

29 March 2023

## tinyBuild, Inc

("tinyBuild" or the "Company")

### Preliminary Unaudited Results for the year ended 31 December 2022 Directorate change

tinyBuild (AIM:TBLD), a premium video games publisher and developer with global operations, is pleased to announce its unaudited results for the twelve months ended 31 December 2022.

#### Financial Summary (unaudited):

(12 months ended December, \$'000)	2021	2022	change
Revenue	52,153	63,295	21%
Operating profit	12,532	15,923	27%
Profit before tax	12,524	15,930	27%
Basic earnings per share (\$ cent)	4.3	5.7	32%
Operating cash flow	13,290	19,259	45%
Net cash, at 31 December	48,832	26,496	-46%
<b>Adj. EBITDA<sup>1</sup></b>	<b>22,239</b>	<b>24,355</b>	<b>10%</b>
<b>Adj. EBITDA margin</b>	<b>42.6%</b>	<b>38.5%</b>	

<sup>1</sup> Excludes share-based compensation expenses, and exceptional items (e.g. IPO cost, Ukraine/ Russia relocation) includes amortisation of Development costs

#### Financial highlights:

- Revenue grew 21% to \$63.3m (2021: \$52.2m), reflecting a solid performance in the last part of the year from new titles including Hello Neighbor 2, Tinykin, Asterigos, Spiderheck and back catalogue sales.
- Adj. EBITDA increased to \$24.4m (2021: \$22.2m) up 10% y-o-y, while margin decreased to 38.5% (2021: 42.6%) primarily due to the consolidation of Versus Evil and Red Cerberus acquired in November 2021.
- Operating profit increased by 27% to \$15.9m (2021: \$12.5m), thanks to lower share-based payment expenses and exceptional costs. It includes a \$11.1m write-off of the intangibles from the Versus Evil/ Red Cerberus acquisition broadly offset by a reduction in deferred earn out payment.
- Profit before tax grew by 27% to \$15.9m and basic EPS grew by 32% to 5.7c, reflecting a lower tax charge.
- Operating cash flow increased 45% to \$19.3m (2021: \$13.3m), as a result of revenue growth and lower exceptional charges. Excluding \$2m one-off items in 2022 (2021: \$5.5m), operating cash flow increased by 13% to \$21.3m (2021: \$18.8m).
- Net cash as of 31 December 2022 was \$26.5m compared to \$48.8m as at 31 December 2021, reflecting increased investments on development costs (\$35.8m in 2022, vs \$15.1m in 2021) and \$4.2m cash payment for M&A in the year.

#### Operational highlights:

- In 2022, tinyBuild released a number of new titles, including Tinykin, SpiderHeck, Asterigos and Hello Neighbor 2, plus version 1.0 of Cartel Tycoon, Despot's Game and Potion Craft, and a number of platform launches which generated growth across the entire portfolio of over 80 titles.
- Notably, in 2022 the Company launched three new games with a development budget of over \$1m that achieved an average return of 1.9x before the end of the year demonstrating the Company's ability to successfully bring larger-budget games to market across multiple platforms and providing a solid base for future releases.
- Contribution to revenues from first/second-party games decreased marginally to 77% of Gaming revenues (2021: 81%), primarily due to the consolidation of Versus Evil's 3rd party portfolio.
- Robust back catalogue sales represented 80% of total revenue (2021: 83%), demonstrating the Company's ability to extend the life cycle of games, while adding new titles.
- Three acquires completed (Demagic, Scythe and Konfa Games) plus the acquisition of Bossa's IP (Surgeon Simulation franchise, I am Bread, I am Fish) for a total upfront cash consideration of \$4.2m.
- Successfully relocated over a hundred people following the invasion of Ukraine, and set up a new studio in Belgrade, Serbia.
- Expanded the size of the revolving credit facility with Bank of America from \$25m to \$35m and extended the maturity date to three years to maintain the flexibility to fund potential M&A in the most effective way. The facility is currently undrawn.

