paid was approximately \$ 3.5 million. As at the purchase date, the shares were valued at the purchase price – PLN 14.320.389. The value as at the balance sheet date was adjusted by Gamesture's loss on the shares held by Ten Square Games in the amount of PLN 1.172.908.

10.

RECEIVABLES

The structure of receivables is presented in the table below:

SPECIFICATION	30.06.2022	31.12.2021	30.06.2021
Trade receivables	33 613 226	46 140 422	45 945 678
Other receivables	11 879 487	11 602 972	7 124 171
Accruals and deferred income	4 062 618	4 297 261	2 620 227
Receivables	49 555 331	62 040 655	55 690 076

10.1 Trade receivables

Currency structure of trade receivables:

CURRENCY	30.06.2022			31.12.2021			30.06.2021		
	amount in currency	valuation	% share	amount in currency	valuation	% share	amount in currency	valuation	% share
PLN	16 771 717	16 771 717	49,90%	25 313 416	25 313 416	54,86%	20 043 595	20 043 595	43,62%
USD	2 918 829	13 083 652	38,92%	4 527 014	18 379 677	39,83%	6 666 424	25 355 743	55,19%
EUR	639 817	2 994 727	8,91%	469 254	2 158 288	4,68%	59 055	266 976	0,58%
RUB	8 741 150	750 865	2,23%	4 871 221	264 020	0,57%	5 053 714	262 793	0,57%
Other		12 265	0,04%		25 021	0,05%		16 571	0,04%
TOTAL	29 071 513	33 613 226	100,00%	35 180 905	46 140 422	100%	31 822 788	45 945 678	100,00%





Aging structure:

AGING STRUCTURE – RECEIVABLES PAST DUE DATE	30.06.2022 value of receivables	31.12.2021 value of receivables	30.06.2021 value of receivables
not overdue	32 841 768	46 056 781	45 856 783
up to one month	280 175	23 655	81 251
1–3 months	207 833	59 529	4 880
3–6 months	281 261	397	2 282
6–12 months	2 189	60	482
over 1 year	0	0	0
TOTAL RECEIVABLES	33 613 226	46 140 422	45 945 678

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. – 50,1% at 30.06.2022 compared to 55,3% at 31.12.2021.

» Apple Distribution International – 33,6% at 30.06.2022 compared to 34,3% at 31.12.2021.

No other entity exceeded a 10% share of total receivables at 30.06.2022.

10.2 Other receivables

SPECIFICATION	30.06.2022	31.12.2021	30.06.2021
tax-related receivables	11 602 036	11 437 914	6 994 696
deposit for the rental of office	277 451	165 058	129 475
TOTAL	11 879 487	11 602 972	7 124 171

10.3 Prepayments

SPECIFICATION	30.06.2022	31.12.2021	30.06.2021
Maintenance of software technical service/software subscriptions	2 282 245	3 202 110	2 173 709
Annual fee for marketing campaigns tracking tool	904 567	139 933	132 292
Registration fees for trademark applications	302 279	301 876	90 845
Insurance	148 505	70 919	141 717
Other prepayments	425 022	582 423	81 664
TOTAL PREPAYMENTS	4 062 618	4 297 261	2 620 227





11.

TRADE LIABILITIES

SPECIFICATION	30.06.2022	31.12.2021	30.06.2021
Trade liabilities	22 233 948	6 844 591	20 524 616
To related entities	777 044	15 529	0
To third party entities	21 456 904	6 829 062	20 524 616

Aging structure of liabilities towards third party entities:

SPECIFICATION	TOTAL	due date					
		overdue				not overdue, to be paid in:	
		0–30 days	30–90 days	90–180 days	180–360 days	0–30 days	31–60 days
30.06.2022	22 233 948	1 120 832	0	0	0	20 238 466	0
To related entities	777 044	0	0	0	0	777 044	0
To third party entities	21 456 904	1 120 832	71 174	17 190	9 242	20 238 466	0
<i>including liabilities overdue as a result of EU sanctions against Russia</i>	<i>112 147</i>	<i>26 755</i>	<i>58 960</i>	<i>17 190</i>	<i>9 242</i>	<i>0</i>	<i>0</i>
31.12.2021	6 844 591	38 537	0	0	0	6 806 054	0
To related entities	15 529	0	0	0	0	15 529	0
To third party entities	6 829 062	38 537	0	0	0	6 790 525	0
30.06.2021	20 524 616	0	0	0	0	19 748 837	775 779
To related entities	0	0	0	0	0	0	0
To third party entities	20 524 616	0	0	0	0	19 748 837	775 779

12.

