

# QUARTERLY REPORT OF CREEPY JAR S.A.

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for Q1 2022



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Warsaw, 26.05.2022

## **DISCLAIMER**

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Creepy Jar S.A., its representatives and employees decline any responsibility in this regard.



# SUMMARY OF THE FIRST QUARTER OF 2022



The Company's sales revenues in the first quarter 2022 increased by PLN 2.8 million to PLN 11.0 million (an increase by 34% y/y). In the reporting period the Company generated PLN 6.7 million in operating profit (an increase by 47% y/y), whereas the net profit increased to PLN 6.5 million (an increase by 35% y/y).



The high financial results of Creepy Jar S.A. in the first quarter of 2022 are due to the very good sales of the Green Hell game on all key hardware platforms. On 31 January 2022 the cumulative gross sales of Green Hell exceeded 3 million copies of the game sold.



In the first quarter of 2022 the total gross sales of the Green Hell game on STEAM, Sony PlayStation and Microsoft Xbox platforms (game versions to which the Company holds publishing rights) amounted to 305 thousand copies, with 102 thousand copies on Sony PlayStation and Microsoft Xbox consoles..



On 29 March 2022 the latest expansion of the Spirits of Amazonia series was released on PC.



The total R&D expenses and costs related to game production in the first quarter of 2022 amounted to PLN 1.4 million.

## CHIMERA

The total value of expenditures incurred for the production of Chimera as of 31 March 2022 amounted to PLN 3.5 million, of which over PLN 0.6 million were incurred in the first quarter of 2022.



During the first quarter of 2022 the cash and cash equivalents increased by PLN 10.2 million up to record PLN 69.9 million compared to PLN 59.7 million as of 31.12.2021.

(million PLN)	31.03.2022	31.03.2021	Change y/y (%)
Net revenues from sales	11.0	8.2	34%
Operating profit (EBIT)	6.7	4.6	47%
EBITDA	6.9	5.4	29%
Net profit	6.5	4.8	35%
Total Assets	83.5	44.8	86%
Cash and other pecuniary assets	69.9	36.2	93%
Equity	79.1	41.8	89%
Liabilities and provisions for liabilities	4.5	3.0	50%



## SELECTED FINANCIAL DATA

Balance sheet	thous. PLN		thous. EUR	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
Fixed assets	6,959	5,377	1,496	1,169
Current assets	76,584	68,992	16,461	15,000
Equity	79,063	71,048	16,994	15,447
Provisions for liabilities	574	593	123	129
Long-term liabilities	188	228	40	50
Short-term liabilities	3,718	2,500	799	544
Prepayments and accruals	0	0	0	0

Book value (in PLN)	79,062,966	71,048,361	16,993,652	15,447,311
Number of ordinary shares (pcs.)	679,436	679,436	679,436	679,436
Book value per share (in PLN)	116.37	104.57	25.01	22.74
Diluted number of ordinary shares (pcs.)	698,606	698,203	698,606	698,203
Diluted book value per share (in PLN)	113.17	101.76	24.33	22.12

Profit and loss account	thous. PLN		thous. EUR	
	01.01.2022 -31.03.2022	01.01.2021 -31.03.2021	01.01.2022 -31.03.2022	01.01.2021 -31.03.2021
Net revenues from sales	11,016	8,208	2,371	1,795
Operating expenses	4,180	3,645	900	797
Profit (loss) on sales	6,836	4,563	1,471	998
Profit (loss) on operating activities	6,712	4,563	1,444	998
Gross profit (loss)	7,194	5,204	1,548	1,138
Net profit (loss)	6,456	4,782	1,389	1,046

Cash flow statement	thous. PLN		thous. EUR	
	01.01.2022 -31.03.2022	01.01.2021 -31.03.2021	01.01.2022 -31.03.2022	01.01.2021 -31.03.2021
Net cash flows from operating activities	10,905	8,849	2,346	1,936
Net cash flows from investment activities	-612	-1,006	-132	-220
Net cash flows from financial activities	-43	-37	-9	-8
Cash opening balance	59,736	27,993	12,854	6,123
Closing balance of cash	69,887	35,801	15,038	7,830

Principal items of the financial statements have been converted into EUR at the average exchange rates determined by the National Bank of Poland according to the following principle:

- Balance sheet at the exchange rate in force on the last date of a given period:
  - Exchange rate as of 31 March 2022 - 4.6525
  - Exchange rate as of 31 December 2021 - 4.5994
- Profit and loss account and cash flow statement at the average exchange rates in a given period, calculated as the arithmetic mean of the exchange rates in force on the last date of each month in a given period:
  - Average exchange rate in Q1 2022 - 4.6472
  - Average exchange rate in Q1 2021 - 4.5721

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**CONDENSED FINANCIAL STATEMENTS FOR THE FIRST QUARTER OF 2022****BALANCE SHEET***(in PLN)*

<b>ASSETS</b>	<b>31.03.2022</b>	<b>31.12.2021</b>	<b>31.03.2021</b>
<b>I. Fixed assets</b>	<b>6,958,936</b>	<b>5,377,436</b>	<b>4,258,957</b>
1. Intangible assets	789,750	877,422	355,806
1.1 R&D expenses	789,750	876,334	344,927
1.2 other intangible assets	0	1,088	10,880
2. Tangible fixed assets	727,708	716,598	807,930
2.1. other tangible fixed assets	727,708	716,598	807,930
a) land (including right to perpetual usufruct)	0	0	0
b) buildings, premises, right to premises and civil engineering works	185,022	158,486	149,588
c) technical equipment and machines	175,684	147,659	117,533
d) vehicles	367,002	410,454	540,809
e) other fixed assets	0	0	0
2.2. advances for tangible fixed assets under construction	0	0	0
3. Long-term receivables	2,904	2,904	0
3.1. From other entities	2,904	2,904	0
4. Long-term investments	0	0	0
5. Long-term prepayments	5,438,573	3,780,512	3,095,221
5.1. Deferred tax assets	1,124,157	132,573	993,839
5.2. Other accruals	4,314,416	3,647,939	2,101,382
<b>II. Current assets</b>	<b>76,583,653</b>	<b>68,992,052</b>	<b>40,569,415</b>
1. Inventory	0	0	15,200
2. Short-term receivables	6,303,201	8,835,797	4,224,864
2.1. From related parties	0	0	0
2.2. From other entities where the issuer has an interest in the capital	0	0	0
2.3. From other entities	6,303,201	8,835,797	4,224,864
a) trade receivables	4,305,592	5,937,361	1,898,943
- up to 12 months	4,305,592	5,937,361	1,898,943
- over 12 months	0	0	0
b) receivables from tax, subsidy, customs, social security and other benefits	1,357,811	2,633,423	2,079,911
c) other	639,799	265,013	246,010
d) claimed at court	0	0	0
3. Short-term investments	69,891,393	59,940,310	36,209,578
3.1. Short-term financial assets	69,891,393	59,940,310	36,209,578
a) in related parties	0	0	0
b) in other entities	10,097	233,327	0
c) cash and cash equivalents	69,881,295	59,706,984	36,209,578
- cash at hand and at bank	10,124,779	6,706,984	36,209,578
- other cash	59,756,517	53,000,000	0
- other pecuniary assets:	0	0	0
3.2. Other short-term investments	0	0	0
4. Short-term prepayments	389,059	215,944	119,774
<b>III. Called up share capital not paid</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>IV. Own shares (stocks)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>83,542,589</b>	<b>74,369,489</b>	<b>44,828,372</b>

(in PLN)

