

ten square_games

2022 ANNUAL REPORT

Consolidated Financial Statement

Ten Square Games S.A. Group

DISCLAIMER

This English language translation has been prepared solely for the convenience of English speaking readers. Despite all the efforts devoted to this translation discrepancies, omissions or approximations may exist. In case of any differences between the Polish and the English versions, the Polish version shall prevail.

Ten Square Games S.A., its representatives and employees decline all responsibility in this regard.

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

Wroclaw, March 28th, 2023





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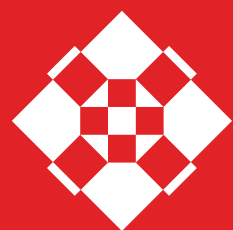
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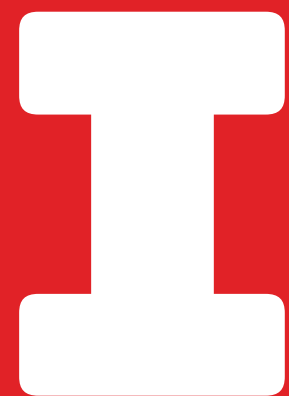
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CONSOLIDATED FINANCIAL STATEMENT





SELECTED FINANCIAL DATA

STATEMENT OF COMPREHENSIVE INCOME	PLN		EUR	
	2022	2021	2022	2021
Bookings	542,058,116	649,569,060	115,619,332	141,904,765
Revenues	538,557,650	634,045,040	114,872,694	138,513,389
Cost of sales	70,095,174	53,930,727	14,951,085	11,781,699
Operating profit (loss)	72,691,764	166,220,593	15,504,930	36,312,527
Gross profit (loss)	63,438,917	161,981,769	13,531,326	35,386,514
Net profit (loss)	52,335,378	141,264,582	11,162,976	30,860,641
EBITDA	112,009,001	177,565,609	23,891,176	38,790,958
Adjusted EBITDA	140,849,088	234,179,331	30,042,678	51,158,783

CASH FLOW STATEMENT	PLN		EUR	
	2022	2021	2022	2021
Net operating cash flow	137,947,374	200,403,819	29,423,751	43,780,190
Net cash flow from investment activities	-55,504,342	-222,004,602	-11,838,906	-48,499,094
Net cash flow from financial activity	-95,218,427	-75,070,128	-20,309,798	-16,399,810

BALANCE SHEET	PLN		EUR	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Fixed assets	314,138,189	298,865,805	66,981,852	64,979,303
Current assets	206,569,696	221,414,318	44,045,650	48,139,826
Equity	342,465,369	351,051,347	73,021,892	76,325,466
Long-term liabilities	68,220,992	64,993,212	14,546,364	14,130,802
Short-term liabilities	110,021,524	104,235,564	23,459,247	22,662,861

EUR/PLN EXCHANGE RATE	2022	2021
for the balance-sheet data	4.6899	4.5994
for the data from the profit and loss statement and cash flow statement	4.6883	4.5775

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

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

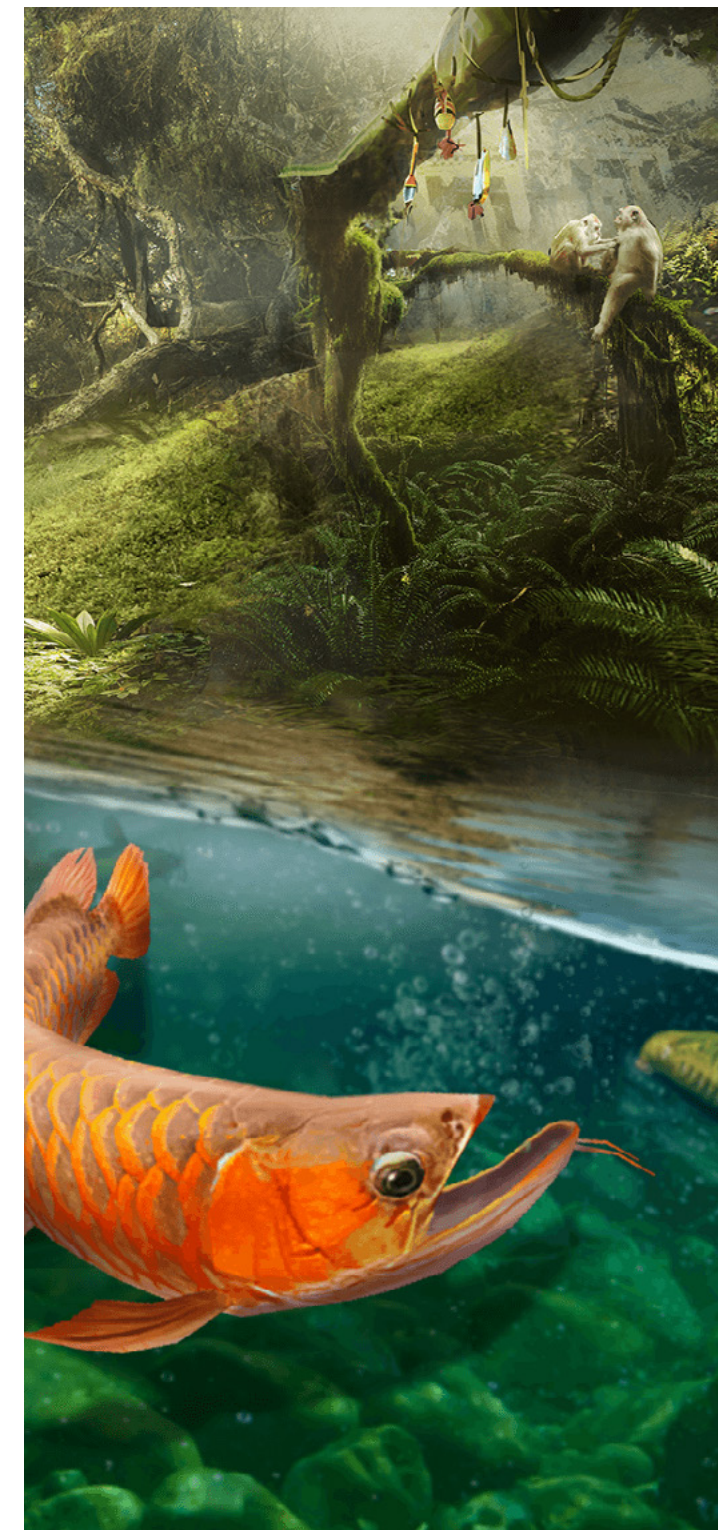


Adjusted EBITDA

SPECIFICATION	1Q 2022	2Q 2022	3Q 2022	4Q 2022 ^[2]	Total 2022
Profit on the operating activity (EBIT)	29,391,817	17,444,470	21,635,772	4,219,705	72,691,764
amortisation (excluding capitalised part)	2,742,054	3,725,224	3,413,622	5,654,094	15,534,994
write-downs for impairment	0	8,467,149	671,272	14,643,822	23,782,243
EBITDA	32,133,872	29,636,841	25,720,667	24,517,621	112,009,001
non-cash impact of incentive scheme (excluding capitalised portion)	12,303,319	-236,983	6,033,168	5,542,348	23,641,852
deferred result (revenue minus commissions) – consumables	-3,456,258	-636,252	-1,053,630	2,698,604	-2,447,536
deferred result (revenue minus commissions) – durable	-1,859,303	-316,187	4,254,570	2,483,367	4,562,447
costs of potential and completed acquisitions (M&A) and review of strategic options	1,760,415	0	0	-370,132	1,390,283
donations to public benefit organizations – war in Ukraine	1,000,000	0	0	0	1,000,000
other one offs	248,368	0	24,886	32,299	305,553
Adjusted EBITDA	42,130,413	28,447,420	34,979,661	35,291,595	140,849,088

SPECIFICATION	1Q 2021	2Q 2021	3Q 2021	4Q 2021 *	Total 2021
Profit on the operating activity (EBIT)	55,919,321	38,696,044	31,192,480	40,412,748	166,220,593
amortisation (excluding capitalised part)	941,410	978,452	3,304,646	2,359,808	7,584,316
write-downs for impairment	0	3,760,700	0	0	3,760,700
EBITDA	56,860,731	43,435,196	34,497,126	42,772,556	177,565,609
non-cash impact of incentive scheme (excluding capitalised portion)	10,981,139	10,970,806	7,694,579	10,023,537	39,670,061
deferred result (revenue minus commissions) – consumables	-2,249,545	-198,724	1,585,693	5,232,970	4,370,394
deferred result (revenue minus commissions) – durable	-1,181,489	-6,649,270	5,331,821	9,330,773	6,831,835
costs of potential and completed acquisitions (M&A) and review of strategic options	0	0	3,686,602	0	3,686,602
other one offs	0	0	2,054,828	0	2,054,828
Adjusted EBITDA	64,410,836	47,558,008	54,850,650	67,359,837	234,179,331

* note: in the consolidated financial statements for 1-3Q 2021, the entity presented the first settlement of the acquisition of the Rortos subsidiary. As at December 31, 2021, the settlement was updated, which affected the values originally recognized in the Group's books. Data for 4Q 2021 are presented as a difference between the amounts for the entire year 2021 and period of 1-3Q 2021.





CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT	note	for the period 01.01.2022 – 31.12.2022	for the period 01.01.2021 – 31.12.2021
Revenues from the sales of services	1	538,557,650	634,045,040
Cost of services sold	2	70,095,174	53,930,727
Gross profit (loss) on sales		468,462,476	580,114,313
Other operating income		1,355,177	438,596
Selling cost	2	305,130,568	347,248,828
General and administrative costs	2	65,550,903	62,707,801
Other operating costs	3	26,444,418	4,375,687
Operating profit (loss)		72,691,764	166,220,593
Financial income	4	8,344,175	45,090
Financial expense	4	14,851,415	4,283,914
Loss (profit) due to shares in associates	11	2,745,607	0
Profit (loss) before taxation		63,438,917	161,981,769
Income tax	5	11,103,539	20,717,187
Net profit (loss) on continued activity		52,335,378	141,264,582
Profit (loss) on discontinued activity		0	0
Net profit (loss)		52,335,378	141,264,582
Net profit (loss) attributable to Parent Entity		52,335,378	141,264,582
Items that may be reclassified subsequently to profit or loss		9,420,677	2,715,041
Subject to reclassification to profit or loss – foreign exchange differences on translation of foreign financial statements		9,420,677	2,715,041
Items that will not be reclassified to profit or loss		0	0
Other comprehensive income		9,420,677	2,715,041
Total comprehensive income		61,756,055	143,979,623
Total comprehensive income attributable to non-controlling shareholders		0	0
Total comprehensive income attributable to Parent Entity		61,756,055	143,979,623

CALCULATION OF PROFIT PER SHARE	for the period 01.01.2022 – 31.12.2022	for the period 01.01.2021 – 31.12.2021
Number of shares		
the weighted average number of shares for the purpose of calculating the value of basic profit per share (in units)	7,312,645	7,276,566
the weighted average number of shares for the purpose of calculating the value of diluted profit per share (in units)	7,312,645	7,276,566
net profit attributable to Parent Entity	52,335,378	141,264,582
Net earnings per share in PLN		
basic for the financial period	7.16	19.41
diluted for the financial period	7.16	19.41
Net earnings per share on continued operations in PLN		
basic for the financial period	7.16	19.41
diluted for the financial period	7.16	19.41
Net earnings per share attributable to discontinued operations in PLN		
basic for the financial period	0.00	0.00
diluted for the financial period	0.00	0.00



3.

CONSOLIDATED STATEMENT OF FINANCIAL SITUATION

ASSETS	note	31.12.2022	31.12.2021
Fixed assets		314,138,189	298,865,805
Tangible fixed assets	8	21,409,336	15,210,185
Intangible fixed assets other than goodwill	9.10	102,600,504	106,445,245
Goodwill	9.10	164,219,411	161,050,504
Other financial assets	11	21,765,555	9,575,534
Deferred tax assets	5	4,143,383	6,584,337
Current assets		206,569,696	221,414,318
Receivables	13	47,491,674	62,040,655
Current income tax receivable	5	9,658,592	0
Contract assets	1.3	20,622,914	19,237,145
Loans granted		2,201,633	583,091
Cash and cash equivalents	14	126,594,883	139,553,427
TOTAL ASSETS		520,707,885	520,280,123

LIABILITIES	note	31.12.2022	31.12.2021
Equity		342,465,369	351,051,347
<i>Equity attributable to owners of the Parent Entity</i>		<i>342,465,369</i>	<i>351,051,347</i>
Share capital	15	733,482	730,178
Share premium		496,100	496,100
Capital from the settlement of the incentive scheme	27	88,781,376	65,139,524
Foreign exchange differences on translation of statements of foreign operations		9,420,677	2,715,041
Retained earnings		261,669,784	281,970,504
Own shares (negative value)	16	-18,636,050	0
Long-term liabilities		68,220,992	64,993,212
Deferred income tax provisions	5	5,367,763	4,993,184
Provision for employee benefits	22	2,983,161	2,588,247
Lease liabilities	18	5,412,072	8,991,251
Other liabilities	19	54,457,996	48,420,530
Short-term liabilities		110,021,524	104,235,564
Trade liabilities	17	13,135,328	6,844,591
Provision for income tax	5	10,894,769	0
Current tax liabilities	5	0	18,766,559
Lease liabilities	18	3,807,223	3,684,538
Other liabilities	19	6,648,175	2,463,393
Provisions for employee benefits	22	6,792,982	7,234,618
Contract liabilities	1.3	68,743,047	65,241,865
Total liabilities		178,242,516	169,228,776
TOTAL EQUITY & LIABILITIES		520,707,885	520,280,123





4.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY	Share capital	Share premium	Capital from the settlement of the incentive scheme	Foreign exchange differences on translation	Retained earnings	Own shares	Equity attributable to owners of the Parent Entity	Total equity
Equity as at 01.01.2022 r.	730,178	496,100	65,139,524	2,715,041	281,970,504	0	351,051,347	351,051,347
Payment of share capital	3,304						3,304	3,304
Share-based payments			23,641,852				23,641,852	23,641,852
Foreign exchange differences					-3,033,309		-3,033,309	-3,033,309
Payment of dividends					-72,317,830		-72,317,830	-72,317,830
Net profit					52,335,378		52,335,378	52,335,378
Purchase of own shares						-18,636,050	-18,636,050	-18,636,050
Other comprehensive income				6,705,636	2,715,041		9,420,677	9,420,677
Total comprehensive income				6,705,636	55,050,419		61,756,055	61,756,055
Change in equity	3,304	0	23,641,852	6,705,636	-20,300,720	-18,636,050	-8,585,978	-8,585,978
Equity as at 31.12.2022	733,482	496,100	88,781,376	9,420,677	261,669,784	-18,636,050	342,465,369	342,465,369

STATEMENT OF CHANGES IN EQUITY	Share capital	Share premium	Capital from the settlement of the incentive scheme	Foreign exchange differences on translation	Retained earnings	Own shares	Equity attributable to owners of the Parent Entity	Total equity
Equity as at 01/01/2021	726,731	496,100	23,436,052	4,290	213,387,434	0	238,050,607	238,050,607
Payment of share capital	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 dividends					-72,673,110		-72,673,110	-72,673,110
Net profit					141,264,582		141,264,582	141,264,582
Purchase of own shares								
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	68,583,070	0	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	0	351,051,347	351,051,347

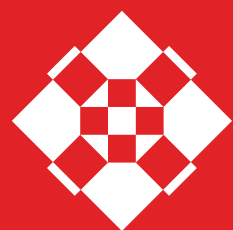


CONSOLIDATED CASH FLOW STATEMENT

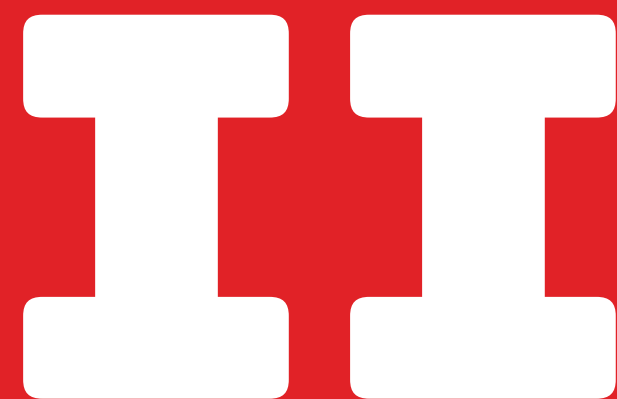
CONSOLIDATED CASH FLOW STATEMENT	for the period 01.01.2022 – 31.12.2022	for the period 01.01.2021 – 31.12.2021
OPERATING ACTIVITY		
Profit/loss before taxation	63,438,917	161,981,769
Total adjustments:	94,187,044	56,144,346
Depreciation and amortization	16,475,398	7,987,477
Foreign exchange gain/loss	-216,079	-327,162
Interest paid on lease	309,278	271,675
Interest on liabilities (Rortos)	5,953,645	2,652,788
Change in receivables	4,890,389	-3,332,704
Change in liabilities and accrued expenses	14,489,298	-5,822,833
Change in contract liabilities	3,501,182	15,524,021
Change in contract assets	-1,385,769	-4,321,789
Write-offs on intangible assets	23,782,243	3,760,701
Share based payments (part not included in the acquisition of intangible assets)	23,641,852	39,670,061
Loss on associates	2,745,607	0
Other adjustments	0	82,111
Cash from operating activity	157,625,961	218,126,115
Income tax (paid) / refunded	-19,678,587	-17,722,296
A. Net operating cash flow	137,947,374	200,403,819

CONSOLIDATED CASH FLOW STATEMENT	for the period 01.01.2022 – 31.12.2022	for the period 01.01.2021 – 31.12.2021
INVESTMENT ACTIVITY		
Repayment of loans granted	576,291	957,128
Purchase of intangible and tangible fixed assets	-39,626,034	-24,386,332
Sale of intangible assets and tangible fixed assets	59,000	0
Purchase of shares	-14,320,399	-218,160,548
Acquisition of shares – payment of cash of the acquired company	0	20,165,150
Loans granted	-2,200,000	-580,000
Interest on loans	6,800	0
B. Net cash flow from investment activities	-55,504,342	-222,004,602

CONSOLIDATED CASH FLOW STATEMENT	for the period 01.01.2022 – 31.12.2022	for the period 01.01.2021 – 31.12.2021
FINANCIAL ACTIVITY		
Net proceeds from issue of shares and other capital instruments and additional payments to capital	3,304	3,447
Dividends and other payments to owners	-72,317,830	-72,673,110
Payments of finance lease liabilities	-3,958,572	-2,128,790
Purchase of own shares	-18,636,050	0
Interest on lease	-309,279	-271,675
C. Net cash flow from financing activity	-95,218,427	-75,070,128
D. Total net cash flow	-12,775,395	-96,670,911
– change in cash due to exchange rate losses/gains	-183,149	-384,041
E. Balance-sheet change in cash, including foreign exchange	-12,958,544	-97,054,952
F. Cash at the beginning of the period	139,553,427	236,608,379
G. Cash at the end of the period	126,594,883	139,553,427



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GENERAL INFORMATION





REPORTING ENTITY'S DATA

Ten Square Games Sp. z o. o. was registered on 21 October 2011, entry no. 0000399940. Ten Square Games S.A. was established through the transformation of Ten Square Games Sp. z o. o., which was registered by the District Court on 20 November 2017. There were no changes in the name or other identification data in later periods.

Name:	Ten Square Games
Name of higher level entity:	N/A
Legal form:	Spółka Akcyjna
Registered seat:	45 Traugutta Street, 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
Entry no:	0000704863
Statistical Business Number (REGON):	021744780
Tax Identification Number (NIP):	8982196752
Company duration:	indefinite
Name of the reporting entity:	Ten Square Games
Name of the ultimate parent company of the group:	none
Principal place of business:	Poland



2. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

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

3. PRESENTED PERIODS

The consolidated financial statement includes data for the period from 1 January 2022 to 31 December 2022. Comparative data are presented as at 31 December 2021 for the consolidated statement of financial situation and for the period from 1 January 2021 to 31 December 2021 for the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity.