#### Directorate change:

- After taking paternity leave in 2022, Luke Burtis, Chief Operating Officer (COO) and Board Member, has decided to resign from his board position and management role with immediate effect to spend more time with his family. Luke has been a valuable member of tinyBuild, and his contributions to strategy and operations in the early years have been invaluable. The Board of tinyBuild would like to express its gratitude to Luke for his contributions during his tenure and wishes him all the best in his future endeavours.
- As the Company continues to move towards the more decentralised structure set out at the Capital Markets Day in June 2022, the responsibilities of the COO role have been distributed among a wider group of decision-makers, giving individuals and teams more autonomy and accountability for their areas of responsibility. Therefore, the Company does not currently intend to appoint a replacement.

#### Employee Benefit Trust:

- Since the Company's pre-close trading update released on 23 January 2023, the Employee Benefit Trust has purchased an additional 419,200 ordinary shares on the market and now holds a total of 573,500 ordinary shares. The EBT was set up in 2022 for the benefit of current and future employees and will continue to act

independently of the Company to satisfy potential future option exercises of vested options granted. The maximum amount of the loan made available to the EBT at any time shall be capped at \$10m.

#### Post Period End highlights:

- Acquisition of NotGames, a UK-based studio, for an upfront cash consideration of \$1.5m plus max deferred consideration of \$4.2m, subject to stretched financial targets. NotGames is the developer studio of Not For Broadcast, a critically acclaimed full motion propaganda simulator. Not for Broadcast has a 94% positive review score on Steam and it has been nominated for the Game Developer Conference awards and BAFTA Game awards.
- Recent announcements include the release date for *I am Future*, a brand new VR title in the Hello Neighbor franchise (*Hello Neighbor: Search and Rescue*), the VR version and the first DLC for Not For Broadcast, and the first announcement for *Punch Club 2: Fast Forward*, among others.
- Hello Neighbor 2 users' review score continues to improve on Steam ("very positive" in the past 30 days). The roadmap for 2023 will focus on improving gameplay features: better AI, expansion of the Neighborhood with new unique characters, more complex investigations and more lore exploration.
- The first two episodes of Hello Neighbor animated series have already collected over 1m viewers each. Season 1 will consist of 18 episodes, each 10-14 minutes long, all released during 2023. tinyBuild teamed up with Man of Action, the creators of Ben 10, to develop a new world that is at the same time coherent with and wider than the narrative already developed in the games, books and graphic novels.

#### Outlook

- The pipeline for 2023 and beyond is strong and includes a number of larger budget games alongside continuous investment in the catalogue including updates, DLCs and console launches.
- The timing of these investments and of new releases means that the net cash position is expected to dip lower in the first half of 2023 and to improve in the second half of 2023 to rise above \$26.5m by the end of December 2023, excluding potential unannounced M&A.
- The implication of the conflict in Ukraine and the evolving macroeconomic situation impose caution and vigilance and tinyBuild continues to carefully assess the position of its staff, its exposure in terms of revenues and any other factor that may have an impact on the business.
- All considered, the Board remains confident the Company is on track to deliver results at least in line with expectations, plus accretive acquisitions.

#### Alex Nichiporchik, Chief Executive Officer of tinyBuild, commented:

*"Last year was possibly the hardest test of our strategy and it validated the importance of investing in long-term, sustainable franchises and the people behind them. We faced unprecedented challenges, all while integrating acquisitions in different geographies and moving to a decentralised approach to keep the company agile at a larger scale."*

*"Our highly diversified portfolio of games continues to perform well as we push deeper into a wider variety of platforms and technologies. Our strong back catalogue performance supports an acceleration in organic investments while M&A multiples adapt to the changed environment. Finally, we see early signs of success of our cross-media product and we will continue to experiment with the aim to add additional revenue streams to our core business."*

*"On a personal note, I want to thank Luke for his enormous contribution to the Company and for his precious advice on so many occasions. As a team, we support Luke's decision to focus on his family and wish him all the best in the future."*

#### Enquiries:

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#### About tinyBuild:

Founded in 2013, tinyBuild (AIM: TBLD) is a global video games publisher and developer, with a catalogue of more than 70 premium titles across different genres. tinyBuild's strategy is to focus on its own intellectual property (IP) to build multi-game and multimedia franchises, in partnership with developers.

tinyBuild is headquartered in the USA with operations stretching across the Americas and Europe. The Group's broad geographical footprint enables the Company to source high-potential IP, access cost-effective development resources, and build a loyal customer base through its innovative grassroots marketing.

tinyBuild was admitted to AIM, a market by the London Stock Exchange, in March 2021.

