

# **Information on the implemented tax strategy**

Fiscal Year: 2021

Ten Square Games S.A.

Wrocław, 24 November, 2022

# Table of contents

- 1. Introduction..... 3
- 2. General Information ..... 3
- 3. Information about processes and procedures applied by the taxpayer concerning management of obligations resulting from tax law regulations and about voluntary forms of cooperation with the National Tax Administration authorities applied by the taxpayer..... 3
- 4. Information on the execution of tax obligations by the taxpayer on the territory of the Republic of Poland along with the information about the amount of information on tax schemes submitted to the Head of the National Fiscal Administration, broken down by taxes which they concern ..... 5
- 5. Information on transactions with related entities and on restructuring activities undertaken by the taxpayer ..... 6
- 6. Information about the applications submitted by the Company..... 7
- 7. Information on tax settlements of the taxpayer in the territories or countries applying harmful tax competition in the meaning of Article 27c(2)(5) of the Corporate Income Tax Act ..... 7

## 1. INTRODUCTION

This document (the "**Information**") constitutes information on the tax strategy implemented by Ten Square Games S.A. ("the **Company**") in the 2021 fiscal year, created for the purpose of the Company's performance of its obligation under Article 27c of the Corporate Income Tax Act of February 15, 1992 (Journal of Laws of 2021, item 1800, as amended, hereinafter: "**Corporate Income Tax Act**").

## 2. GENERAL INFORMATION

### 2.1. Information about the Company

The Company's core business is publishing computer games. The activities of the Company and the Ten Square Games Capital Group (hereinafter the "**Group**") include designing, producing, distributing and developing games for mobile devices and browsers.

### 2.2. Objectives of the Company's tax strategy

The objective of the tax strategy implemented by the Company is to duly fulfil the obligations arising under tax law, i.e. in particular the obligations relating to the payment of tax liabilities in the amount specified in tax law and other obligations of a formal nature, including in particular keeping records, registers and books, and submitting required tax returns and information.

The above objective is achieved by implementing and maintaining control over the process of fulfilling the Company's management's tax obligations, including in particular:

- exercising due diligence in the Company's tax settlements;
- verifying contractors and business partners of the Company to the extent required by the tax law regulations;
- training persons responsible for tax settlements in the Company in tax law;
- maintaining constant internal supervision over the process of settlement of particular taxes;
- monitoring changes in tax regulations applicable to the Company;
- cooperation with tax advisors.

The strategy is adjusted to changes in the law and changes in the business environment of the Company and the Group.

## 3. INFORMATION ABOUT PROCESSES AND PROCEDURES APPLIED BY THE TAXPAYER CONCERNING MANAGEMENT OF OBLIGATIONS RESULTING FROM TAX LAW REGULATIONS AND ABOUT VOLUNTARY FORMS OF COOPERATION WITH THE NATIONAL TAX ADMINISTRATION AUTHORITIES APPLIED BY THE TAXPAYER

### 3.1. Applied processes and procedures concerning the management of the execution of obligations resulting from the tax law regulations and ensuring their proper execution

The Company has procedures in place to ensure that it properly complies with its obligations under tax law in a manner that takes into account the specific nature of the Company's and the Group's business operations, as well as the type and size of the business conducted by the Company and the Group.



The Company has implemented the following procedures for managing the performance of its obligations under tax laws:

- the procedure concerning domestic contractors of the Company for the purpose of the Value Added Tax in the scope of verification of the status of an active VAT taxpayer;
- procedure regarding the Company's foreign business partners to verify whether the partners have a permanent place of business in the territory of Poland;
- the procedure for the management of the Company's obligations arising from the regulations on the withholding tax.

