

# CONSOLIDATED ANNUAL REPORT



**beginning of financial year:** 01.01.2022

**end of the financial year:** 31.12.2022

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## **Activity report**

### **Board commentary**

In 2022, thanks to the IPO, Punktid increased investments in various areas. After the IPO we immediately began to fulfill the promises we made to investors, including the creation of a new platform, growing turnover and assembling a team.

Negotiations and preparations for the transition to the new platform began already in January 2022 in cooperation with Trinidad Wiseman OÜ (TWN). We decided to switch to the Drupal 9 system based on the long-term cooperation with TWN developed over the years, where they had previously worked with our old Drupal 7 platform and were familiar with the technical side. After the results of the IPO, we had to make some adjustments and leave some functionalities for the future (Phases 2 and 3) in order to get the core ready as soon as possible (Phase 1).

Assembling the team allowed us to speed up the development of the Punktid platform. In addition, we got the opportunity to test different specialists in positions that we previously filled partially or did not deal with at all. We created a completely new position SEO (Search Engine Optimization), the results of which were clearly visible by the end of the year. However, a separate social media position did not give the desired results, and we decided to liquidate it at the end of the year.

In terms of increasing turnover, we were able to maintain our 2022 goal throughout the year. We set a goal of EUR 2 million in turnover for the platform and we came very close, achieving EUR 1.84 million euros in turnover.

## **General information**

Punktid Technologies AS is a new generation computer game and gift card intermediary service provider, containing valuable content throughout the gaming sector.

The company provides all services under the Punktid brand and maintains a leading position in Estonia in the video game and gift card intermediary service market.

Punktid Group owns and develops Estonia's largest online sales environment for video games, Nintendo, PlayStation and Xbox digital codes, where professional support is offered to both beginners and experienced gamers in the national language of the target country of the video game buyer.

The main activity of Gamekeys OÜ is the mediation of the world's best-known video games and video game gift cards in an online environment and the related customer service and marketing both in Estonia and abroad. The online mediation service has been the main focus of Punktid Group for the past few years, and future investments will be aimed at the development of this line of business. Gamekeys OÜ operates all domains and web environments necessary for the operation of the web-based intermediary service.

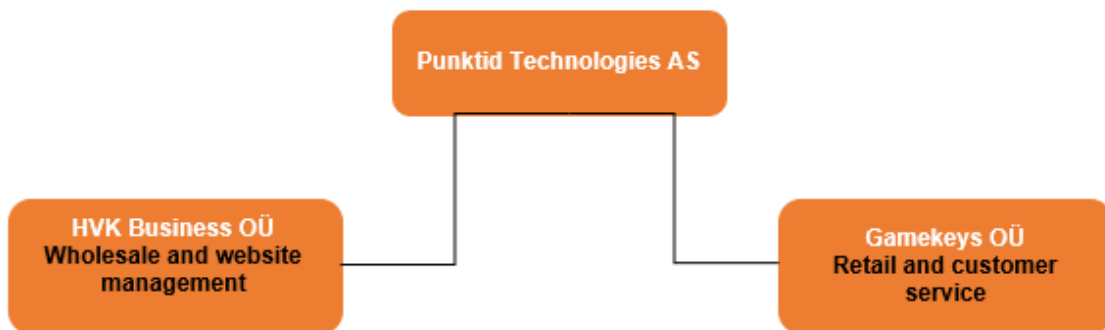
The main activity of HVK Business OÜ is the wholesale of video games and gift cards for business customers, Punktid.com IT project development and sale of the right to use the Punktid.com platform. The company's largest supplier and cooperation partner is Sony Corporation.

## **Structure**

The parent company of the Punktid group is Punktid Technologies AS, it brings together HVK Business OÜ and Gamekeys OÜ.

Wholesale trade is carried out through HVK Business OÜ, and in order to spread risks, HVK Business OÜ also owns the Punktid website.

The main activity of Gamekeys OÜ is retail sales of the Punktid group through the Punktid online platform and related customer support.



### **Mission and objectives**

The mission of the Punktid group is to bring the digital game world closer to every person, so it's just a few mouse clicks away.

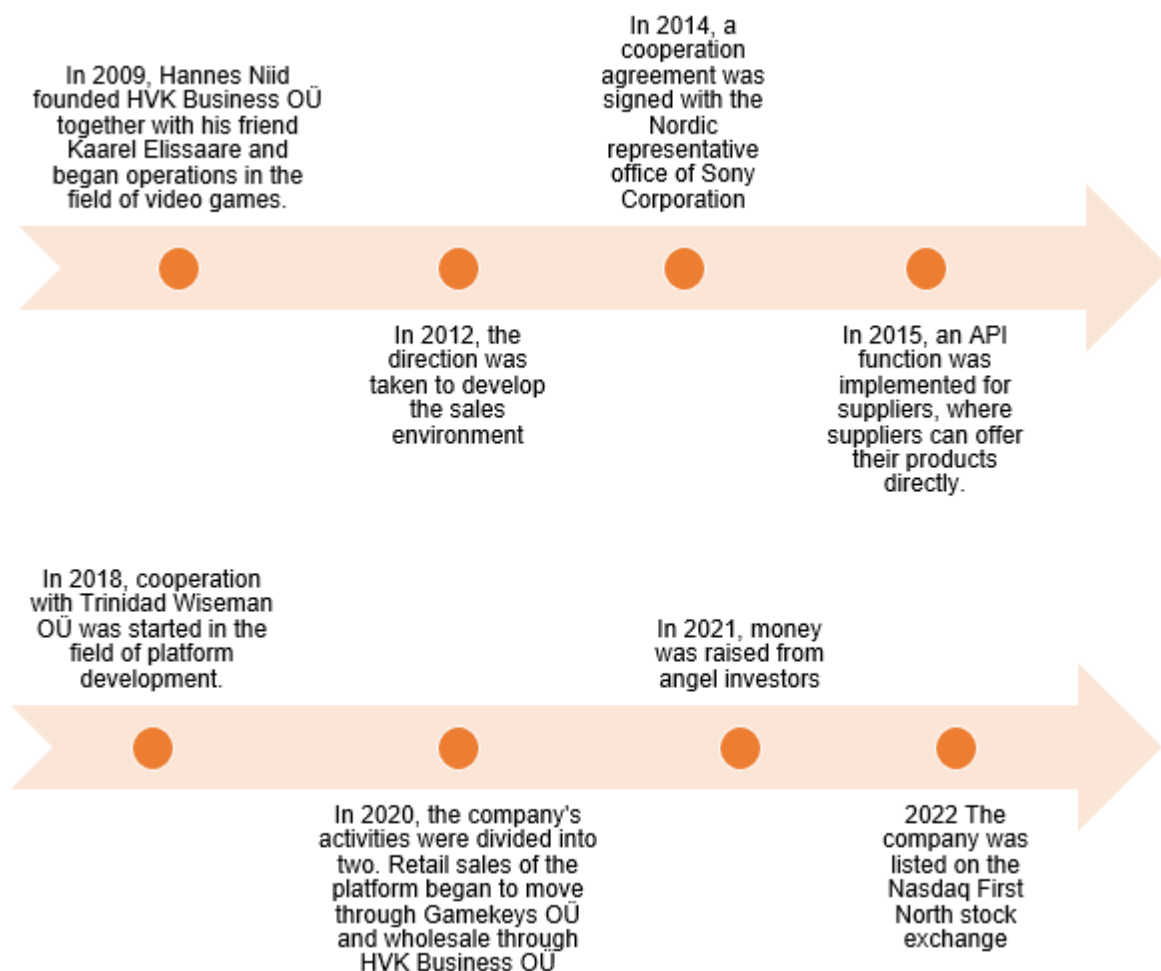
To achieve this, the company has goals to strive for:

- influence purchasing behavior by bringing customers from global pages to the unique shopping environment of Punktid, where the entire purchasing process and support is in the local national language from start to finish and it is possible to use local payment options
- to improve the image of video games, highlighting also the positive effects of video games such as the development of creativity and strategic thinking
- to offer a high-level service that meets the wishes and expectations of the company's customers and ensures customer satisfaction, while we distinguish ourselves from our competitors primarily in terms of exemplary customer support

### **Numerical objectives**

Goods worth EUR 1.85 million passed through the Punktid platform in 2022, missing the target by EUR 0.15 million, or 7.5%. During 2023, the goal is to handle EUR 3 million worth of goods through the platform.

## History



## Economic environment and competition

The economy of 2022 will be remembered by 2 main keywords - War and inflation. Russia's invasion of Ukraine and the joint response of European and NATO countries to it made Russia look for ways to put pressure on Europe. Putting pressure on Europe through energy carriers was the trigger for the consequences of years of money printing - a surge in inflation. The European Central Bank's response to this did not take long, at a record pace, base interest rates were raised by 3% in less than half a year.

From the consumer's point of view, energy costs rose at a record pace, food and services became more expensive due to energy costs, and at the end of the year, the increased Euribor level related to the increase in base interest rates began to have an increasing impact. The various cost components

that satisfy basic needs were thus all more expensive, from which it can be concluded that less money was left for hobbies.

The Estonian market's numbers on the Punktid platform clearly showed the restriction of consumption. However, the platform's trading volumes increased, as growth in foreign markets fully compensated for lower activity in the local market. Therefore, foreign markets helped mitigate the risk of a change in the business environment. New foreign markets are planned to be added in 2023.

The Punktid platform competes with all platforms that mediate digital game keys. There are few local competitors in today's target markets. At the same time, it is noticeable that a local or same-region platform has a certain advantage.

The market size growth of the Punktid platform gives an idea of game console market size. The game console market is forecast to grow from USD 13.81 billion in 2019 to USD 32.99 billion by 2027, with a CAGR of 11.5% during the period 2020-2027. Notable market players among video games include Sony Corporation, NVIDIA Corporation, Microsoft and Nintendo.

## **RISK MANAGEMENT**

Risk is the possibility that events or circumstances may adversely affect an organization's goals, resulting in financial loss, operational disruption, reputational damage, or other undesirable outcomes. The purpose of risk management is to discover, recognize and mitigate possible scenarios deviating from expectations.

Punktid group uses four main strategies to manage risks.

- Punktid Group implements various measures to mitigate risks, including the involvement of partners. One such example is using insurance or outsourcing professional services. In addition, the company's data is backed up on the partner's servers, ensuring that the company is not harmed if the device is lost or destroyed. Such measures help Punktid Group to ensure the security and continuity of business-critical data.
- Risk avoidance. For example, they try to refrain from entering high-risk markets, the selection of critical partners is based on tried-and-tested solutions. Avoiding risk may limit growth opportunities or raise other issues, but in some cases it is reasonable.
- Risk reduction. Risks are reduced, for example, by building the principle of multiple eyes into processes and developing security protocols. By reducing the probability of occurrence or severity of the risk, the level of risk can become acceptable in certain cases.
- Risk acceptance. In the case of risks with low probability or low impact, it is sometimes more reasonable to accept them than to spend resources on mitigating them.

## **Main risks**

**To avoid credit risk**, Punktid Technologies does not sell products on its platform without first receiving money for them. This reduces growth opportunities, but the reduced risk means that there is no need to have a credit sales department. Since sales without credit are common in online commerce, the Punktid group does not consider the methods used to avoid this risk too inhibiting growth.

**Punktid Group has no exchange rate risk**, as income and expenses are in the same currency.

**Interest rate risks are hedged**, because the loan obligations of the Punktid group are taken at a fixed rate and their size is insignificant.

**Efforts are made to reduce operational risk** by using reliable suppliers, keeping the platform up-to-date and purchasing know-how when necessary.

In order to mitigate procurement risks, Punktid group has a long-term cooperation with Sony Nordic. Almost 10 years of cooperation ensures trust and sustainability.

Upgrading the platform was one of the main goals of Punktid Group in offering shares through First North in 2022. The new platform will be launched during the second quarter of 2023.

Punktid purchase services from various experts in their field. Since it is extremely important that all company operations comply with applicable laws, regulations and standards, the services of several advisors are used, such as legal, tax and accounting.

## **Seasonality of business**

Punktid Group's business activity is significantly dependent on the season, when, as a rule, the fourth quarter has significantly better sales figures compared to the summer months (June, July and August).

The seasonality of the points platform, i.e. retail sales, is significantly stronger than in wholesale sales. The third quarter has the lowest turnover, which largely coincides with the summer months. The third quarter result was 81% of the average quarterly result. The strongest numbers are characteristic of the retail trade in the fourth quarter, which accounts for 129% of the annual average quarterly result. Therefore, the strongest quarter is about 50% better than the quarter with the lowest turnover numbers.

Wholesale volumes are stable year-over-year and do not depend significantly on the season.



## **Environmental and social impacts**

For us, sustainability in e-commerce is not just a buzzword; it is the main pillar of our activity. We recognize the urgent need to address the environmental challenges of the digital landscape and have implemented robust measures to reduce our ecological footprint. Our commitment to green behavior is demonstrated by our investments in energy-efficient infrastructure and technology. By optimizing our data centers, deploying renewable energy sources and promoting responsible resource management, we strive to reduce our carbon emissions and contribute to a greener future.

In addition to our environmental efforts, we are also committed to social responsibility. We believe that technology should be accessible to everyone, regardless of their abilities. That's why we prioritize creating an inclusive experience by following accessibility standards and guidelines. By ensuring that our platforms and software are accessible to people with disabilities, we strive to bridge the digital divide and empower people from diverse backgrounds. In addition, we understand the importance of customer data privacy and implement strict security measures to protect sensitive information. By complying with data protection regulations and promoting a culture of trust and transparency, we prioritize the well-being and privacy of our customers.

Punktid Group's activities do not have a significant impact on the natural environment, but based on the company's responsible behavior, Punktid Group operates in an energy-efficient manner. Since computers, office spaces and servers are one of the biggest sources of energy consumption, Punktid Group uses only LED lighting in its office, employees have significantly more environmentally friendly laptops instead of large desktop computers, and the servers are located in the Netherlands, where nearly 14% of the country's energy comes from renewable energy sources.<sup>1</sup> All the goods we sell is digital, and the digital delivery method reduces the ecological footprint by over 95% compared to the amount of waste and pollution associated with the production, packaging and delivery of game boards.<sup>2</sup>

Governance and ethics are paramount to our operations and we have established strict governance practices to ensure ethical behavior throughout our organization. We place a strong emphasis on licensing compliance, working closely with software developers and publishers to ensure that all software keys sold on our platform comply with license agreements and copyright laws. Transparency is at the heart of our business practices and we communicate openly with our customers, providing accurate and clear information about the software keys we offer. In addition, we maintain strong relationships with our suppliers, ensuring that they share our commitment to sustainability and ethical business practices. Through these efforts, we strive to foster a responsible and honest culture while promoting responsible behavior in the digital software industry.