OTHER LIABILITIES

SPECIFICATION	30.06.2022	31.12.2021	30.06.2021
Liabilities related with acquisition of Rortos (earn-out payments)	48 410 593	48 420 530	0
– long-term	41 110 885	48 420 530	0
– short-term	7 299 708	0	0
Other liabilities	2 651 787	2 463 393	73 459 248
– long-term	127 812	0	0
– short-term	2 523 975	2 463 393	73 459 248
OTHER LIABILITIES IN TOTAL	51 062 380	50 883 923	73 459 248
– long-term	41 238 697	48 420 530	0
– short-term	9 823 683	2 463 393	73 459 248





13.

PROVISIONS FOR EMPLOYEE BENEFITS

SPECIFICATION	As at 1.01.2022	Changes during a year		As at 30.06.2022
		Increase	Use	
provision for annual leave (short-term)	1 353 213	2 025 935	1 353 213	2 025 935
Provision for bonuses (short-term)	5 881 405	2 884 011	5 881 405	2 884 011
Provision for bonuses (long-term)	2 588 247	2 532 666	2 588 247	2 532 666
PROVISIONS IN TOTAL	9 822 865	7 442 612	9 822 865	7 442 612



14.

INFORMATION ON FINANCIAL INSTRUMENTS

FINANCIAL ASSETS	30.06.2022	31.12.2021	30.06.2021	Category of financial instruments
Other financial assets (long-term), including:	23 483 515	9 575 534	5 466 210	Financial assets valued at amortized costs
<i>deposit</i>	2 267 534	2 267 534	857 595	Financial assets valued at amortized costs
<i>participation units of the Sisu Game Ventures investment fund</i>	8 068 500	7 308 000	0	Financial assets valued at amortized costs
<i>shares Gamesture Sp. z o.o.</i>	13 147 481	0	0	Financial assets valued at amortized costs
Trade receivables and other receivables, including:	49 555 331	62 040 655	55 690 077	Financial assets valued at amortized costs
<i>unrealised exchange differences on measurement</i>	441 660	59 458	469 313	Financial assets measured at fair value
Cash and cash equivalents, including:	90 930 596	139 553 427	332 610 705	Financial assets measured at fair value
<i>unrealised exchange differences on measurement</i>	-337 443	-384 041	305 087	Financial assets measured at fair value

FINANCIAL LIABILITIES	30.06.2022	31.12.2021	30.06.2021	Kategoria instrumentów finansowych
Trade liabilities and other liabilities, including:	32 057 631	9 307 984	93 983 864	Financial liabilities valued at amortized costs
<i>unrealised exchange differences on measurement</i>	7 184	3 660	-26 985	Financial liabilities valued at amortized costs





15.

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:

15.1. Management

RELATED PERSON	Remuneration		Net dividend	
PERIOD	01.01.2022 – 30.06.2022	01.01.2021 – 30.06.2021	01.01.2022 – 30.06.2022	01.01.2021 – 30.06.2021
Management Board	14 550 813	20 631 563	2 775 554	2 591 385
Maciej Zużatek	12 478 536	12 478 536	1 578 091	1 578 091
– Ten Square Games S.A. – cash fixed remuneration	412 200	412 200	0	0
– Ten Square Games S.A. – cash variable remuneration (paid)	0	0	0	0
– Ten Square Games S.A. – cash variable remuneration (outstanding)	0	0	0	0
– Ten Square Games S.A. – share-based incentive program for 2021-2022	0	0	0	0
– Ten Square Games S.A. – share-based incentive program recognized over time	12 066 336	12 066 336	1 578 091	1 578 091