Regardless of the above, the Company undertakes a number of actions using the Company's internal resources and external support in order to duly perform the Company's obligations under the tax law. The activities undertaken by the Company in this respect include, in particular:

- requesting individual tax interpretations in the case of non-standard transactions which are significant from the perspective of the Company's business operations, as well as in the case of the intention to take advantage of tax reliefs and tax preferences available to the Company;
- use of services of external law firms and tax advisory companies covering current support in the field of corporate income tax, personal income tax, VAT, including periodical tax reviews,
- carrying out verification of entries in accounting accounts significant from the perspective of the Company's CIT and VAT settlements before the dates of drafting of the Company's CIT and VAT settlements,
- monitoring any changes in tax regulations and the jurisprudence practice of tax authorities, administrative courts and the Court of Justice that may affect the Company.

The employees of the Financial Department, the Financial Director and the Chief Accountant of the Company have the necessary knowledge and skills to ensure the proper performance of the Company's obligations under tax law. Due to the dynamic nature of tax law regulations, the Company's Management Board ensures that persons involved in the Company's tax settlements have access to relevant sources of knowledge, in particular the Company subscribes to legal databases.

In addition, the Company's tax professionals support the Company's departments and business units in entering into agreements and settling transactions that may have tax consequences.

### **3.2. Organization of the process of fulfilling obligations resulting from tax law regulations**

The above procedures and processes are implemented in the Company in the following manner:

- (a) Obligations under tax law are performed by employees of the Finance Department, the Chief Financial Officer and the Company's Chief Accountant.
- (b) Supervision over the proper performance of obligations under tax law is exercised by the Finance Director and the Chief Accountant of the Company, who coordinate the work of the Finance Department and take actions to clarify any doubts related to the legal and tax classification of individual economic events, including a decision on the need to use the support of external advisory firms.
- (c) Employees of the Finance Department verify, in terms of content and form, source documents that are to serve as the basis for calculations and tax returns on an ongoing basis.



Whether a given cost is justified is analysed and confirmed by the person responsible for a given transaction.

- (d) Calculations of individual taxes, including advance payments for corporate income tax, and all tax information, records, registers, ledgers are drafted by dedicated employees of the Finance Department on the basis of verified source documents.
- (e) Declarations and information submitted by the Company to the relevant tax authorities are submitted by the HR and Payroll Manager or the Chief Accountant.
- (f) Payments of taxes and instalments/prepayments for individual taxes shall be made and approved by the Chief Financial Officer.
- (g) Documents related to tax calculations and copies of returns filed by the Company are archived in an orderly manner in electronic form on the Company's server.
- (h) -Contacts with tax authorities regarding the Company's tax settlements, including in particular those related to verification activities, tax audits or customs and fiscal audits conducted with respect to the Company, are conducted by the Finance Director and the Company's Chief Accountant or HR and Payroll Manager.

### **3.3. Information on voluntary forms of cooperation applied by the taxpayer with the National Tax Administration authorities**

The Company remains ready to provide any information required by law and to co-operate on an ongoing basis with the authorities of the National Tax Administration, including in particular within the framework of checking operations, tax inspections and customs-fiscal inspections. The Company responds on an ongoing basis to inquiries addressed to it and other actions taken against it by the National Tax Administration authorities.

## **4. INFORMATION ON THE EXECUTION OF TAX OBLIGATIONS BY THE TAXPAYER ON THE TERRITORY OF THE REPUBLIC OF POLAND ALONG WITH THE INFORMATION ABOUT THE AMOUNT OF INFORMATION ON TAX SCHEMES SUBMITTED TO THE HEAD OF THE NATIONAL FISCAL ADMINISTRATION, BROKEN DOWN BY TAXES WHICH THEY CONCERN**

The Company shall take all measures to correctly and timely perform its obligations under the tax law in the territory of the Republic of Poland. In particular, the Company takes the following actions:

- identifies events that give rise to tax obligations;
- calculates and timely pays due taxes, tax instalments and tax advances to the accounts of relevant tax authorities;
- submits to the tax authorities appropriate tax returns, declarations, lists, statements, reports and information, which it is obliged to submit under tax law;
- keeps the necessary records, registers and books required by tax law;
- drafts local transfer pricing documentation as well as conducts comparative or compliance analyses;



- monitors executed transactions from the perspective of the provisions of the Act of 29 August 1997 - The General Tax Ordinance Act <sup>1</sup> and submits all letters, declarations and information required by these regulations;
- requests foreign business partners to provide the Company with valid certificates of residence and statements of beneficial ownership with respect to receivables paid to such entities by the Company, which may be subject to withholding tax in Poland.