1. [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Renewable\\_energy\\_statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Renewable_energy_statistics).

2. <https://www.euronews.com/green/2020/02/17/is-playing-video-games-making-climate-change-worse>.

## ECONOMIC INDICATORS

The volume of goods moved through the Punktid platform and wholesale was EUR 2 817 000 in 2022, of which wholesale made up EUR 968 000 and goods moved through the platform EUR 1 849 000, this represents a 35% increase compared to the period of the previous annual report 10.02.21-31.12.21.

- **Revenue**

Punktid Group's sales revenue increased by 62.7% compared to the previous year, reaching EUR 1 207 thousand in 2022. Of this, EUR 239 000 were commissions for the Punktid platform, and EUR 968 000 were wholesale.

### **Punktid platform sales and gross merchandise volume (GMV) (Gamekeys OÜ)**

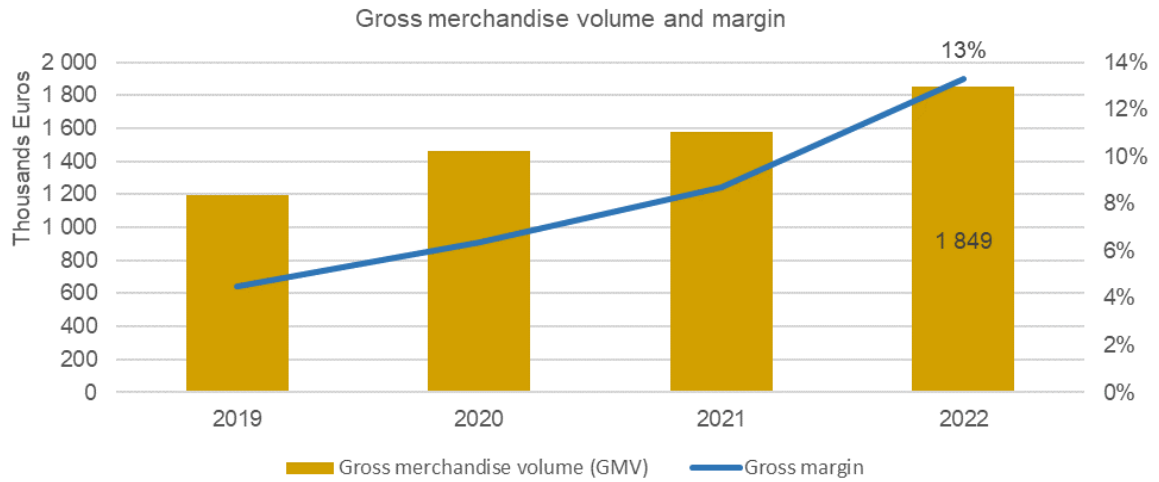
The sales revenue of the Punktid platform is formed by the commission fee for the goods sold on the platform. In 2022, retail consumers made purchases through the Punktid platform for a total of EUR 1 849 000, from which the company earned EUR 239 000 as a commission or sales revenue. Compared to 2021, sales revenue increased by nearly 74% and EUR 102 000.

Estonia and the neighboring countries – Latvia, Finland and Lithuania – are considered the biggest market of the platform. Their share of the volume of goods passing through the platform is 96%.

The total volume of goods sold on the Punktid platform (GMV - Gross merchandise value) was EUR 1 849 000 in 2022. Compared to 2021, the volume of goods sold on the platform increased by EUR 267 000 and by 17%. One of the important goals for 2022 was to increase the volume of goods moving through the platform.

The volume of goods mediated by the points platform and the commission margin have been consistently increasing over the past 4 years. If in 2019 the commission margin was around 4.5%, by 2021 it had risen to 8%. In 2022, it further improved to 13%.

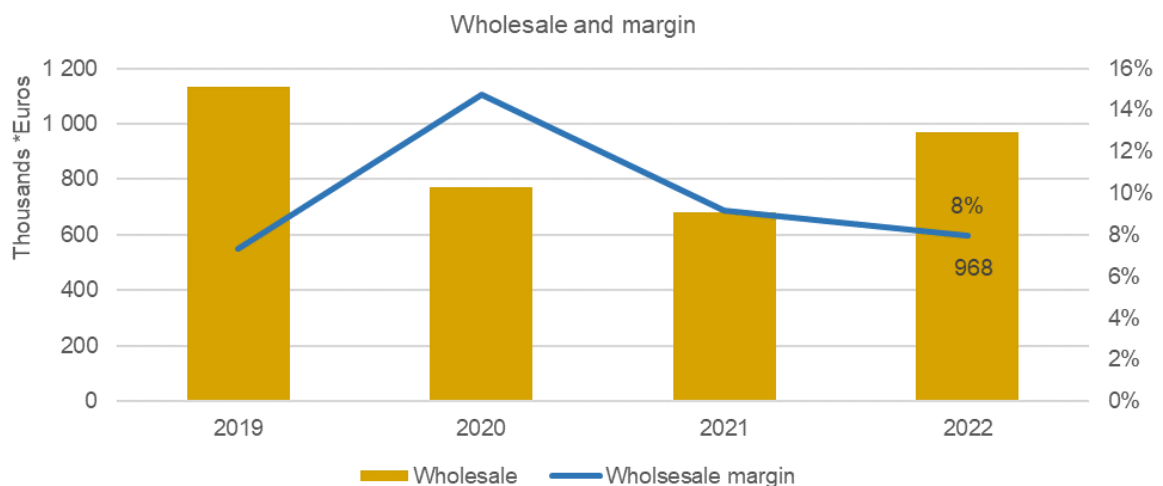




The increase in sales revenue through the platform was the result of active expansion and testing of new markets. In addition, we managed to offer several products at the right time when our competitors were out of stock or in limited supply. Such timely offers opened up opportunities for us to increase sales in the high margin product sector.

### Punktid wholesale (HVK Business OÜ)

Punktid wholesale consists of the sale of goods purchased from the warehouse to distributors. Wholesale sales totaled EUR 968 000 in 2022. Compared to the previous year, the increase was 42%, or nearly EUR 285 000\*.



\*Compared to 2021 pro forma data

- **Expenses**

For the purpose of expansion, in 2022 the expenses of the Punktid group were significantly increased. Operating expenses (various operating expenses and labor) increased by EUR 342 000 and by 107% to EUR 662 000\*.

Various operating expenses increased by EUR 202 000 and 104%\* to EUR 396 000. Among them, the costs of marketing, IT and professional services (legal costs, consultations, accounting) showed the greatest growth, increasing by a total of EUR 163 000\*.

Marketing expenses were significantly increased to increase retail sales in both domestic and international markets. In 2022, marketing costs were EUR 191 000, compared to 2021 they increased by EUR 103 000 and 120%\*.

Punktid Group's expenses for professional services (legal costs, consultations, accounting) as a company listed on the stock exchange amounted to EUR 78 000, increasing by EUR 28 000 and 56% over the year. The main reason for the increase in costs lies in the one-time activities related to listing on the stock exchange.