RELATED PERSON	PERIOD	Remuneration		Net dividend	
		01.01.2022 – 30.06.2022	01.01.2021 – 30.06.2021	01.01.2022 – 30.06.2022	01.01.2021 – 30.06.2021
Marcin Chruszczyński (from 01.08.2020 to 21.10.2021)		n/d	192 940	0	0
– Ten Square Games S.A. – cash remuneration – paid		n/d	192 940	0	0
Andrzej Ilczuk (from 21.01.2021)		318 000	2 322 781	19 343	0
– Ten Square Games S.A. – cash fixed remuneration		318 000	256 175	19 343	0
– Ten Square Games S.A. – share-based incentive program for 2021-2022		0	2 066 606	0	0
Anna Idzikowska (from 21.01.2021)		368 825	2 323 018	137 700	162 000
– Ten Square Games S.A. – cash fixed remuneration		318 000	240 000	137 700	162 000
– Ten Square Games S.A. – cash variable remuneration (paid)		50 825	16 412	0	0
– Ten Square Games S.A. – share-based incentive program for 2021-2022		0	2 066 606	0	0
Janusz Dziemidowicz (from 21.01.2021)		318 050	166 185	682 417	682 417
– Ten Square Games S.A. – cash remuneration – paid		318 050	166 185	682 417	682 417
Wojciech Gattner (from 21.01.2021)		749 402	3 148 103	200 054	168 877
– Ten Square Games S.A. – cash fixed remuneration		318 000	240 000	200 054	168 877
– Ten Square Games S.A. – cash variable remuneration (paid)		586 248	813 370	0	0
– Ten Square Games S.A. – cash variable remuneration (outstanding)		431 402	841 497	0	0
– Ten Square Games S.A. – share-based incentive program for 2021-2022		0	2 066 606	0	0
Magdalena Jurewicz (from 21.10.2021)		318 000	n/d	157 950	n/d
– Ten Square Games S.A. – cash remuneration – paid		318 000	n/d	157 950	n/d
Supervisory Board (Ten Square Games S.A.)		195 290	210 000	5 721 241	6 904 230
Rafał Olesiński		51 000	51 000	5 419	5 419
Tomasz Drożdżyński (till 11.03.2022)		9 290	27 000	0	0
Maciej Marszałek		30 000	30 000	356 400	356 400
Wiktor Schmidt		24 000	24 000	0	0
Marcin Bitos		27 000	27 000	0	0
Kinga Stanisławska		27 000	27 000	851	851
Arkadiusz Pernal		27 000	24 000	5 358 571	6 541 560
Related persons (Ten Square Games S.A.)		0	81 000	10 715 822	13 081 500
Maciej Popowicz (od 20.05.2020 do 31.12.2021)		0	81 000	10 715 822	13 081 500
Key personnel (Ten Square Games S.A.)		0	0	b/d	b/d
Family members of key personnel / Management Board (Ten Square Games)		303 400	0	b/d	b/d





RELATED PERSON	Liabilities		Receivables		
	AS AT	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Management Board		355 275	639 981	1 967	0
Maciej Zużatek		0	205 440	0	0
Magdalena Jurewicz (from 21.10.2021)		0	0	0	0
Marcin Chruszczyński (from 01.08.2020 to 21.10.2021)		0	0	0	0
Andrzej Ilczuk (from 21.01.2021)		61 500	0	1 297	0
Anna Idzikowska (from 21.01.2021)		73 182	0	0	0
Janusz Dziemidowicz (from 21.01.2021)		61 500	0	0	0
Wojciech Gattner (from 21.01.2021)		159 093	434 541	670	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)		0	0	0	0

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.

SHARE-BASED INCENTIVE PROGRAM

In April 2021 and January 2022, the allocation of shares for 2022 for program participants in accordance with the resolution of the Supervisory Board had place. The actual award of shares depends on the fulfillment of the program conditions (including being in a legal relationship with the Company, meeting financial goals) and is verified after the end of the financial year for which the shares were pre-allocated, i.e. after approval of the financial statements. The cost of preallocated shares, on the other hand, is recognized at the time the services are rendered.

The adjusted EBITDA target for the share-based incentive program for 2022 is PLN 251.330.811 (Supervisory Board Resolution of April 2021). According to the rules of the program, shares are issued only when EBITDA reaches / exceeds the assumed threshold.

EBITDA calculated in accordance with the definition of the program for the period 1-6.2022 amounts to PLN 70.6 million and due to the potential failure to achieve the assumed goal, the Parent Entity decided not to recognize the cost of the program in the first half of 2022. If the year-end threshold is reached, the cost of the program will be recognized in the annual report.

INCENTIVE PROGRAM BASED ON CASH PAYMENT

In April 2022, the Supervisory Board adopted a resolution regarding a one-off variable remuneration element for four members of the Management Board (Anna Idzikowska, Magdalena Jurewicz, Andrzej Ilczuk, Wojciech Gattner). If the target of EBITDA, adjusted in 2022 in the range of PLN 172,714,508 – PLN 251,330,811, is achieved, members of the Management Board will be entitled to receive a cash payment. The total sums of payments for 5 members of the Management Board are:

- » PLN 6,100,000 for the EBITDA range of 172,714,508 – PLN 198,919,942;
- » PLN 6,900,000 for the EBITDA range of 198,919,942 – PLN 225,125,377;
- » PLN 7,700,000 for the EBITDA range of 225,125,377 – PLN 251,330,811.