For further information, visit: [www.tinybuildinvestors.com](http://www.tinybuildinvestors.com).

#### Chairman's Statement

*Building our portfolio, one IP at a time*

The video games industry, much like its film industry cousin, is a hit-driven business. Once in a blue moon, a single title can boost a company or group's revenue overnight by adding a few surprising zeroes to its bottom line, and the pursuit of such an IP is the goal of most teams within game studios. Relying on a single hit, though, is not sound strategy: as a creative product, there is no blueprint for engineering a runaway success. If such a thing were possible, we would have companies consistently churning out billion-dollar franchises; the reality is that these come along quite rarely even for the most sophisticated and experienced creators. Counting on a single hit to materialise in order to meet expectations is not a sustainable strategy.

For tinyBuild's strategy, the hit-driven characteristic of our industry translates to operating with a portfolio approach. The larger our portfolio grows, the more resilience and predictability is built into our forecasts and operations. Overperforming titles make up for those falling short of the estimations, and on aggregate we are able to predict quite accurately our yearly revenues while still leaving the door open to the eventual runaway hit, the ultimate aim of every game project in production at the Group's studios.

The alternative of hyping and overreliance on a particular title, especially prior to its litmus test at launch, introduces volatility that, in our view, is incompatible with market expectations and our ambitions for growing the tinyBuild group at a sustainable and consistent rate. Instead, we choose to invest our energy in our teams by continually improving their skills, capabilities and confidence, therefore increasing the chances of their creative output beating their own ambitions and, eventually, resulting in an unexpected hit that could translate in a significant upside.

In the following pages you will see this very dynamic at play with the fourth quarter 2022 delivering our most successful quarter ever, against a disruptive background that saw teams and products relocating from countries at war in the middle of their live projects.

The investments made in the teams, a direct result of our people-first approach, lays down the tracks for our new GaaS (Game as a Service) launches in the years ahead. This represents a marked change of pace towards the future that sees the tinyBuild studios gradually leveraging its industry-leading community expertise to the benefit of organically growing nascent live service games. By expanding the portfolio with these new service titles, whose nature is such that their launch is just the start of their growth curve, we further our goal of increasing predictable and resilient revenues.

We closed FY'22 with record revenue and EBITDA, keenly focused on continuing the growth trajectory in the years ahead with a rapidly expanding portfolio of games, one successful IP at a time. The mindset of limiting downside with a broad base of titles, while creating the conditions for the upside provided by a hit, is the shared approach of the entire tinyBuild team. Our mission is clear, and its execution is ever improving: make more, better games our players fall in love with.

Henrique Olifiers  
Non-Executive Chairman

## CHIEF EXECUTIVE'S REVIEW

We recently crossed the two year mark since tinyBuild went public. On March 9, 2021 we listed on the London Stock Exchange. It is time to reflect on why we listed, and how it's going so far.

tinyBuild's mission is to build long-lasting, sustainable franchises across multiple media formats. We know video games. It's a great business. Our ultimate goal is to create franchises within video games, and take them to other media - beyond interactive entertainment, so that they outlive us as a generation.

### WHY WE WENT PUBLIC

We considered listing in the US. Other exchanges looked even more interesting in 2020. Specifically, the London Stock Exchange already had a very well educated investor group and listed peers with comparable business models, if different strategies. In the US, you inevitably get compared to the big AAA companies and mobile juggernauts which have very different prospects to ours.

I also wanted to make sure we have a mechanism to align incentives in the Company. Having actual "shares" that are tradable achieves this. IPO it was.

I started my career playing video games professionally, and ended up in game production. No formal education. Founded tinyBuild while living in the Netherlands before we became a US company. Then I moved to the US. We have people scattered all over the world, and we all have a passion for playing and making video games.

### DEALING WITH THE UPS AND DOWNS

It's easy to go insane when looking at your share price live on screen. I see many people obsessing over it. Our shares have been volatile and it means that the share price can move up or down by 5% or even 10% in a day, but that volatility doesn't alter the fundamental value of the business.

With that in mind, the market has definitely gone down over the past half year, but it doesn't impact our operations or long term vision. We dealt with relocating over 100 people in a time of war, so we can manage a turbulent share price. The key is to not make short term decisions that may impact your long term growth potential. Every decision we make needs to get us incrementally closer to the long term goal.