4. GOING CONCERN ASSUMPTION

The consolidated financial statement has been prepared assuming that the Group (including the Issuer) shall continue their activities for the period of at least 12 months after the last balance-sheet date, i.e. 31.12.2022. 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 at least 12 months after the balance-sheet date due to an intended or forced discontinuance or material limitation of the activity.





COMPOSITION OF THE COMPANY'S BODIES AS AT 31.12.2022

THE MANAGEMENT BOARD:

- » Maciej Zuzalek – President of the Management Board;
- » Anna Idzikowska – Member of the Management Board;
- » Janusz Dziemidowicz – Member of the Management Board;
- » Wojciech Gattner – Member of the Management Board;
- » Andrzej Ilczuk – Member of the Management Board;
- » Magdalena Jurewicz – Member of the Management Board.

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

1. On January 13, 2023, the Management Board of the Company was informed about the decision of Ms. Anna Idzikowska, Member of the Management Board of the Company, to resign from her function in the Management Board of the Company, effective as of February 28, 2023.

SUPERVISORY BOARD:

- » Rafal Olesinski – Chairman of the Supervisory Board;
- » Wiktor Schmidt – Vice Chairman of the Supervisory Board;
- » Marcin Bilos – Member of the Supervisory Board;
- » Maciej Marszalek – Member of the Supervisory Board;
- » Arkadiusz Pernal – Member of the Supervisory Board;
- » Kinga Stanislawska – Member of the Supervisory Board.

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

1. Mr. Tomasz Drozdzyński resigned from the position of Member of the Supervisory Board on March 11, 2022.



6.

SHAREHOLDERS STRUCTURE

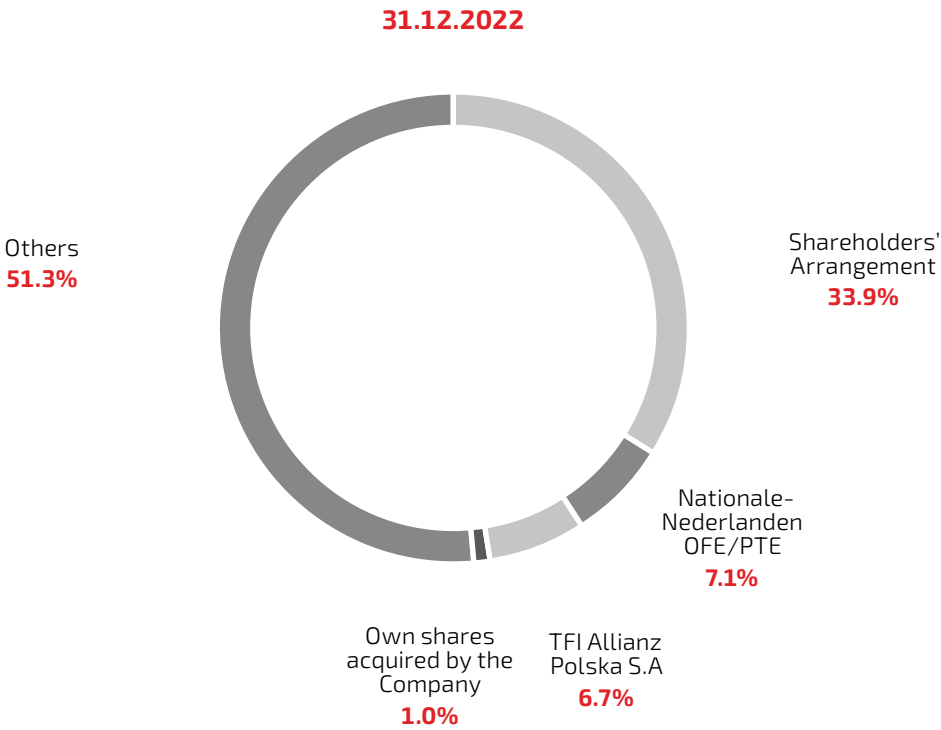
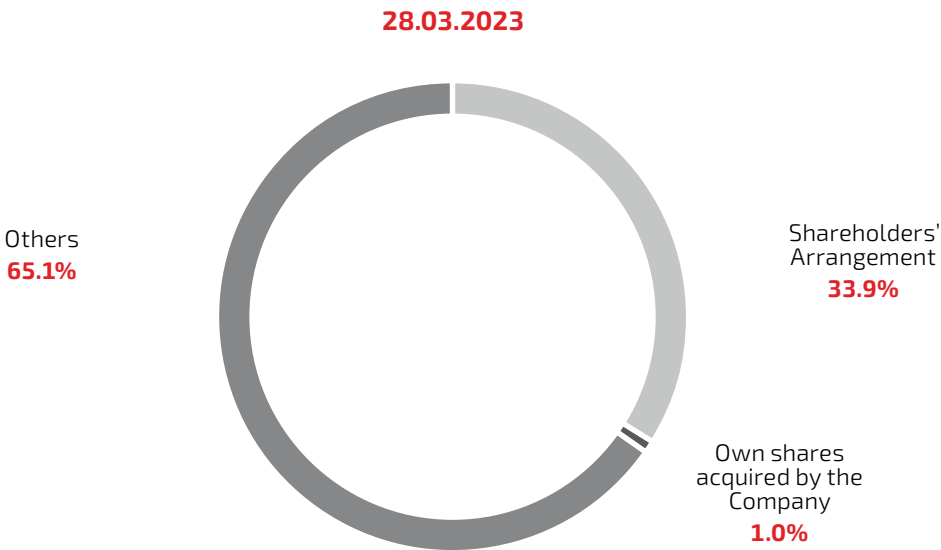
6.1 List of shareholders holding directly or indirectly through subsidiaries at least 5% of the total number of votes at the issuer's general meeting

SHAREHOLDER	number of shares as of 28.03.2023	% share in the share capital	number of votes at GMS	% share in the number of votes
Shareholders' Arrangement*	2,487,288	33.9%	2,487,288	33.9%
own shares acquired by the Company	70,000	1.0%	70,000	1.0%
others (including no entity holding more than 5% of shares)	4,777,534	65.1%	4,777,534	65.1%
TOTAL	7,334,822	100.0%	7,334,822	100.0%

SHAREHOLDER	number of shares as of 31.12.2022	% share in the share capital	number of votes at GMS	% share in the number of votes
Shareholders' Arrangement*	2,487,288	33.9%	2,487,288	33.9%
Nationale-Nederlanden OFE/PTE	524,371	7.1%	524,371	7.1%
TFI Allianz Polska S.A	488,915	6.7%	488,915	6.7%
own shares acquired by the Company	70,000	1.0%	70,000	1.0%
others (including no entity holding more than 5% of shares)	3,764,248	51.3%	3,764,248	51.3%
TOTAL	7,334,822	100%	7,334,822	100%

SHAREHOLDER	number of shares as of 31.12.2021	% share in the share capital	number of votes at GMS	% share in the number of votes
Shareholders' Arrangement*	3,000,120	41.1%	3,000,120	41.1%
others (including no entity holding more than 5% of shares)	4,301,663	58.9%	4,301,663	58.9%
TOTAL	7,301,783	100%	7,301,783	100%

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





6.2
List of shares held by members of the Management Board and Supervisory Board

SHAREHOLDER	number of shares as of 28.03.2023	% share in the share capital	number of votes at GMS	% share in the number of votes
President of the Management Board – Maciej Zuzalek	194,826	2.7%	194,826	2.7%
Member of the Management Board – Andrzej Ilczuk	10,388	0.1%	10,388	0.1%
Member of the Management Board – Janusz Dziemidowicz	84,249	1.1%	84,249	1.1%
Member of the Management Board – Wojciech Gattner	29,000	0.4%	29,000	0.4%
Member of the Management Board – Magdalena Jurewicz	19,500	0.3%	19,500	0.3%
Member of the Supervisory Board – Arkadiusz Pernal	661,552	9.0%	661,552	9.0%
Member of the Supervisory Board – Maciej Marszalek	44,000	0.6%	44,000	0.6%
Member of the Supervisory Board – Rafal Olesinski	669	0.0%	669	0.0%
Member of the Supervisory Board – Kinga Stanislawska	105	0.0%	105	0.0%
TOTAL: MANAGEMENT BOARD AND SUPERVISORY BOARD	1,044,289	14.2%	1,044,289	14.2%
<i>Others</i>	6,290,533	85.8%	6,290,533	85.8%
TOTAL	7,334,822	100.0%	7,334,822	100.0%



SHAREHOLDER	number of shares as of 31.12.2022	% share in the share capital	number of votes at GMS	% share in the number of votes
President of the Management Board – Maciej Zuzalek	194,826	2.7%	194,826	2.7%
Member of the Management Board – Anna Idzikowska	25,000	0.3%	25,000	0.3%
Member of the Management Board – Andrzej Ilczuk	10,388	0.1%	10,388	0.1%
Member of the Management Board – Janusz Dziemidowicz	84,249	1.1%	84,249	1.1%
Member of the Management Board – Wojciech Gattner	29,000	0.4%	29,000	0.4%
Member of the Management Board – Magdalena Jurewicz	19,500	0.3%	19,500	0.3%
Member of the Supervisory Board – Arkadiusz Pernal	661,552	9.0%	661,552	9.0%
Member of the Supervisory Board – Maciej Marszalek	44,000	0.6%	44,000	0.6%
Member of the Supervisory Board – Rafal Olesinski	669	0.0%	669	0.0%
Member of the Supervisory Board – Kinga Stanislawska	105	0.0%	105	0.0%
TOTAL: MANAGEMENT BOARD AND SUPERVISORY BOARD	1,069,289	14.6%	1,069,289	14.6%
<i>Others</i>	6,265,533	85.4%	6,265,533	85.4%
TOTAL	7,334,822	100.0%	7,334,822	100.0%

SHAREHOLDER	number of shares as of 31.12.2022	% share in the share capital	number of votes at GMS	% share in the number of votes
President of the Management Board – Maciej Zuzalek	194,826	2.67%	194,826	2.67%
Member of the Management Board – Anna Idzikowska	17,000	0.23%	17,000	0.23%
Member of the Management Board – Andrzej Ilczuk	2,388	0.06%	2,388	0.06%
Member of the Management Board – Janusz Dziemidowicz	84,249	1.15%	84,249	1.15%
Member of the Management Board – Wojciech Gattner	24,698	0.34%	24,698	0.34%
Member of the Management Board – Magdalena Jurewicz	19,500	0.27%	19,500	0.27%
Member of the Supervisory Board – Arkadiusz Pernal	807,600	11.06%	807,600	11.06%
Member of the Supervisory Board – Maciej Marszalek	44,000	0.60%	44,000	0.60%
Member of the Supervisory Board – Rafal Olesinski	669	0.01%	669	0.01%
Member of the Supervisory Board – Kinga Stanislawska	105	0.00%	105	0.00%
TOTAL: MANAGEMENT BOARD AND SUPERVISORY BOARD	1,195,035	16.43%	1,195,035	16.43%
<i>Others</i>	6,106,748	83.57%	6,106,748	83.57%
TOTAL	7,301,783	100.00%	7,301,783	100.00%



6.3 Series of shares

SERIES OF SHARES	Numer of shares as of 28.03.2023 and 31.12.2022	nominal value of shares (per one share)	Total nominal value of shares
A	7,225,000	0.1, PLN	722,500.00
B	109,822	0.1, PLN	10,982.20

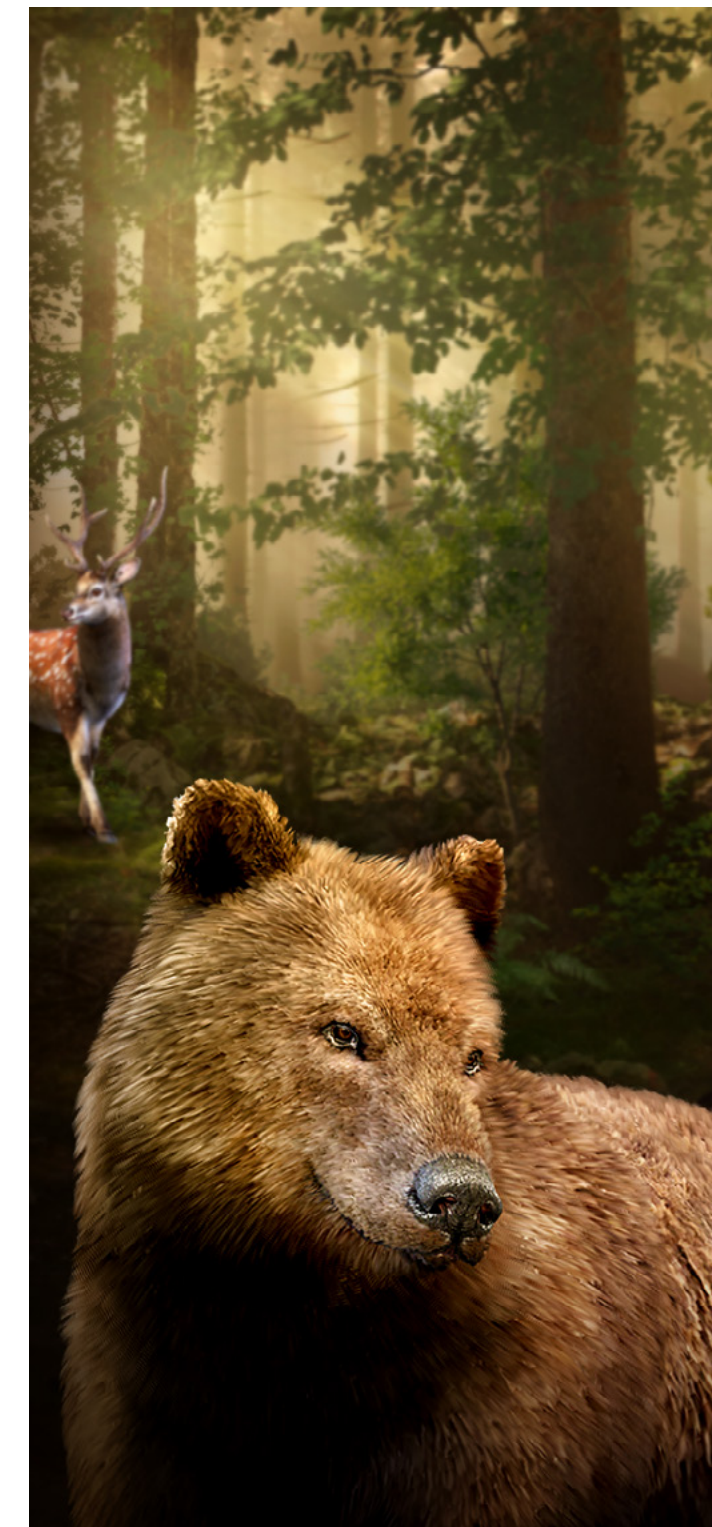
SERIES OF SHARES	Numer of shares as of 31.12.2021	nominal value of shares (per one share)	Total nominal value of shares
A	7,225,000	0.1, PLN	722,500.00
B	76,783	0.1, PLN	7,678.30

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

6.4 Description of changes in shareholding structure

Changes in the shareholding structure between December 31, 2021 and March 28, 2023 result from the transactions described in:

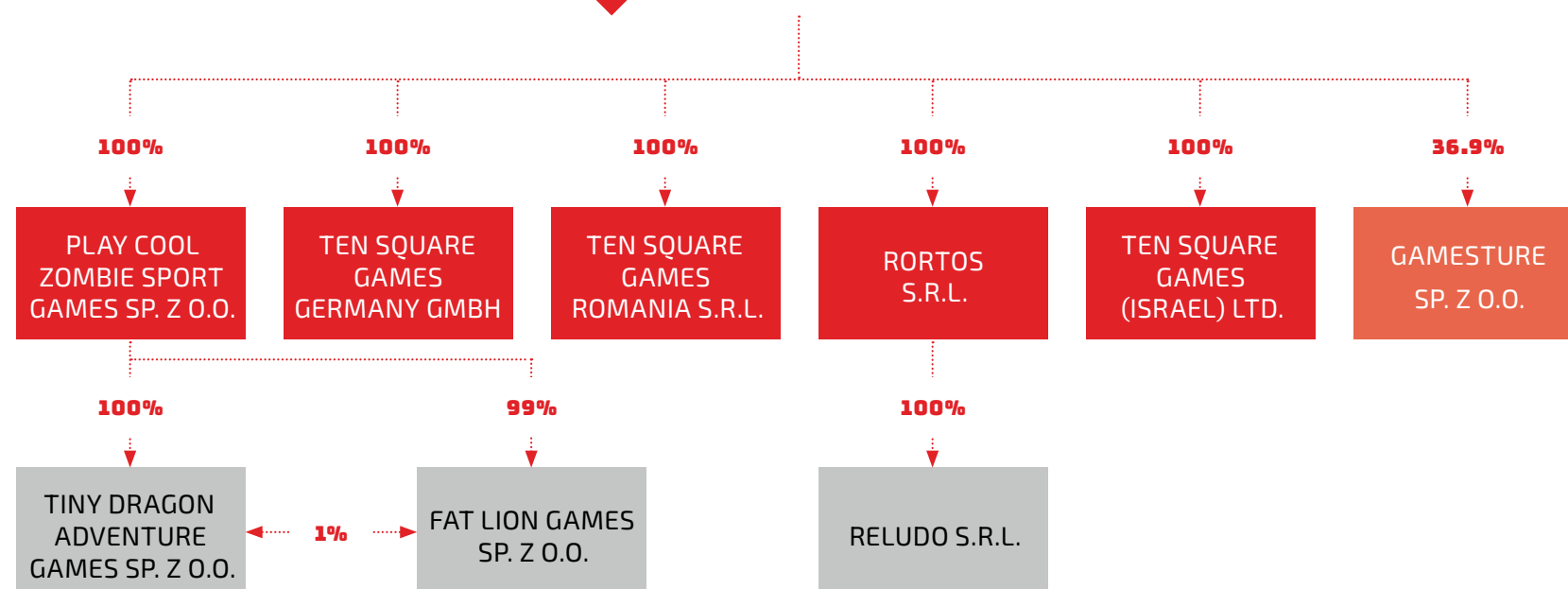
1. Received on January 24, 2022, notifications regarding the change in the shareholding structure of the Company, submitted by: Maciej Popowicz and Arkadiusz Pernal, about which the Company informed in the current report No. 9/2022.
2. The notification on the change in the shareholding of the Company 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.
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 incentive program for 2021. The supplementary capital was registered on September 2, 2022.
6. The notification received on November 6, 2022 regarding the change in the ownership of the Company's shares, submitted by the Arrangement of Shareholders, about which the Company informed in the current report No. 44/2022.
7. The notification received on December 23, 2022 regarding the change in the ownership of the Company's shares, submitted by Wojciech Gattner, about which the Company informed in the current report No. 47/2022.
8. The notification received on January 19, 2023 regarding the change in the ownership of the Company's shares, submitted by TFI Allianz Polska S.A, about which the Company informed in current report No. 4/2023.
9. The notification received on February 15, 2023 regarding the change in the ownership of the Company's shares, submitted by NN PTE S.A., about which the Company informed in current report No. 7/2023.





TEN SQUARE GAMES CAPITAL GROUP

As of 28.03.2023:



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

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

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

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

Ten Square Games Romania S.r.l. was founded on May 17, 2021 (date of the articles of association) and entered into the commercial register on June 28, 2021.