LIABILITIES	31.03.2022	31.12.2021	31.03.2021
<b>I. Equity</b>	<b>79,062,966</b>	<b>71,048,361</b>	<b>41,790,347</b>
1. Share capital	679,436	679,436	679,436
2. Supplementary capital	3,501,831	3,501,831	3,501,831
3. Revaluation reserve	0	0	0
4. Other reserves	39,189,886	37,630,894	10,285,198
4.1 Created in accordance with the company's articles of association	25,135,731	25,135,731	2,726,960
4.2 Created in connection with share-based payments	14,054,155	12,495,162	7,558,238
5. Accumulated profit (loss) from previous years	29,236,200	133,023	22,541,795
6. Net profit (loss)	6,455,613	29,103,176	4,782,087
7. Write-off on net profit during the financial year (negative value)	0	0	0
<b>II. Liabilities and provisions for liabilities</b>	<b>4,479,622</b>	<b>3,321,128</b>	<b>3,038,025</b>
1. Provisions for liabilities	573,838	593,056	369,134
1.1. Deferred tax liability	136,635	89,056	125,806
1.2. Provision for retirement and similar benefits	0	0	0
a) long-term	0	0	0
b) short-term	0	0	0
1.3. Other provisions	437,203	504,000	243,328
a) long-term	0	0	243,328
b) short-term	437,203	504,000	0
2. Long-term liabilities	188,136	228,176	345,189
2.1. To related parties	0	0	0
2.2. To other entities in which the entity has an equity interest	0	0	0
2.3. To other entities	188,136	228,176	345,189
a) credits and loans	0	0	0
b) arising from issuance of debt securities	0	0	0
c) other financial liabilities	188,136	228,176	345,189
d) bill of exchange liabilities	0	0	0
e) other	0	0	0
3. Short-term liabilities	3,717,648	2,499,895	2,285,702
3.1. Liabilities to related parties	0	0	0
3.2. Liabilities to other entities in which the entity has an interest in capital	0	0	0
3.3. Liabilities to other entities	3,717,648	2,499,895	2,285,702
a) credits and loans	0	0	0
b) arising from issuance of debt securities	0	0	0
c) other financial liabilities	199,315	155,671	150,857
d) trade liabilities	1,626,114	531,338	567,509
- up to 12 months	1,626,114	531,338	567,509
- over 12 months	0	0	0
e) received prepayments for deliveries and services	0	0	0
f) bill of exchange liabilities	0	0	0
g) tax, customs, insurance and other liabilities	71,074	66,406	123,040
h) payroll liabilities	1,821,146	1,746,480	1,442,458
i) other	0	0	1,838
3.4. Special funds	0	0	0
4. Prepayments and accruals	0	0	38,000
4.1. Negative goodwill	0	0	0
4.2. Other accruals	0	0	38,000
a) long-term	0	0	0
b) short-term	0	0	38,000
<b>TOTAL LIABILITIES</b>	<b>83,542,589</b>	<b>74,369,489</b>	<b>44,828,372</b>
	<b>31.03.2022</b>	<b>31.12.2021</b>	<b>31.03.2021</b>
Book value (in PLN)	79,062,966	71,048,361	41,790,347
Number of ordinary shares (pcs.)	679,436	679,436	679,436
Book value per share (in PLN)	116.37	104.57	61.51
Diluted number of ordinary shares (pcs.)	698,606	698,203	697,567
Diluted book value per share (in PLN)	113.17	101.76	59.91



## PROFIT AND LOSS ACCOUNT (COMPARATIVE VARIANT)

(in PLN)

	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
<b>I. Net revenues from sales and equivalent, including revenues:</b>	<b>11,016,351</b>	<b>8,208,185</b>
- from related parties	0	0
1. Net revenues from sales of products	11,016,351	8,208,185
2. Change in the balance of products (increase - positive value, decrease - negative value)	0	0
3. Manufacturing cost of products for internal purposes	0	0
4. Net revenues from sales of goods and materials	0	0
<b>II. Operating expenses</b>	<b>4,180,462</b>	<b>3,645,311</b>
1. Amortisation and depreciation	225,878	812,876
2. Consumption of materials and energy	113,643	71,182
3. External services	1,501,997	753,322
4. Taxes and charges, including:	420	884
- excise duty	0	0
5. Payroll	2,253,463	1,977,016
6. Social security and other benefits, including	17,407	6,890
- pension	8,903	5,300
7. Other costs by type	67,654	23,141
8. Value of goods and materials sold	0	0
<b>III. Profit (loss) on sales (I-II)</b>	<b>6,835,889</b>	<b>4,562,874</b>
IV. Other operating revenues	4,511	1
1. Gain on disposal of non-financial fixed assets	0	0
2. Subsidies	0	0
3. Revaluation of non-financial assets	0	0
4. Other operating revenues	4,511	1
V. Other operating expenses	128,709	3
1. Loss on disposal of non-financial fixed assets	0	0
2. Revaluation of non-financial assets	0	0
3. Other operating expenses	128,709	3
<b>VI. Profit (loss) on operating activities (III+IV-V)</b>	<b>6,711,691</b>	<b>4,562,872</b>
VII. Financial revenues	752,337	645,184
1. Dividends and profit-sharing	0	0
2. Interest, including:	179,720	0
- from related parties	0	0
3. Gain on disposal of financial assets	144,675	0
4. Revaluation of financial assets	0	0
5. Other	427,942	645,184
VIII. Financial expenses	269,978	3,833
1. Interest, including:	4,745	3,833
- for related parties	0	0
2. Loss on disposal of financial assets, including:	0	0
- in related parties	0	0
3. Revaluation of financial assets	265,233	0
4. Other	0	0
<b>IX. Gross profit (loss) (VI+VII-VIII)</b>	<b>7,194,050</b>	<b>5,204,223</b>
X. Income tax	738,438	422,136
1. Current tax	1,682,443	1,285,328
2. Deferred tax	-944,005	-863,192
XI. Other statutory reductions in profit (increases in loss)	0	0
<b>XII. Net profit (loss) (IX-X-XI)</b>	<b>6,455,613</b>	<b>4,782,087</b>

	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
Net profit (loss) (annualized) (PLN)*	25,822,451	19,128,349
Weighted average number of ordinary shares	679,436	679,436
Profit (loss) per share (PLN)	38.01	28.15
Diluted weighted average number of ordinary shares	698,329	697,567
Diluted net profit (loss) per share (PLN)	36.98	27.42

\*Net income of the period annualized by multiplying by 4.





## STATEMENT OF CHANGES IN EQUITY

(in PLN)

	01.01.2022 - 31.03.2022	01.01.2021 - 31.12.2021	01.01.2021 - 31.03.2021
<b>I. Opening balance of equity</b>	<b>71,048,361</b>	<b>35,481,063</b>	<b>35,481,063</b>
a) changes to the adopted accounting principles (policy)	0	0	0
b) adjustment of errors	0	0	0
<b>II. Opening balance of equity after adjustments</b>	<b>71,048,361</b>	<b>35,481,063</b>	<b>35,481,063</b>
<b>1. Opening balance of share capital</b>	<b>679,436</b>	<b>679,436</b>	<b>679,436</b>
1.1. Changes in the share capital	0	0	0
a) increase (due to)	0	0	0
b) decrease (due to)	0	0	0
1.2. Closing balance of share capital	679,436	679,436	679,436
<b>2. Opening balance of supplementary capital</b>	<b>3,501,831</b>	<b>3,501,831</b>	<b>3,501,831</b>
a) adjustments of errors	0	0	0
2.1. Opening balance of supplementary capital after adjustments	3,501,831	3,501,831	3,501,831
2.2. Changes in supplementary capital	0	0	0
a) increase (due to)	0	0	0
- share issues above par	0	0	0
- profit distribution (statutory)	0	0	0
- profit distribution (over the statutorily required minimum value)	0	0	0
b) decrease (due to)	0	0	0
- loss coverage	0	0	0
2.3. Closing balance of supplementary capital	3,501,831	3,501,831	3,501,831
<b>3. Opening balance of revaluation reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>
3.1. Changes in revaluation reserve	0	0	0
a) increase (due to)	0	0	0
b) decrease (due to)	0	0	0
3.2. Closing balance of revaluation reserve	0	0	0
<b>4. Opening balance of other reserves</b>	<b>37,630,894</b>	<b>8,758,001</b>	<b>8,758,001</b>
4.1. Changes in other reserves	1,558,993	28,872,893	1,527,197
a) increase (due to)	1,558,993	28,872,893	1,527,197
- profit distribution	0	22,408,772	0
- share-based payment	1,558,993	6,464,121	1,527,197
b) decrease (due to)	0	0	0
4.2. Closing balance of other reserves	39,189,886	37,630,894	10,285,198
<b>5. Opening balance of previous years' profit (loss)</b>	<b>29,236,200</b>	<b>22,541,795</b>	<b>133,023</b>
5.1. Opening balance of previous years' profit	29,309,951	22,615,546	206,774
a) changes to the adopted accounting principles (policy)	0	0	0
b) adjustment of errors	0	0	0
5.2. Opening balance of previous years' profit after adjustments	29,309,951	22,615,546	206,774
a) increase (due to)	0	0	22,408,772
- undistributed profit	0	0	22,408,772
b) decrease (due to)	0	22,408,772	0
- profit distribution from previous years	0	22,408,772	0
5.3. Closing balance of previous years' profit	29,309,951	206,774	22,615,546
5.4. Opening balance of previous years' loss	-73,751	-73,751	-73,751
a) changes to the adopted accounting principles (policy)	0	0	0
b) adjustment of errors	0	0	0
5.5. Opening balance of previous years' loss after adjustments	-73,751	-73,751	-73,751
a) increase (due to)	0	0	0
b) decrease (due to)	0	0	0
5.6. Closing balance of previous years' loss	-73,751	-73,751	-73,751
5.7. Closing balance of previous years' profit (loss)	29,236,200	133,023	22,541,795
<b>6. Net result</b>	<b>6,455,613</b>	<b>29,103,176</b>	<b>4,782,087</b>
a) net profit	6,455,613	29,103,176	4,782,087
b) net loss	0	0	0
c) write-offs from profit	0	0	0
<b>III. Closing balance of equity</b>	<b>79,062,966</b>	<b>71,048,361</b>	<b>41,790,347</b>
<b>IV. Equity including proposed profit distribution (loss coverage)</b>	<b>64,455,092</b>	<b>71,048,361</b>	<b>41,790,347</b>