From a personal perspective, running a public company is an amazing experience, one which I wouldn't necessarily recommend to everybody. People who know me may note this peculiar character trait of being able to focus on a specific issue at the time. It's important to know what you can impact, and spend your energy on that. Obsessing over situations you can't change is the biggest waste of time (the only finite resource we have) for any management team.

### DECENTRALISED STRUCTURE

As of right now we operate a dozen internal studios working on our own franchises. The first catalyst was the acquisition of the development team of Hello Neighbor, and from there we started learning and building how to operate studios. We learned the hard way that it's better to decentralise as much as possible. You can't just go from being a publisher to suddenly running studios. It's a gradual process where you build up muscle, experience and discipline.

At one point just as we went public, it became clear that growth brings bottlenecks. Especially when it comes through rapid hiring. I've seen this happen in companies experiencing rapid headcount growth and didn't want to end up in the same trap. So, we started decentralising.

It's a painful process where instead of having departments and department leads (directors/heads/ managers), you build multi-disciplinary teams that focus on the product itself. Instead of having 50 people spread across 5 different disciplines (i.e. marketing, production, community management, etc) we have groups of 3-7 people working on specific products - and only those products. Instead of having product-centric decisions go through a director (bottleneck), they are decided within the product group itself. It's definitely a journey to get to such a structure, as you need to be extremely confident in your people. Most experienced professionals will have grown up in a traditional department structure, and the natural career growth is to become a manager - we have the opposite, everyone is hands on, including myself, and able to assist team mates. This is how tinyBuild was when we were 5 people, and that magic scaled to where we are now.

A simplified way to look at our structure is this: we have a supporting team at the top to keep the rain out, and supporting team below to make sure the company has a solid foundation with product groups working directly on

supporting team below to make sure the company has a solid foundation with product groups working directly on products from both internal and external studios. The goal is to give as much ownership as possible to people actually working on products.

What happens when you have the right people is that everyone feels involved. Everyone has direct ownership. It's an empowering feeling. Alongside these product groups you build supporting layers. HR, development services (localisation/ QA), finance, contracts management – those exist as supporting layers for the product groups.

This structure allowed us to start delivering games everywhere all at once. To both consoles/ PC, and mobile. If you want to create a franchise, it needs to be present on as many relevant platforms as possible. Any developer that's launched games to multiple platforms understand the major challenges involved.

#### **STEPPING UP INVESTMENTS**

Investing in long-term, sustainable franchises and the people behind them was validated as crucial during the unprecedented challenges we faced last year. In 2022, we accomplished a remarkable feat by shipping three titles in a row with a budget of \$1 million or more and by the end of 2022, we had already achieved an average return of 1.9x.

We proved our publishing team is capable of handling larger projects, delivering them across platforms, on time, quality and budget. A great achievement in normal times, an outstanding achievement during the year we relocated over 100 people in a time of war.

We are now ready to step up investments and take advantage of opportunities created by an uncertain macroeconomic environment. We did not plan for the cost of living crisis or geopolitical instability, it is more like being prepared and ready for the unknown. One example is when we set up the \$35m revolving credit facility with Bank of America, shortly after the IPO. Now we have an extra level of safety and more flexibility if required.

Counting on a publishing team that can deliver big games across various platforms such as PC, console, mobile, and VR, means that we can now confidently invest in games with a budget \$1-5m and 2-5 year development cycle when peers are forced to retrench and the most interesting opportunities become more affordable.

In 2022 we found that M&A multiples were often anchored to unrealistic expectations, while we were having much more productive discussion with development studios working on new high-potential games. That's why we stepped away from some potential acquisitions and preferred to invest more directly.

Every week the executive team sits down and reviews all options. Every week we approach capital allocation decisions as if it was the first time, with no sacred cows and the determination to uncover new opportunities that have the right ingredients, both in terms of financial upside and strategic fit. This is not a linear process and sometimes we go for months without finding anything exciting, sometimes we can make decisions on many projects at once.

In 2023 we will continue to invest for the long term with the same down-to-earth approach, expecting a minimum 2x return on our investments and looking at the whole spectrum of options ahead of us. As the founder and tinyBuild shareholder, I can't see a better way to create value long term.