As the team grew, labor costs more than doubled. From the level of EUR 125 000\* in 2021, labor costs increased to EUR 265 000 in 2022.

In 2022, a stock inventory was carried out, as a result of which the stock was undervalued. In this connection, an extraordinary non-monetary cost of EUR 96 000 arose.

\*Compared to 2021 pro forma data

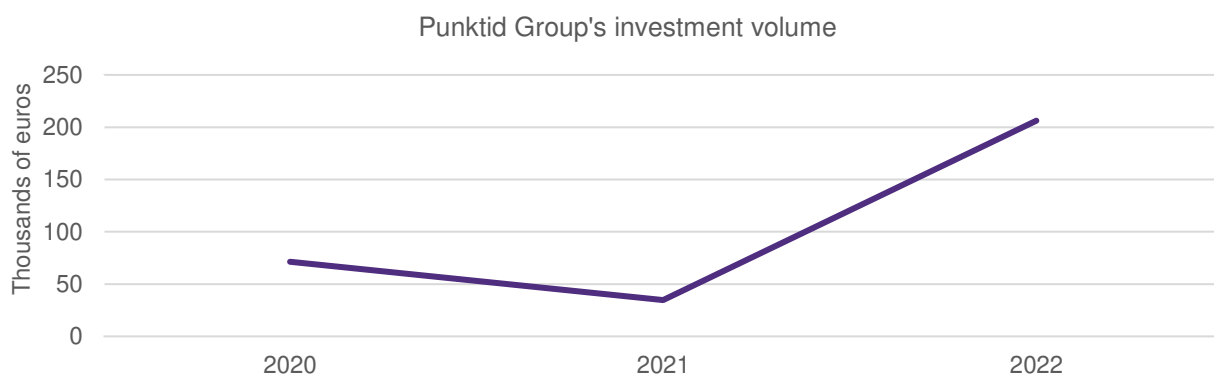
- **Profit/loss**

Punktid Group's result for 2022 was a loss in the amount of 481 thousand euros. This was mainly due to increased labor, advertising and IT costs and a negative performance of inventory. Activities in 2022 were aimed at ensuring the company's long-term growth and success. This phase focused more on strategic moves and resource optimization to lay the foundation for future profitability and robust development.

## Punktid investments

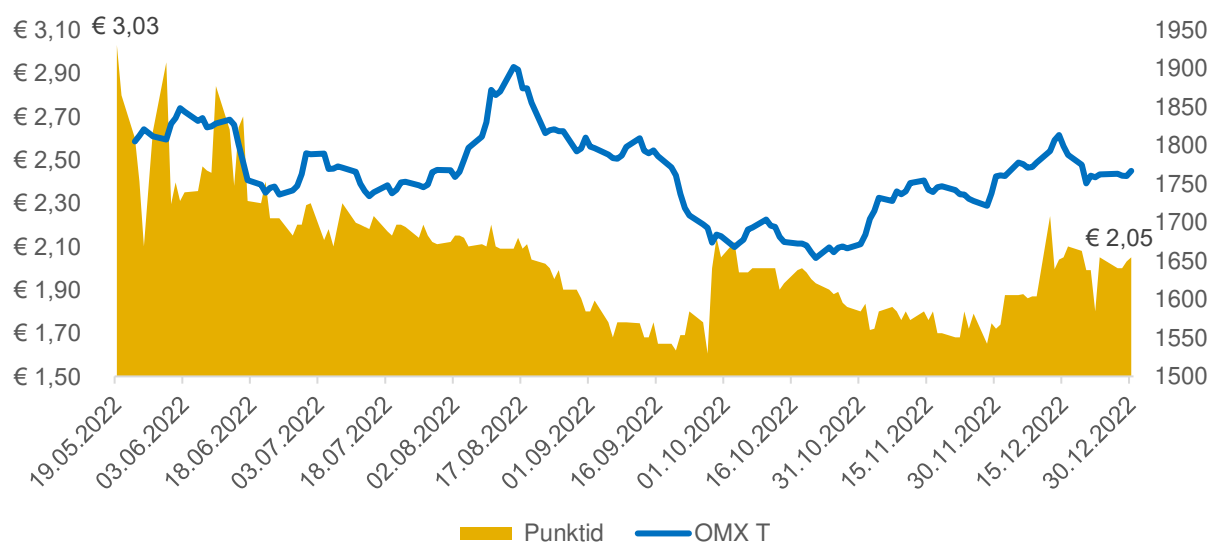
In 2022, Punktid Technologies AS had the main goal of using the investment to implement a new platform and hire additional workforce for expansion. In 2022, a total of EUR 206 000 were invested. Compared to the 2021 proforma report, Punktid group's investments increased nearly 5 times.

In 2022, the development of the Points platform included investments in the total amount of EUR 158 000.



## Punktid Group's shares

Share movement from the first day of trading on 19.05.2022 until the end of the year. For comparison, the curve of the OMX Tallinn stock exchange index from the same period is also shown on the chart.



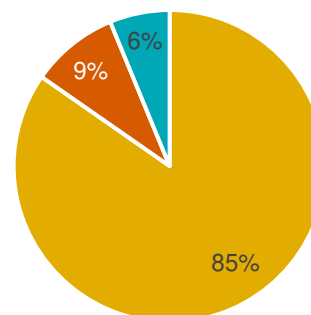
## Punktid Group's shareholders

Shareholders of the Punktid group as of 31.12.2022 are divided into three main groups, companies, private individuals and Punktid Technologies AS itself.

The companies own 85% of the Punt's group's shares.

9% of the company owns Punktid Technologies AS own shares. It is mainly intended as an option reserve for future employees.

6% of the company's shares are owned by private individuals.



■ Company ■ Own shares ■ Private

## 5 largest shareholders as the end of 2022

Name	Shareholding	Number of shares
Niid Holding OÜ	66,24%	1 424 085
Hypotus OÜ	9,27%	199 223
Punktid Technologies AS	9,07%	195 000
Cethegus OÜ	3,94%	84 618
Codemind OÜ	1,10%	23 600

## The main indicators of the stock

Indicator	19.05-31.12.2022
Average share price	€2,32
Maximum share price	€3,95
Minimum share price	€1,60
Closing price of the share	€2,05
Number of shares	2 149 816
Stock turnover during the period	€130 000
The market value of the company as of the last day of the period (closing share price * number of shares)	€ 4 410 000
Earnings per share (EPS) (net profit / number of shares)	€-0,22
Price Earnings Ratio (P/E) (market value of the company / net profit)	-9,18

## Key financial ratios

	31.12.2022	31.12.2021
Sales revenue	€1 206 954	€741 538
Gross profit	€210 224	€174 337
Operating profit before depreciation (EBITDA)	€-452 826	€-140 800
Consumption	€23 371	€12 418
Operating profit (EBIT)	€-476 197	-€153 218
Net profit (loss)	<b>€-480 526</b>	<b>€-158 493</b>
Gross profit margin (gross profit/sales revenue)	17,4%	23,5%
EBITDA margin (EBITDA/sales revenue)	-37,5%	-19%
Operating profit margin (operating profit/sales revenue)	-39,5%	-20,6%
Net profit margin (net profit/sales revenue)	-39,8%	-21,4%
Short-term debt coverage ratio (current assets / short-term liabilities)	2,82	1,44
Assets to equity ratio (assets / equity)	1,27	1,66
Return on equity (ROE) (net profit/equity)	-86%	-93%
Return on Assets (ROA) (net profit/assets)	-68%	-56%