## CASH FLOW STATEMENT

(in PLN)

	01.01.2022 - 31.03.2022	01.01.2021 - 31.03.2021
<b>A. Cash flows from operating activities</b>		
<b>I. Net profit/loss</b>	<b>6,455,613</b>	<b>4,782,087</b>
<b>II. Total adjustments</b>	<b>4,448,976</b>	<b>4,067,305</b>
1. Amortisation and depreciation	225,878	812,876
2. Exchange gains (losses)	-24,108	-424,871
3. Interest and profit sharing (dividend)	-175,278	0
4. Profit (loss) on investment activities	120,558	0
5. Change in provisions	-19,218	260,129
6. Change in inventory	0	-15,200
7. Change in receivables	2,532,596	2,382,179
8. Change in short-term liabilities excluding credits and loans	1,174,109	413,266
9. Change in prepayments and accruals	-1,044,554	-888,272
10. Other adjustments	1,558,993	1,527,197
<b>III. Net cash flows from operating activities (I+II)</b>	<b>10,904,589</b>	<b>8,849,392</b>
<b>B. Cash flows from investing activities</b>		
<b>I. Inflows</b>	<b>204,250</b>	<b>0</b>
1. From financial assets, including:	204,250	0
b) in other entities	204,250	0
- disposal of financial assets	144,675	0
- interest	59,575	0
<b>II. Outflows</b>	<b>815,793</b>	<b>1,005,552</b>
1. Purchase of intangible assets and tangible fixed assets	815,793	1,005,552
2. Other outflows from investment activities	0	0
<b>II. Net cash flows from investment activities (I-II)</b>	<b>- 611,543</b>	<b>- 1,005,552</b>
<b>C. Cash flows from financial activities</b>		
<b>I. Inflows</b>	<b>0</b>	<b>0</b>
<b>II. Outflows</b>	<b>42,842</b>	<b>36,538</b>
1. Payments of liabilities under the lease agreement	38,400	36,538
2. Interest	4,442	0
3. Other outflows from financial activities	0	0
<b>III. Net cash flows from financial activities (I-II)</b>	<b>-42,842</b>	<b>-36,538</b>
<b>D. Total net cash flows (A.III+B.III+C.III)</b>	<b>10,150,204</b>	<b>7,807,302</b>
<b>E. Balance sheet change in cash, including:</b>	<b>10,174,311</b>	<b>8,216,299</b>
- change in cash due to exchange rate differences	-8,232.88	-408,996
<b>F. Cash opening balance</b>	<b>59,736,444</b>	<b>27,993,279</b>
<b>G. Closing balance of cash (F+D), including:</b>	<b>69,886,648</b>	<b>35,800,582</b>
- of limited disposability	0	0

## ADDITIONAL INFORMATION TO THE CONDENSED FINANCIAL STATEMENTS

### 1. General Information

<b>Company:</b>	<b>Creepy Jar S.A.</b>
<b>Registered office</b>	Warsaw
<b>Address:</b>	ul. Człuchowska 9, 01-360 Warsaw
<b>E-mail address:</b>	office@creepyjar.com
<b>Website:</b>	www.creepyjar.com
<b>Registry court</b>	District Court for the Capital City of Warsaw in Warsaw, XIV Commercial Division of the National Court Register
<b>KRS</b>	0000666293
<b>REGON</b>	366335731
<b>NIP</b>	1182136414
<b>Major objects of activity (PKD)</b>	62, 01, Z, SOFTWARE ACTIVITIES
<b>Sector acc. to WSE classification</b>	Gaming

Creepy Jar S.A. (hereinafter referred to as the “**Company**” or the “**Issuer**”) was incorporated on 16 December 2016 by a notarial deed comprising the consent to the incorporation of the Company, the wording of the Articles of Association and a statement of consent to the subscription of the share capital in its entirety (notarial deed drawn up before notary Sylwia Jankiewicz in the Notary's Office in Kraków for Rep. A No. 4475/2016). The Company was registered in the National Court Register on 2 March 2017.

As of the date of this report, all shares of the Company are publicly traded on the regulated market (main market) of the Warsaw Stock Exchange S.A.

### 2. Information on the composition of the Management Board and the Supervisory Board of the Company

Composition of the Issuer's Management Board as at 31.03.2022:

Full name	Function
<b>Krzysztof Kwiatek</b>	President of the Board
<b>Krzysztof Sałek</b>	Member of the Board
<b>Tomasz Soból</b>	Member of the Board

There were no changes in the composition of the Issuer's Management Board in the reporting period.

In a current report No. 10/2022 the Company informed that on 29 April 2022 the Company's Supervisory Board passed a resolution on the appointment of all existing Members of the Management Board to a new five-year term of office beginning on the date of the Company's Annual General Meeting at which the financial statements for the financial year ended 31 December 2021 were approved.

Composition of the Issuer's Supervisory Board as at 31.03.2022:

Full name	Function
<b>Michał Paziewski</b>	Chairman of the Supervisory Board
<b>Mirosława Cienkowska</b>	Member of the Supervisory Board
<b>Artur Lebieckiński</b>	Member of the Supervisory Board
<b>Tomasz Likowski</b>	Member of the Supervisory Board
<b>Piotr Piskorz</b>	Member of the Supervisory Board



Composition of the Audit Committee:

Full name	Function
<b>Mirosława Cienkowska</b>	Chairwoman of the Audit Committee
<b>Michał Paziewski</b>	Member of the Audit Committee
<b>Piotr Piskorz</b>	Member of the Audit Committee

There were no changes in the composition of the Issuer's Supervisory Board in the reporting period.

### 3. Information on the principles adopted when drawing up the report

These condensed financial statements (hereinafter referred to as "**Financial Statements**") have been prepared in accordance with the regulations:

- the Accounting Act of 29 September 1994 (consolidated text, Dz. U. 2021 item 217, as amended);
- Ordinance of the Minister of Finance of 05 October 2020 on the scope of information disclosed in financial statements and consolidated financial statements required in issue prospectuses for issuers based in the territory of the Republic of Poland and applying Polish accounting principles (consolidated text, Dz. U. 2020, item 2000);
- Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state (Dz. U. of 2018, item 757). ("**Regulation on current and periodic information**")

The financial statements have been prepared on the assumption that the Company will continue as a going concern.

The financial statements were prepared for the period from 1 January 2022 to 31 March 2022. Comparative data are presented for the corresponding period of 2021 in accordance with the Regulation on current and periodic information.

In the period covered by these Financial Statements, there were no material differences in estimates.

Unless otherwise indicated, all figures are presented in PLN and rounded to the nearest whole PLN.

### Methods of valuation of assets and liabilities and determination of the financial result

For the purpose of preparing these Financial Statements, methods of valuation of assets and liabilities were applied and the principles for determination of the financial result were in accordance with the Accounting Policy binding in the Company.