#### **CROSS MEDIA**

Another part of our strategy since before the IPO days, is our focus on cross media. I believe we are working on a truly groundbreaking TV Series for Hello Neighbor. With the writers behind Ben 10, Sonic, and Big Hero Six - we have an all-stars team and a division dedicated to bringing games to linear media, and to merchandise. We've proven we can produce books with over 4 million novels sold, now it's time to prove we can produce TV content of the highest quality.

We could go the easy way about it and ask one of the big platforms to fund the project, leaving us a thin profit margin and possibly having a say in how we have to go about it. Instead we preferred to make the investment to deliver what we see as a very innovative product, that has value both as a standalone TV series and as a multiplier of our video game franchises.

We are excited about the developments of what we call a "canon commercial". It's a canonically relevant piece of audiovisual content such as cartoons that has the potential to drive the best marketing possible. Just as cartoons were used to sell toys in the 90s, we can now use them to sell games.

In 2022 we launched the first two episodes of Hello Neighbor animated series inside the games, an absolute first in terms of marketing innovation - creating an immensely positive community response, and fueling the continued hype for the Hello Neighbor franchise. We have the whole first season being completed in 2023, unveiling secrets that Hello Neighbor players have been waiting for a long time for. And more to go after that with a low-risk, EBITDA-neutral approach that allows us to experiment without betting the house on anything specific.

#### **THERE ARE NO SHORTCUTS**

I've been working full-time since I was 14 years old, and I am turning 35 this summer. Playing games professionally, writing about the industry, marketing and producing games. What you learn is that the world is unfair, and you should focus on what you can impact and work on your skills. What you shouldn't do is take shortcuts. Every couple of years there's a new shiny thing that you don't fully understand why it's useful, and people are trying to sell you on it. Don't let the hype influence your decision making.

There are no shortcuts in life or business. Anything you do requires hard work, dedication, and love for what you do. Going public was a way to allow us to continue growing, innovating, and following our course and it's only the beginning of the journey. I feel lucky for being able to experience this in an accelerated way. Usually it takes companies years to go public, and to experience huge swings in the price. We listed in under a year, and within the past 2 years have seen insane highs and lows. It's humbling. It's an experience, it's levelling up. And I'm happy we said no to most "hyped" opportunities, such as going into social games a decade ago, all the crypto-esque scams, selling JPGs, and always stayed course.

#### **OPTIMISTIC OUTLOOK**

The market has been challenging. Still, I'm optimistic about the industry in general. In 2023 we will be seeing plenty of groundbreaking AAA titles, alongside standout AA/indie games that really set new trends. Our goal is to make sure we deliver high quality games on as many platforms as possible, and pave the way for them to become franchises. I can't wait until we start revealing our upcoming products in 2023 and beyond.

Alex Nichiporchik  
CEO and Founder

2022 saw a resilient financial performance for tinyBuild, both in terms of back catalogue and in terms of new games, in a challenging geopolitical and macroeconomic environment. Nine new titles were released, and the company closed the year with a portfolio of over 80 games. In addition, tinyBuild grew with four acquisitions, including Bossa Studio's IP.

#### Revenue

tinyBuild saw total revenues increase 21% (2021: 39%) from \$52.2m to \$63.3m, including the consolidation of Versus Evil and Red Cerberus, acquired in November 2021. tinyBuild's revenue is generated mainly from game sales on various platforms and a variety of platform deals (e.g. subscription programs, development partnerships and exclusivity agreements). Events include primarily revenues from DevGAMM, our game developers conference operator, which demonstrated incredible resilience in the face of the invasion of Ukraine.

Revenue generated from own-IP (1st and 2nd party games) decreased slightly to 77% of gaming revenues (2021: 81%), as a result of the consolidation of primarily third-party publisher Versus Evil. Our strategy is to continue to expand our own-IP portfolio, which will support underlying adjusted EBITDA margin growth in the long term.

#### Adjusted EBITDA and Operating Profit

Adjusted EBITDA increased from \$22.2m to \$24.4m in 2022, a growth of 10%, largely driven by solid organic performance and the consolidation of inherently lower margin Versus Evil and Red Cerberus. The ongoing decentralisation process and the continuous shift toward own-IP support further margin increase in the medium terms, though the progression will depend on the revenue mix.