## The annual accounts

### Consolidated statement of financial position

(In Euros)

	31.12.2022	31.12.2021	Note
Assets			
Current assets			
Cash and cash equivalents	129 039	26 154	
Financial investments	0	199	
Receivables and prepayments	83 483	19 231	2
Inventories	198 731	114 316	3
<b>Total current assets</b>	<b>411 253</b>	<b>159 900</b>	
Non-current assets			
Property, plant and equipment	57 636	24 921	6
Intangible assets	239 676	98 603	7
<b>Total non-current assets</b>	<b>297 312</b>	<b>123 524</b>	
<b>Total assets</b>	<b>708 565</b>	<b>283 424</b>	
Liabilities and equity			
Liabilities			
Current liabilities			
Loan liabilities	3 087	45 506	8
Payables and prepayments	142 977	65 343	9
<b>Total current liabilities</b>	<b>146 064</b>	<b>110 849</b>	
Non-current liabilities			
Loan liabilities	3 279	1 528	8
<b>Total non-current liabilities</b>	<b>3 279</b>	<b>1 528</b>	
<b>Total liabilities</b>	<b>149 343</b>	<b>112 377</b>	
Equity			
Equity held by shareholders and partners in parent company			
Issued capital	214 982	195 390	10
Share premium	983 260	134 151	
Treasury shares	-1	-1	
Retained earnings (loss)	-158 493	0	
Annual period profit (loss)	-480 526	-158 493	
<b>Total equity held by shareholders and partners in parent company</b>	<b>559 222</b>	<b>171 047</b>	
<b>Total equity</b>	<b>559 222</b>	<b>171 047</b>	
<b>Total liabilities and equity</b>	<b>708 565</b>	<b>283 424</b>	



## Consolidated income statement

(In Euros)

	2022	10.02.2021 - 31.12.2021	Note
Revenue	1 206 954	741 538	11
Other income	621	629	
Work performed by entity and capitalised	0	7 045	
Raw materials and consumables used	-997 351	-574 875	12
Other operating expense	-396 336	-192 331	13
Employee expense	-265 334	-120 931	14
Depreciation and impairment loss (reversal)	-23 371	-12 418	
Other expense	-1 380	-1 875	
<b>Operating profit (loss)</b>	<b>-476 197</b>	<b>-153 218</b>	
Interest expenses	-4 206	-5 071	
Other financial income and expense	-123	-204	
<b>Profit (loss) before tax</b>	<b>-480 526</b>	<b>-158 493</b>	
<b>Annual period profit (loss)</b>	<b>-480 526</b>	<b>-158 493</b>	
Profit (loss) from shareholders and partners in parent company	-480 526	-158 493	

## Consolidated statement of cash flows

(In Euros)

	2022	10.02.2021 - 31.12.2021
Cash flows from operating activities		
Operating profit (loss)	-476 197	-153 218
Adjustments		
Depreciation and impairment loss (reversal)	23 371	12 418
Other adjustments	0	-105 486
<b>Total adjustments</b>	<b>23 371</b>	<b>-93 068</b>
Changes in receivables and prepayments related to operating activities	-64 250	-3 731
Changes in inventories	-84 415	21 880
Changes in payables and prepayments related to operating activities	78 191	7 562
<b>Total cash flows from operating activities</b>	<b>-523 300</b>	<b>-220 575</b>
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	-195 953	-35 614
Other cash payments to acquire other financial investments	0	-199
Other cash receipts from sales of other financial investments	241	0
Repayments of loans given	0	2 556
Interest received	24	70
<b>Total cash flows from investing activities</b>	<b>-195 688</b>	<b>-33 187</b>
Cash flows from financing activities		
Repayments of loans received	-25 739	-33 455
Proceeds from overdraft	-14 093	-4 734
Repayments of finance lease liabilities	-2 600	-4 545
Interest paid	-4 206	-5 071
Proceeds from issuing shares	868 701	289 002
Proceeds from repurchased treasury shares	0	-1
<b>Total cash flows from financing activities</b>	<b>822 063</b>	<b>241 196</b>
<b>Total cash flows</b>	<b>103 075</b>	<b>-12 566</b>
Cash and cash equivalents at beginning of period	26 154	38 993
<b>Change in cash and cash equivalents</b>	<b>103 075</b>	<b>-12 566</b>
Effect on exchange rate changes on cash and cash equivalents	-190	-273
Cash and cash equivalents at end of period	129 039	26 154

## Consolidated statement of changes in equity

(In Euros)

	Equity held by shareholders and partners in parent company				Total
	Issued capital	Share premium	Treasure shares	Retained earnings (loss)	
	<b>10.02.2021</b>	2 500	138 663	0	
Annual period profit (loss)	0	0	0	-158 493	-158 493
Issue of equity	192 890	96 112	0	0	289 002
Changes through other distributions to owners	0	0	-1	0	-1
Other changes in equity	0	-100 624	0	0	-100 624
<b>31.12.2021</b>	195 390	134 151	-1	-158 493	171 047
Annual period profit (loss)	0	0	0	-480 526	-480 526
Issue of equity	19 592	849 109	0	0	868 701
<b>31.12.2022</b>	214 982	983 260	-1	-639 019	559 222

## Notes

### Note 1 Accounting policies

#### General information

The unaudited interim report of financial statements of Punktid Technologies AS (hereinafter also referred to as "the Company") for the financial period 01.01-31.12.2022 are prepared in accordance with the Accounting Act and Estonian Financial Reporting Standard. The Estonian Financial Reporting Standard comply with the internationally acknowledged accounting and reporting principles, and which is supplemented by the guidelines issued by the Estonian Accounting Standards Board.

The consolidated annual accounts have been prepared in euros.

The income statement has been prepared pursuant to format 2.

The financial statements have been prepared on the basis of cost model.

#### Preparation of consolidated statements

In consolidated accounts, all subsidiaries of the Group have been consolidated on a line-by-line basis. If necessary, the financial statements of subsidiaries have been adjusted in order to comply with the accounting policies of the Group.

All intra-group receivables and payables, transactions between the Group companies and the unrealised profits and losses, which have arisen as a result thereof, have been eliminated.

#### Financial assets

Financial assets are cash, a contractual right to receive cash or other financial assets (e.g. trade receivables) from another party and to exchange financial assets with another party on potentially favourable terms and conditions.

Financial assets are initially recognised at their acquisition cost, which is the fair value of the consideration payable or receivable for particular financial assets. The initial acquisition cost includes all transaction costs directly attributable to the financial assets. Sales of financial assets under ordinary market terms and conditions are recognised on the date of the transaction.

#### Cash and cash equivalents

Cash in hand, balances of current accounts, cash in transit and term deposits with a term of up to three months are recognised as cash and cash equivalents in the balance sheet and the cash flow statement.