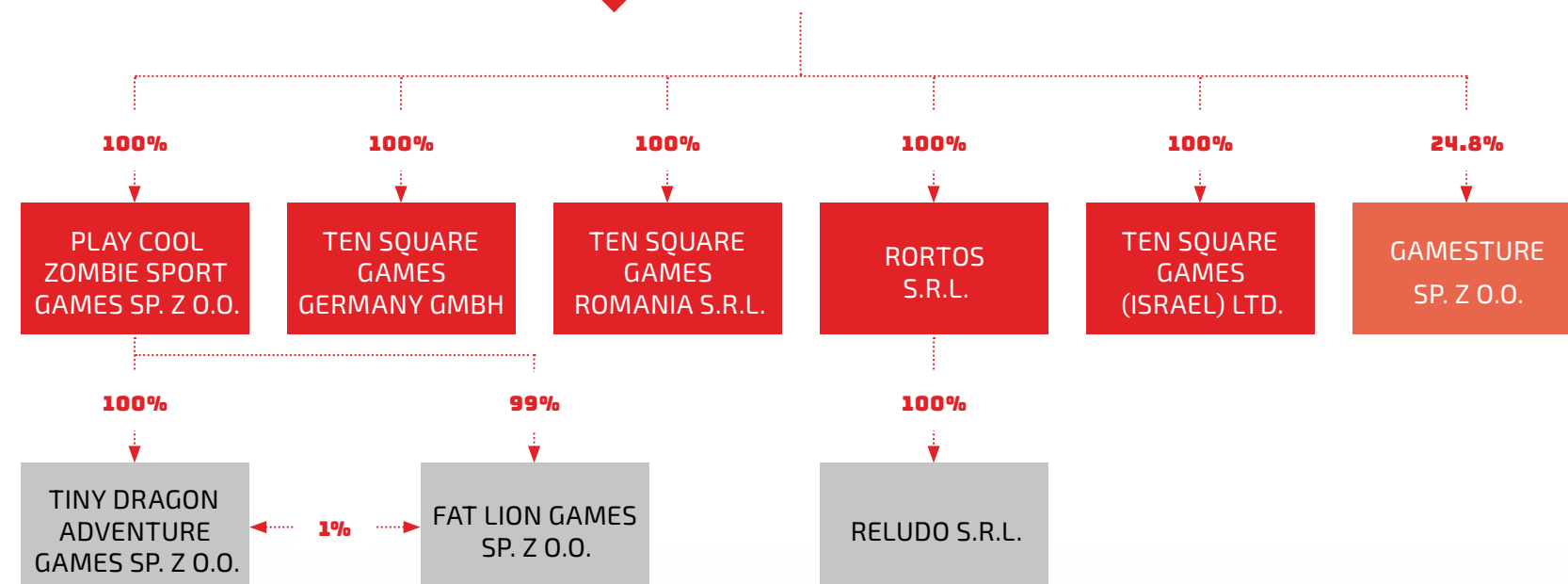
Ten Square Games S.A. acquired 100% of the shares of Rortos S.r.l. on July 5, 2021, in performance of the provisions of the sales agreement concluded on June 30, 2021.

Ten Square Games (Israel) Ltd. was founded on February 15, 2022 (date of the articles of association) and entered into the commercial register on February 20, 2022.

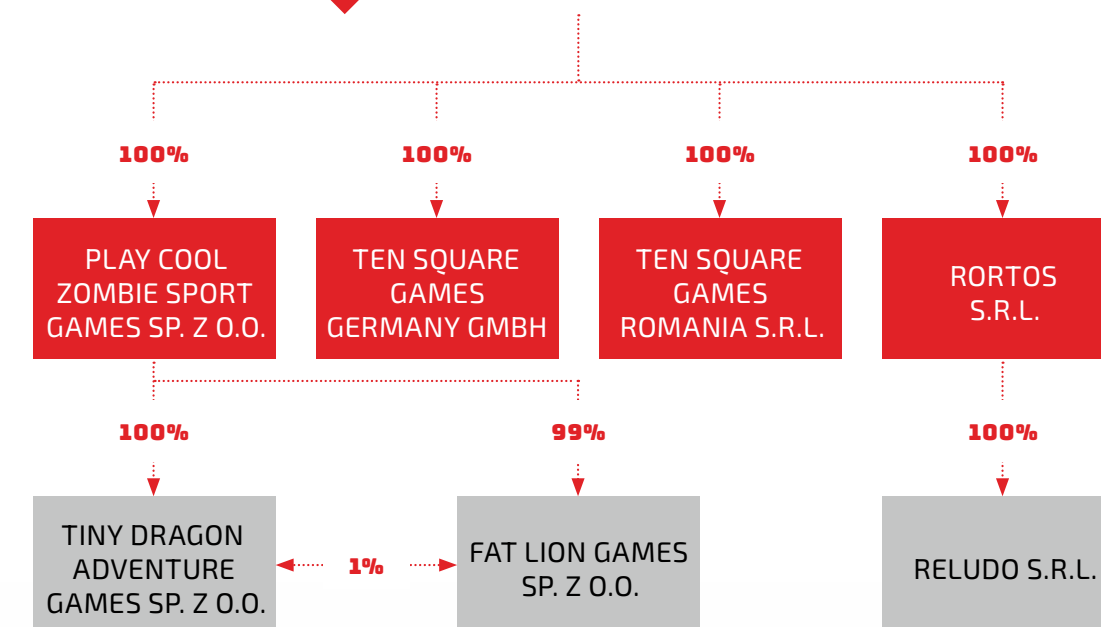
Ten Square Games S.A. acquired 24.8% of shares in Gamesture Sp. z o. o. on March 11, 2022. On January 31, 2023 Ten Square Games S.A. acquired 12% of shares in Gamesture Sp. z o. o. (which was registered in court on March 17, 2023) and currently holds 36.9% of the shares of this company.



As of 31.12.2022:



As of 31.12.2021:





INFORMATION ON CONSOLIDATION

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

Information on subsidiaries as at 28.03.2023:

NAME	PLAY COOL ZOMBIE SPORT GAMES SP. Z O.O.	TINY DRAGON ADVENTURE GAMES SP. Z O.O.	FAT LION GAMES SP. Z O.O.	GAMESTURE SP. Z O.O.
Legal form	Spółka z ograniczoną odpowiedzialnością	Spółka z ograniczoną odpowiedzialnością	Spółka z ograniczoną odpowiedzialnością	Spółka z ograniczoną odpowiedzialnością
Registered seat	45 Traugutta Street 50-416 Wrocław, Polska	45 Traugutta Street 50-416 Wrocław, Polska	45 Traugutta Street 50-416 Wrocław, Polska	8 Grodziska Street 60-363 Poznań, Polska
Registration country	Poland	Poland	Poland	Poland
Core business activity	publishing activity with regard to computer games (58.21.Z)	publishing activity with regard to computer games (58.21.Z)	publishing activity with regard to computer games (58.21.Z)	Computer consultancy activities (62.02.Z)
Authority keeping the register	District Court. VI Commercial Division of the National Court Register	District Court. VI Commercial Division of the National Court Register	District Court. VI Commercial Division of the National Court Register	District Court. VIII Commercial Division of the National Court Register in Poznań
Registry no.	KRS 0000580667	KRS 0000634216	KRS 0000704592	0000531228
Statistical REGON no	362748821	365263544	368774363	360207363
Tax identification number	8982214450	8982223710	8982238999	7811902941
Company duration	indefinite	indefinite	indefinite	indefinite
% of capital held by the Parent Company	100%	100% (indirectly)	100% (indirectly)	36,9%

NAME	TEN SQUARE GAMES GERMANY GMBH	TEN SQUARE GAMES ROMANIA SRL	TEN SQUARE GAMES (ISRAEL) LTD	RORTOS S.R.L.	RELUDO S.R.L.
Legal form	Spółka z ograniczoną odpowiedzialnością	Spółka z ograniczoną odpowiedzialnością	Spółka z ograniczoną odpowiedzialnością	Spółka z ograniczoną odpowiedzialnością	Spółka z ograniczoną odpowiedzialnością
Registered seat	c/o AMI Steuerberatungsgesellschaft mbH, Kurfürstendamm 193, 10707 Berlin	82-98 Calea Griviței, 1st floor, The Podium building, The Mark complex, District 1, Bucharest, Romania	Gornitzky, law firm HaHarash 20 6761310 Tel Aviv, Izrael	Via del Pontiere 11, 37122 Verona, Italy	Via del Pontiere 11, 37122 Verona, Italy
Registration country	Germany	Romania	Israel	Italy	Italy
Core business activity	development. production. distribution. licensing and support of computer software. computer games. console games. online or mobile games. and the provision of online platforms for computer games	publication of software. including in particular computer games	all economic activities legally permitted. including game production	design. development. installation. maintenance and management of software	design. development. installation. maintenance and management of software
Authority keeping the register	Amtsgericht Charlottenburg, Berlin, Niemcy	Bucharest Trade Registry Office	The State of Israel Ministry of Justice Corporations Authority Registrar of Companies	Companies' Register of Verona	Companies' Register of Verona
Registry no.	HRB 225333	J40/11061/2021	516564846	4132300239	3996860239
Statistical REGON no	N/A	N/A	N/A	Economic and Administrative Index No. VR 394801	Economic and Administrative Index No. VR 383022
Tax identification number	DE341097971	RO44499736	The entity has not yet received a tax identification numbe	4132300239 (same as register number)	03996860239 (same as register number)
Company duration	indefinite	indefinite	indefinite	indefinite	indefinite
% of capital held by the Parent Company	100%	100%	100%	100%	100% (indirectly)

9.

AUDITING COMPANY

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

10.

THE IMPACT OF THE WAR IN UKRAINE ON THE GROUP'S OPERATIONS

On February 24, 2022, the Russian invasion of Ukraine began. This event had and still has a significant impact on the Company's operations. On 8 March 2022, the Company ceased providing, maintaining and blocked payments for all of its games in Russia and Belarus. This event certainly translated into the results generated in 2022 and may contribute to the results in the following years, as sales on these markets accounted for approx. 5.3% of the total payments in 2021.

The Management Board also decided to transfer PLN 1 million to non-governmental organizations supporting refugees in Ukraine and to grant funding to Ukrainian employees who came to Poland.

The war in Ukraine also has a negative impact on energy prices, however, in the case of the Group, this impact is negligible from the perspective of the financial statements.

As at the date of publication of these financial statements, the Management Board of the Parent Company, based on the risk analysis performed so far, estimates that, despite everything, the war does not affect the assessment of the legitimacy of the assumption as to the going concern of the Parent Company.





11.

STATEMENT OF THE MANAGEMENT BOARD

The Management Board of the Parent Entity states that, to the best of their knowledge, this consolidated financial statement and the comparative data have been prepared in accordance with the accounting policy of the Group and that they give a true and fair view of the Group's assets, financial position and results of operations.

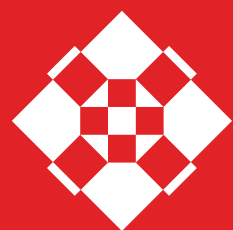
The Management Board also declares that the Management Board report on activities gives a true picture of the Group's development, achievements and situation, including a description of the main threats and risks.

12.

MANAGEMENT BOARD INFORMATION

The Management Board of the Parent Company announces that the selection of the audit firm to audit the annual standalone and consolidated financial statement for fiscal year 2022 was made by the Supervisory Board of the Company in the form of a resolution adopted on 18 May 2022 after the recommendation presented by the Audit Committee. The Supervisory Board selected the audit firm PKF Consult Sp. z o.o. sp. k. to review the semi-annual financial statements of Ten Square Games S.A. and the semi-annual consolidated financial statements of the Ten Square Games S.A. Group for the periods from 01.01.2022 to 30.06.2022, from 01.01.2023 to 30.06.2023, as well as the audit of the annual separate financial statements of Ten Square Games S.A. and the annual consolidated financial statements of the Ten Square Games S.A. Group for the years 2022 and 2023 and thus decided to extend the agreement with PKF Consult Sp. z o.o. sp.k.

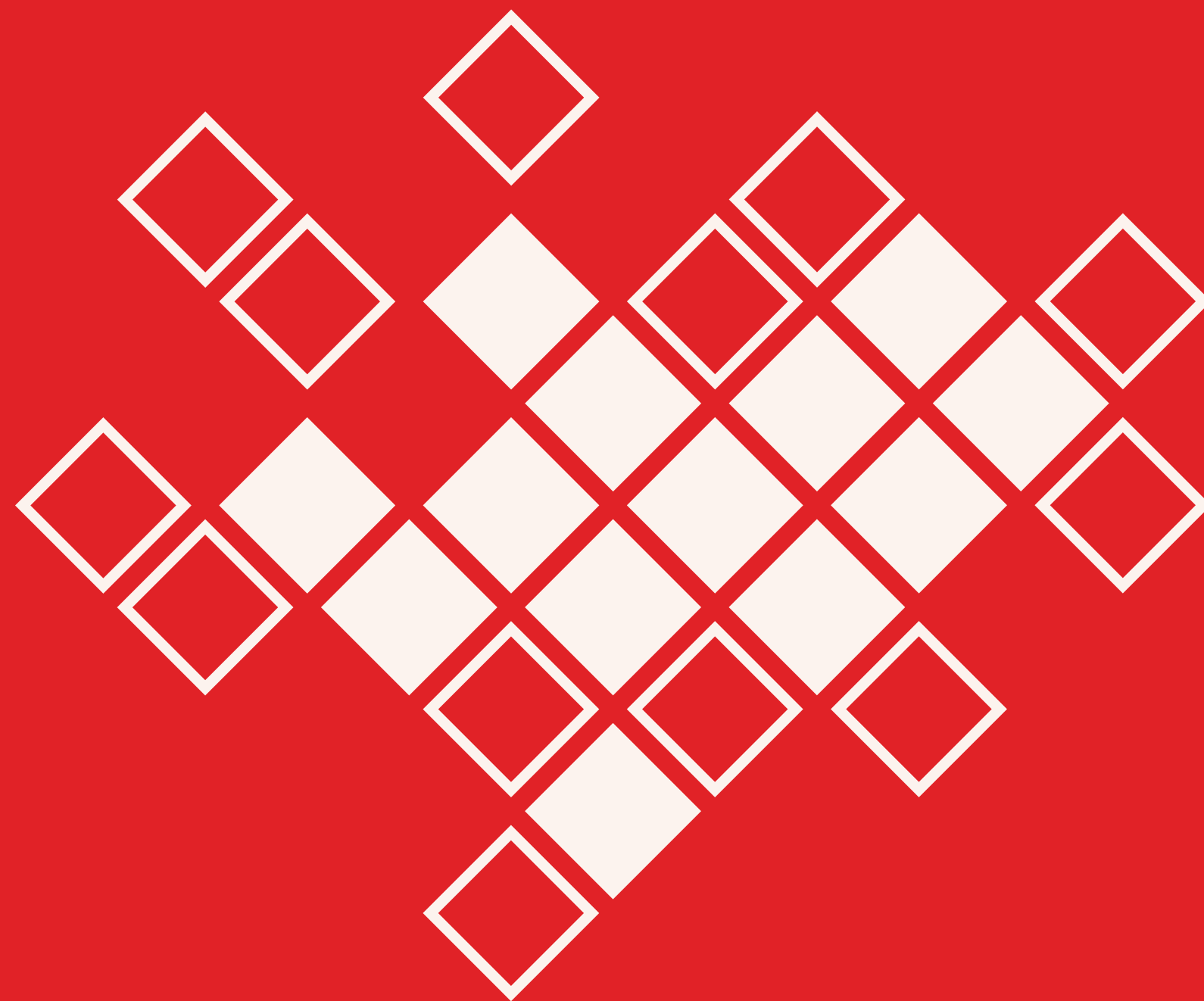
The audit firm and the members of the team auditing the annual separate and consolidated financial statements for the financial year 2022 fulfilled the conditions for the preparation of an objective and independent report on the audit of the annual financial statement in accordance with the applicable regulations, professional standards and professional ethics. Ten Square Games S.A. Group complies with applicable laws relating to the rotation of the audit firm and the key statutory auditor, as well as mandatory grace periods. Ten Square Games S.A. (parent entity) has a policy for selecting an audit firm and a policy for the provision to the issuer by the audit firm, an entity affiliated with the audit firm or a member of its network of additional non-audit services, including services conditionally exempt from the prohibition on the provision by the audit firm.



ten square_games

III

BASIS OF PREPARATION AND ACCOUNTING POLICY





1.

COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated financial statement prepared as at 31 December 2022 has been prepared in accordance with International Accounting Standards, International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board approved by the European Union, hereinafter referred to as "EU IFRS".

In preparing the consolidated financial statements as at 31 December 2022, the Company adopted all new and approved standards and interpretations issued by the International Accounting Standards Board and the International Accounting Standards Interpretation Committee and approved for application in the EU, applicable to its operations.

Standards, interpretations and amendments to published Standards endorsed by the EU that have been adopted as at 28 March 2023 but are not yet effective for annual periods beginning on 1 January 2022 include:

- » IFRS 14 Regulatory prepayments and accruals (published on January 30, 2014) – in accordance with the decision of the European Commission, the process of approving the standard in the preliminary version will not be initiated before the release of the standard in the final version – not approved by the EU until the date of approval of these financial statements – applicable to annual periods beginning on or after January 1, 2016;
- » Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 11 September 2014) – works leading to the approval of these amendments were postponed by the EU indefinitely – the effective date was postponed by IASB for an indefinite period;

- » IFRS 17 Insurance Contracts (published on May 18, 2017) including Amendments to IFRS 17 (published on June 25, 2020) – applicable to annual periods beginning on or after January 1, 2023;
- » Amendments to IAS 1 and Practice Statement 2: Disclosure of Accounting Principles (Policy) (issued on February 12, 2021) – applicable to annual periods beginning on or after January 1, 2023;
- » Amendments to IAS 8: Definition of accounting estimates (issued on February 12, 2021) – applicable to annual periods beginning on or after January 1, 2023;
- » Amendments to IAS 12: Deferred tax relating to assets and liabilities arising from a single transaction (published on May 7, 2021) – applicable to annual periods beginning on or after January 1, 2023;
- » Amendments to IFRS 17 Insurance contracts: First application of IFRS 17 and IFRS 9 – Comparative information (issued on December 9, 2021) – applicable to annual periods beginning on or after January 1, 2023;
- » Amendments to IAS 1: Presentation of financial statements – Classification of liabilities into short-term and long-term and Classification of liabilities into short-term and long-term – deferral of the effective date and Long-term liabilities containing contractual clauses (published on January 23, 2020 and July 15, 2020 and October 31, respectively 2022) – until the date of approval of these financial statements, not approved by the EU – applicable to annual periods beginning on or after January 1, 2024;

- » Amendment to IFRS 16 Leases: Lease Liability in a Sale and Leaseback Transaction (issued on September 22, 2022) – not approved by the EU as at the date of approval of these financial statements – applicable to annual periods beginning on or after January 1, 2024.

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

In preparing the financial statements as at 31.12.2022, the Group has not opted for early application of any standard, interpretation or amendment that has been published but has not yet become effective under European Union legislation. According to the Company's estimates, the early application by the Company of these standards, interpretations and amendments to standards would not have a material impact on these financial statements.

2.

CHANGES IN ACCOUNTING PRINCIPLES (POLICY)

There were no changes in accounting policies during 2022.

3.

DESCRIPTION OF THE ADOPTED ACCOUNTING PRINCIPLES (POLICY)

3.1 Consolidation – subsidiaries, associates

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.

In accordance with IAS 28, the Group measures investments in associates using the equity method. An investment in an associate is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the investee's profits or losses 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 each time considers the existence of a significant influence and dependence of the company in which the shares are purchased.

3.2 Revenues and costs of operating activity

Revenues are gross inflows 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 activity of Group's companies is based mainly on retail sales 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:

REVENUE

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 Group verifies an average estimated conversion period of virtual currency into goods in a game for a group of paying users and subsequently estimates the amount of potential liability due to the realization of premium packages. The amount of such a liability reduces the revenue of a given period and is recognised as an accrued income settlement (balance sheet item).