EBITDA calculated in accordance with the definition of the program for the period 1-6.2022 amounts to PLN 70.6 million and due to the potential failure to achieve the assumed goal, the Parent Entity decided not to recognize the cost of the program in the first half of 2022. If the year-end threshold is reached, the cost of the program will be recognized in the annual report.

DEPENDENT VARIABLE REMUNERATION DEDICATED TO INDIVIDUAL MEMBERS OF THE MANAGEMENT BOARD

The variable remuneration due to the President of the Management Board, Mr. Maciej Zużatek, depends on the fulfillment of management goals, which is confirmed by a resolution of the Supervisory Board after approval of the report. The remuneration for 2021 was set at PLN 128,400, however, in accordance with the intention of the President of the Management Board, this remuneration is to be donated to charity (an organization supporting Ukraine during war). As at 30/06/2022, the Parent disclosed this amount as a liability for third-party entities.

The variable remuneration of a member of the Management Board, 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 data clarity, the amount of remuneration paid includes all payments made between January 21, 2021 – March 31, 2021, despite the fact that the amount of PLN 413,776 was paid for the fourth quarter of 2020.

Transactions between related entities took place on terms equivalent to those that apply to transactions concluded on an arm's length basis. Members of the management staff did not conclude any transactions with subsidiaries of Ten Square Games S.A.





15.2. Other affiliated parties

AFFILIATED ENTITY	Net sales		Net purchase		Divident	
PERIOD	01.01.2022 – 30.06.2022	01.01.2021 – 30.06.2021	01.01.2022 – 30.06.2022	01.01.2021 – 30.06.2021	01.01.2022 – 30.06.2022	01.01.2021 – 30.06.2021
Affiliated party:	2 642 960	3 446 764	6 414 081	1 112 482	0	2 261 792
Play Cool Zombie Sport Games Sp. z o.o.	27 693	43 280	0	0	0	2 261 792
Tiny Dragon Adventure Games Sp. z o.o.	600 500	1 446 363	0	0	0	0
Fat Lion Games Sp. z o.o.	219 375	853 544	0	0	0	0
Ten Square Games Germany GmbH	0	1 103 577	4 685 963	1 112 482	0	0
Ten Square Games S.R.L	0	0	1 326 247	0	0	0
RORTOS S.R.L.	1 795 391	0	0	0	0	0
Ten Square Games (Israel) LTD.	0	0	401 871	0	0	0
Personally affiliated entities:	0	0	83 588	57 593	0	0
Olesiński i Wspólnicy Spółka komandytowa	0	0	83 588	57 593	0	0
Roberto Simonetto	0	0	0	0	0	0
Antonio Farina	0	0	0	0	0	0
Associates:	0	0	0	0	0	0
Gamesture Sp. z o.o.	0	0	0	0	0	0

PODMIOT POWIĄZANY	Gross receivables		Gross payables		Loans	
AS OF	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Affiliated party:	1 777 320	512 735	3 116 482	748 003	2 456 613	1 901 860
Play Cool Zombie Sport Games Sp. z o.o.	5 363	8 834	0	0	0	0
Tiny Dragon Adventure Games Sp. z o.o.	103 272	301 967	0	0	0	500 000
Fat Lion Games Sp. z o.o.	43 321	201 934	0	0	0	500 000
Ten Square Games Germany GmbH	0	0	2 519 994	748 003	1 772 537	901 860
Ten Square Games S.R.L.	0	0	194 617	0	684 077	0
RORTOS S.R.L.	930 576	0	0	0		0
Ten Square Games (Israel) LTD.	694 788	0	401 871	0	0	0
Personally affiliated entities:	0	0	48 430 491	0	0	0
Olesiński i Wspólnicy Spółka komandytowa	0	0	19 898	0	0	0
Roberto Simonetto	0	0	29 041 515	0	0	0
Antonio Farina	0	0	19 369 078	0	0	0
Associates:	0	0	0	0	0	0
Gamesture Sp. z o.o.	0	0	0	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, Ten Square Games S.R.L. and Ten Square Games (Israel) Ltd. 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 Antonio Farina (members of the Management Board of the subsidiary Rortos) results from the purchase of 100% shares in Rortos in 2021 and the remaining part of the earn-out payments. The change in the liability results from its balance sheet valuation and the discount unwinding





16.