#### Foreign currency transactions and assets and liabilities denominated in a foreign currency

Foreign currency transactions are recorded at the Euro foreign exchange reference rates that are fixed by the European Central Bank. Foreign currency monetary items and those non-monetary items that are carried at fair value, are retranslated according to the Euro foreign exchange reference rates that are fixed by the European Central Bank. Non-monetary items, which are not carried at fair value (i.e. prepayments, inventories, tangible and intangible assets) are not retranslated; instead, in euros according to the Euro foreign exchange reference rates that are fixed by the European Central Bank. Gains and losses from foreign currency transactions are recorded in the income statement on net basis.

#### Financial investments

Equity investments (except shareholding in a subsidiary or associate), whose fair value can be reliably measured, are recorded on the balance sheet at their fair value.

Equity investments, that's fair value cannot be reliably measured and the related derivatives, are recorded on the balance sheet at cost less any write-down.

#### Shares of subsidiaries and associates

All entities controlled by the parent company are considered to be subsidiaries. Control is considered to be effective when the parent company has, directly or indirectly through subsidiaries, 50% of voting power in the subsidiary or the parent company is controlling the operating and financial policies of the subsidiary in some other way.

### Receivables and prepayments

#### Trade receivables

Current and non-current trade receivables are recorded at amortized cost, i.e. at their net present value, from which doubtful accounts are deducted.

Trade receivables, which partly or fully are not expected to be collected, are expensed and reported in the income statement as "Miscellaneous expenses". Receivables, collection of which is not feasible nor economically justified, are considered to be non-collectible and written-off from the balance sheet.

### Inventories

Goods for resale, equipment held for resale and service providing for which it is not possible to record revenues yet based on the completion method, are recorded at cost, which comprises purchase price, non-refundable taxes as well as other direct acquisition expenditures, less discounts and subsidies received.

Inventories are stated at the lower of cost or net realizable value. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing and making the sale.

### Plant, property and equipment and intangible assets

Assets held for use in the production or supply of goods and services, or for administrative purposes in the company's own economic activity, with useful life of over one year and a value of 300 EUR or more are considered to be tangible assets. Assets below the minimum cost level or useful life less than one year shall be expensed at the time they are taken into use and may be accounted for off-balance sheet.

Tangible fixed assets are initially taken into account at their acquisition cost, which consists of the purchase price and other expenses directly related to acquisition, which are necessary to bring the asset to its working condition and location. Tangible fixed assets are recorded in the balance sheet at their acquisition cost, from which accumulated depreciation and possible discounts resulting from a decrease in value have been deducted. Accounting for capital leased tangible fixed assets is done similarly to purchased fixed assets.

Tangible assets are recorded at cost, which comprises purchase price and other directly attributable expenditures that are necessary for bringing the asset to its operating condition and location.

In the balance sheet property, plant and equipment are recorded at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on the straight-line method.

**Minimal acquisition cost** 300

### Useful life by assets group (years)

Assets group name	Useful life
Means of transport	10
Computers and systems	5
Other machinery and equipment	5-10
Other fixed assets	5
Intangible assets	10

### Leases

Finance lease means a lease where all significant risks and rewards of ownership of the asset item in question are transferred to the lessee. Other lease contracts are recognised as operating leases.

#### Company as a lessee

An asset held under finance lease is recognized as an asset and a liability of the Company at its fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in income statement on accrual basis of accounting.

Assets held under operating lease are not reported on the balance sheet. Rentals payable under operating leases are charged to income statement on a straight-line basis over the term of the relevant lease, irrespectively from disbursements.

**Financial liabilities**

Financial liabilities comprise trade and other payables, accrued expenses and other short-term and long-term loans and borrowings.

Financial liabilities are initially recognised at cost, which is equal to the fair value of the consideration received for them.

The initial cost of a financial liability comprises all expenses directly related to its acquisition.

Financial liabilities are measured hereinafter at amortised cost. The amortised cost of short-term financial liabilities generally equals their nominal value; therefore short-term financial liabilities are carried in the balance sheet in their redemption amount. For calculating the amortised cost of long-term financial liabilities they are initially recognised at the fair value of the consideration payable, by calculating interest expense on the liabilities in the following periods using the effective interest rate method.

A financial liability is removed from the balance sheet when it is discharged or cancelled or expired.

**Revenue recognition**

Income is measured at the fair value of the consideration received or receivable, taking into account the amount of any discounts as specified in the contract. Sales of goods are recognised when all significant risks and rewards related to ownership of goods have been transferred to the buyer, collection of related receivables is probable, and income and expenses incurred in respect of the transaction can be measured reliably. Sales of services are recognised in the period when the service was provided, if collection of related receivables is probable, and income and expenses incurred in respect of the transaction can be measured reliably.

Interest income is accrued on a time basis and dividend income from investments is recognised when the right to receive payment has been established.

**Expense recognition**

Costs associated with income earned during an accounting period are deducted from such income. Expenses, the corresponding income of which is generated in a different period, are recognised as expenses in the period with income generated in relation to the same. If income associated with certain expenses cannot be directly identified, then indirect methods shall be used for the recognition of expenses.

Expenditure not expected to generate income is recognised as an expense at the time when it is incurred.

**Taxation**

In accordance with the effective Estonian Income Tax Act, dividends are taxed at the rate of 20/80 of the amount distributed as the net dividend.

From 2019, a lower tax rate on dividends of 14/86 were entered into force in Estonia for regular dividend payments. This means that a resident company will be able to both apply a lower tax rate of 14/86 and a standard tax rate of 20/80.

The income tax calculated on dividends is recognized as the income tax expense of the period in which the dividends are declared irrespective of the period for which the dividends are declared or the period in which the dividends are ultimately distributed.

**Related parties**

Related person is a legal and/or individual person that complies with at least one of the following conditions:

- a) directly or indirectly makes significant impact to the Group;
- b) can make significant impact to the Group;
- c) controls joint operation agreement object;
- d) is a company which can be significantly affected by the same parent company or the same individual person(s);
- e) is a subsidiary or associate;
- f) is a company which is under control by the joint operation agreement;
- g) is one of the top managers of the Group;
- h) is a close family member of one of those listed in clauses a), b), c) or g);
- i) is a company which is under control or can be affected significantly by one of those listed in the clauses g) or h);
- j) is a Company which accrues and pays pensions and other payments after the end of labour relations to Group companies or to employees of other company which is related to the Group.

## Note 2 Receivables and prepayments

(In Euros)

	31.12.2022	Within 12 months	Note
Accounts receivable	53 634	53 634	
Accounts receivables	53 634	53 634	
Receivables from related parties	1 907	1 907	15
Tax prepayments and receivables	27 258	27 258	4
Prepayments	684	684	
Deferred expenses	684	684	
<b>Total receivables and prepayments</b>	<b>83 483</b>	<b>83 483</b>	
	31.12.2021	Within 12 months	Note
Accounts receivable	11 946	11 946	
Accounts receivables	11 946	11 946	
Tax prepayments and receivables	4 805	4 805	4
Other receivables	2 227	2 227	15
Prepayments	253	253	
Deferred expenses	253	253	
<b>Total receivables and prepayments</b>	<b>19 231</b>	<b>19 231</b>	

## Note 3 Inventories

(In Euros)

	31.12.2022	31.12.2021
Merchandise	193 191	105 564
Inventory prepayments	5 540	8 752
<b>Total Inventories</b>	<b>198 731</b>	<b>114 316</b>

## Note 4 Tax prepayments and liabilities

(In Euros)