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

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

Revenues from advertisements displayed in games (**advertisements**)

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

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

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

Costs of goods and services sold

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

Selling costs

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

General and administrative costs

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

3.3 Revenues and costs of financial activity

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

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

3.4 Income tax

Income tax includes: current tax payable and deferred tax.

Current tax

Current tax is calculated on the basis of tax result (tax base) of a given trading year. Tax profit (loss) is different than balance-sheet profit (loss) due to the exclusion of revenues subject to taxation and costs which constitute tax-deductible revenues in the subsequent years as well as the revenues and costs which will never be subject to taxation. The current tax value is calculated on the basis of tax rate applicable in a given trading year. Ten Sqaure Games S.A. as a company carrying out research and development activities and earning income from qualified intellectual property rights applies a preferential income tax rate. In order to take advantage of the IP BOX tax relief, the Company:

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

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

Deferred tax

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

Uncertainty connected with the recognition of income tax

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

3.5 Tangible fixed assets

The Group recognizes fixed assets as separate objects, suitable for use, meeting the criteria for fixed assets specified in IAC 16 Tangible fixed assets, if the purchase price (manufacturing cost) amounts to at least PLN 3.500. Fixed assets with the value below 3.500 PLN undergo one-off amortization and they are recognized as costs in the month of purchase.

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

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

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

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

Intangible assets of the Group with the depreciation rates:

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

Development works

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

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

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

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

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

Goodwill

Goodwill on acquisition of an entity is initially recognized at cost, which is the excess of the sum of:

- (i) the consideration transferred,
- (ii) the amount of any non-controlling interest in the acquiree, and
- (iii) in the case of a business combination achieved in stages, the fair value at the acquisition date of the interest in capital of the acquiree, previously owned by the acquirer, over the net amount determined as at the acquisition date of the value of the identifiable assets acquired and liabilities assumed.

As at the acquisition date, the acquired goodwill is allocated to each of the cash-generating units that may benefit from the synergies arising from the merger. After initial recognition, goodwill is carried at cost less any accumulated impairment losses. The impairment test is carried out as at 31 December or more frequently if there are indications for it. Goodwill is not amortized. An impairment loss is determined by estimating the recoverable amount of the cash-generating unit to which the goodwill has been allocated. If the recoverable value of the cash-generating unit is lower than the carrying amount, an impairment loss is recognized. Goodwill is derecognised in the event of loss of control over the center to which it was allocated.



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.** 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 Polish zloty shall be converted to Polish 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 Equity

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

3.12 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 statement, provisions shall be recognized as long-term and short-term provisions.

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 Company of funds embodying economic benefits.

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

3.16

Significant values based on professional judgement and estimates

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 provision of durable virtual goods

The Company estimates the amount of the liability (customer contract liability) for the provision of durable in-game goods – revenue 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 such 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 subject to uncertainty.

The use of consumables over time

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

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

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

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

» before the balance sheet date and/or

» after the balance sheet date.

The use of durables 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 Group did not have statistical models to estimate the value of durables, which was related to, among other things, the fact that the Group's game economics are based on:

1. the ability to exchange some goods for other goods;
2. possibility of receiving selected goods for free;
3. possibility of purchasing goods using both pearls received for free (e.g. by winning a competition) and those purchased for hard currency.

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

In the course of 2020, the Company made changes to its IT systems, which enabled it to start collecting data to analyze the use of durable goods over time. As a result, the Group has estimated the amount of the liability (customer contract liability) for the provision of durable goods in the game as of 31 December 2020 – revenue relating to the purchase of durable virtual goods is recognized by the estimated average playing period of paying users. Estimating the average period of time a paying user remains in the game requires a sufficiently long history of player behavior. Accordingly, as at 31 December 2020, the Company deferred revenue from durable goods over time only for Fishing Clash, and as at 31 December 2021, the Company deferred revenue from durable goods over time for the first time for its second leading title – Hunting Clash.

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.

As at 31 December 2022, the Company updated the valuation of the earn-out payments liability, taking into account the actual results achieved in the period from 01 July 2021 until 31 December 2022 and updating the financial model with future cash flows.

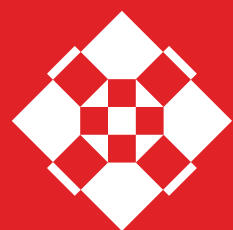
In order to reflect the current market assessment of the time value of money and the risk inherent in the liability, future payments have been estimated taking into account the change in the value of money over time and discounted to the present value.

In the calculation of acquisition liabilities, there is primarily uncertainty regarding the achievement of the assumed financial results of the related party. The results in subsequent years may assume a value higher or lower than assumed, resulting in a deviation of the actual liability from the estimated amount as at 31 December 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

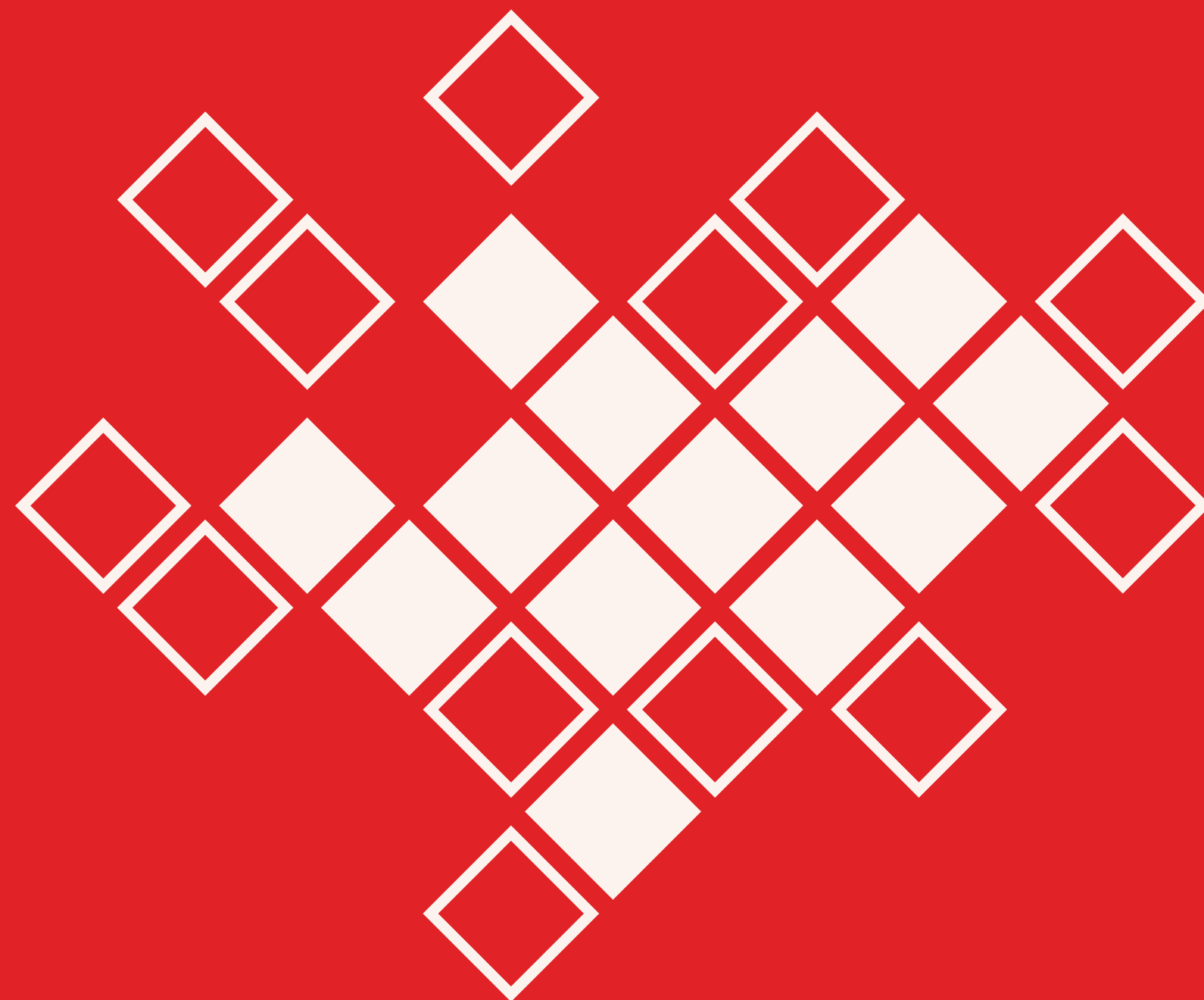
When preparing financial statements, the Group applies the materiality principle. The materiality principle introduces the possibility to apply simplifications, if it does not have a materially negative impact on the reliable and clear presentation of the property, financial situation and financial result. The Group has adopted the amount of PLN 2.0 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).

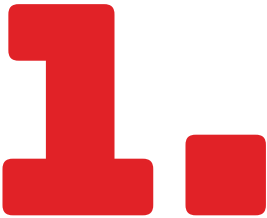


ten square_games

IV

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT





REVENUES

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

SPECIFICATION	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Sales of services	538,557,650	634,045,040
TOTAL revenues from sales of services	538,557,650	634,045,040
Other operating revenues	1,355,177	438,596
Financial revenues	8,344,175	45,090
TOTAL revenues from continuing operations	548,257,002	634,528,726
TOTAL revenues	548,257,002	634,528,726

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.

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

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

Adjusted EBITDA means the operating profit shown in the consolidated financial statements achieved by the Group for a given financial year, increased by depreciation of fixed assets and intangible assets, adjusted by:

- » extraordinary and one-off events;
- » costs of carrying out the Program in accordance with the financial reporting standards applicable to the Company;
- » the effect of recognition over time the incentive program of the President of the Management Board, Maciej Zuzalek (described below);
- » the impact of non-cash adjustments to revenue (and the related cost of distributors' commissions), related to e.g. deferral of revenue from virtual currency or durables;
- » the impact of any one-off write-downs on capital expenditures on the creation of mobile games;
- » the effect of possible changes in the tax and social security systems resulting from, among others, changes in applicable regulations, including the „New Deal", which would increase the Company's costs due to the need to raise the remuneration of employees and associates (applies only to the financial result for 2022).

1.2 Revenues – source

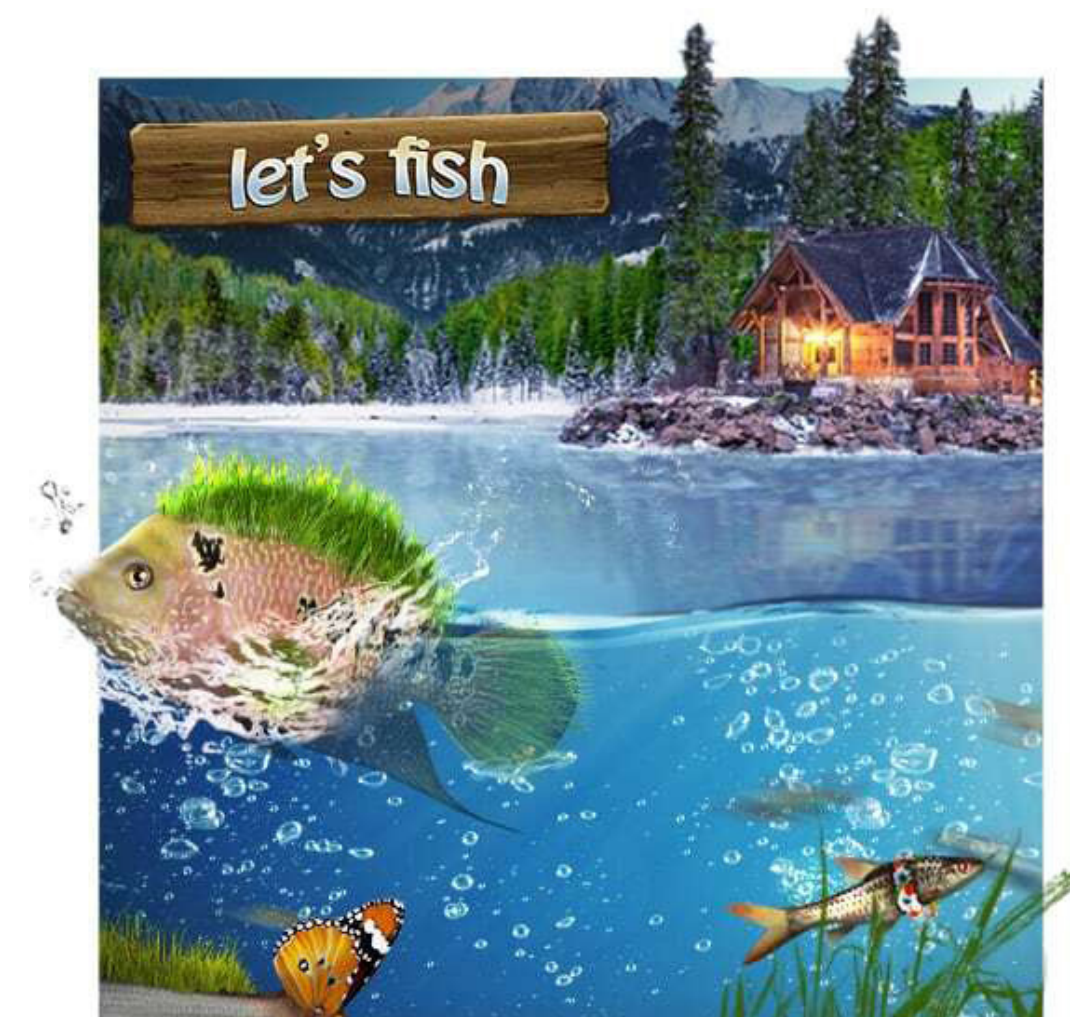
The Group's operations are based on the production and distribution of Free to Play (F2P) games. The Group generates sales revenues related to in-game advertising, in-game micropayments and on the basis of license agreements.

TYPE OF REVENUES	Bookings 2022	Share in 2022 bookings	Bookings 2021	Share in 2021 bookings
Micro-payments	525,429,889	96.9%	633,533,173	97.5%
Advertisement	11,917,396	2.2%	9,732,979	1.5%
Licences	4,710,831	0.9%	6,302,908	1.0%
TOTAL BOOKINGS	542,058,116	100.0%	649,569,060	100.0%
Deferred income (consumable)	3,496,480	N/D	-6,243,418	N/D
Deferred income (durable)	-6,996,946	N/D	-9,280,603	N/D
TOTAL REVENUES	538,557,650	N/D	634,045,040	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), upgraded fishing 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, but the 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. Revenues related to the purchase of durable virtual goods (and the commission of digital distribution platforms such as Google Play and App Store related to these revenues) are recognized by the estimated average playing time of paying users.

In games advertisements 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 2022	Share in 2022 bookings	Bookings 2021	Share in 2021 bookings
Fishing Clash*	355,966,346	65.7%	482,881,589	74.3%
Hunting Clash	122,510,254	22.6%	115,766,337	17.8%
Let's Fish	10,363,828	1.9%	14,474,391	2.2%
Wild Hunt	10,581,249	2.0%	13,070,985	2.0%
Airline Commander	12,691,269	2.3%	5,097,467	1%
Real Flight Simulator	16,663,687	3.1%	6,851,087	1%
Wings of Heroes	5,259,295	1.0%	0	0
Other	8,022,188	1.5%	11,427,205	1.4%
TOTAL BOOKINGS	542,058,116	100.0%	649,569,060	100.0%
Deferred income (consumable)	3,496,480	N/D	-6,243,418	N/D
Deferred income (durable)	-6,996,946	N/D	-9,280,603	N/D
TOTAL REVENUES	538,557,650	N/D	634,045,040	N/D

Quarterly breakdown of bookings for major titles:

GAME	1Q2022	2Q2022	3Q2022	4Q2022
Fishing Clash	95,826,978	84,385,263	88,773,895	86,980,211
Hunting Clash	32,279,619	24,978,052	32,523,045	32,729,538
Let's Fish	3,099,293	2,394,146	2,380,160	2,490,229
Wild Hunt	2,790,545	2,517,568	2,666,554	2,606,582
Airline Commander	2,879,778	3,048,100	3,717,211	3,046,180
Real Flight Simulator	3,694,286	4,047,377	4,307,017	4,615,007
Wings of Heroes	—	89,199	673,688	4,496,408
Other	1,980,865	1,991,301	2,444,425	1,605,596
TOTAL BOOKINGS	142,551,364	123,451,006	137,485,995	138,569,751
Deferred income (consumable)	4,937,513	908,931	1,505,185	-3,855,149
Deferred income (durable)	2,845,786	-217,105	-6,077,959	-3,547,668
TOTAL REVENUES	150,334,663	124,142,832	132,913,221	131,166,934

GAME	1Q 2021	2Q 2021	3Q2021	4Q2021
Fishing Clash	131,659,442	114,983,038	114,371,143	121,867,964
Hunting Clash	26,840,820	30,390,316	28,042,011	30,493,190
Let's Fish	4,208,029	3,710,888	3,110,282	3,445,192
Wild Hunt	3,666,218	3,331,467	2,761,094	3,312,206
Rortos games	—	—	7,183,811	6,954,796
Other	2,821,641	2,561,285	2,237,641	1,616,584
TOTAL BOOKINGS	169,196,150	154,976,993	157,705,984	167,689,934
Deferred income (consumable)	3,213,637	283,892	-2,265,275	-7,475,672
Deferred income (durable)	1,704,189	9,624,478	-7,489,650	-13,119,620
TOTAL REVENUES	174,113,976	164,885,363	147,951,059	147,094,641

* 2022 bookings for the Fishing Clash game include PLN 3.9 million (1.1% of the total bookings for this title) related to the license revenue generated on the Chinese market, in 2021 this value was equal to PLN 3.3 million.