Adjusted EBITDA is presented net of amortisation of development costs, excluding share-based compensation expenses, amortisation of purchased IP and other intangible assets and exceptional costs, giving a clear picture of the underlying business progression. Development costs for own IP are now amortised over a 36 month period, in line with industry standards, to reflect the extended life-cycle of the games.

Operating profit increased 27% to \$15.9m (2021: \$12.5m) mostly as a result of lower exceptional charges (e.g. relocation costs relating to the war in Ukraine) and lower share-based compensation costs that dropped for the second year in a row.

Exceptional charges for 2022 include \$1.7m for staff relocation following the invasion of Ukraine, where the situation remains uncertain and management cannot exclude further charges in the future. The \$11.1m writedown relating to Versus Evil and Red Cerberus is offset by the decrease in contingent consideration (\$11.1m other operating profit), resulting in no material impact on operating profit.

#### Interest income and taxation

Interest income was \$0.1m (2021: \$0.0m) and taxation increased to \$4.4m (2021: \$4.3m), mainly due to changes in deferred tax due to new US tax legislation coming into effect.

#### Financial Position

In 2022, the net cash position decreased to \$26.5m from \$48.8m, mainly driven by larger investments in new games including a small number of larger budget titles. Capitalised software development costs, increased from \$15.1m to \$35.8m in 2022 reflecting a larger number of organic opportunities and investments in the upcoming pipeline releases.

Following the customary annual test, goodwill has been reduced from \$13.2m to \$3.7m, reflecting a downward revision for the carrying value for Versus Evil and Red Cerberus, a decrease which is offset by an equal decline in contingent consideration. IP has increased from \$18.6m in 2021 to \$23.1m in 2022 primarily due to identifiable assets from the acquisition of Demagic, Bossa IP and Konfa Games.

tinyBuild currently still holds a \$35m revolving credit line with Bank of America, which remains undrawn.

#### Cash Flow

Cash flows from operating activities increased from \$13.3m to \$19.3m thanks to lower exceptional and tax charges more than offsetting increased marketing costs and the adverse impact of timing differences. Cash generated from operations include an add back of \$1.7m for share based payments in the current year (2021: \$2.5m)

#### Acquires and Acquisitions

In 2022 tinyBuild acquired three studios and Bossa's IP for a total upfront cash payment of \$4.2m. In April 2022, tinyBuild acquired DeMagic, a porting studio based in Serbia. In August 2022, tinyBuild acquired Konga Games (Despot's Game) and Bossa IP (Surgeon Simulator franchise, I am Bread and I am Fish), a related party transaction. In December 2022, tinyBuild acquired the studio Scythe (Happy's Humble Burger Farm).

#### Events after the reporting date

In March 2023, after taking paternity leave in 2022, Luke Burtis, Chief Operating Officer (COO) and Board Member, announced his resignation with immediate effect to spend more time with his family. As the Company continues to move towards the more decentralised structure set out at the Capital Markets Day in June 2022, the responsibilities of the COO role have been distributed among a wider group of decision-makers, giving individuals and teams more autonomy and accountability for their areas of responsibility. Therefore, the Company does not currently intend to appoint a replacement.

In March 2023 tinyBuild acquired NotGames (Not for Broadcast), for an upfront cash consideration of \$1.5m plus max deferred consideration of \$4.2m, subject to stretched financial targets. NotGames is the developer studio of Not For Broadcast, a critically acclaimed full motion propaganda simulator.

### TINYBUILD INC. CONSOLIDATED UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 Unaudited \$'000	2021 \$'000
Revenue		63,295	52,153
Cost of sales		(20,687)	(18,112)
<b>Gross profit</b>		<b>42,608</b>	<b>34,041</b>
Administrative expenses:			
- General administrative expenses		(34,403)	(14,469)
- Share-based payment expenses		(1,726)	(2,452)
- Exceptional costs (inc. IPO and Ukraine invasion)		(1,678)	(4,588)

	2022	2021
Total administrative expenses	(37,807)	(21,509)
Other operating income	11,122	-
<b>Operating profit</b>	<b>15,923</b>	<b>12,532</b>
Finance costs	(73)	(8)
Finance income	80	-
<b>Profit before tax</b>	<b>15,930</b>	<b>12,524</b>
Income tax expense	(4,417)	(4,281)
<b>Profit for the year</b>	<b>11,513</b>	<b>8,243</b>
<b>Other comprehensive income net of taxation</b>		
Exchange differences on translation of foreign operations - may be reclassified to profit and loss	7	-
<b>Total comprehensive income for the year</b>	<b>11,520</b>	<b>8,243</b>