	31.12.2022		31.12.2021	
	Tax prepayments	Tax liabilities	Tax prepayments	Tax liabilities
Corporate income tax	0	21	0	0
Personal income tax	0	6 915	0	4 951
Social tax	0	11 876	0	9 397
Contributions to mandatory funded pension	0	637	0	518
Unemployment insurance tax	0	819	0	684
Other tax prepayments and liabilities	0	11	0	0
Prepayment account balance	27 258		4 805	
<b>Total tax prepayments and liabilities</b>	<b>27 258</b>	<b>20 279</b>	<b>4 805</b>	<b>15 550</b>

## Note 5 Shares of subsidiaries

(In Euros)

Shares of subsidiaries, general information					
Subsidiary's registry code	Name of subsidiary	Country of incorporation	Principal activity	Ownership interest (%)	
				31.12.2021	31.12.2022
12526262	Gamekeys OÜ	Estonia	Digital mediation of computer games and various gift cards through the Punktid platform	100	100
11638088	HVK Business OÜ	Estonia	Wholesale of games and game codes	100	100

Shares of subsidiaries, detailed information			
Name of subsidiary	31.12.2021	Other changes	31.12.2022
Gamekeys OÜ	64 000	90 000	154 000
HVK Business OÜ	194 500	590 000	784 500
<b>Total shares of subsidiaries, at end of previous period</b>	<b>258 500</b>	<b>680 000</b>	<b>938 500</b>



## Note 6 Property, plant and equipment

(In Euros)

						Total
	Transportation	Computers and computer systems	Other machinery and equipment	Machinery and equipment	Other property, plant and equipment	
<b>10.02.2021</b>						
Carried at cost	24 167	8 289	1 432	33 888	62	33 950
Accumulated depreciation	-5 649	-6 237	-58	-11 944	-4	-11 948
<b>Residual cost</b>	18 518	2 052	1 374	21 944	58	22 002
Acquisitions and additions	0	5 742	458	6 200	667	6 867
Depreciation	-2 216	-1 432	-200	-3 848	-100	-3 948
<b>31.12.2021</b>						
Carried at cost	24 167	12 595	1 890	38 652	729	39 381
Accumulated depreciation	-7 865	-6 233	-258	-14 356	-104	-14 460
<b>Residual cost</b>	16 302	6 362	1 632	24 296	625	24 921
Acquisitions and additions	35 416	2 470	1 207	39 093	477	39 570
Depreciation	-3 892	-2 495	-282	-6 669	-186	-6 855
<b>31.12.2022</b>						
Carried at cost	59 583	13 584	3 097	76 264	1 206	77 470
Accumulated depreciation	-11 757	-7 247	-540	-19 544	-290	-19 834
<b>Residual cost</b>	47 826	6 337	2 557	56 720	916	57 636

## Note 7 Intangible assets

(In Euros)

			Total
	Computer software	Concessions, patents, licences, trademarks	
<b>10.02.2021</b>			
Carried at cost	399	76 256	76 655
Accumulated depreciation	-31	-631	-662
<b>Residual cost</b>	<b>368</b>	<b>75 625</b>	<b>75 993</b>
Acquisitions and additions	0	31 080	31 080
Depreciation	-91	-8 379	-8 470
<b>31.12.2021</b>			
Carried at cost	399	107 336	107 735
Accumulated depreciation	-122	-9 010	-9 132
<b>Residual cost</b>	<b>277</b>	<b>98 326</b>	<b>98 603</b>
Acquisitions and additions	0	157 589	157 589
Depreciation	-40	-16 476	-16 516
<b>31.12.2022</b>			
Carried at cost	399	264 925	265 324
Accumulated depreciation	-162	-25 486	-25 648
<b>Residual cost</b>	<b>237</b>	<b>239 439</b>	<b>239 676</b>

## Note 8 Loan commitments

(In Euros)

	31.12.2022	Allocation by remaining maturity			Interest rate	Base currencies	Due date	Note
		Within 12 months	1 - 5 years	Over 5 years				
Current loans								
<b>Current loans total</b>	3 087	3 087						
Non-current loans								
<b>Non-current loans total</b>	3 279		3 279					
<b>Loan commitments total</b>	<b>6 366</b>	<b>3 087</b>	<b>3 279</b>					
	31.12.2021	Allocation by remaining maturity			Interest rate	Base currencies	Due date	Note
		Within 12 months	1 - 5 years	Over 5 years				
Current loans								
	14 093	14 093			14%	EUR	2022-2023	
	4 589	4 589			10%	EUR	2022	
	18 521	18 521				EUR		15
	2 639	2 639			12%	EUR	2022	15
	5 664	5 664			5,8%-11%	EUR	2022-2024	
<b>Current loans total</b>	45 506	45 506						
Non-current loans								
<b>Non-current loans total</b>	1 528	0	1 528					
<b>Loan commitments total</b>	<b>47 034</b>	<b>45 506</b>	<b>1 528</b>					

## Note 9 Payables and prepayments

(In Euros)

	31.12.2022	Within 12 months	Note
Trade payables	91 121	91 121	
Employee payables	26 689	26 689	
Related parties payables	4 885	4 885	15
Tax payables	20 279	20 279	4
Prepayments received	3	3	
Other received prepayments	3	3	
<b>Total payables and prepayments</b>	<b>142 977</b>	<b>142 977</b>	

	31.12.2021	Within 12 months	Note
Trade payables	30 962	30 962	
Employee payables	12 400	12 400	
Related parties payables	4 431	4 431	15
Tax payables	15 550	15 550	4
Prepayments received	2 000	2 000	
Deferred income	2 000	2 000	
<b>Total payables and prepayments</b>	<b>65 343</b>	<b>65 343</b>	

## Note 10 Share capital

(In Euros)

	31.12.2022	31.12.2021
Share capital	214 982	195 390
Number of shares (pcs)	2 149 820	1 953 900
Nominal value of shares	0.10	0.10

## Note 11 Net sales

(In Euros)

	2022	10.02.2021 - 31.12.2021
Net sales by geographical location		
Net sales in European Union		
<b>Total net sales in European Union</b>	<b>280 616</b>	<b>28 805</b>
Net sales outside of European Union		
<b>Total net sales outside of European Union</b>	<b>926 338</b>	<b>712 733</b>
<b>Total net sales</b>	<b>1 206 954</b>	<b>741 538</b>
Net sales by operating activities		
Internet sales	968 041	628 301
Commission fee	238 913	113 237
<b>Total net sales</b>	<b>1 206 954</b>	<b>741 538</b>

## Note 12 Goods, raw materials and services

(In Euros)

	2022	10.02.2021 - 31.12.2021
Inventory write-off	-95 551	0
Goods purchased for resale	-890 681	-560 987
Services purchased for resale	-11 119	-12 486
Other	0	-1 402
<b>Total goods, raw materials and services</b>	<b>-997 351</b>	<b>-574 875</b>

## Note 13 Miscellaneous operating expenses

(In Euros)

	2022	10.02.2021 - 31.12.2021
Leases	-15 212	-12 776
Miscellaneous office expenses	-8 849	-6 242
Travel expense	-3 686	0
IT costs	-48 623	-16 534
Legal expense	-38 562	-23 762
Consulting expenses	-15 027	-16 301
Marketing expenses	-190 920	-87 981
Purchased services	-15 722	-3 848
Other	-59 735	-24 887
<b>Total miscellaneous operating expenses</b>	<b>-396 336</b>	<b>-192 331</b>