During the fiscal year 2020, the Company performed tax obligations as a payer of the following taxes:

- corporate income tax;
- value added tax (VAT).

During the fiscal year 2020, the Company performed its tax obligations as a payer of the following taxes:

- personal income tax – on account of salaries and wages of employees, contractors and persons providing the Company with services under specific work contracts;
- flat-rate corporate income – from the following income earned by the taxpayers referred to in Article 3(2) of the Corporate Income Tax Act:
  - purchase of intangible services referred to in Article 21(1)(2a) of the Corporate Income Tax Act;
  - copyright or related rights.

In 2021, the Company, as the beneficial owner, submitted to the Head of the National Tax Administration information on two tax schemes for 2020 relating to personal income tax.

## 5. INFORMATION ON TRANSACTIONS WITH RELATED ENTITIES AND ON RESTRUCTURING ACTIVITIES UNDERTAKEN BY THE TAXPAYER

### 5.1. Information on transactions with related parties within the meaning of Article 11(1)(4) of the Corporate Income Tax Act, whose value exceeds 5% of the balance sheet total of assets within the meaning of the accounting regulations, determined based on the Company's latest approved financial statements, including entities which are not Polish tax residents.

The Company's last annual approved financial statement is the individual financial statement for 2021.

According to the Company's approved financial statements for 2021, total assets amounted to PLN **504 705 070**. Consequently, 5% of the Company's total assets as reported for that year amounted to PLN **25 235 253.50**.

During the year 2021, the Company has not entered into transactions with related parties that exceed 5% of total assets as determined by the 2020 financial statement.

### 5.2. Information on planned or undertaken restructuring activities of the taxpayer, which may affect the amount of tax liabilities of the taxpayer or of its related entities within the meaning of Article 11(1)(4) of the Corporate Income Tax Act.

<sup>1</sup> Journal of Laws of 2021, item 1540 as amended, hereinafter: "The General Tax Ordinance Act".



In 2021, the Company did not undertake any restructuring activities that could affect the Company's or related parties' tax liabilities. In particular, the Company has not carried out actions such as:

- Merger of companies;
- Conversion of a company into another company;
- Contribution to another company in the form of a business/organised part of a business (including as part of demerger);
- Share exchange.

As of the date of drafting this Information, the Company does not plan to take such actions in the future.

## **6. INFORMATION ABOUT THE APPLICATIONS SUBMITTED BY THE COMPANY**

### **6.1. Applications for a general tax interpretation referred to in Article 14a(1) of the General Tax Ordinance Act**

The Company filed for a one general tax interpretation in 2020 related to Personal Income Tax.

### **6.2. Applications for tax law interpretations referred to in Article 14b of the General Tax Ordinance Act**

The Company did not file any requests for tax law interpretations referred to in Article 14b of the General Tax Ordinance Act in 2021.

### **6.3. Applications for binding rate information referred to in Article 42a of the Act on VAT.**

The Company did not file a request for binding rate information in 2021.

### **6.4. Requests for binding excise duty information referred to in Article 7d(1) of the Excise Duty Act**

The Company did not make any requests for binding excise information in 2021.

## **7. INFORMATION ON TAX SETTLEMENTS OF THE TAXPAYER IN THE TERRITORIES OR COUNTRIES APPLYING HARMFUL TAX COMPETITION IN THE MEANING OF ARTICLE 27C(2)(5) OF THE CORPORATE INCOME TAX ACT**

In 2021, the Company did not make tax settlements in territories or countries applying harmful tax competition within the meaning of Article 27c(2)(5) of the Corporate Income Tax Act.