The accounting principles applied by the Company are adapted to the provisions resulting from the Accounting Act of 29 September 1994 (consolidated text: Dz. U. 2021 item 217) as amended.

#### Principles of recording fixed tangible and intangible assets

Fixed assets and intangible assets are valued at purchase prices or production costs less depreciation or amortisation and impairment losses. The purchase price or production cost of a fixed assets is increased by the cost of its improvement.

The purchase price and production cost of fixed assets, tangible assets under construction and intangible assets include all their costs incurred by the Company for the period of construction, assembly, adaptation and improvement until the date of their adoption for use, including the cost of servicing liabilities incurred to finance them and the related exchange differences less the related revenue.

Depreciation of tangible and intangible assets is made starting from the month following the month in which they were accepted for use.

The straight-line method of depreciation is used for tangible and intangible assets, except for R&D works.

**Typical annual depreciation rates are as follows:**

Buildings and structures	1,5-4,5%
IT equipment	20-30%
Technical equipment and machines	10-20%
Vehicles	20%
Furniture, tools, instruments, movable property, equipment	20%
Licences, R&D expenses	10-50%
Other intangible assets	20%

In case of tangible and intangible assets acquires as used as well as those showing accelerated wear and tear and in untypical cases depreciation rates may be set outside the ranges indicated above.

For tangible and intangible assets for which depreciation rates specified in the Corporate Income Tax Act (tax rates) do not differ materially from the depreciation rates resulting from the economic useful lives, tax rates are applied.

Tangible assets and intangible assets with an expected useful life of more than one year and an initial value equal to or less than 10,000.00 PLN are entered in the balance sheet records of fixed assets and depreciated once in the month in which they are accepted for use.

The correctness of the applied depreciation periods and rates of tangibles and intangible assets is periodically verified by the Company.

Development costs

The costs of completed development works related to the production of games carried out by the Company, incurred prior to the production or application of technology are classified as intangible assets, if all of the following conditions are met:

- the product or production technology are precisely specified, and the related development costs are reliably determined,
- the technical usefulness of the product or technology has been established and properly documented and on this basis the Company has made a decision to manufacture these products or to apply the technology,
- the development costs are expected to be covered by revenues from the sale of these products or application of technology.

The development costs are subject to straight-line amortisation over the economic useful life of the development results or in case of projects for which it is possible to determine the reliable estimates of the quantity or value of sales, the Company amortises the value of these projects using the natural method, in relation to the planned volume of sales. If in exceptional cases it is not possible to reliably estimate the economic useful life of the results of completed development works, the period of write-downs may not exceed 5 years.

Amortisation of completed development works is made starting from the month following the month in which they were accepted for use.

The principles specified above for making impairment losses apply to the costs of completed development works.

The costs of development works in the period until their completion are recognised as long-term prepayments.

Leasing

The Company applies the principles of qualification of lease, tenancy, leasing and other similar agreements provided for in Article 3 (4) and (5) of the Accounting Act. If the Company is a party to lease, tenancy, leasing or

other similar agreements under which it has accepted third-party tangible or intangible assets for use, under which substantially all the risks and benefits resulting from the ownership of assets being the subject matter of the agreement are transferred, the subject matter of the agreement is recognised under assets in the balance sheet. The subject matter of the agreement is initially recognised at the lower of two values: the fair value or the present values of the minimum lease payments. Lease liabilities are valued at adjusted purchase price.

#### Investments

Investments include assets held for the purpose of obtaining economic benefits from appreciation in value of these assets, revenues resulting therefrom in the form of interest, dividends (shares in profit) or other benefits, including from business transactions, and in particular financial assets and those real estate and tangible and intangible assets that are not used by the Company, but are held in order to obtain economic benefits.

#### Receivables and liabilities not classified as investments or financial liabilities

Receivables are recognised at the amount required to be paid, while applying the prudent valuation principle. Receivables are revalued taking into account the degree of probability of their payment, by means of a revaluation write-down included respectively in other operating costs or financial costs - depending on the type of receivables to which the revaluation write-down relates. Revaluation write-downs are created for individual receivables. It is allowed to create revaluation write-downs for groups of receivables respectively to their overdue status, if receivables to which this approach is applied are not individually significant.

Liabilities are valued at the amount due.

Receivables and liabilities are classified as:

- short-term receivables or liabilities in relation to all trade receivables and liabilities and all or part of other receivables and liabilities that are due within 12 months of the balance sheet date,
- long-term receivables and liabilities – in relation to receivables other than short-term receivables.

Receivables and liabilities expressed in foreign currency as at the balance sheet date are valued using the average exchange rate announced by the National Bank of Poland at that date.

#### Prepayments and accruals

The Company makes prepayments in relation to costs incurred with regard to future reporting periods. Write-offs of prepayments are made according to the lapse of time or the amount of benefits, in accordance with the prudent valuation principle.

Game development costs incurred prior to the sale or application of new solutions are recognised as development expenditures in progress and presented as long-term accruals. When the work is completed and expenditures related to the implementation of a given project are recognised, the expenditures are transferred from the item of accruals to the item of costs of completed development works, presented in the balance sheet as intangible assets.

Accruals are made at the amount of probable liabilities falling due in the current reporting period, resulting in particular from services provided to the Company by contractors, when the amount of liability can be reliably estimated.

Accruals and deferred income are made in accordance with the prudence principle and include in particular the equivalent of funds received from or payable to contractors for services to be performed in subsequent reporting periods.

#### Provisions

Provisions are liabilities whose maturity date or amount is uncertain.

The Company creates provisions if it has a legal or constructive obligation resulting from past events and if it is probable that the settlement of this obligation will result in the use of the Company's already existing or future assets. Provisions are created if their amounts are material and reliable estimates can be made.

Provisions are created at the amount representing the best estimate of expenditures required to settle the present obligation as at the balance sheet date.

Provisions are not created for future operating losses.

### Equity

Share capital is recognised at the amount specified in the Company's articles of association and entered in the court register.

Supplementary capital is recognised at the amount of the share premium as well as profit distribution and other amounts, if the Company's articles of association and relevant resolutions of its bodies so provide.

Other elements of equity are recognised in accordance with the provisions of the Commercial Companies Code, the Accounting Act, the Company's articles of association, resolutions of the Company's bodies and when so provided in this accounting policy (principles), including in connection with the share-based payments made by the Company. The manner of recognising components of equity in connection with share-based payments are described below.

### Revenues and expenses

Revenues and expenses are recognised on an accrual basis, i.e. In the financial year to which they relate, irrespective of when the payment is received or made and in accordance with the principle of matching revenues and expenses and the prudence principle.

### Operating revenues and expenses

Operating revenues and expenses include revenues and expenses related to the reporting period other than revenues and expenses from financial operations and revenues and expenses from income tax and other compulsory charges on the financial result.

Revenues from sales of products are recognised in the profit and loss account, if all of the following conditions are met:

- the amount of revenues can be measured reliably,
- there is a sufficiently high probability that the Company obtains economic benefits from the transaction,
- The significant risk and benefits resulting from ownership of assets subject to sales have been transferred to the buyer and the Company is no longer permanently involved in the management of the assets transferred not does it exercise effective control over them.

Revenues from sales include the disposal of products manufactured by the Company to which it has exclusive licensing rights from their manufacture or has acquired licences to publish or distribute them.

The Company licenses its software (intellectual property) to game distributors. The licence granted for a set period of time give the distributors access to the intellectual property in the form in which it exists during the licence period. The basis for revenue recognition constitute royalties from the sales of game distribution licences. These revenues depend on the amount of sales made by the distributor to the end user in a given reporting period. Revenue from sales of a given product is recognised in the period of sale based on sales reports to end users received by the Companies from game distributors.

Revenues include amounts received or due to products supplied to purchasers, less commissions or similar amounts for participation in sale charged by distributors in accordance with relevant agreements as well as trade discounts, if any, and value added tax (VAT). The amount of revenues is measured at the value of payment



received or due. Other operating revenues and expenses include revenues and expenses related indirectly to the Company's operating activities.

#### Revenues and expenses of financial operations

Revenues and expenses of financial operations include in particular:

- profits and losses on the disposal and valuation of financial instruments other than receivables and liabilities resulting from operating activities,
- interest received and due as well as similar fees and commissions, if they do not increase the initial value of assets,
- dividends received and due,
- exchange differences if they are not charged to the initial value of assets.