## Note 14 Labor expense

(In Euros)

	2022	10.02.2021 - 31.12.2021
Wage and salary expense	-204 449	-91 140
Social security taxes	-60 885	-29 791
<b>Total labor expense</b>	<b>-265 334</b>	<b>-120 931</b>
Average number of employees in full time equivalent units	8	6
Average number of employees by types of employment:		
Person employed under employment contract	4	4
Person providing service under law of obligations, except for self-employed person	4	2

## Note 15 Related parties

(In Euros)

### Related party balances according to groups

SHORT TERM	31.12.2022	31.12.2021	Note
<b>Receivables and prepayments</b>			
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	1 907	2 227	2
<b>Total receivables and prepayments</b>	<b>1 907</b>	<b>2 227</b>	
<b>Loan commitments</b>			
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	0	18 521	8
Close family members and entities under their prevalent and material influence of management and higher	0	2 639	8
<b>Total loan commitments</b>	<b>0</b>	<b>21 160</b>	
<b>Payables and prepayments</b>			
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	4 886	4 431	9
<b>Total payables and prepayments</b>	<b>4 886</b>	<b>4 431</b>	

LOAN COMMITMENTS	10.02.2021	Loans received	Loans received repayments	31.12.2021	Interest accrued for period	Note
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	18 521	0	0	18 521	0	8
Close family members and entities under their prevalent and material influence of management and higher	24 687		22 048	2 639	1 304	8
<b>Total loan commitments</b>	<b>43 208</b>	<b>0</b>	<b>22 048</b>	<b>21 160</b>	<b>1 304</b>	
LOAN COMMITMENTS	31.12.2021	Loans received	Loans received repayments	31.12.2022	Interest accrued for period	Note
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	18 521	0	18 521	0	2 155	8
Close family members and entities under their prevalent and material influence of management and higher	2 639	0	2 639	0	87	8
<b>Total loan commitments</b>	<b>21 160</b>	<b>0</b>	<b>21 160</b>	<b>0</b>	<b>2 242</b>	

SOLD	2022	10.02.2021 - 31.12.2021
	Goods	Goods
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	480	0
<b>Total sold</b>	<b>480</b>	<b>0</b>

Remuneration and other significant benefits calculated for members of management and highest supervisory body	2022	10.02.2021 - 31.12.2021
Remuneration	59 300	23 577

## Note 16 Non consolidated statement of financial position

(In Euros)

	31.12.2022	31.12.2021
Assets		
Current assets		
Cash and cash equivalents	52 588	6 668
Receivables and prepayments	11 795	4 135
<b>Total current assets</b>	<b>64 383</b>	<b>10 803</b>
Non-current assets		
Investments in subsidiaries and associates	938 500	258 500
<b>Total non-current assets</b>	<b>938 500</b>	<b>258 500</b>
<b>Total assets</b>	<b>1 002 883</b>	<b>269 303</b>
Liabilities and equity		
Liabilities		
Current liabilities		
Payables and prepayments	9 386	4 674
<b>Total current liabilities</b>	<b>9 386</b>	<b>4 674</b>
<b>Total liabilities</b>	<b>9 386</b>	<b>4 674</b>
Equity		
Issued capital	214 982	195 390
Share premium	983 260	134 151
Treasury shares	-1	-1
Retained earnings (loss)	-64 911	0
Annual period profit (loss)	-139 833	-64 911
<b>Total equity</b>	<b>993 497</b>	<b>264 629</b>
<b>Total liabilities and equity</b>	<b>1 002 883</b>	<b>269 303</b>

## Note 17 Non consolidated income statement

(In Euros)

	2022	10.02.2021 - 31.12.2021
Revenue	60	0
Raw materials and consumables used	-60	0
Other operating expense	-131 478	-26 756
Employee expense	-8 379	0
<b>Total operating profit (loss)</b>	<b>-139 857</b>	<b>-26 756</b>
Profit (loss) from subsidiaries	0	-40 539
Interest income	24	2 384
<b>Profit (loss) before tax</b>	<b>-139 833</b>	<b>-64 911</b>
<b>Annual period profit (loss)</b>	<b>-139 833</b>	<b>-64 911</b>

## Note 18 Non consolidated statement of cash flows

(In Euros)

	2022	10.02.2021 - 31.12.2021
Cash flows from operating activities		
Operating profit (loss)	-139 857	-26 756
Changes in receivables and prepayments related to operating activities	-7 660	-4 135
Changes in payables and prepayments related to operating activities	4 712	4 675
Interest received	24	3
<b>Total cash flows from operating activities</b>	<b>-142 781</b>	<b>-26 213</b>
Cash flows from investing activities		
Loans given	0	-208 500
Interest received	0	2 380
Other cash outflows from investing activities	-680 000	-50 000
<b>Total cash flows from investing activities</b>	<b>-680 000</b>	<b>-256 120</b>
Cash flows from financing activities		
Proceeds from issuing shares	868 701	289 002
Proceeds from repurchased treasury shares	0	-1
<b>Total cash flows from financing activities</b>	<b>868 701</b>	<b>289 001</b>
<b>Total cash flows</b>	<b>45 920</b>	<b>6 668</b>
Cash and cash equivalents at beginning of period	6 668	0
<b>Change in cash and cash equivalents</b>	<b>45 920</b>	<b>6 668</b>
Cash and cash equivalents at end of period	52 588	6 668



## Note 19 Non consolidated statement of changes in equity

(In Euros)

					Total
	Issued capital	Share premium	Treasure shares	Retained earnings (loss)	
<b>10.02.2021</b>	2 500	138 663	0	0	141 163
Annual period profit (loss)	0	0	0	-64 911	-64 911
Issue of equity	192 890	96 112	0	0	289 002
Changes through other distributions to owners	0	0	-1	0	-1
Other changes in equity	0	-100 624	0	0	-100 624
<b>31.12.2021</b>	195 390	134 151	-1	-64 911	264 629
Governing and material influence ownership interest value of financial position					-258 500
Governing and material influence on the value Of holdings under the e quity method					164 918
<b>Restated non consolidated equity 31.12.2021</b>	<b>200 502</b>	<b>138 663</b>	<b>-1</b>	<b>-168 117</b>	<b>171 047</b>
Annual period profit (loss)	0	0	0	-139 833	-139 833
Issue of equity	19 592	849 109	0	0	868 701
<b>31.12.2022</b>	214 982	983 260	-1	-204 744	993 497
Governing and material influence ownership interest value of financial position					-938 500
Governing and material influence on the value Of holdings under the e quity method					504 190
<b>Restated non consolidated equity 31.12.2022</b>	<b>220 094</b>	<b>987 772</b>	<b>-1</b>	<b>-648 678</b>	<b>559 187</b>

## Aruande allkirjad

Aruande lõpetamise kuupäev on: \_\_\_\_\_

Punktid Technologies AS (registrikood: 16158335) 01.01.2022 - 31.12.2022 majandusaasta aruande andmete õigsust on kinnitanud:

**Allkirjastaja nimi**

**Allkirjastaja roll**

**Kuupäev ja allkiri**

Hannes Niid

Juhatuse liige

\_\_\_\_\_