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

2022

CONSUMABLE	Balance sheet item 1.01.2022	Change of deferral Q1 2022	Change of deferral Q2 2022	Change of deferral Q3 2022	Change of deferral Q4 2022	Balance sheet item Q4 2022	CONSUMABLE 31.12.2022
Fishing Clash							
deferred revenues	-9,423,145	3,305,098	696,382	1,483,290	-1,952,346		-5,890,721
deferred costs	2,826,943	-991,529	-208,915	-444,987	585,704		1,767,216
Hunting Clash							
deferred revenues	-2,871,981	1,505,052	134,265	-28,227	-285,664		-1,546,555
deferred costs	861,594	-451,516	-40,280	8,468	85,699		463,965
Let's Fish							
deferred revenues	-214,577	31,977	45,604	25,404	-74,566		-186,158
deferred costs	64,373	-9,593	-13,681	-7,621	22,370		55,848
Wild Hunt							
deferred revenues	-280,890	95,385	32,680	24,718	-86,977		-215,084
deferred costs	84,267	-28,616	-9,804	-7,415	26,093		64,525
Real Flight Simulator							
deferred revenues					-1,455,597	-714	-1,456,311
deferred costs					436,679	214	436,893
TOTAL							
deferred revenues	-12,790,593	4,937,512	908,931	1,505,186	-3,855,149	-714	-9,294,827
deferred costs	3,837,178	-1,481,254	-272,679	-451,556	1,156,545	214	2,788,448

DURABLE	Balance sheet item 1.01.2022	Change of deferral Q1 2022	Change of deferral Q2 2022	Change of deferral Q3 2022	Change of deferral Q4 2022	Balance sheet item Q4 2022	Balance sheet item 31.12.2022
Fishing Clash							
deferred revenues	-46,432,130	4,497,751	-434,953	-3,101,847	-2,167,486		-47,638,665
deferred costs	13,618,212	-1,463,979	556,566	930,556	650,246		14,291,601
Hunting Clash							
deferred revenues	-6,019,144	-1,651,965	217,848	-2,976,112	-1,380,182		-11,809,555
deferred costs	1,781,756	477,496	-23,274	892,834	414,055		3,542,867
TOTAL							
deferred revenues	-52,451,274	2,845,786	-217,105	-6,077,959	-3,547,668		-59,448,220
deferred costs	15,399,968	-986,483	533,292	1,823,390	1,064,301		17,834,468

CONSUMABLE +DURABLE	Balance sheet item 1.01.2022	Change of deferral Q1 2022	Change of deferral Q2 2022	Change of deferral Q3 2022	Change of deferral Q4 2022	Change of deferral Q4 2022	Balance sheet item 31.12.2022
deferred revenues	-65,241,866	7,783,298	691,826	-4,572,772	-7,402,817	-714	-68,743,047
deferred costs	19,237,146	-2,467,737	260,613	1,371,834	2,220,845	214	20,622,915
Impact on result	-46,004,720	5,315,561	952,439	-3,200,938	-5,181,972	-500	-48,120,132

2021

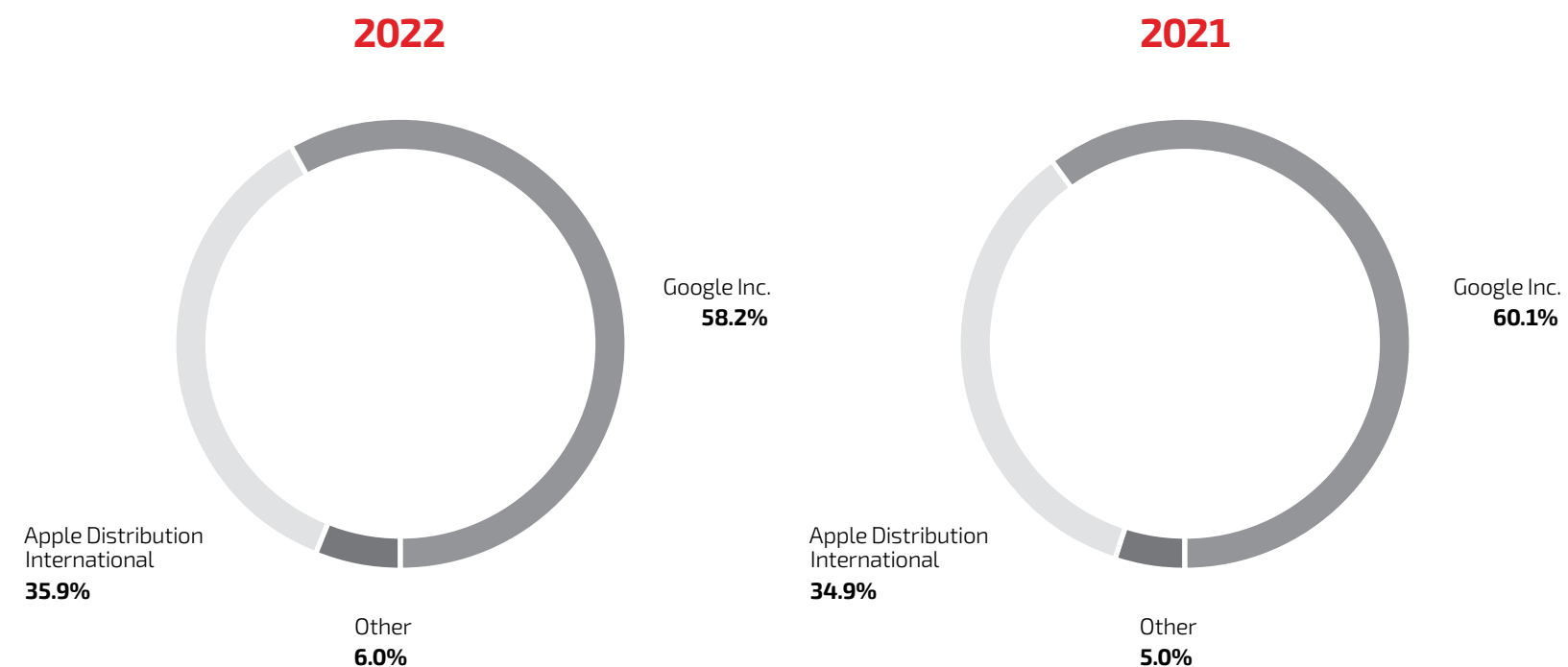
CONSUMABLE	Balance sheet item 1.01.2021	Change of deferral Q1 2021	Change of deferral Q2 2021	Change of deferral Q3 2021	Change of deferral Q4 2021	Balance sheet item 31.12.2021
Fishing Clash						
deferred revenues	-6,235,931	3,080,182	263,529	-1,285,117	-5,245,807	-9,423,144
deferred costs	1,870,779	-924,055	-79,059	385,535	1,573,742	2,826,942
Hunting Clash						
deferred revenues				-953,028	-1,918,954	-2,871,981
deferred costs				285,908	575,686	861,594
Let's Fish						
deferred revenues	-143,137	62,366	6,257	-17,775	-122,289	-214,578
deferred costs	42,941	-18,710	-1,877	5,332	36,687	64,373
Wild Hunt						
deferred revenues	-168,108	71,089	14,106	-9,355	-188,621	-280,889
deferred costs	50,433	-21,327	-4,232	2,806	56,586	84,266
TOTAL						
deferred revenues	-6,547,176	3,213,637	283,892	-2,265,274	-7,475,671	-12,790,592
deferred costs	1,964,153	-964,091	-85,168	679,582	2,242,701	3,837,177

DURABLE	Balance sheet item 1.01.2021	Change of deferral Q1 2021	Change of deferral Q2 2021	Change of deferral Q3 2021	Change of deferral Q4 2021	Balance sheet item 31.12.2021
Fishing Clash						
deferred revenues	-43,170,671	1,704,189	9,624,478	-7,489,650	-7,100,476	-46,432,130
deferred costs	12,951,201	-522,700	-2,975,208	2,157,829	2,007,091	13,618,212
Hunting Clash						
deferred revenues					-6,019,144	-6,019,144
deferred costs					1,781,756	1,781,756
TOTAL						
deferred revenues	-43,170,671	1,704,189	9,624,478	-7,489,650	-13,119,620	-52,451,274
deferred costs	12,951,201	-522,700	-2,975,208	2,157,829	3,788,846	15,399,968
CONSUMABLE +DURABLE						
deferred revenues	-49,717,847	4,917,826	9,908,370	-9,754,924	-20,595,291	-65,241,866
deferred costs	14,915,354	-1,486,791	-3,060,376	2,837,411	6,031,547	19,237,146
Impact on result	-34,802,493	3,431,035	6,847,994	-6,917,513	-14,563,743	-46,004,721



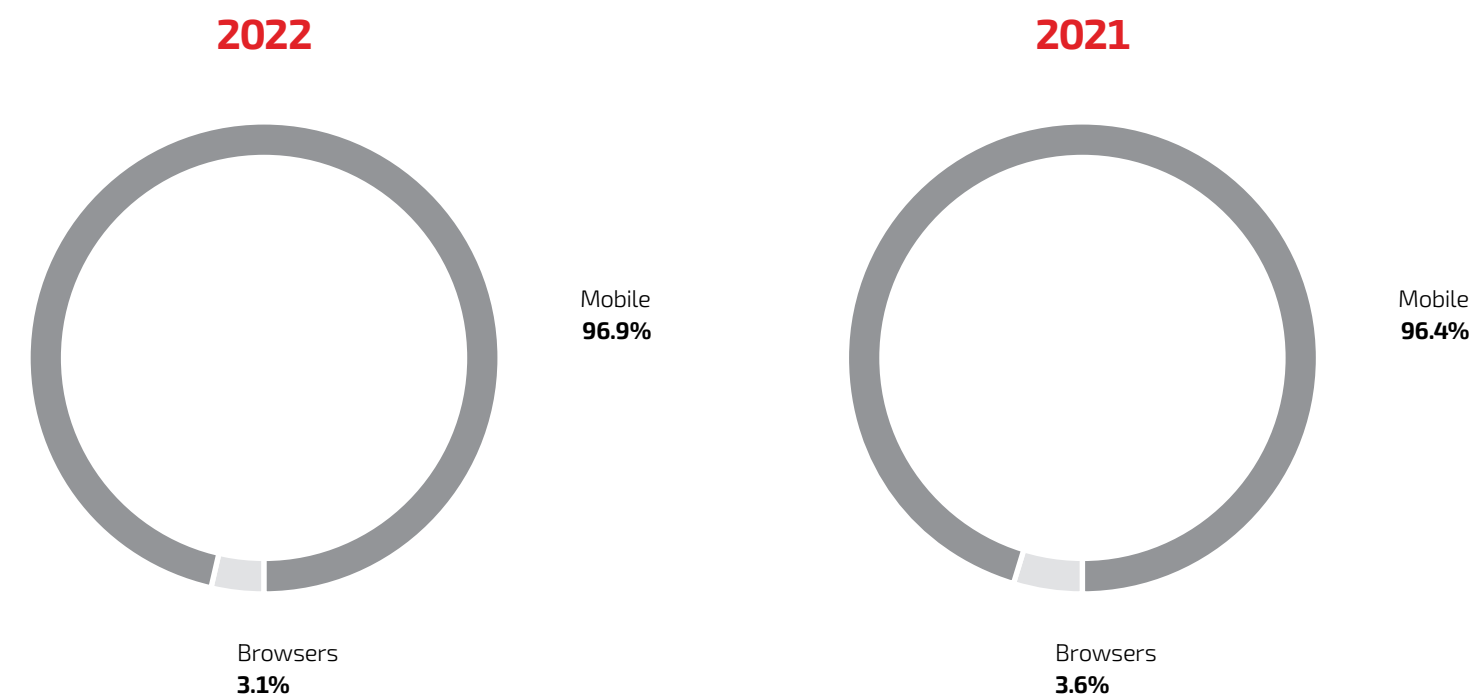
1.4 Revenues by business partner

BUSINESS PARTNER	Bookings 2022	Share in 2022 bookings	Bookings 2021	Share in 2021 bookings
Google Inc.	315,249,524	58.2%	390,427,975	60.1%
Apple Distribution International	194,555,543	35.9%	226,519,219	34.9%
Other	32,253,049	6.0%	32,621,866	5.0%
TOTAL BOOKINGS	542,058,116	100.0%	649,569,060	100.0%
Deferred income (consumable)	3,496,480	N/D	-6,243,418	N/D
Deferred income (durable)	-6,996,946	N/D	-9,280,603	N/D
TOTAL REVENUES	538,557,650	N/D	634,045,040	N/D



1.5 Revenues – distribution channel

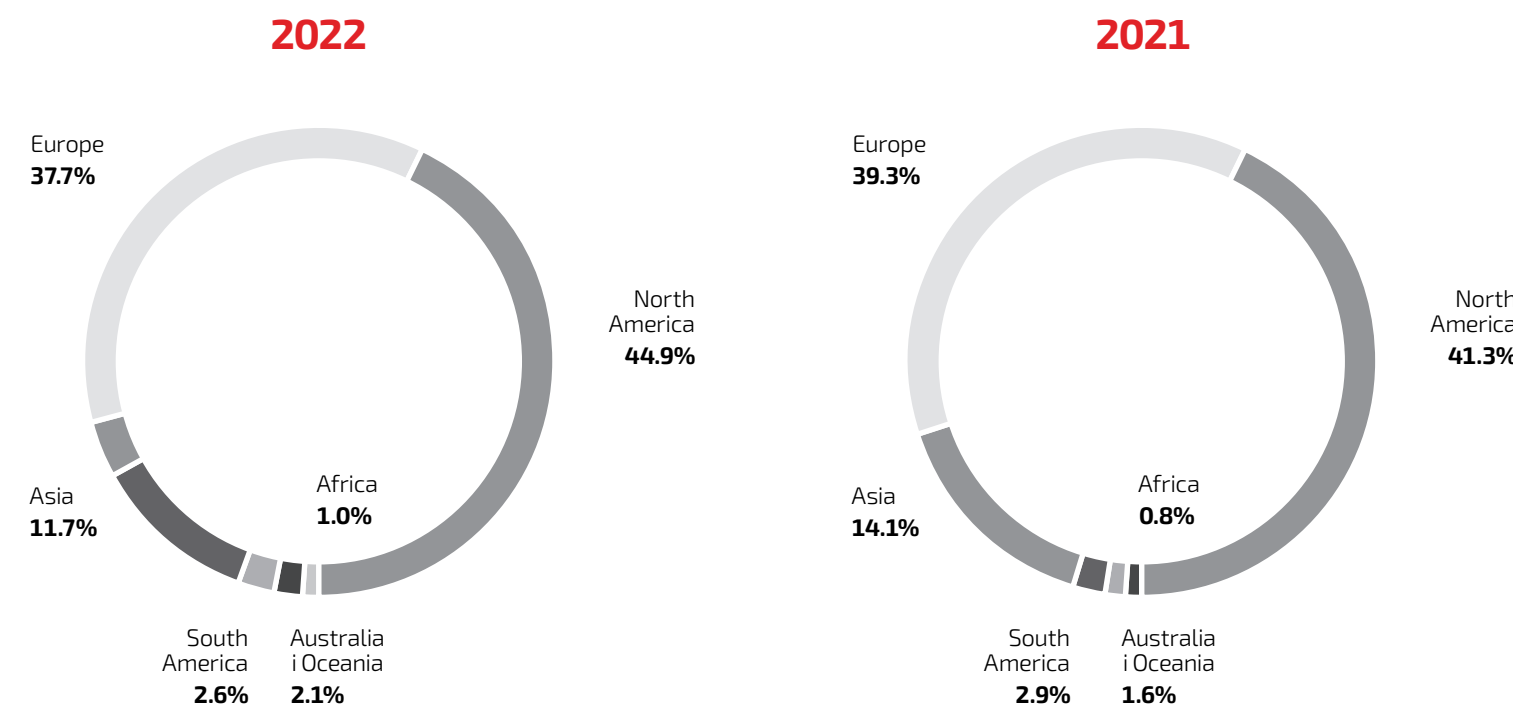
DISTRIBUTION CHANNEL	Bookings 2022	Share in 2022 bookings	Bookings 2021	Share in 2021 bookings
Mobile	525,050,747	96.9%	626,256,053	96.4%
Browsers	17,007,369	3.1%	23,313,007	3.6%
TOTAL BOOKINGS	542,058,116	100.0%	649,569,060	100.0%
Deferred income (consumable)	3,496,480	N/D	-6,243,418	N/D
Deferred income (durable)	-6,996,946	N/D	-9,280,603	N/D
TOTAL REVENUES	538,557,650	N/D	634,045,040	N/D



1.6 Revenues – geographical breakdown

The Group assigns bookings from users on the basis of their IP number, using external databases and sales reports in countries available on selected distribution platforms.

REGION	bookings 2022	share in 2022 bookings	bookings 2021	share in 2021 bookings
North America	243,626,679	44.9%	278,406,215	41.3%
Europe	204,322,368	37.7%	242,676,411	39.3%
<i>including Poland</i>	23,219,034	4.3%	33,660,826	5.1%
Asia	63,163,339	11.7%	98,485,916	14.1%
South America	14,319,633	2.6%	14,283,599	2.9%
Australia and Oceania	11,474,584	2.1%	9,957,890	1.6%
Africa	5,151,513	1.0%	5,759,029	0.8%
TOTAL BOOKINGS	542,058,116	100%	649,569,060	100%
Deferred income (consumable)	3,496,480	N/D	-6,243,418	N/D
Deferred income (durable)	-6,996,946	N/D	-9,280,603	N/D
TOTAL REVENUES	538,557,650	N/D	634,045,040	N/D





OPERATING COSTS

SPECIFICATION	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Amortization and depreciation*	16,475,398	7,987,477
Materials and Energy	1,459,291	1,259,607
Third-party services	364,092,705	388,937,245
Taxes and fees	3,049,179	3,050,720
Remuneration	71,657,308	69,951,138
Social insurance and other benefits	10,620,439	13,959,180
Other costs by type	996,833	981,591
Total costs by type, including:	468,351,153	486,126,958
Cost of products and services sold	70,095,174	53,930,727
Selling costs	305,130,568	347,248,828
General and administrative costs	65,550,903	62,707,801
Cost of manufacturing products for the entity's own needs (capitalisation)	27,574,508	22,239,602

* Amortization and depreciation shown in the statement of comprehensive income amounts to 15.534.994 PLN. The difference to the amount shown above is due to the fact that through the mark-up of indirect costs to the capitalized costs of games, part of the depreciation of equipment and licenses is re-capitalized

Cost analysis

COMPONENTS OF THE COST OF PRODUCING SERVICES FOR THE GROUP'S OWN NEEDS	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Basic salary	6,936,563	4,168,693
Third party services	18,575,221	13,055,305
Social insurance and other benefits	1,108,388	653,073
Share based payments (part of remuneration)	-387,488	2,054,142
Overhead cost	1,341,824	2,308,389
Total	27,574,508	22,239,602

BREAKDOWN OF REMUNERATION COSTS AND OTHER EMPLOYEE BENEFITS (EXCLUDING AMOUNTS SHOWN IN THE PRODUCTION COST COMPONENT)	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Basic salary	48,015,456	28,247,666
Share based payments (part of remuneration)	23,641,852	41,703,472
Social insurance and other benefits	10,620,439	13,959,180
Total cost of employee benefits, including:	82,277,747	83,910,318
Items included in the cost of goods sold	31,496,041	31,638,484
Items included in the selling costs	9,798,208	9,829,802
Items included in general and administrative costs	40,983,498	42,442,032



Breakdown of selling costs:

SPECIFICATION	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Selling costs	305,130,568	347,248,828
marketing:	118,866,641	139,522,500
– Fishing Clash	63,198,513	82,004,759
– Hunting Clash	50,785,971	57,074,573
– Airline Commander	1,151,606	0
–Wings of Heroes	2,654,263	0
– other titles	1,076,288	443,168
provisions	154,309,092	181,680,245
revenue share	1,678,416	1,821,970
salaries, subcontractor services	22,435,971	17,257,917
mobile games market research services	1,393,818	3,033,641
other	6,446,631	3,932,555

SPECIFICATION	1Q 2022	2Q 2022	3Q 2022	4Q 2022
Selling costs	79,870,756	67,589,551	78,366,429	79,303,832
marketing:	30,070,387	24,555,603	32,087,278	32,153,373
– Fishing Clash	16,110,636	13,099,412	18,769,324	15,219,141
– Hunting Clash	13,532,653	10,257,990	12,688,594	14,306,734
– Airline Commander	303,480	815,706	17,986	14,434
–Wings of Heroes	0	76,168	429,284	2,148,811
– other titles	123,618	306,327	182,090	464,253
provisions	41,728,991	35,672,700	38,649,821	38,257,580
revenue share	448,775	406,178	407,005	416,458
salaries, subcontractor services	5,857,302	5,193,498	5,472,331	5,932,840
mobile games market research services	308,753	366,990	399,507	318,568
other	1,456,548	1,394,582	1,350,487	2,225,014

SPECIFICATION	1Q2021	2Q2021	3Q2021	4Q2021
Selling costs	95,935,217	95,799,537	82,618,730	72,895,344
marketing:	40,137,460	42,419,871	33,944,492	23,020,677
– Fishing Clash	22,551,718	24,783,495	21,055,086	13,614,460
– Wild Hunt	0	0	0	0
– Hunting Clash	17,412,032	17,438,915	12,889,406	9,334,220
– other titles	173,710	197,461	0	71,997
provisions	50,414,040	47,816,995	41,574,686	41,874,524
revenue share	477,124	423,624	411,570	509,652
salaries, subcontractor services	3,961,297	3,338,075	4,496,667	5,461,878
mobile games market research services	548,606	1,317,788	571,024	596,223
other	396,690	483,184	1,620,291	1,432,390



Breakdown of general and administrative costs:

SPECIFICATION	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Recurring costs, including:	40,125,780	25,726,624
Salaries, subcontractor services of Parent Company	18,497,416	11,370,512
Maintenance costs of subsidiaries	7,076,869	2,461,788
Rental and maintenance of office – Parent Company	4,061,258	2,554,036
Other	10,490,236	9,340,288
Non-recurring costs, including:	25,425,123	36,981,177
Motivation scheme cost	24,129,340	31,240,247
M&A cost	1,395,783	3,686,602
Cost of integration trip	0	2,054,328
TOTAL GENERAL AND ADMINISTRATIVE COST	65,550,903	62,707,801

SPECIFICATION	1Q 2022	2Q 2022	3Q 2022	4Q 2022
Recurring costs, including:	11,030,484	11,763,761	9,196,909	8,034,626
Salaries, subcontractor services of Parent Company	5,462,957	4,675,326	3,901,884	4,457,249
Maintenance costs of subsidiaries	1,702,087	3,362,996	1,967,808	43,979*
Rental and maintenance of office – Parent Company	859,752	1,012,146	1,032,308	1,157,053
Other	3,005,689	2,713,293	2,294,909	2,476,344
Non-recurring costs, including:	13,065,319	764,783	6,034,268	5,560,753
Motivation scheme cost	11,304,904	761,432	6,033,168	5,929,836
M&A cost	1,760,415	3,351	1,100	-369,083
TOTAL GENERAL AND ADMINISTRATIVE COST	24,095,803	12,528,544	15,231,177	13,695,379

* During Q4 2022, the Group reclassified the costs of rent in one of its subsidiaries for the period Q1-Q3 2022, which resulted in a reduction of general and administrative expenses for the entire 2022 by PLN 1 million. This adjustment was presented in Q4 2022.