Interest income and expenses are recognised using the effective interest rate. It is allowed to calculate interest on a simplified basis, if the difference between the amount of interest so determined and the amount resulting from the use of effective interest rate is immaterial.

#### Income tax

Current income tax is recognised in accordance with applicable tax laws. In connection with temporary differences between the book value of assets and liabilities and their tax value and tax loss deductible in the future the Company creates a provision and established deferred tax assets.

Deferred tax assets are established in the amount expected to be deducted from income tax in the future due to negative temporary differences that will reduce the income tax base and deductible tax loss in the future, in accordance with the prudence principle.

Deferred tax liability is established for the amount of income tax payable in the future in connection with positive temporary differences, i.e. differences that will increase the income tax base in the future.

The amount of deferred tax liabilities and assets is established taking into account the income tax rates applicable in the year when the tax obligation arose.

Deferred tax liabilities and assets may be presented in the balance sheet after offsetting, if the Company has a title authorising it to take them into account simultaneously when calculating the amount of tax liability.

#### Transactions in foreign currencies

Economic transactions expressed in foreign currencies are recognised in the accounting books as at the day of their performance at:

- the actually applied exchange rate on that day, resulting from the nature of operation – in case of selling or buying currencies and payment of receivables or liabilities,
- the average exchange rate announced by the National Bank of Poland on the day preceding that day – in case of paying receivables or liabilities, if it is not reasonable to apply the exchange rate referred to above as well as in case of other operations.

As at the balance sheet date assets and liabilities expressed in foreign currencies are valued at the average exchange rate announced for a given currency by the National Bank of Poland for that day.

Exchange differences resulting from the valuation as at the balance sheet date of assets and liabilities expressed in foreign currencies, except for long-term investments, and resulting from the payment of receivables and liabilities in foreign currencies, as well as from the sale of currencies, are included respectively in financial revenues or expenditures, and in justified cases – in the production cost of products or purchase price of goods, as well as in the purchase price or production cost of fixed assets, fixed assets under construction or intangible assets.

### Profit and loss account

The Company prepares a profit and loss account in a comparative version.

### Cash flow statement

The Company prepares a cash flow statement using indirect method.

### Statement of changes in equity

The Company prepares a statement of changes in equity.

### Financial instruments

Shares and stocks in subordinated entities classified as fixed assets are valued at purchase price less impairment losses.

Financial instruments other than shares and stocks in subordinated entities, rights and obligations under lease and insurance agreements as well as financial instruments issued by the Company, constituting its equity instruments, are recognised and valued in accordance with the Regulation of the Minister of Finance of 12 December 2001 on detailed principles of recognition, valuation methods, scope of disclosure and manner of presentation of financial instruments (as amended).

Financial assets are classified in one of the following categories:

- financial assets held for trading,
- loans granted and own receivables,
- financial assets held to maturity,
- financial assets available for sale.

Financial liabilities are classified in one of the following categories:

- financial liabilities held for trading,
- other financial liabilities.

Financial assets are classified as current assets, if they are payable and due or intended for disposal within 12 months of the balance sheet date or from the date of their establishment, issue or acquisition or if they are cash equivalents. In other cases financial assets are included in fixed assets.

Financial liabilities are classified as short-term liabilities if they are due within 12 months of the balance sheet date. In other cases financial liabilities are included in long-term liabilities.

Financial assets are entered in the accounting books on the date of concluding an agreement at the purchase price, i.e. at the fair value of the expenses incurred or other assets transferred in exchange, whereas financial liabilities at the fair value of the amount received or the value of other assets received. When determining the fair value at that date the transaction costs incurred by the Company are taken into account; transaction costs can be ignored when determining the fair value if they are immaterial. Transaction of buying and selling financial instruments made in regulated trading are entered in the accounting books on the date of their settlement.

### Hedge accounting

The Company does not apply hedge accounting.

### Share-based payments

In case of share-based payments (also settled in other equity instruments) granted to employees, associates and members of the Company's Management Board, the fair value of the instruments is determined at the grant date. To determine the fair value of the instruments granted, an option pricing model is applied which takes into

account, among other things, the Company's share price as at the vesting date, the volatility of the share price, the risk-free interest rate, the exercise price of the option and the period in which the option may be exercised.

The fair value of equity-settled share-based payments determined at the grant date is charged to compensation expense on a straight-line basis over the vesting period, taking into account the terms and conditions of the instruments granted based on the Company's respective estimates, with a corresponding increase to reserves. At each balance sheet date, the Company revises its estimates of the number of equity instruments expected to be granted. The impact, if any, of the revision of the original estimates is recognised in the profit and loss account over the remaining period of the grant, with a corresponding adjustment to the share-based payment reserve. Stock options or other rights outstanding under share-based payment arrangements are not financial instruments.

#### **4. Information on changes in Accounting Policy in the current financial year and their effect on the financial result and equity**

In the reporting period the Issuer's Accounting Policy has not changed.

#### **5. Amount and type of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, value or frequency**

In the financial results for the first quarter of 2022 the Issuer does not identify amounts or items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, value or frequency.

#### **6. Explanations concerning seasonality or cyclicity of the issuer's activities in the presented period**

In the financial results for the first quarter of 2022, the Issuer does not identify the phenomenon of seasonality or cyclicity.

At the same time, it should be emphasized that the highest sales revenue to date have been recorded in periods immediately following the game's launch or the addition of new updates (e.g. co-op mode, expansion packs of Spirits of Amazonia series), which were further reinforced by periodic price cuts. In the periods between significant updates or expansions, turnover is significantly lower, which can result in significant differences in revenue values and disparities in financial performance from one reporting period to the next. The Issuer tries to minimize this effect both by providing its products on new platforms and adding subsequent free updates, expanding the content of Green Hell and extending the life of the product on the market, while spreading sales over different periods of the year.

#### **7. Information on write-downs of inventories to net realisable value and reversal of write-downs**

In the period from 1 January to 31 March 2022, the Issuer did not make any inventory write-downs.

#### **8. Information on impairment losses on financial assets, property, plant and equipment, intangible assets or other assets, and reversal of such write-offs**

In the period from 1 January to 31 March 2022, the Issuer did not make any impairment losses on assets.

## 9. Information on the creation, increase, use and release of provisions

(in PLN)

Provisions	01.01.2022 - 31.03.2022	01.01.2021 - 31.12.2021	01.01.2021 - 31.03.2021
<b>Opening balance</b>	<b>504,000</b>	<b>0</b>	<b>0</b>
Release of provisions	0	0	0
Use of provisions	469,297	0	0
Creation of provisions	402,500	504,000	243,328
<b>Closing balance, including:</b>	<b>437,203</b>	<b>504,000</b>	<b>243,328</b>
- long-term	400,000	0	243,328
- other provisions	400,000	0	243,328
- short-term, including:	37,203	504,000	0
- other provisions	37,203	504,000	0

In the first quarter of 2022 a provision was created for potential bonuses for management board members in the amount of PLN 400,000. The final amount and payment of the bonus will depend on the Company's net profit for the full year 2022 in accordance with the principles set out in the Company's Remuneration Policy.

## 10. Information on deferred tax assets

(in PLN)

Deferred tax liability	31.03.2022	31.12.2021	31.03.2021
Undepreciated value of vehicles	24,834	17,159	33,005
Expenditures not recognised in the financial result - Green Hell R&D work	80,408	55,121	59,187
Balance sheet valuation	1,159	1	33,615
Provision for interest income	15,629	2,098	0
Deferred income	13,578	0	0
Valuation of derivatives	1,028	14,676	0
<b>Total</b>	<b>136,635</b>	<b>89,056</b>	<b>125,806</b>

(in PLN)

Deferred tax assets	31.03.2022	31.12.2021	31.03.2021
Unpaid salaries, social security contributions, employee capital plans	11,177	582	6,857
Balance sheet valuation	554	2,694	33
Provision for financial statement audit	3,788	3,397	3,489
Financial lease liabilities	23,376	16,047	30,269
Provision for bonuses for the Management Board	218,542	109,854	145,687
Valuation of derivatives	4,277	0	0
Adjustment on account of applying the effective tax rate	862,444	0	807,504
<b>Total</b>	<b>1,124,157</b>	<b>132,573</b>	<b>993,839</b>

## 11. Information on significant transactions of purchase and sale of tangible assets

In the first quarter of 2022, the Issuer did not make any significant purchase or sale transactions of tangible assets.