Attributable to:		
Owners of the parent company	11,545	8,268
Non-controlling interests	(32)	(25)
	<b>11,513</b>	<b>8,243</b>

Basic earnings per share (\$)	5	0.057	0.043
Diluted earnings per share (\$)	5	0.056	0.042
Adjusted EBITDA*	6	24,355	22,239

\*Adjusted EBITDA is a non-GAAP measure and is defined as earnings before interest, tax, depreciation, amortisation (excluding amortisation of capitalised software development costs), share-based payments expenses and other significant one-off expenses.

**TINYBUILD INC.**  
**CONSOLIDATED UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Note	2022 Unaudited \$'000	2021 \$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	7	80,384	57,156
Property, plant and equipment:			
- owned assets		795	41
- right-of-use assets		341	528
Trade and other receivables		406	266
<b>Total non-current assets</b>		<b>81,926</b>	<b>57,991</b>
<b>Current assets</b>			
Trade and other receivables		25,382	15,569
Cash and cash equivalents		26,496	48,832
<b>Total current assets</b>		<b>51,878</b>	<b>64,401</b>
<b>TOTAL ASSETS</b>		<b>133,804</b>	<b>122,392</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		204	203
Share premium		65,593	63,546
Warrant reserve		1,920	1,920
Translation reserve		7	-
Retained earnings		43,910	30,639
Equity attributable to owners of the parent company		111,634	96,308
Non-controlling interest		(43)	137
<b>Total equity</b>		<b>111,591</b>	<b>96,445</b>

<b>Total equity</b>	<b>111,804</b>	<b>90,440</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Lease liabilities	97	277
Contingent consideration	-	6,336
Deferred tax liabilities	1,800	2,345
<b>Total non-current liabilities</b>	<b>1,897</b>	<b>8,958</b>
<b>Current liabilities</b>		
Trade and other payables	20,046	9,290
Contingent consideration	-	4,793
Contract liabilities	-	2,645
Lease liabilities	270	261
<b>Total current liabilities</b>	<b>20,316</b>	<b>16,989</b>
<b>Total liabilities</b>	<b>22,213</b>	<b>25,947</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>133,804</b>	<b>122,392</b>

**TINYBUILD INC.**  
**CONSOLIDATED UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital	Share premium	Warrant reserve	Translation reserve	Retained earnings	Total equity attributable to owners of the parent company
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2022</b>	203	63,546	1,920	-	30,639	96,308
Profit/(loss) for the year	-	-	-	-	11,545	11,545
Other comprehensive income: Foreign exchange differences on the translation of foreign operations	-	-	-	7	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>11,545</b>	<b>11,552</b>
Transactions with owners in their capacity as owners:						
Dividends paid to non-controlling interests	-	-	-	-	-	-
Issue of shares on exercise of options	-	28	-	-	-	28
Issue of shares, net of transaction costs	1	2,019	-	-	-	2,020
Share-based payment charge	-	-	-	-	1,726	1,726
<b>Total transactions with owners</b>	<b>1</b>	<b>2,047</b>	<b>-</b>	<b>-</b>	<b>1,726</b>	<b>3,774</b>
<b>Balance at 31 December 2022</b>	<b>204</b>	<b>65,593</b>	<b>1,920</b>	<b>7</b>	<b>43,910</b>	<b>111,634</b>

**TINYBUILD INC.**  
**CONSOLIDATED UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital	Share premium	Warrant reserve	Translation reserve	Retained earnings	Total equity attributable to owners of the parent company
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2021</b>	1	18,674	-	-	19,919	38,594
Profit/(loss) and total comprehensive income for the year	-	-	-	-	8,268	8,268
Transactions with owners in their capacity as owners:						
Share split	178	(178)	-	-	-	-
Issue of shares, net of transaction costs	23	46,816	-	-	-	46,839
Issue of shares on exercise of options	1	154	-	-	-	155