SPECIFICATION	1Q2021	2Q2021	3Q2021	4Q2021
Recurring costs, including:	4,466,911	7,765,229	5,007,974	8,486,510
Salaries, subcontractor services of Parent Company	1,872,124	3,097,448	2,284,227	4,116,713
Maintenance costs of subsidiaries	51,378	20,787	1,193,151	1,196,473
Rental and maintenance of office – Parent Company	488,500	513,199	800,012	752,324
Other	2,054,909	4,133,795	730,584	2,421,000
Non-recurring costs, including:	7,291,473	7,294,056	13,016,898	9,378,751
Motivation scheme cost	7,291,473	7,294,056	7,294,056	9,360,662
M&A cost	0	0	3,668,514	18,089
Cost of integration trip	0	0	2,054,328	0
TOTAL GENERAL AND ADMINISTRATIVE COST	11,758,384	15,059,285	18,024,872	17,865,260



3.

OTHER OPERATING COSTS

OTHER OPERATING COSTS	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Intangible assets impairment charge	23,782,243	3,760,701
Donations	2,042,840	404,430
Write-down of uncollectible receivables	34,585	7,118
Other	584,750	203,438
TOTAL	26,444,418	4,375,687

During the second quarter of 2022, the Management Board of the Company decided to cease the development and close the Football Elite project. The decision to close the project was made after an analysis of marketing costs in June, compared with the market potential and 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 costs incurred would be disproportionate to the potential revenues and size of this type of game segment. The write-down on expenditure on Football Elite amounted to PLN 9.1 million.

During the second quarter of 2022, the Company's Management Board also suspended development of the Magical District game so that the Warsaw studio could fully focus on its second production, i.e. Fishing Masters. As the game (Fishing Maters) continued to progress, the Management Board decided to definitively cease further work on Magical District and write off the entire cost of this game in the amount of PLN 9.2 million.

The company is also working on a new title – Undead Clash. At the end of 2022, numerous marketing tests were carried out for this title, and their results prompted the team to partially change the game's gameplay. Due to the change in the production, the Company made a partial write-off of the cost related to past works in the amount of PLN 5.3 million.

The 2021 write-off applies to Golf Royale.

4.

FINANCIAL INCOME AND EXPENSE

FINANCIAL INCOME	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Interest income	1,243,932	45,090
Surplus of positive exchange rate differences	7,100,243	0
Total	8,344,175	45,090

FINANCIAL	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Interest – unwinding of the discount on the liability for the purchase of Rortos	5,953,645	2,652,789
Revaluation of the acquisition liability due to purchase of Rortos	8,534,740	0
Other	363,030	2,014
Excess of negative exchange rate differences	0	1,629,111
Total	14,851,415	4,283,914



INCOME TAX AND DEFERRED TAX

Starting from 2019, with the introduction of the so-called IP Box relief, the Company benefits from preferential taxation of part of its income. This relief consists of taxing income from qualified property rights at a rate of 5% instead of the standard 19%. The Company considers its games as qualified property rights and therefore uses the IP Box relief for profitable titles. Due to the fact that the relief is relatively new in Polish law, for the years 2019 and 2020 the Company settled and paid the tax using only part of the preferences. As the practice developed, in 2022 the Company decided to apply the relief more widely and submitted an annual CIT declaration for 2021 with full application of the relief – reporting amounts resulting from the corrections in net balance sheet in the amount 0 PLN as at 31.12.2022. In addition, at the beginning of 2023, the Company submitted a CIT adjustment for 2019 and 2020, also taking into account the wider application of the relief. As at the date of this report, the Company received information about the initiation of a customs and tax inspection for 2020, which is related to the submitted correction of the tax return.

Due to the fact that the tax risk in Poland is higher than that usually existing in countries with a developed tax system, the Company decided to show tax settlements prudently – i.e. it showed the amounts resulting from the CIT calculation with the application of tax reliefs to a lesser extent.

Therefore, there were the following differences between the submitted declarations (or corrections of declarations) and the tax shown in the report:

- » The Company expects a total tax refund for 2019-2020 in the amount of PLN 12.5 million (PLN 3.6 million for 2019 and PLN 8.9 million for 2020), however, due to the uncertainty as to the date of receipt of the refund, the Company did not show this receivables in the financial statements (i.e. booked the receivable and immediately included it in a write-down).
- » The Company believes that the tax for 2021 has been settled in the correct amount and there is no need to pay additional tax, but due to the need to consistently recognize the tax liability/ amount due for previous years, it recognizes a tax provision (PLN 10.9 million) in the financial statements.
- » In the financial statement of comprehensive income for 2022, the Company shows tax in the amount of PLN 5.4 million, in accordance with the amount to be disclosed in the tax return. Calculation of CIT for 2022, with the application of tax reliefs related to the IP BOX to a narrower extent, would result in a reduction of the tax amount by PLN 1.1 million. The company decided to prudently disclose the tax settlement in a larger amount.

Subsidiary Rortos S.r.l. also benefits from the relief for research and development works (the so-called patent box), which allows to reduce the tax base and settle up to 110% (and in subsequent years up to 190%) of costs related to research and development works.

Tax disclosed in the Consolidated Financial Statements:

INCOME TAX DISCLOSED IN THE STATEMENT OF COMPREHENSIVE INCOME	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Current income tax	8,008,749	22,133,337
Concerning 2022 financial year	8,008,749	
Concerning 2021 financial year	0	11,238,568
Increase of income tax concerning 2021	0	10,894,769
Concerning 2020 financial year	-8,941,882	0
Write-off relating to financial year 2020	8,941,882	0
Concerning 2019 financial year	-3,599,122	0
Write-off relating to financial year 2019	3,599,122	0
Deferred income tax	3,094,790	-1,416,150
Related to the origination and reverse of temporary differences	3,094,790	-1,416,150
Tax disclosed in the statement of comprehensive income	11,103,539	20,717,187

CIT tax settlements as at 31.12.2022

CIT SETTLEMENTS AS AT 31.12.2022	
Current CIT settlements	1,236,177
Receivable related to the financial year 2022	-9,658,592
Provision related to the financial year 2021	10,894,769
Receivable related to the financial year 2020	-8,941,882
Write down of receivable relating to the financial year 2020	8,941,882
Receivable related to the financial year 2019	-3,599,122
Write down of receivable relating to the financial year 2019	3,599,122



The determination of gross profit for the purpose of determining the tax base is as follows:

SPECIFICATION	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Gross profit (loss)	63,438,917	161,981,769
Exchange rate differences – balance sheet, NPO, NKUP	-3,998,667	4,178,565
Write-down of receivables (non-deductible) NKUP	10,731	10,706
Creation and dissolution of the holiday reserve	367,086	362,142
Provision for other costs	-69,277	5,657,269
Donations	2,042,840	404,430
Other non-tax-deductible costs	10,539,509	3,483,433
Amortization of intangible assets	1,098,697	1,289,109
Depreciation – lease	2,891,198	1,925,258
Amortization of tangible assets	743,417	0
Capitalisation of game costs	-26,371,975	-22,239,602
Write-off capitalised game costs	23,782,243	3,760,701
Profit (loss) on investment in associates	2,745,607	0
Unwinding of the discount	14,488,387	0
Share-based payments	23,641,852	41,703,472
Revenue (and related cost) deferred in time in balance sheet	1,095,994	11,202,237
Other tax deductible costs not constituting costs in the balance sheet	-4,869,173	-6,199,547
Taxable income	11,577,386	207,519,942

Structure of a deferred income tax asset:

SPECIFICATION	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Accounting for consumables over time	274,348	447,671
Accounting for durables over time	2,160,820	4,343,041
Provision for holiday leave	239,436	169,690
Accrual for audit costs	18,810	9,797
Lease – IFRS 16 valuation	134,903	204,628
Revaluation of settlements	0	149,957
Remuneration provision	1,288,136	1,257,609
Other provisions	26,930	1,946
TOTAL	4,143,383	6,584,337

Structure of deferred income tax provision:

SPECIFICATION	01.01.2022 – 31.12.2022	01.01.2021 – 31.12.2021
Depreciation of games	5,329,371	4,993,184
Revaluation of settlements	38,392	0
Total	5,367,763	4,993,184

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

6. DISCONTINUED ACTIVITY

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

7. DISTRIBUTION OF PROFIT FOR 2021

The Company's General Meeting of Shareholders on 23.05.2022 adopted a resolution on the distribution of the Company's net profit for 2021 in the amount of PLN 138,261,309 as follows:

1. the amount of PLN 72,317,830.00 was earmarked for distribution to shareholders in the form of a dividend payment of PLN 10.00 per share;
2. the amount of PLN 65,943,479.00 was allocated to the reserve capital.

The dividend date was set at 2 June 2022 and the dividend payment date at 16 June 2022.





8. TANGIBLE FIXED ASSETS

Changes in fixed assets (by type group) – for the period of 01.01.2022 – 31.12.2022.

SPECIFICATION	Machinery and equipment	Buildings and premises	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:	1,077,235	10,871,587	5,018,124	0	16,966,946
– acquisition	1,077,235	5,791,787	5,018,124	0	11,887,146
– reclassification	0	5,079,800	0	0	5,079,800
Decreases, due to:	342,208	0	48,149	5,079,800	5,470,157
– sales	112,032	0	0	0	112,032
– liquidation	230,176	0	48,149	0	278,325
– reclassification	0	0	0	5,079,800	5,079,800
Gross carrying amount at 31.12.2022	6,295,185	20,920,952	5,389,701	0	32,605,838
Depreciation at 01.01.2022	2,522,928	3,179,749	196,187	0	5,898,864
Increases due to depreciation	1,289,698	3,753,323	585,974	0	5,628,995
Decrease, due to:	299,081	0	32,276	0	331,357
– sales	98,410	0	0	0	98,410
– liquidation	200,671	0	32,276	0	232,947
Depreciation at 31.12.2022	3,513,545	6,933,072	749,885	0	11,196,502
Write-downs as at 01.01.2022	0	0	0	0	0
Increase	0	0	0	0	0
Decrease	0	0	0	0	0
Write-downs as at 31.12.2022	0	0	0	0	0
Net carrying amount as at 31.12.2022	2,781,640	13,987,880	4,639,816	0	21,409,336

Changes in fixed assets (by type group) – for the period of 01.01.2021 – 31.12.2021.

SPECIFICATION	Machinery and equipment	Buildings and premises	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
Increase due to the acquisition of fixed assets	3,393,779	1,355,670	220,828	5,079,800	10,050,077
Decrease due the sales of fixed 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
Depreciation at 01.01.2021	1,110,157	1,373,227	131,089	0	2,614,473
Increase due to depreciation*	1,514,326	1,806,522	65,097	0	3,385,945
Decrease due to sales	101,554	0	0	0	101,554
Depreciation at 31.12.2021	2,522,928	3,179,749	196,187	0	5,898,864
Write-downs as at 01.01.2021	0	0	0	0	0
Increases	0	0	0	0	0
Decreases	0	0	0	0	0
Write-downs as at 31.12.2021	0	0	0	0	0
Net carrying amount as at 31.12.2021	3,037,230	6,869,616	223,539	5,079,800	15,210,185

* Increases in depreciation are not the same as the item „depreciation“ shown in the statement of comprehensive income due to the recognition of the accumulated depreciation of fixed assets of Rortos, acquired in 2021, as an increase in depreciation



Tangible fixed assets – ownership structure

SPECIFICATION	31.12.2022	31.12.2021
Own	2,890,256	3,633,728
Used under a lease, tenancy or other agreement, including a lease agreement	14,013,153	11,576,457
Total	5,628,995	15,210,185

The Group does not own land in perpetual usufruct.

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

SPECIFICATION	31.12.2022	31.12.2021
Depreciation of own fixed assets	8,457,763.00	1,659,035
Amortisation of the right of use (lease)	2,738,739.00	1,726,910
Total	11,196,502	3,385,945





9. INTANGIBLE ASSETS

Changes in intangible assets (by type group) – for the period 01.01.2022 – 31.12.2022

SPECIFICATION	Development costs	Computer software	Intangible assets under construction	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:	26,484,724	177,573	27,561,315	3,168,907	57,392,519
– acquisition	0	177,573	27,561,315		27,738,888
– reclassification	23,439,706	0	0		23,439,706
– balance sheet valuation	3,045,018			3,168,907	6,213,925
Decreases due to:	3,330,037	0	23,439,706	0	26,769,743
-liquidation	3,330,037	0	0		3,330,037
– reclassification	0	0	23,439,706		23,439,706
Gross carrying amount at 31.12.2022	99,142,644	1,442,441	49,249,723	164,219,411	314,054,219
Depreciation at 01.01.2022	9,125,712	800,325	0		9,926,037
Increases due to	10,588,671	257,732	0	0	10,846,403
– amortization	10,588,671	257,732	0		10,846,403
Decreases due to:	909,465	0	0	0	909,465
– liquidation	909,465	0	0		909,465
Depreciation at 31.12.2022	18,804,918	1,058,057	0	0	19,862,975
Write-downs as at 01.01.2022	2,420,573	0	3,589,086		6,009,659
Increases	0	0	23,782,243		23,782,243
Decreases	2,420,573	0	0		2,420,573
Write-downs as at 31.12.2022	0	0	27,371,329	0	27,371,329
Net carrying amount as at 31.12.2022	80,337,726	384,384	21,878,394	164,219,411	266,819,915

The net value as at December 31, 2022 shown in the item „development costs" consists of games and tools:

1. Hunting Clash – net value: PLN 291,988, remaining time of amortization: 10 months;
2. Virality – net value: PLN 67,455, remaining time of amortization: 26 months;
3. Soda – net value: PLN 518,410, remaining time of amortization: 7 months;
4. Cognac – net value: PLN 180,515, remaining time of amortization: 22 months;
5. Push Notifications – net value: PLN 438,560, remaining time of amortization: 22 months.
6. Games of the acquired company Rorts S.r.l – games valued at fair value using the DCF method in the course of the acquisition settlement:
 - Airline Commander – net value: PLN 28,319,636, remaining time of amortization: 102 months*;
 - RFS – net value: PLN 26,914,916, remaining time of amortization: 102 months*;
 - Wings of Heroes – net value: PLN 20,959,933, remaining time of amortization: 113 months*;
 - Other games – net value: 2.646.311 PLN, remaining time of amortization: 18 months*;

As at December 31, 2022, the item „intangible assets under construction" comprises the capitalized costs of two titles at various stages of development:

1. Undead Clash – PLN 12,448,997;
1. Fishing Master – PLN 9,157,105;

and capitalized costs of internally produced tools used on a company-wide/product-wide basis. The value of these tools under construction as at December 31, 2022 amounted to PLN 272,292.

During the second quarter of 2022, the Management Board of the Company decided to cease the development and close the Football Elite project. The decision to close the project was made after an analysis of marketing costs in June, compared with the market potential and 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 costs incurred would be disproportionate to the potential revenues and size of this type of game segment. The write-down on expenditure on Football Elite amounted to PLN 9.1 million.

During the second quarter of 2022, the Company's Management Board also suspended development of the Magical District game so that the Warsaw studio could fully focus on its second production, i.e. Fishing Masters. As the game (Fishing Maters) continued to progress, the Management Board decided to definitively cease further work on Magical District and write off the entire cost of this game in the amount of PLN 9.2 million.

The company is also working on a new title – Undead Clash. At the end of 2022, numerous marketing tests were carried out for this title, and their results prompted the team to partially change the game's gameplay. Due to the change in the production, the Company made a partial write-off of the cost related to past works in the amount of PLN 5.3 million.

* Net values of completed development works of subsidiaries are adjusted by balance sheet valuation

IMPAIRMENT TESTS

In the case of development works and intangible assets under construction, the impairment test is carried out once a year and additionally if there are indications of impairment.

The recoverable amount is determined as the higher of two values: fair value less costs to sell or value in use. The latter corresponds to the present value of estimated future cash flows discounted using a discount rate that takes into account the current market value of money in time and the risk specific to a given asset. If the recoverable amount is lower than the net book value of the asset (or group of assets), the book value is reduced to the recoverable amount.

The company tested two games in development – Undead Clash and Fishing Master, identifying them as two separate cash-generating units. The recoverable amount was determined on the basis of value in use calculated on the basis of a cash flow forecast based on financial models covering a seven-year period. The discount rate was assumed at the level of 10.90% and the growth dynamics in subsequent years was based on similar games already existing on the market.

The key assumptions of the annual impairment test are presented in the table below:

TYPE OF ASSUMPTION	APPLIED ASSUMPTION
Basis for recoverable amount	Value in use
Source of data	Internal forecast based on comparable games
Methodology	Discounted cash flow
Discount rate (WACC)	10.90%

The above-mentioned tests showed a surplus of the recoverable value, however, it should be remembered that it cannot be ruled out that the risk of a write-off of these works will arise after the balance sheet date, which is related to the specificity of the industry in which the Company operates.

This results, among others, from due to the fact that in the case of projects that have not yet had their market launch, the Company makes estimates of future cash flows based on a set of data generated by comparable games on the market. When a game enters the market and it is possible to assess its real parameters, the Company verifies whether the game has achieved the assumed parameters. If the game data after entering the market differs from the Company's previous estimates, the Company is obliged to make an impairment charge.

Therefore, the Company will re-test these projects for impairment in 2023 based on the first realistic parameters of each game. If any of the games fails to achieve the expected results in the market test, it may be necessary to write down its value.