## 12. Information on significant liability due to purchase of fixed assets

In the first quarter of 2022, the Issuer did not have any significant liabilities due to the purchase of tangible assets.

## 13. Information on significant litigation settlements

In the first quarter of 2022, the Issuer was not a party to any court or arbitration proceedings which could have or had a significant impact on the financial position or profitability of the Company.

#### **14. Indication of adjustments of prior period errors**

Not present.

#### **15. Information about changes in economic conditions and operating conditions that have a significant effect on the fair value of the entity's financial assets and financial liabilities, regardless of whether those assets and liabilities are recognised at fair value or at adjusted purchase price (amortised cost)**

In the reporting period, there were no changes in the economic situation and operating conditions that would have a significant impact on the fair value of financial assets and financial liabilities.

#### **16. Information on non-repayment of a loan or borrowing, or violation of material provisions of a loan or borrowing agreement, in respect of which no remedial action had been taken by the end of the reporting period**

In the first quarter of 2022, the Company did not have any agreements on loans or borrowings.

#### **17. Information on conclusion by the Issuer of one or more transactions with related entities if they were concluded on non-market terms**

In the first quarter of 2022 the Issuer did not conclude any significant transactions with related entities on conditions other than market conditions.

#### **18. Information on change in manner (method) of determining measurement of financial instruments measured at fair value**

In the first quarter of 2022 there were no changes in the manner (method) of determining the valuation of financial instruments measured at fair value.

#### **19. Information about changes in the classification of financial assets as a result of changes to the purpose or use of these assets**

In the first quarter of 2022 there were no changes in the classification of financial assets as a result of a change in the purpose or use of such assets.

#### **20. Information concerning the issue, redemption and repayment of securities**

In the first quarter of 2022 there were no events of issue, redemption or repayment of securities.

#### **21. Information on paid (declared) dividend**

During the period covered by this Report, the Issuer did not declare or pay any dividends.

In the current report no. 8/2022 the Issuer informed that on 28 April 2022 the Company's Management Board adopted a resolution to recommend to the Ordinary General Meeting of the Company the following distribution of the net profit for the financial year 2021 in the amount of PLN 29,103,176.22:

- a) to allocate the net profit in the amount of PLN 14,607,874.00 to the payment of dividends to the Company's shareholders, i.e. In the amount of PLN 21.5 per share,



- b) to allocate the profit in the amount of PLN 14,495,302.22 to the Company's reserve capital with the possibility of future payment to shareholders.

In the current report no. 9/2022 on 29 April 2022 the Issuer informed that the Company's Supervisory Board gave a positive opinion on the a/m recommendation of the Company's Management Board on the distribution of the net profit for the financial year 2021.

The final decision on the profit distribution for the year 2021 will be made by the Ordinary General Meeting of Shareholders convened on 7 June 2022.

## **22. Events that occurred after the date as of which the condensed quarterly financial statements were drawn up and not included in these statements, which could significantly affect the Issuer's future financial performance**

As at the date of approval of these Financial Statements for publication, the Company's Management Board does not identify any events not recognised in these statements which may materially affect its future financial results.

## **23. Information on changes in contingent liabilities or contingent assets that have occurred since the end of the last financial year**

Since the end of the last financial year, the Issuer has not incurred any contingent liabilities and does not identify any contingent assets.

## **24. Other information that may significantly affect the assessment of the Issuer's property, financial condition and results of operations**

Net income in the first quarter of 2022 was significantly impacted by the recognition of non-cash expenses related to share-based payments to the Company's employees, associates and Board Members resulting from the Incentive Scheme for 2020-2022 adopted by the Company's General Meeting of Shareholders on 23 July 2020. In view of the above in the first quarter 2022 the cost of remuneration resulting from the a/m Incentive Scheme in the amount of PLN 1.6 million was recognised.

### **COVID-19**

The Company observes and analyses the impact of the spread of COVID-19 epidemic in Poland and in other countries where the Company's products are sold. So far, i.e. until the date of publication of these financial statements, it has not had a significant impact on the Company's financial result. Together with the periodic restrictions on movement and organisation of gatherings introduced in previous years the Company took measures aimed at introducing a remote working model in the Company. The purpose of this initiative was to minimise the risk of infections among the Company's staff. As part of the measures taken, changes were introduced to the network infrastructure and software to enable safe and possibly effective remote work, including ensuring communication between the Management Board and team members. At present the Company is ready to immediately return to remote working mode in case of renewed restrictions. It should be noted that in the Company's opinion the long-lasting operation of the team in the remote working model may have a negative impact on the time of production works.

Taking into account the Company's cash balance, investment plans related to the production of games and in the absence of significant liabilities it should be stated that even a prolonged COVID-19 epidemic does not pose a threat to the Company's prospects and liquidity over the next 12 months.

## **WAR IN UKRAINE**

On 24 February 2022 the Russian Federation launched an armed invasion of Ukraine. In response to Russia's unlawful actions, the international community, including EU countries and the United States, imposed extensive economic and political sanctions on the Russian Federation. Taking into account the unpredictability of the situation, at this stage it is not possible to assess potential scenarios for the development of the armed conflict and their consequences (including those related to sanctions) for the economic situation in Poland and in the world.

The Company does not conduct direct operations in any of the countries engaged in this conflict. The distribution of the Company's products on these markets takes place through sales platforms, in particular such as Steam, PlayStation Store and Microsoft Xbox Store. In opposing the actions of Russia and Belarus, the Company has applied to these entities to block the possibility to purchase the Company's products by users from these countries. Based on data for 2021 provided by a/m distribution platforms the total share of Russia and Belarus in the value of Green Hell's sales on these platforms was less than 2.5%. Whereas the share of Ukraine in these revenues was at 0.2% of the sales value. While even a long-term exclusion or limitation of distribution on these markets should not have a significant impact on the Company's financial result, at this stage it is not possible to reliably assess the impact of this situation on the Company's operations and prospects.