LITIGATIONS

The Group had no pending court cases in 2022 or 2021.

17.

OTHER SIGNIFICANT EVENTS

There were no other significant events not described in this report that could have an impact on the financial data included in the report for the period ended June 30, 2022.

18.

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 June 30, 2022.





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INTERIM CONDENSED STANDALONE FINANCIAL STATEMENT







INTERIM CONDENSED STANDALONE STATEMENT OF COMPREHENSIVE INCOME

STANDALONE STATEMENT OF COMPREHENSIVE INCOME	for the period 01.01.2022 – 30.06.2022	for the period 01.01.2021 – 30.06.2021
Revenues from the sales of services	258 113 740	337 664 530
Costs of services sold	25 421 335	22 038 660
Gross profit (loss) on sales	232 692 405	315 625 870
Other operating revenues	290 053	383 025
Selling costs	141 837 695	191 357 623
General and administrative costs	34 298 657	26 717 853
Other operating costs	10 642 912	4 193 081
Operating profit (loss)	46 203 194	93 740 338
Financial revenues	6 393 801	3 045 282
Financial costs	3 044 419	133 802
Loss on associates	1 172 908	96 651 818
Profit before taxation	48 379 668	96 651 818
Income tax	8 036 740	9 205 603
Net profit on continued activity	40 342 928	87 446 215
Items for requalification for the profit and loss statement in the subsequent periods	0	0
Items which will not be subject to requalification for the profit and loss statement in the subsequent periods	0	0
TOTAL COMPREHENSIVE INCOME	40 342 928	87 446 215

EARNINGS PER SHARE

CALCULATION OF EARNINGS PER SHARE	for the period 01.01.2022 – 30.06.2022	for the period 01.01.2021 – 30.06.2021
Number of shares		
The weighted average number of shares for the purpose of calculating the value basic of earnings per share (in units)	7 301 783	7 267 311
The weighted average number of shares for the purpose of calculating the value of diluted earnings per share (in units)	7 334 822	7 301 783
Net profit assigned to the Parent Entity	40 342 928	87 446 215
Net earnings per share on continued operations in PLN		
basic for the financial period	5,53	12,03
diluted for the financial period	5,50	11,98
Net profit per share attributable to discontinued operations in PLN		
basic for the financial period	5,53	12,03
diluted for the financial period	5,50	11,98
Net profit 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





2.

INTERIM CONDENSED STANDALONE STATEMENT OF FINANCIAL SITUATION

ASSETS	30.06.2022	31.12.2021	30.06.2021
Fixed assets	329 344 389	304 648 853	24 972 033
Property, plant and equipment	20 276 849	13 336 300	7 975 388
Intangible assets	28 659 515	22 278 984	8 391 361
Investments in associates	252 893 402	252 893 402	140 955
Loans granted	0	0	904 160
Other financial assets	23 483 515	9 575 534	5 443 275
Deferred income tax assets	4 031 108	6 564 633	2 116 894
Current assets	133 400 276	200 056 217	395 226 782
Receivables	42 672 249	54 163 340	54 681 672
Contract liabilities	17 030 022	19 237 145	10 368 188
Loans granted	2 631 795	3 983 406	1 009 224
Cash and cash equivalents	71 066 210	122 672 326	329 167 698
TOTAL ASSETS	462 744 665	504 705 070	420 198 815

EQUITY & LIABILITIES	30.06.2022	31.12.2021	30.06.2021
Equity	302 464 127	341 008 743	271 476 886
Share capital	730 178	730 178	726 731
Share premium	496 100	496 100	496 100
Capital from the settlement of the incentive scheme	77 205 860	65 139 524	46 426 208
Retained earnings	242 668 039	274 642 941	223 827 847
Own shares	-18 636 050	0	0
Long-term liabilities	55 847 161	62 355 120	6 542 123
Deferred income tax provisions	6 176 117	3 618 004	673 256
Lease liabilities	6 161 908	7 861 020	5 868 867
Provisions for employee benefits	2 398 251	2 455 566	0
Other liabilities	41 110 885	48 420 530	0
Short-term liabilities	104 433 377	101 341 207	142 179 806
Trade liabilities	23 796 976	9 431 245	21 081 655
Current income tax liabilities	8 160 205	16 842 777	6 954 760
Lease liabilities	3 702 836	3 556 967	1 709 735
Other liabilities	7 908 881	1 211 822	73 447 644
Provisions for employee benefits	4 097 738	5 056 531	4 094 364
Contract liabilities	56 766 741	65 241 865	34 891 648
TOTAL EQUITY & LIABILITIES	462 744 665	504 705 070	420 198 815





3.