Changes in intangible assets (by group types) – for the period 01.01.2021 – 31.12.2021

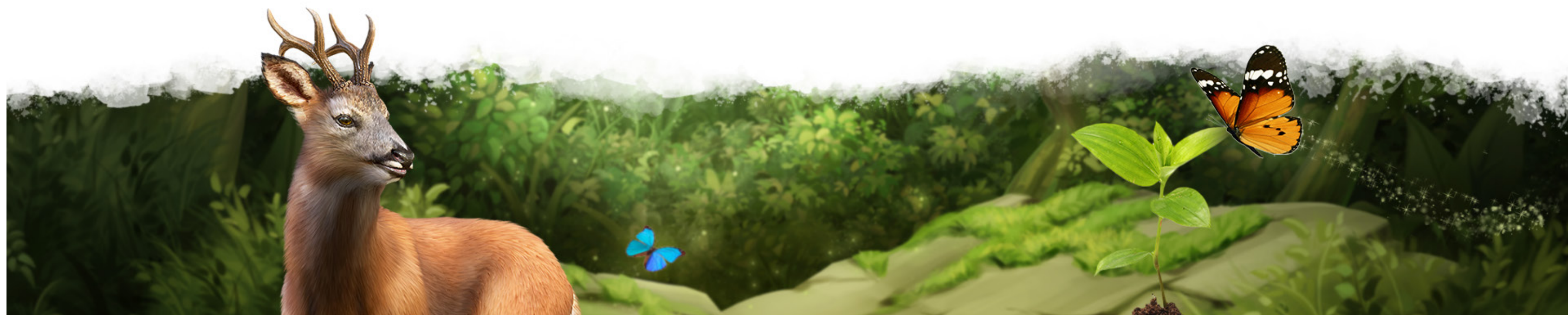
SPECIFICATION	Development costs	Computer software	Intangible assets under construction	Goodwill	TOTAL
Gross carrying amount at 01.01.2021	7,995,077	669,286	2,554,464	0	11,218,827
Increases due to acquisition	67,992,880	595,583	42,573,651	161,050,504	272,212,617
Decreases	0	0	0	0	0
Gross carrying amount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

As at December 31, 2022 and 2021, all intangible assets are owned by the Group.

The Group does not have intangible assets with limited right of use.

The Group has no bank loans secured by intangible assets.

Redemption of intangible assets in 2021 and 2020 was recognized in the cost of sales, selling costs, general administrative expenses and also partly constituted the cost of production for own needs as presented in Note 2.





10. GOODWILL

On July 5, 2021, the Company as the buyer, with the existing partners Antonio Farina and Roberto Simonetti as the sellers, concluded an agreement for the sale of all shares to Rortos S.r.l with its registered office in Verona.

The price for the entire share in Rortos purchased was set at EUR 45,000,000 without taking into account the level of cash and debt (cash free and debt free basis) based on the EBITDA profit multiplier for 2020, normalized by the capitalization of personnel costs, at the level of 9.8. Adjusted for cash and debt, the payment amounted to EUR 46.7 million at the settlement date. In addition, under the conditions set out in the Agreement, the Sellers will be entitled to additional remuneration (earn-out payment) depending on the results of Rortos in the period from July 1, 2021 to December 31, 2025, calculated in accordance with the formula agreed in the Agreement – in the maximum amount not higher than the EBITDA result achieved by Rortos in an adequate period.

The Parent Company settled the purchase of shares and calculated the liability to pay for earn-out payments. Liability due to The purchase price was calculated based on the projected results of Rortos in the following years and the predicted earn-out amount.

Settlement at the acquisition date:

SPECIFICATION	in EUR	in PLN
Payment value	55,848,669	252,754,322
Airline Commander	7,104,036	32,150,736
Real Flight Simulator	6,751,659	30,555,985
Wings of Heroes	4,272,266	19,334,994
Other games	1,168,030	5,286,159
Equity, net	1,617,130	7,318,646
Goodwill (surplus of value paid over recognized assets)	34,935,546	158,107,803

Annual impairment test

Goodwill acquired in a business combination is not amortized. Goodwill is reviewed for impairment at least once a year.

During the financial year, an impairment test was carried out by comparing the carrying amount to the recoverable amount of the cash-generating unit to which goodwill was allocated. The recoverable amount was determined on the basis of the value in use calculated on the basis of the cash flow forecast based on financial models covering a three-year period. The discount rate was assumed at the level of 9.90% and the perpetual growth rate at the level of 1%. In the three-year forecast, safe assumptions were made as to the market forecasts regarding the value of sales for individual games.

The key assumptions of the annual impairment test are presented in the table below:

TYPE OF ASSUMPTION	APPLIED ASSUMPTIONS
Recoverable value basis	Value in use
Source	Internal forecast
Methodology	Discounted cash flows
Discount rate (WACC)	9.90%
Perpetual growth rate (PGR)	1.00%

The conducted impairment test showed that the recoverable amount is EUR 57,641,731 and is higher than the current (as at 31.12.2022) recoverable amount of the cash-generating unit, therefore, in the opinion of the Parent Company's Management Board, there is no need to recognize an impairment loss.





The sensitivity analysis for the probable values of changes in the discount rate and changes in the value of the indefinite growth rate is presented in the tables below:

Change in discount rate (WACC) for the residual period
(change in percentage points)

	-1.0 p.p	-0.5 p.p	-0.25 p.p	0.0 p.p	+0.25 p.p	+0.5 p.p	+1.0 p.p
FCFF present value (in EUR)	63,991,665	60,632,128	59,094,775	57,641,731	56,266,109	54,961,754	52,545,333
Surplus / Deficiency over the cash generating unit's book value (in EUR)	12,059,513	8,699,975	7,162,623	5,709,579	4,333,957	3,029,601	613,180

Change in perpetual growth rate (PGR) for the residual period
(change in percentage points)

	-1.0 p.p	-0.5 p.p	-0.25 p.p	0.0 p.p	+0.25 p.p	+0.5 p.p	+1.0 p.p
FCFF present value (in EUR)	52,276,259	54,816,297	56,190,415	57,641,731	59,176,939	60,803,527	64,365,551
Surplus / Deficiency over the cash generating unit's book value (in EUR)	344,107	2,884,144	4,258,263	5,709,579	7,244,786	8,871,375	12,433,398



OTHER FINANCIAL ASSETS

SPECIFICATION	31.12.2022	31.12.2021
Other financial assets	21,765,555	9,575,534
– investment in Gamesture	11,574,781	0
– participation units in the Sisu Game Ventures investment fund	7,923,240	7,308,000
– office rental deposit	2,267,534	2,267,534

On March 11, 2022, the Parent Company acquired 24.8% of shares in the share capital of Gamesture Sp. z o. o. The payment amounted to approximately USD 3.5 million. As at the acquisition date, the shares were valued at the acquisition price of PLN 14,320,389. The value as at the balance sheet date was adjusted by Gamesture's loss attributable to shares held by Ten Square Games in the amount of PLN 2,745,608. Despite a loss reported by Gamesture Sp. z o. o. the Management Board does not identify implications for impairment of this financial asset. When making the decision to invest in this company, the Management Board was aware that the company was generating and will be generating a loss in the near future, however, according to business assumptions, in the long run the company should start to generate a profit.



12.

INFORMATION ON FINANCIAL INSTRUMENTS

FINANCIAL ASSETS	31.12.2022	31.12.2021	CATEGORY OF FINANCIAL INSTRUMENTS
Other financial assets (long-term), including:	21,765,555	9,575,534	
deposit	2,267,534	2,267,534	financial assets evaluated at amortized costs
Participation units in the investment fund Sisu Game Ventures	7,923,240	7,308,000	financial assets evaluated at amortized costs
Trade receivables and other receivables, including:	47,491,674	62,040,655	
unrealised exchange rate differences on valuation	45,798	59,458	financial assets measured at fair value
Cash and cash equivalents, including:	126,594,883	139,553,427	
unrealised exchange rate differences on valuation	-183,150	-384,041	financial assets measured at fair value

FINANCIAL LIABILITIES	31.12.2022	31.12.2021	CATEGORY OF FINANCIAL INSTRUMENTS
Trade liabilities, including:	13,135,328	6,844,591	
unrealised exchange rate differences on valuation	32,091	3,660	financial assets evaluated at amortized costs

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



13.

RECEIVABLES

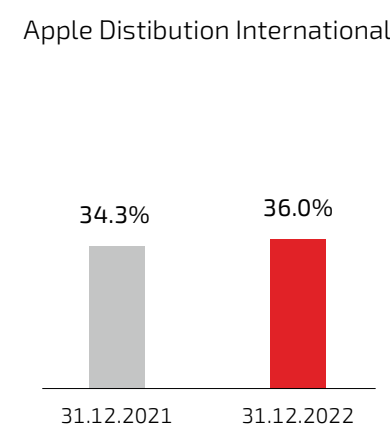
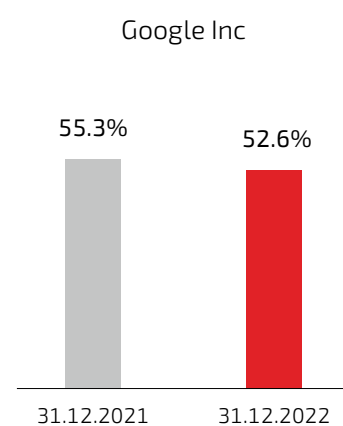
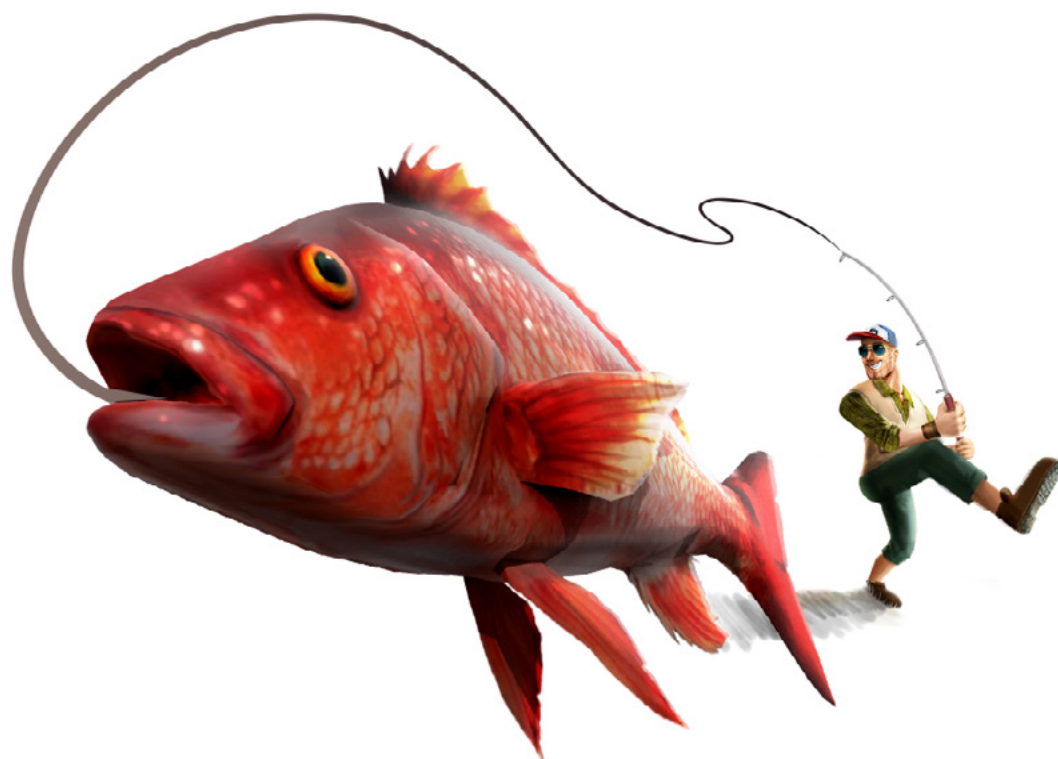
The structure of receivables is presented in table below:

SPECIFICATION	31.12.2022	31.12.2021
Trade receivables	35,280,551	46,140,422
Other receivables	7,013,685	11,602,972
Accruals	5,197,438	4,297,261
Receivables	47,491,674	62,040,655

13.1 Trade receivables

Payments from users are aggregated by intermediaries (mobile application stores, payment aggregators, licensees). Payments from displayed ads, on the other hand, are accumulated by advertising intermediaries. In the structure of receivables, the largest balances come from:

- » Google Inc. – 52.6% as of 31 December 2022 compared to 55.3% as of 31 December 2021;
- » Apple Distribution International – 36% at 31 December 2022 compared to 34.3% at 31 December 2021.



No other entity exceeded a 10% share of total receivables on 31 December 2022.

Currency structure:

CURRENCY	31.12.2022			31.12.2021		
	amount in currency	valuation	% share	amount in currency	valuation	% share
PLN	17,919,819	17,919,819	50.8%	25,313,416	25,313,416	54.86%
USD	2,865,026	12,611,272	35.7%	4,527,014	18,379,677	39.83%
EUR	843,436	3,955,633	11.2%	469,254	2,158,288	4.68%
RUB	8,741,150	540,203	1.5%	4,871,221	264,020	0.57%
other currencies	—	253,624	0.7%	—	25,021	0.05%
TOTAL	—	35,280,551	100.0%	—	46,140,422	100%

Age structure:

AGE STRUCTURE – OVERDUE	31.12.2022	31.12.2021
	value of receivables	value of receivables
not overdue	34,635,419	46,056,781
up to 1 month	32,813	23,655
1-3 months	46,168	59,529
3-6 months	10,237	397
6-12 months	554,402	60
over a year	1,512	0
Total receivables	35,280,551	46,140,422

Receivables from other entities that are 6-12 months overdue mainly relate to receivables from Russian companies, where international payments are significantly limited due to the ongoing war in Ukraine. The Company expects to recover the receivables at the end of the armed conflict.



13.2
Other receivables

SPECIFICATION	31.12.2022	31.12.2021
Other short-term receivables, including:	7,013,685	11,602,972
– tax related	6,730,833	11,437,914
– deposit for office rental	282,852	165,058

13.3
Accruals

SPECIFICATION	31.12.2022	31.12.2021
Registration fees for filing trademarks	312,518	301,876
Maintenance of software technical service	3,245,961	3,202,110
/program subscriptions	81,494	70,919
Insurance	274,840	0
Training for leaders	552,773	139,933
Annual fee – marketing campaign tracking tool	729,852	582,423
Other accruals	5,197,438	4,297,261
Active cost accruals		





14.

CASH AND CASH EQUIVALENTS

SPECIFICATION	31.12.2022	31.12.2021
Cash at hand and in bank accounts:	126,594,883	139,553,427
cash on hand	19,038	21,464
cash in bank accounts	126,575,845	139,531,963
<i>including deposits up to 3 months</i>	<i>67,228,898</i>	<i>0</i>
Total	126,594,883	139,553,427

As at 31 December 2021, the Group held cash in banks: ING Bank Śląski S.A. and Bank Gospodarstwa Krajowego S.A. The maximum value of credit risk associated with cash equals its carrying amount. Current accounts do not bear interest. The fair value of cash and cash equivalents as at 31 December 2022 is not materially different from their carrying amount

15.

SHARE CAPITAL

The share capital of Ten Square Games S.A. as at 31.12.2022 amounts to PLN 733,482.20 and is divided into 7,334,822 bearer shares with a nominal value of PLN 0.10 each.

16.

OWN SHARES

From January 20, 2022 to January 28, 2022, the first tranche of the share buyback launched by the Parent Company was carried out in accordance with the resolution of the Issuer's Management Board of January 20, 2022 on the commencement of the buyback of own shares and the detailed conditions and procedure for the first share buyback tranche of the Company's own shares. The share buyback was executed pursuant to Resolution No. 7 of the Ordinary General Meeting of the Company of June 23, 2021 on authorizing the Management Board to purchase own shares on behalf of and for the benefit of the Company and specifying the rules for the acquisition of own shares by the Company and creating a reserve capital.

The total number of shares purchased as part of the first tranche of the share buyback amounted to 70,000 shares and corresponds to 70,000 votes at the General Meeting of the Company; which constitutes 0.96% of the share capital of the Company and 0.96% of the total number of votes at the General Meeting of the Company. The average unit purchase price of own shares amounted to PLN 266.04. The shares were acquired for the total amount of PLN 18.636.049,68 zł.

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



17.

TRADE
LIABILITIES

SPECIFICATION	31.12.2022	31.12.2021
Trade liabilities	13,135,328	6,844,591
towards related parties	0	15,529
towards third parties	13,135,328	6,829,062

SPECIFICATION	Total	due date		
		overdue:	not overdue, payable to:	
		0–30 days	0–30 days	31–60 days
31.12.2022	13,135,328	280	10,129	13,124,919
towards related parties	0	0	0	0
towards third parties	13,135,328	280	10,129	13,124,919
31.12.2021	6,844,591	38,537	0	6,806,054
towards related parties	15,529	0	0	15,529
towards third parties	6,829,062	38,537	0	6,790,525

18.

LEASE
LIABILITIES

SPECIFICATION	31.12.2022	31.12.2021
Short – term lease liabilities	3,807,223	3,684,538
Long – term lease liabilities	5,412,072	8,991,251
– due within 1 to 2 years	3,924,104	3,734,878
– due within 2 to 3 years	732,584	3,849,513
– due within 3 to 4 year	134,675	669,445
– due within 4 to 5 years	620,709	133,227
TOTAL LEASE LIABILITIES	9,219,295	12,675,789

Leasing liabilities result from concluded lease agreements described in detail in Note 30.

The costs recognized in the result resulting from concluded lease agreements are presented below:

SPECIFICATION	31.12.2022	31.12.2021
Amortization	2,738,739	1,726,910
Interest	301,239	271,663
Realised and unrealised exchange rate differences	881,885	520,517



19.

OTHER LIABILITIES

SPECIFICATION	31.12.2022	31.12.2021
Liabilities due to the acquisition of Rortos (earn-out payments)	58,792,868	48,420,530
– long – term	54,457,996	48,420,530
– short – term	4,334,872	0
Other short-term liabilities	2,313,303	2,463,393
– long – term	0	0
– short – term, including:	2,313,303	2,463,393
Tax at source	56,628	62,493
Personal Income Tax	321,970	87,148
Social insurance contributions (ZUS)	1,379,382	1,759,312
State Fund for Rehabilitation of Disabled People (pol. PFRON)	32,766	32,233
Other	522,557	522,207
TOTAL OTHER LIABILITIES	61,106,171	50,883,923
– long – term	54,457,996	48,420,530
– short – term	6,648,175	2,463,393

The Group did not have any significantly overdue other liabilities as at the balance sheet date of December 31, 2022 and December 31, 2021.

The maturity date of public law liabilities is up to 25 days.





20.

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

The Group did not have any company social benefits fund as at the balance sheet date 31.12.2022 and 31.12.2021.

21.

CONTINGENT LIABILITIES

As at December 31, 2022 and as at December 31, 2021, the Group did not have any significant contingent liabilities, including guarantees and sureties, including bills of exchange.

22.

PROVISIONS FOR EMPLOYEES BENEFITS

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

SPECIFICATION	As at 1.01.2022	Changes during the year			As at 31.12.2022
		Assumption	Reclassification from long-term to short-term	Use	
			Use		
Holiday provision	1,353,213	1,692,431	0	-1,353,213	1,692,431
TFR provision*	0	818,387	0	0	818,387
Provisions for bonuses (short term)	5,881,405	3,062,749	1,219,415	-5,881,405	4,282,164
Provisions for bonuses (long term)	2,588,248	1,694,392	-1,219,415	-80,064	2,983,161
TOTAL PROVISIONS	9,822,866	7,267,959	0	-7,314,682	9,776,143

* TFR applies to Rortos – it is the remuneration paid to the employee at the time of leaving the company.

The provision for bonuses results mainly (in total PLN 5.8 million) from the bonus system in force in the Capital Group from 2021, the main purpose of which is to bind key employees with the TSG group. These bonuses depend on the financial results, and are payable only at the time of further employment in the Capital Group at the time of payment – in various proportions, it is a period from several months to 2.5 years after the end of the period for which they are due.

The remaining amount of provisions for bonuses (PLN 1.5 million) are mainly short-term provisions, payable in the first half of 2023, in most cases these are amounts due for Q4 2022.