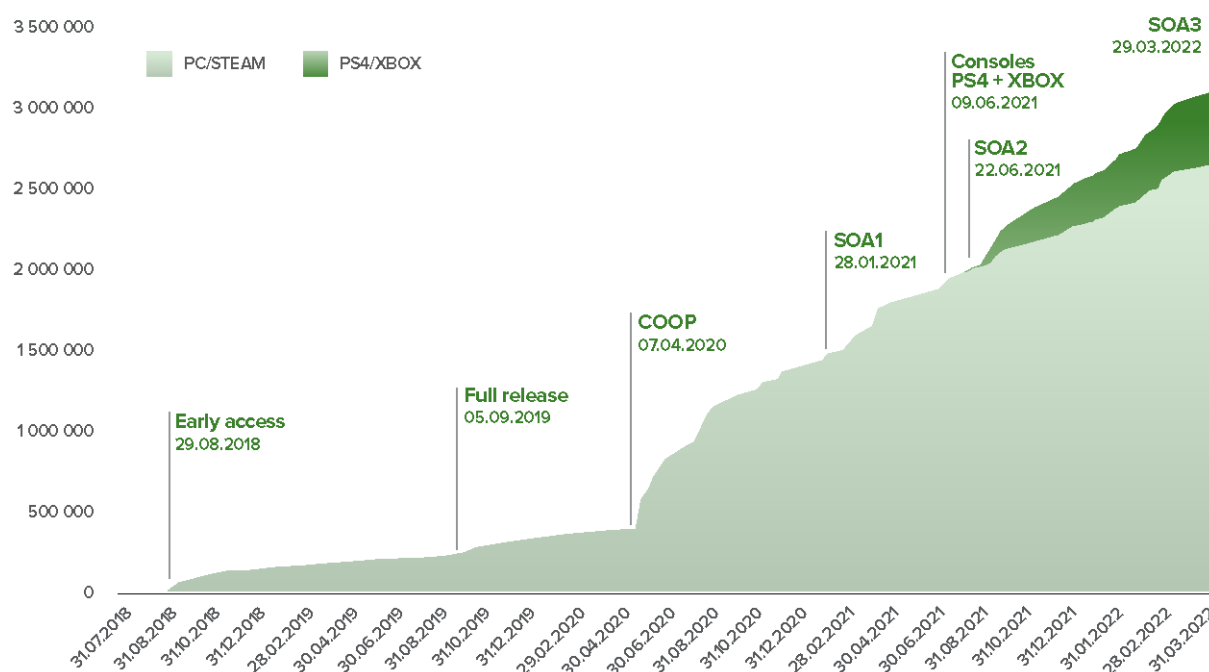
## OTHER INFORMATION

### 1. Significant achievements or failures of the Issuer in the first quarter of 2022

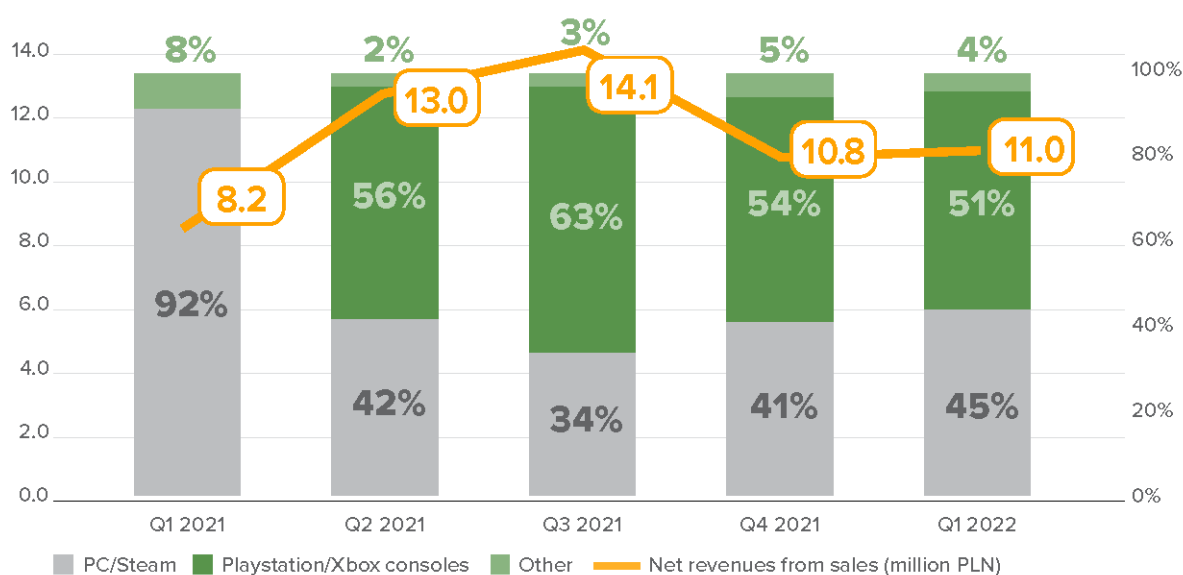
#### Commentary on the results for the first quarter of 2022

In the first quarter of 2022, the Company achieved net sales of Green Hell in the amount of PLN 11.0 million, compared to PLN 8.2 million in the first quarter of 2021 (an increase by 34% y/y). The high level of sales revenues in the reporting period was achieved due to very good sales of the Green Hell game on all platforms.

**Chart 1.** Total gross sales of the Green Hell game on PC/Steam, PlayStation and Xbox (pcs., cumulatively)



**Chart 2.** Share of Green Hell sales revenues for PC/Steam, PlayStation and Xbox consoles in the Company's total revenues



In the reporting period 51% of net sales revenues was generated on Sony PlayStation and Microsoft Xbox consoles, whereas the sales on the PC/STEAM platform accounted for 45% of revenues. Gross sales by volume in the first quarter of 2022 on STEAM, PlayStation Store and Microsoft Store platforms (game versions to which the Company holds publishing rights) amounted to 305 thousand copies, with 102 thousand on PlayStation and Xbox consoles. On 31 January 2022 the Company informed that the cumulative gross sales of Green Hell on STEAM, PlayStation Store and Microsoft Store platforms exceeded 3 million copies.

In the first quarter of 2022 the Company generated PLN 6.7 million in operating profit (an increase by 47% y/y) and PLN 6.9 million in EBITDA (an increase by 29% y/y). This allowed the Company to achieve EBIT profitability of 61% (an increase by 5 pp compared to the first quarter of 2021) and EBITDA profitability of 63%. Net profit in the reporting period increased by 35% y/y to PLN 6.5 million and the net margin amounted to 59%.

Operating expenses remained stable and in the first quarter of 2022 amounted to PLN 4.2 million. The highest items were remuneration (PLN 2.3 million), which included the cost of remuneration in connection with the implementation of the Incentive Scheme for 2020-2022 in the amount of PLN 1.6 million and external services (PLN 1.5 million), which included the cost of finalizing the production of the Spirits of Amazonia 3 expansion conducted in the first quarter of this year. Depreciation and amortisation in the first quarter of 2022 amounted to PLN 0.2 million.

The balance sheet total as of 31.03.2022 amounted to PLN 83.5 million, which means an increase by PLN 9.2 million compared to 31.12.2021. Fixed assets increased to PLN 7.0 million. This results from an increase in deferred tax assets by PLN 1.0 million and expenditures on unfinished R&D works to PLN 4.3 million recognised in other long-term prepayments. Current assets increased by PLN 7.6 million compared to the balance at the end of 2021 due to an increase in cash by PLN 10.2 million in the first quarter of 2022 and a decrease in trade and public/private receivables.

At the end of the reporting period the Company achieved a 95% share of equity in the balance sheet total. The increase in short-term liabilities to PLN 3.7 million was due to an increase in trade liabilities to PLN 1.6 million compared to 31.12.2021.

The Company maintains a high cash generating efficiency. Cash flows from operating activities in the first quarter of 2022 amounted to PLN 10.9 million, which means an increase by 23% y/y. Cash flow from operating activities in the first quarter of 2022 consists of net profit of PLN 6.5 million and adjustments in the amount of PLN 4.4 million. The most significant adjustments include non-cash expenses related to the incentive program (PLN 1.6 million), changes in trade receivables and public/private receivables (PLN 2.5 million) as well as changes in trade payables (PLN 1.0 million). The Company's cash resources increased to a record PLN 69.9 million compared to PLN 59.7 million as of 31.12.2021.

Cash flows from investing activities in first quarter of 2022 included PLN 0.2 million of inflows and PLN 0.8 million outflows for purchase of intangible assets and tangible fixed assets, of which more than PLN 0.6 million were for the production of Chimera.

The table below presents the structure of the Company's cash and cash equivalents:

(in PLN)

Cash and cash equivalents	31.03.2022	31.12.2021	31.03.2021
- cash at hand and at bank	10,124,779	6,706,984	36,209,578
- other cash	59,756,517	53,000,000	0
- deposits	58,000,000	53,000,000	0
- processed funds	1,756,517	0	0
<b>Total</b>	<b>69,881,295</b>	<b>59,706,984</b>	<b>36,209,578</b>

## Game production

The total R&D expenses related to game production in the first quarter of 2022 amounted to PLN 1.4 million, PLN 0.7 million of which was recognised in the balance sheet and further PLN 0.7 million was recognised in the income statement as current game development costs.

### Green Hell

In the first quarter 2022 the Company continued work on the last in the Spirits of Amazonia series and the largest expansion pack to the basic version of Green Hell in terms of new content, which was released on PC on 29 March 2022. Spirits of Amazonia 3 includes a new map section with multiple locations to explore and a new gameplay mechanics. The new content has received a lot of positive feedback from players, with Green Hell reaching the top 20 of Steam Global Top Sellers in the first week after release.

According to the published roadmap in 2022 the Company is planning two more major updates to Green Hell on PC. At present, the Issuer is working on the free Animal Husbandry expansion, which will introduce the possibility to breed animals. Payers will be able to catch, feed and breed some of the rainforest creatures in order to obtain the resources necessary for survival in the wild. The next update will be Building Update, which will significantly expand the ability to construct and build a base with the ability to cut larger trees and remove obstacles such as logs and stumps. New elements will also be introduced: doors, bridges, tree houses and many more. Both updates will include more new mechanics within the systems already used in the game (such as building).

In the reporting period the Company has continued work on the porting of the first two parts of the Spirits of Amazonia expansion pack on PlayStation and Xbox One consoles. Their premiere on these platforms took place on 25 May 2022. Expansions were released with minor bug fixing. According to the published roadmap the premiere of the Spirits of Amazonia 3 on PlayStation 4 and Xbox One consoles is also planned for 2022.