INTERIM CONDENSED CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY

6 months ending 30.06.2022	Share capital	Share premium	Capital from the settlement of the incentive scheme	Foreign exchange differences on translation	Retained earnings	Own shares	TOTAL EQUITY
Equity as at 01.01.2022	730 178	496 100	65 139 524	0	274 642 941	0	341 008 743
Share-based payments			12 066 336				12 066 336
Payment of dividend					-72 317 830		-72 317 830
Acquisition of own shares						-18 636 050	-18 636 050
Total comprehensive income					40 342 928		40 342 928
Equity as at 30.06.2022	730 178	496 100	77 205 860	0	242 668 039	-18 636 050	302 464 127

12 months ending 31.12.2021	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
Capital contributions	3 447					3 447
Share-based payments			41 703 472			41 703 472
Payment of dividend					-72 673 110	-72 673 110
Net profit					138 261 309	138 261 309
Total comprehensive income					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

6 months ending 30.06.2021	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
Share-based payments			22 990 156			22 990 156
Payment of dividend					-72 673 110	-72 673 110
Total comprehensive income					87 446 215	87 446 215
Equity as at 30.06.2021	730 178	496 100	35 130 041	0	223 827 847	271 476 886





4.

INTERIM CONDENSED CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY

STANDALONE CASH FLOW STATEMENT	for the period 01.01.2022 – 30.06.2022	for the period 01.01.2021 – 30.06.2021
OPERATING ACTIVITY		
Profit/loss before taxation	48 379 668	96 651 818
Total corrections:	41 732 071	25 521 613
Amortization and depreciation (including the capitalized portion)	1 976 852	1 930 925
Profit/loss on exchange differences	-338 734	-495 752
Interest paid on leasing	158 474	127 174
Interest on liabilities (Rortos)	2 885 945	0
Interest and share in profits (dividends)	0	-2 261 792
Change in receivables	11 491 091	-598 084
Change in liabilities and accrued expenses	10 014 339	11 430 945
Change in contract liabilities	-8 475 124	-14 826 196
Change in contract assets	2 207 123	4 547 168
Write-off of intangible assets	8 467 149	3 760 701
Share-based payments (part not included in capitalization of intangible assets)	12 066 336	21 936 704
Loss on associates	1 172 918	0
Other adjustments	105 702	-30 180
Cash on operating activity	90 111 738	122 173 430
Income tax (paid) / refunded	-11 497 190	-14 871 022
A. Net operating cash flow	78 614 548	107 302 408

STANDALONE CASH FLOW STATEMENT	for the period 01.01.2022 – 30.06.2022	for the period 01.01.2021 – 30.06.2021
INVESTMENT ACTIVITY		
Repayment of loans granted	1 351 611	893 758
Purchase of intangible and tangible fixed assets	-23 870 781	-7 741 839
Purchase of shares	-14 320 399	-4 606 264
Loans granted	0	-1 904 160
B. Net cash flow from investment activities	-36 839 569	-13 358 506
FINANCIAL ACTIVITY		
Dividends from subsidiaries	0	2 261 792
Dividends and other payments to shareholders	-72 317 830	0
Payments of lease liabilities	-1 928 357	-420 733
Purchase of own shares	-18 636 050	0
Interest on lease	-158 474	-127 174
C. Net cash flow from financing activity	-93 040 711	1 713 885
D. Total net cash flow	-51 265 732	95 657 787
– change in cash due to exchange losses/gains	-340 384	308 508
E. Balance-sheet change in cash, including foreign exchange	-51 606 116	95 966 295
F. Cash at the beginning of the period	122 672 326	233 201 403
G. Cash at the end of the period	71 066 210	329 167 698





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VI.

ADDITIONAL NOTES TO THE STANDALONE FINANCIAL STATEMENT







SALES REVENUES

SPECIFICATION	01.01.2022 – 30.06.2022	01.01.2021 – 30.06.2021
Sales of services	258 113 740	337 664 530
TOTAL revenues from sales of services	258 113 740	337 664 530
Other operating revenues	290 053	383 025
Financial revenues	6 393 801	3 045 282
TOTAL revenues from continuing operations	264 797 594	341 092 837
TOTAL revenues	264 797 594	341 092 837

Revenues from discontinued operations did not occur.