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

SPECIFICATION	As at 1.01.2021	Changes during the year		As at 31.12.2021
		Assumption	Use	
Provision for holidays (short-term)	530,961	1,353,213	530,961	1,353,213
Provision for bonuses (short-term)	961,724	5,881,405	961,724	5,881,405
Provision for bonuses (long-term)	0	2,588,247	0	2,588,247
TOTAL PROVISIONS	1,492,685	9,822,865	1,492,685	9,822,865



23.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES

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

- a. credit risk,
- b. liquidity risk,
- c. market risk.

Credit risk

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

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

Liquidity risk

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

Market risk

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

Currency risk – is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Due to the global nature of Ten Square Games Group's operations, where the majority of revenues are generated in USD and partly in EUR, the Group is exposed to the risk of rapid changes in foreign exchange rates, including in particular the strengthening of the Polish zloty against foreign currencies, mainly USD. The majority of revenue contracts are settled in foreign currencies, mainly in USD and PLN. As a result, the strengthening of the Polish zloty against the USD is an undesirable phenomenon for the Group, which results in a decrease in the Group's sales revenues. In order to reduce foreign exchange risk, the Group partially mitigates the currency risk in its operations by adjusting the currency cost structure, however, it is not possible to eliminate the Group's foreign exchange risk completely. The Group does not use (and has not used) any instruments to hedge against currency risk.

Interest rate risk – is the risk that arises when the fair value of a financial instrument or future cash flows associated with it will fluctuate due to changes in market interest rates.

The Group invests the surplus of funds in interest-bearing assets (interest-bearing deposits), but this is not a significant risk related to changes in interest rates.

The main risk of interest rate changes is related to debt instruments, however, in both 2022 and 2021, the Group did not use external debt instruments with variable interest rates (loans and bonds), therefore it was not exposed to changes in cash flows as a result of changes in interest rates.

Interest rate risk – the risk that arises when the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group invests surplus funds in interest-bearing assets (interest-bearing bank accounts) to an insignificant extent, hence it is not significantly exposed to interest rate risk. The main interest rate risk is related to debt instruments, however, in 2021 and 2020 the Group did not use external debt instruments with variable interest rates (loans and bonds), therefore it was not exposed to changes in cash flows as a result of interest rate changes.

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



24.

ANALYSIS OF EXPOSURE TO CURRENCY RISK

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

CURRENCY RISK – EXPOSURE TO CURRENCY RISK	31.12.2022				
	USD	EUR	RUB	GBP	Other currencies (excluding PLN)
trade receivables in currency in currency	2,865,026	843,436	8,741,150	0	—
trade receivables valued at PLN	12,611,272	3,955,633	540,203	0	253,624
cash in foreign currency	3,626,808	5,531,201	0	72,986	—
cash and cash equivalents valued at PLN	15,964,484	25,940,794	0	386,512	175,923
trade liabilities in currency	1,524,211	685,698	0	10,500	—
trade liabilities valued at PLN	6,709,271	3,215,857	0	55,605	327,755
net exposure in currency	4,967,623	5,688,939	8,741,150	62,486	—
net exposure in PLN	21,866,485	26,680,570	540,203	330,907	101,792

Data for the previous reporting period:

CURRENCY RISK – EXPOSURE TO CURRENCY RISK	31.12.2021				
	USD	EUR	RUB	GBP	Other currencies (excluding PLN)
trade receivables in currency	4,527,014	469,254	4,871,221	0	—
trade receivables valued at PLN	18,379,677	2,158,288	264,020	0	25,021
cash in foreign currency	3,509,731	2,862,519	13,482,844	205,252	—
cash and cash equivalents valued at PLN	14,249,509	13,165,870	730,770	1,125,724	181,069
trade liabilities in currency	444,075	889,527	0	0	—
trade liabilities valued at PLN	1,802,944	4,091,293	0	0	407,081
net exposure in currency	7,592,670	2,442,246	18,354,065	205,252	—
net exposure in PLN	30,826,242	11,232,865	994,790	1,125,724	-200,991

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

CURRENCY RISK – SENSITIVITY ANALYSIS	31.12.2022	31.12.2021
Change by +10% / – 10%	+4,951,996 / – 4,951,996	+4,397,863 / – 4,397,863



25.

CAPITAL MANAGEMENT

The main objective of the Group's capital management is to maintain solid credit rating and safe capital ratios that would support the Group's operations and increase the value for its shareholders. At present, the Group finances its operations with operating profits and does not use debt financing. The Group manages its capital structure and may change it as a result of changes in the economic situation.

In order to maintain or adjust the capital structure, the Group may change the payment of dividends to shareholders, return capital to shareholders or issue new shares. In the years ended 31 December 2021 and 31 December 2020, no changes were introduced to the objectives, principles and processes applicable in this area.

Currently, the Group finances its operations with earned profits and does not use debt financing. The Group manages the capital structure and may introduce changes to it as a result of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may change the dividend payment to shareholders, return capital to shareholders or issue new shares. In the year ended December 31, 2021 and December 31, 2020, no changes were made to the objectives, rules and processes applicable in this area.

SPECIFICATION	31.12.2022	31.12.2021
Interest-bearing loans and borrowings	0	0
Trade liabilities and other liabilities	74,638,040	57,728,514
Cash and cash equivalents	126,594,883	139,553,427
Net debt	-51,956,843	-81,824,913
Equity	342,465,369	351,051,347
Total capital	342,465,369	351,051,347
Net equity and debt	394,422,212	432,876,260

26.

EMPLOYEE BENEFIT PLAN

In connection with the introduction of the Employee Capital Plan program in Poland, the Company entered into an agreement with Aviva Specialized Open Investment Fund PPK to operate the Employee Capital Plan, and the Parent Company's employees became participants in the Plan from November 2020. Due to the merger of the companies, from July 2, 2022 in Poland, the Aviva brand changed into Allianz. Investment company Aviva Investors Poland Towarzystwo Funduszy Inwestycyjnych S.A. changed its name to Towarzystwo Funduszy Inwestycyjnych Allianz Polska S.A. The total costs of the PPK program incurred by the Company in in 2022 amounted to PLN 222 thousand, compared to PLN 166 thousand in 2021.





INCENTIVE PROGRAMS

Incentive program for 2021-2021

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

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

Program participants had the right to take up a total of no more than 100,000 Shares issued by way of increasing the share capital within the authorized capital established on the basis of the Program Resolution.

The incentive program covered the years 2021-2022, and the shares could be acquired in two tranches – for the financial year 2021 (tranche I) and 2022 (tranche II). The condition for offering the shares was the achievement by the Capital Group of a certain level of financial result, i.e. Adjusted EBITDA*, which was set by the Supervisory Board for each of the years 2021 and 2022.

* Adjusted EBITDA means the operating profit shown in the consolidated financial statements achieved by the Group for a given financial year, increased by depreciation of fixed assets and intangible assets, adjusted by:

- extraordinary and one-off events;
- costs of carrying out the Program in accordance with the financial reporting standards applicable to the Company;
- the effect of accounting recognition during the incentive program of the President of the Management Board, Maciej Zuzalek (described below)
- the impact of non-cash adjustments to revenue (and the related cost of distributors' commissions), related to e.g. deferral of revenue from virtual currency or durables;
- the impact of any one-off write-downs on capital expenditures on the creation of mobile games;
- the effect of possible changes in the tax and social security systems resulting from, among others, from changes in applicable regulations, including the „New Deal”, which would increase the Company's costs due to the need to increase the remuneration of employees and associates (applies only to the financial result for 2022).

If the required level was not achieved in the first year of the program, shares for a given year could be awarded in the subsequent period, if the cumulative value of Adjusted EBITDA would reach the level required for both years.

The Supervisory Board set the following levels of Adjusted EBITDA* based on a resolution in April 2021

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

In terms of Adjusted EBITDA in 2021, the Supervisory Board adopted a resolution in October 2021 allowing for the reduction of the target by 8%, i.e. to PLN 228,899,896.

Due to failure to meet the objective of the incentive program in 2022. i.e. failure to achieve Adjusted EBITDA at the level of over PLN 251 million, the Company did not recognize the cost of the incentive program for this year in these statements. Pre-allocated shares for 2022 are forfeited.

In 2021, the objective of the program was achieved, the cost of the incentive program amounted to PLN 17.1 million and during 2022, 33,059 shares were issued to the Company's employees and associates. Participants of the program will have the right to sell the shares acquired under Tranche I no earlier than January 2, 2024.

Incentive program for the President of the Management Board from 2020

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



RECONCILIATION OF COSTS

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

SPECIFICATION	1.01.2022 – 31.12.2022	1.01.2021 – 31.12.2021
Share-based payments – cost by nature:	23,641,852	41,703,472
Costs of motivation program for 2021 (in 2022 reversal of the cost of unissued, pre-allocated shares)	-490,820	17,570,794
Cost of motivation program for the President of the Management Board – Maciej Zuzalek	24,132,672	24,132,678
Share-based payments – costs by function:	24,029,346	39,670,061
Cost of goods and services sold	0	5,611,739
Selling costs	0	2,818,075
General administrative costs	24,029,340	31,240,247
Capitalisation of share-based payment costs (game production)	-387,488	2,033,411

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

SPECIFICATION	As at 31.12.2022	As at 31.12.2021
TOTAL Capital from the settlement of the incentive scheme	88,781,376	65,139,524
Including costs of the motivation program for the CEO of the Company – Maciej Zuzalek	66,364,854	42,232,182
Including costs of the incentive scheme for 2021	17,079,974	17,570,794
Including costs of the incentive scheme for 2020	3,572,514	3,572,514
Including costs of the incentive scheme for 2019	1,187,441	1,187,441
Including costs of the incentive scheme for 2018	236,328	236,328
Including costs of the incentive scheme for 2017	340,265	340,265



28.

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:

28.1 Management

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

AFFILIATED PERSON	PERIOD	Remuneration		Net dividend	
		01.01.2022-31.12.2022	01.01.2021-31.12.2021	01.01.2022-31.12.2022	01.01.2021-31.12.2021
Management Board (total due remuneration)		29,030,296	41,590,063	2,775,554	2,591,385
Maciej Zuzalek (total due remuneration)		24,957,072	25,162,632	1,578,091	1,578,091
– Ten Square Games S.A. – cash fixed remuneration		824,400	824,520	1,578,091	1,578,091
– Ten Square Games S.A. – cash variable remuneration paid		0	290,479	0	0
– Ten Square Games S.A. – cash variable remuneration outstanding		0	205,440	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 from 2020 recognized over time		24,132,672	24,132,672	0	0

AFFILIATED PERSON	PERIOD	Remuneration		Net dividend	
		01.01.2022-31.12.2022	01.01.2021-31.12.2021	01.01.2022-31.12.2022	01.01.2021-31.12.2021
Marcin Chruszczynski (since 01.08.2020 to 21.10.2021)		0	602,093	0	0
– Ten Square Games S.A. – cash fixed remuneration		0	310,759	0	0
– Ten Square Games S.A. – share-based incentive program for 2021-20222*		0	291,334	0	0
Andrzej Ilczuk (since 21.01.2021)		636,000	4,647,402	19,343	0
– Ten Square Games S.A. – cash fixed remuneration		636,000	514,190	19,343	0
– Ten Square Games S.A. – share-based incentive program for 2021-20222		0	4,133,212	0	0
Anna Idzikowska (since 21.01.2021)		719,300	4,712,024	137,700	162,000
– Ten Square Games S.A. – cash fixed remuneration		636,000	514,065	137,700	162,000
– Ten Square Games S.A. – cash variable remuneration outstanding, paid		83,300	64,747	0	0
– Ten Square Games S.A. – share-based incentive program for 2021-20222		0	4,133,212	0	0
Janusz Dziemidowicz (since 21.01.2021)		636,000	409,225	682,417	682,417
– Ten Square Games S.A. – cash fixed remuneration		636,000	409,225	682,417	682,417
Wojciech Gattner (since 21.01.2021)		1,445,924	5,956,154	200,054	168,877
– Ten Square Games S.A. – cash fixed remuneration		636,000	514,066	200,054	168,877
– Ten Square Games S.A. – cash variable remuneration paid		960,824	1,374,436	0	0
– Ten Square Games S.A. – – cash variable remuneration outstanding		809,924	1,308,876	0	0
– Ten Square Games S.A. – share-based incentive program for 2021-20222		0	4,133,212	0	0
Magdalena Jurewicz (to 31.07.2020 and since 21.10.2021)		636,000	100,533	157,950	0
– Ten Square Games S.A. – cash remuneration		636,000	100,533	157,950	0

AFFILIATED PERSON	PERIOD	Remuneration		Net dividend	
		01.01.2022-31.12.2022	01.01.2021-31.12.2021	01.01.2022-31.12.2022	01.01.2021-31.12.2021
Supervisory Board		381,290	420,016	5,721,241	6,904,230
Rafał Olesinski		102,000	102,000	5,419	5,419
Tomasz Drozdzyński (to 11.03.2022)		9,290	51,565	0	0
Maciej Marszałek		60,000	60,000	356,400	356,400
Wiktor Schmidt		48,000	48,000	0	0
Marcin Bilos		54,000	54,000	0	0
Kinga Stanisławska		54,000	54,000	851	851
Arkadiusz Pernal		54,000	50,452	5,358,571	6,541,560
Affiliates (Ten Square Games S.A.)		0	162,000	n/d	13,081,500
Maciej Popowicz (since 20.05.2020 to 31.12.2021)		0	162,000	n/d	13,081,500
Key personnel (Ten Square Games)		0	0	b/d	b/d
Family members of key personnel / Management Board (Ten Square Games)		303,400	55,395	b/d	b/d



AFFILIATED PERSON	PERIOD	Liabilities/provisions		Receivables	
		01.01.2022-31.12.2022	01.01.2021-31.12.2021	01.01.2022-31.12.2022	01.01.2021-31.12.2021
Management Board		197,454	639,981	0	0
Maciej Zuzalek		0	205,440	0	0
Marcin Chruszczynski		0	0	0	0
Andrzej Ilczuk		0	0	0	0
Anna Idzikowska		0	0	0	0
Janusz Dziemidowicz		0	0	0	0
Wojciech Gattner		197,454	434,541	0	0
Magdalena Jurewicz		0	0	0	0
Supervisory Board		0	0	0	0
Related persons (Ten Square Games S.A.)		0	0	0	0
Key personnel (Ten Square Games S.A.)		0	0	0	0
Family members of key personnel/ Management Board (Ten Square Games S.A.)		0	0	0	0

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.

The variable remuneration due to the President of the Management Board, Mr. Maciej Zuzalek, depends on the fulfillment of management objectives, which is confirmed by a resolution of the Supervisory Board after the 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 was donated to charity (OPP organization supporting activities in Ukraine). Therefore, the Parent Entity does not treat the amount of this remuneration as paid to the President in 2022.

The variable remuneration of the Management Board member Mr. Wojciech Gattner is calculated for a given quarter and paid in the following quarter, hence there are differences in the amounts paid and due for this Member of the Management Board.

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





28.2
Other affiliated parties

AFFILIATED PARTY	Net sales		Net purchase		Dividend	
PERIOD	1.01.2022-31.12.2022	1.01.2021-31.12.2021	1.01.2022-31.12.2022	1.01.2021-31.12.2021	1.01.2022-31.12.2022	1.01.2021-31.12.2021
Subsidiaries:	6,224,801	4,663,840	11,314,721	7,226,393	2,583,580	2,261,792
Play Cool Zombie Sport Games Sp. z o.o.	55,451	80,687	0	0	0	2,261,792
Tiny Dragon Adventure Games Sp. z o.o.	1,121,756	2,566,393	0	0	0	0
Fat Lion Games Sp. z o.o.	454,616	1,514,715	0	0	0	0
Ten Square Games Germany GmbH	0	0	7,502,920	6,584,079	0	0
Ten Square Games S.R.L	0	0	2,696,993	642,314	0	0
Ten Square Games (Israel) LTD.	0	0	1,114,808	0	0	0
RORTOS S.R.L.	4,592,978	502,045	0	0	2,583,580	0
Personally affiliated entities:	0	0	143,467	106,646	0	0
Olesinski i Wspólnicy Spółka komandytowa	0	0	143,467	106,646	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

AFFILIATED PARTY	Gross receivables		Gross payables		Loans	
AS AT:	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Subsidiaries:	2,034,940	762,982	320,627	2,953,716	1,983,243	3,400,315
Play Cool Zombie Sport Games Sp. z o.o.	5,387	7,359	0	0	0	0
Tiny Dragon Adventure Games Sp. z o.o.	94,995	185,190	0	0	0	506,767
Fat Lion Games Sp. z o.o.	43,969	68,388	0	0	0	506,767
Ten Square Games Germany GmbH	70,620	0	0	2,618,125	1,272,656	1,724,775
Ten Square Games S.R.L	11,487	0	320,627	335,591	710,587	662,006
Ten Square Games (Israel) LTD.	390,578	0	0	0	0	0
RORTOS S.R.L.	1,417,904	502,045	0	0	0	0
Personally affiliated entities:	0	0	58,792,868	48,436,059	0	0
Olesinski i Wspólnicy Spółka komandytowa	0	0	0	15,529	0	0
Roberto Simonetto	0	0	35,269,842	29,047,476	0	0
Antonio Farina	0	0	23,523,026	19,373,054	0	0
Jednostki stowarzyszone:	0	0	0	0	2,201,633	0
Gamesture Sp. z o.o.	0	0	0	0	2,201,633	0

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

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

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

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



29.

EMPLOYMENT

The average of employees in the financial year was 281 persons (235 in 2021). The main group of employees are specialists in information and communication technologies.



30.

LEASE AGREEMENTS

Parent Company

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

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

On 3.11.2021 the third lease agreement was concluded for office space in the City One office building in Wrocław. The agreement was concluded for a definite period, i.e. until 2 January 2025. All the above agreements are recognised in the financial statements in accordance with IFRS 16, i.e. the initial value of the acquired right to use is recognised in fixed assets and subsequently depreciated over the office lease term. The discounted payments under the leases are shown in liabilities in the long – and short-term parts, respectively.

Rortos S.r.l

In 2021, the right to use the office space of Rortos was recognized. Lease agreement for an office at Del Pontiere Street in Verona was concluded on 01.07.2019 for a period of 6 years from the date of acceptance of the premises, with the possibility of extension for the next 6 years – until 2031. The monthly rent is EUR 2,500.

31.

LITIGATIONS

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



32.

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 statements for the period ended on December 31, 2022. However, significant events that will affect the financial statements in the next period are presented below.

On January 31, 2023, the Parent purchased another 12% of shares in the share capital of Gamesture Sp. z o. o. The payment amounted to approximately USD 2.7 million.

According to the information received on March 17, 2023 from NetEase – a business partner of Ten Square Games in China – on May 22, 2023, Fishing Clash will cease to be available to players on the Chinese market. NetEase decided to close a subsidiary cooperating with, among others, from Ten Square Games. This also means that the license to distribute Fishing Clash China will expire. On March 22, 2023, the ability to make payments in the game was suspended.





33.

SHARE OF SUBSIDIARIES NOT INCLUDED
IN THE CONSOLIDATED FINANCIAL
STATEMENT

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

34.

INFORMATION ON TRANSACTIONS
WITH THE ENTITY AUDITING
THE FINANCIAL STATEMENTS

SPECIFICATION	Costs in 2022	Costs in 2021
audit of the consolidated and separate financial statements for 2022 (2021)	89,600	42,761
review of the consolidated and separate financial statements for the first half of 2022 (2021)	41,400	25,202
assessment of the remuneration report for 2022 (2021)	9,400	8,800
TOTAL	140,400	76,763





CONSOLIDATED FINANCIAL STATEMENT
was approved for issue by the Board of Directors of the Company
on 28 March 2023 and signed by:

**PRESIDENT
OF THE MANAGEMENT BOARD**
Maciej Zuzalek

**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

Person entrusted with
keeping the books of
accounts

CHIEF ACCOUNTANT
Karolina
Hoszowska-Dubaniowska

Wroclaw, March 28th, 2023