### Chimera

At the same time in the first quarter of 2022 the Company has been working on its second original project called Chimera. It will be an advanced base-building simulator with survivalist elements, from a first-person perspective, set in a science-fiction setting. The game, unlike Green Hell, will be aimed at more casual players. Chimera is being produced on Unreal Engine 5, one of the most advanced commercial game engines on the market. The Issuer, as in the case of the first title, will probably decide to release Chimera in Early Access with the reservation that the game will have much more extensive content than Green Hell at the time of Early Access, offering players many more hours of gameplay. Considering the success of the co-op mode in Green Hell, Chimera at the time of release will allow users to play in co-op mode for up to 4 players. The Issuer assumes that ultimately Chimera, due to its genre, will offer players an unlimited number of hours of gameplay. Compared to competitive titles Chimera will be distinguished by high dynamics of changes in the environment, attractive storylines and more survival elements, especially combat. The Company plans to release the first marketing materials for Chimera in the second half of 2022.

The Issuer will make a final decision on the choice of the optimal release of Chimera (Early Access or Full Release) no earlier than the end of 2022, after an internal analysis of the possibilities and an assessment of the stage of production. The distribution strategy adopted by the Issuer with respect to Green Hell for the new game will be replicated in principle.

The Company has sufficient cash to complete the new game. The total value of expenditures incurred for the production of Chimera up to 31 March 2022 amounted to PLN 3.5 million, of which over PLN 0.6 million were incurred in the first quarter of 2022.

## 2. Factors and events, including those of an untypical nature, having a material impact on the condensed financial statements

In the first quarter 2022 there were no factors of unusual nature that affected the financial results achieved by the Company in the period.

**3. Description of changes in the organisation of the Issuer's capital group**

Not applicable. The Issuer does not form a capital group.

**4. The Management Board's position concerning the possibility of fulfilment of previously published result forecasts for a given year in the light of the results presented in the quarterly report in relation to the forecast results**

The Company did not publish any financial estimates or forecasts concerning the presented period.

**5. Issuer's shareholding structure as at the date of submitting the quarterly report**

Shareholding structure as at 26 May 2022:

Shareholder	No. of shares	% in share capital	No. of votes	% of votes
VENTURE FIZ	87,361	12.86%	87,361	12.86%
Krzysztof Kwiatek	73,879	10.87%	73,879	10.87%
Krzysztof Sałek	73,878	10.87%	73,878	10.87%
Tomasz Soból	73,752	10.85%	73,752	10.85%
Aviva Investors Poland TFI S.A.	46,583	6.86%	46,583	6.86%
Quercus TFI S.A.	34,000	5.0%	34,000	5.0%
Shareholders with <5% of votes at the GM	289,983	42.68%	289,983	42.68%
<b>Total</b>	<b>679,436</b>	<b>100.00%</b>	<b>679,436</b>	<b>100.00%</b>

The listing of shareholders with at least 5% of the share capital and votes at the General Meeting has been prepared on the basis of the notifications received so far from the Issuer's shareholders in fulfilment of their obligations under the provisions of the Public Offering Act.

In a current report No. 13/2022 the Company informed that that it received a notification from Quercus Towarzystwo Funduszy Inwestycyjnych S.A. informing about the increase in ownership and jointly exceeding the threshold of 5% of the total number of votes in the Company by the following investment funds: QUERCUS Parasolowy SFIO, QUERCUS Global Balanced Plus FIZ, QUERCUS Absolute Return FIZ and Acer Aggressive FIZ.

To the Issuer's best knowledge there were no changes in the ownership structure of significant holdings of the Issuer's shares until the date of publication of this report.

**6. Shares of the Issuer or rights thereto held by persons managing and supervising the Issuer as at the date of submitting the quarterly report**

Shareholder	Position	Number of shares	% in share capital	Number of votes	% of votes
Krzysztof Kwiatek	President of the Board	73,879	10.87%	73,879	10.87%
Krzysztof Sałek	Member of the Board	73,878	10.87%	73,878	10.87%
Tomasz Soból	Member of the Board	73,752	10.85%	73,752	10.85%
Michał Paziewski	Member of the Supervisory Board	279	0.04%	279	0.04%

During the first quarter of 2022 and until the date of publication of this report, there were no changes in the ownership of the Company's shares by persons managing and supervising Creepy Jar S.A.

## 7. Material proceedings pending before court, competent arbitration authority or public administration authority concerning the Issuer's liabilities and receivables

As at the date of publication of this report and for a period of at least 12 months preceding the date hereof, the Company is not, nor has it been a party to any material governmental, legal or arbitration proceedings (including any such proceedings which are pending or, to the best of the Company's knowledge, threatened) concerning the liabilities or receivables of the Company.

## 8. Information on conclusion by the Issuer of one or more transactions with related entities if they were concluded on non-market terms

During the first quarter of 2022 the Issuer did not conclude any significant transactions with related entities on conditions other than market conditions.

## 9. Information on credit or loan sureties or guarantees granted by the Issuer

During the first quarter of 2022 the Company has not granted any sureties or guarantees, including those from entities related to the Issuer.

## 10. Information which, in the Issuer's opinion, is significant for the assessment of its personnel, property, financial situation, financial result and their changes as well as information which is significant for the assessment of the Issuer's ability to fulfil its obligations

As of 31 March 2022, the Company's team included 40 persons.

The table below presents capital expenditure, including expenditure on game production, incurred by the Company in the first quarter of 2022 together with comparative data.

(in PLN)

Capital expenditure	01.01.2022 -31.03 2022	01.01.2021 -31.03 2021
Acquisition of property, plant and equipment	144,971	153,787
Development costs – expenditure on game production	666,477	851,765
Acquisition of other intangible assets	4,345	0
<b>Total</b>	<b>815,793</b>	<b>1,005,552</b>

Apart from the information mentioned above and presented in this report, the Issuer does not possess any other significant information which might significantly affect the assessment of its personnel, property, financial situation, financial result and their changes, as well as the assessment of the possibility of fulfilling its obligations by the Issuer.

## 11. Indication of factors which, in the Issuer's opinion, will affect its results in the perspective of at least the next quarter

In the Issuer's opinion, the following factors will have a direct impact on the financial results achieved in at least the next quarter:

- continued work on Chimera – an advanced base-building simulator with survivalist elements, from a first-person perspective in a science-fiction setting;
- expansion of Green Hell with further updates (Animal Husbandry and Building Update expansions on PC);

- Spirits of Amazonia series available on PlayStation 4 and Xbox One consoles;
- continued work on the release of Green Hell on virtual reality platforms;
- release of Green Hell on current generation consoles (PlayStation 5 and Xbox Series S|X).

On 29 March 2022 the Company released the Spirits of Amazonia 3 expansion on PC, which, in the Issuer's opinion, should have a positive impact on the results of next quarters.

According to the published roadmap, in 2022 the Issuer is planning further updates of Green Hell for PC - Animal Husbandry and Building Update as well as the Spirits of Amazonia 3 for PlayStation 4 and Xbox One consoles. The Company subsequently plans to begin work on the release of Green Hell for PlayStation 5 and Xbox Series X|S consoles.

On 7 April 2022 there was a release of Green Hell VR in version for the Oculus Quest 2 platform, with Incuvo S.A. being responsible for the port and distribution. On 13 May 2022 Incuvo S.A. published its interim report for the first quarter 2022 in which it reported that as of 30 April 2022 the net sales of the game on the Oculus Quest 2 platform, i.e. including returns and chargeback complaints, amounted to 68,940 copies sold. According to information provided in the Incuvo S.A.'s current report of 31 March 2022, a PC version of Green Hell VR will be released in May. The revenues from sales of Green Hell VR on virtual reality platforms will be included in Company's financial results starting from the first half of 2022.

On 25 May 2022 the Company released the Spirits of Amazonia 1 & 2 expansions on PlayStation 4 and Xbox One, which, in the Issuer's opinion, should have a positive impact on the results of next quarters.

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**Krzysztof Kwiatek**

President of the Board  
Creepy Jar S.A.

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**Krzysztof Salek**

Member of the Board  
Creepy Jar S.A.

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**Tomasz Soból**

Member of the Board  
Creepy Jar S.A.



CREEPY  JAR

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