1.1. Revenues – source

TYPE OF REVENUES	bookings 01-06.2022	share in bookings 2022	bookings 01-06.2021	share in bookings 2021
micro-payments	243 627 777	97,6%	318 565 793	98,3%
advertisements	2 127 205	0,9%	53 298	0,0%
licences	3 883 634	1,6%	4 219 243	1,3%
BOOKINGS TOTAL	249 638 616	100%	322 838 334	100%
Deferred income (consumable)	5 846 444	N/D	3 497 529	N/D
Deferred income (durable)	2 628 681	N/D	11 328 667	N/D
REVENUES TOTAL	258 113 741	N/D	337 664 530	N/D

*The Parent entity produces games of the Game Factory type, which are sold to subsidiary companies and released by them. These subsidiaries transfer a portion of their revenue (the so-called revenue share) to the Parent Company as compensation – here it is presented as licenses.

1.2. Revenues – games

GAME	bookings 01-06.2022	share in bookings 2022	bookings 01-06.2021	share in bookings 2021
Fishing Clash	180 212 241	72,2%	246 642 480	76,1%
Hunting Clash	57 257 671	22,9%	57 231 136	17,7%
Let's Fish	5 493 439	2,2%	7 918 916	2,4%
Wild Hunt	5 308 113	2,1%	6 997 685	2,2%
other	1 367 152	0,5%	4 048 116	1,2%
BOOKINGS TOTAL	249 638 616	100%	322 838 334	100,0%
deferred income (unused virtual currency)	5 846 444	N/D	3 497 529	N/D
deferred income (unused durables)	2 628 681	N/D	11 328 667	N/D
REVENUES TOTAL	258 113 741	N/D	337 664 530	N/D





1.3.

Revenues – by partner

KONTRAHENT	bookings 01-06.2022	share in bookings 2022	bookings 01-06.2021	share in bookings 2021
Google Inc.	146 200 537	59,7%	192 602 384	59,7%
Apple Distribution International	89 019 353	35,4%	114 213 698	35,4%
Others (none of which shares are above 10%)	14 418 726	5,0%	16 022 252	5,0%
BOOKINGS TOTAL	249 638 616	100,0%	322 838 334	100,0%
Deferred income (consumable)	5 846 444	N/D	3 497 529	N/D
Deferred income (durable)	2 628 681	N/D	11 328 667	N/D
REVENUES TOTAL	258 113 741	N/D	337 664 530	N/D

1.4.

Revenues – distribution channel

DISTRIBUTION CHANNEL	bookings 01-06.2022	share in bookings 2022	bookings 01-06.2021	share in bookings 2021
mobile	240 912 499	96,5%	309 985 941	96,0%
browser	8 726 117	3,5%	12 852 393	4,0%
BOOKINGS TOTAL	249 638 616	100%	322 838 334	100,0%
Deferred income (consumable)	5 846 444	N/D	3 497 529	N/D
Deferred income (durable)	2 628 681	N/D	11 328 667	N/D
REVENUES TOTAL	258 113 741	N/D	337 664 530	N/D

1.5. Revenues – geographical breakdown

REGION	bookings 01-06.2022	share in bookings 2022	bookings 01-06.2021	share in bookings 2021
North America	109 790 887	44,0%	142 216 613	44,1%
Europe	96 491 139	38,7%	121 332 639	37,6%
<i>i) including Poland</i>	<i>13 028 421</i>	<i>5,2%</i>	<i>17 492 908</i>	<i>5,4%</i>
<i>ii) including intercompany revenues</i>	<i>847 569</i>	<i>0,3%</i>	<i>2 343 187</i>	<i>0,7%</i>
Asia	29 832 099	12,0%	44 373 177	13,7%
South America	6 190 915	2,5%	7 656 368	2,4%
Australia and Oceania	5 084 669	2,0%	4 553 208	1,4%
Africa	2 248 907	0,9%	2 706 329	0,8%
BOOKINGS TOTAL	249 638 616	100,0%	322 838 334	100%
Deferred income (consumable)	5 846 444	N/D	3 497 529	N/D
Deferred income (durable)	2 628 681	N/D	11 328 667	N/D
REVENUES TOTAL	258 113 741	N/D	337 664 530	N/D





2.

OPERATING COSTS

SPECIFICATION	01.01.2022 – 30.06.2022	01.01.2021 – 30.06.2021
Amortization and depreciation	1 976 852	1 919 862
Consumption of materials and energy	747 301	458 347
Third-party services	178 046 816	207 383 669
Taxes and fees	1 517 569	1 288 239
Remuneration	28 504 942	33 951 093
Social insurance and other benefits	5 554 260	3 024 349
Other costs by type	463 914	99 596
Total costs by type, including:	216 811 654	248 125 155
Costs of rendering of services for internal purposes (negative value)	-15 253 967	-8 011 020
Selling costs (negative)	-141 837 695	-191 357 623
General and administrative costs (negative)	-34 298 657	-26 717 853
Costs of services sold	25 421 335	22 038 659

3.

FINANCIAL REVENUES

SPECIFICATION	01.01.2022 – 30.06.2022	01.01.2021 – 30.06.2021
Dividends received	0	2 261 792
Interest income	200 523	62 228
Surplus of positive exchange differences	6 193 278	721 263
TOTAL	6 393 801	3 045 282





4.

INCOME TAX AND DEFERRED TAX

INCOME TAX PRESENTED IN THE STATEMENT OF COMPREHENSIVE INCOME	01.01.2022 – 30.06.2022	01.01.2021 – 30.06.2021
Current income tax	2 945 102	9 118 763
Related to current period	2 945 102	9 118 763
Deferred tax	5 091 638	86 840
Associated with incurrance and reversal of temporary differences	5 091 638	86 840
Tax charge shown in the consolidated statement of comprehensive income	8 036 740	9 205 603

Reconciliation of gross profit with taxable income:

SPECIFICATION	01.01.2022 – 30.06.2022	01.01.2021 – 30.06.2021
Financial gross profit	48 379 668	96 651 818
Exchange differences	-4 753 985	-507 409
Dividends received	0	-2 261 792
Write off of receivables (non tax-deductible)	3 921	3 056
Movement on holiday accrual	457 698	391 948
Movement on accrual for other costs	-1 102 142	2 200 648
Costs of social insurance – excluded from the period	0	0
Donations (deducted from income)	2 034 390	361 930
Other costs that are not tax deductible	4 058 852	564 172
Depreciation of right of use (leasing)	988 076	956 776
Amortization of intangible assets	370 716	702 884
Capitalization of development costs	-15 253 965	-8 011 020
Write-off of intangible assets (capitalized development costs)	8 467 149	3 760 701
Share-based payments	12 066 336	22 990 156
Revenue (and related cost) deferred in the balance sheet in time	-6 268 000	-10 279 028
Other tax deductible costs not included in the balance sheet costs	-1 458 297	-1 093 806
Taxable income	47 990 417	106 431 034
<i>including income taxed at 5% (IP Box)</i>	<i>58 902 047</i>	<i>76 377 820</i>
<i>including income taxed at 19%</i>	<i>-10 911 630</i>	<i>30 053 214</i>

Structure of deferred income tax assets:

SPECIFICATION	as at 30.06.2022	as at 31.12.2021	as at 30.06.2021
deferred revenue and costs related to consumables (net result)	243 045	447 671	106 737
deferred revenue and costs related to durables (net result)	2 289 465	4 343 041	1 491 751
accrual for annual leave	256 652	169 690	92 291
accrual for costs of audit	7 866	9 797	1 756
lease – IFRS 16 valuation	110 878	184 923	108 121
valuation of payables and receivables	0	149 957	316 238
accrual for remuneration	1 010 456	1 257 609	0
other accruals	112 746	1 945	0
TOTAL	4 031 108	6 564 633	2 116 894

Structure of deferred income tax provision:

SPECIFICATION	as at 30.06.2022	as at 31.12.2021	as at 30.06.2021
amortization of games	5 370 056	3 618 004	635 656
revaluation of receivables and payables	806 061	0	37 600
TOTAL	6 176 117	3 618 004	673 256





APPROVAL OF THE FINANCIAL STATEMENT

This report for the period from January 1 to 30 June 2022 was signed and approved for publication by the Management Board of Ten Square Games S.A. on 5 September 2022.

**PRESIDENT
OF THE MANAGEMENT BOARD**

Maciej Zużalek

**MEMBER
OF THE MANAGEMENT BOARD**

Janusz Dziemidowicz

**MEMBER
OF THE MANAGEMENT BOARD**

Anna Idzikowska

**MEMBER
OF THE MANAGEMENT BOARD**

Wojciech Gattner

**MEMBER
OF THE MANAGEMENT BOARD**

Andrzej Ilczuk

**MEMBER
OF THE MANAGEMENT BOARD**

Magdalena Jurewicz

PERSON ENTRUSTED WITH BOOKKEEPING

Karolina Hoszowska-Dubaniowska

Wroclaw, 5.09.2022