Issue of shares on exercise of options	-	(1,920)	1,920	-	-	-
Share-based payments	-	-	-	-	2,452	2,452
Total transactions with owners	202	44,872	1,920	-	2,452	49,446
<b>Balance at 31 December 2021</b>	203	63,546	1,920	-	30,639	96,308

**TINYBUILD INC.**  
**CONSOLIDATED UNAUDITED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>2022</b>	<b>2021</b>
	<b>Unaudited</b>	
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Cash generated from operations	19,259	13,290
<b>Net cash generated by operating activities</b>	<u>19,259</u>	<u>13,290</u>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries, net of cash acquired	-	(11,784)
Software development	(35,780)	(15,085)
Purchase of intellectual property	(4,150)	(10,832)
Proceeds on disposal of intangible assets	-	45
Purchase of property, plant and equipment	(1,235)	-
<b>Net cash used in investing activities</b>	<u>(41,165)</u>	<u>(37,656)</u>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	-	(13)
Proceeds from issuance of shares, net of transaction costs	-	46,839
Proceeds from exercise of share options	28	155
Payment of principal portion of lease liabilities	(310)	(96)
Dividends paid to non-controlling interests	(148)	-
<b>Net cash generated by/(used in) financing activities</b>	<u>(430)</u>	<u>46,885</u>
<b>Cash and cash equivalents</b>		
Net (decrease)/increase in the year	(22,336)	22,519
At 1 January	48,832	26,313
At 31 December	<u>26,496</u>	<u>48,832</u>

**TINYBUILD INC.**  
**NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**1 GENERAL INFORMATION**

TinyBuild Inc. ("the Company") is a private company limited by shares, and is registered, domiciled and incorporated in Delaware, USA. The address of the registered office is 1100 Bellevue Way NE, STE 8A #317, Bellevue, WA 98004, United States.

The Group ("the Group") consists of TinyBuild Inc. and all of its subsidiaries. The Group's principal activity is that of an indie video game publisher and developer.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation**

The preliminary results for the year ended 31 December 2022 are unaudited. The financial information set out in this announcement does not constitute the Group's financial statements for the year ended 31 December 2022.

This financial information should be read in conjunction with the financial statements of the Group for the year ended 31 December 2021 (the "prior year financial statements"), which are available from the Registrar of Companies.

**Accounting policies**

The Group's principal accounting policies used in preparing this information are as stated on pages 42 to



49 of the prior year financial statements. There has been no significant change to any accounting policy from the date of the prior year financial statements.

### 3 SEGMENTAL REPORTING

*IFRS 8 Operating Segments* requires that operating segments be identified on the basis of internal reporting and decision-making. The Group identifies operating segments based on internal management reporting that is regularly reported to and reviewed by the Board of directors, which is identified as the chief operating decision maker. Management information is reported as one operating segment, being revenue from self-published franchises and other revenue streams such as royalties, licensing, development and events.

Whilst the chief operating decision maker considers there to be only one segment, the Company's portfolio of games is split between those based on IP owned by the Group and IP owned by a third party and hence to aid the readers understanding of our results, the split of revenue from these two categories are shown below.

Game and merchandise royalties	Year ended 31 December 2022	Year ended 31 December 2021
	Unaudited \$'000	Audited \$'000
Owned IP	26,915	30,640
Third-party IP	13,105	9,231
	<u>40,020</u>	<u>39,871</u>

Three customers were responsible for approximately 67% of the Group's revenues (2021: three - 67%).

The Group has seven (2021: six) right-of-use assets located overseas with a carrying value of \$342,000 (2021: \$528,000) and tangible assets located overseas with a carrying value of \$623,000 (2021: \$nil). All other non-current assets are located in the US.

### 4 REVENUE

An analysis of the Group's revenue is as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
	Unaudited \$'000	Audited \$'000
Game and merchandise royalties	40,020	39,871
Development services	22,744	11,477
Events	531	805
	<u>63,295</u>	<u>52,153</u>

### 5 EARNINGS PER SHARE

The Group reports basic and diluted earnings per common share. Basic earnings per share is calculated by dividing the profit attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period.

Diluted earnings per share is determined by adjusting the profit attributable to common shareholders by the weighted average number of common shares outstanding, taking into account the effects of all potential dilutive common shares, including options and warrants to the extent that they are deemed to be issued for no consideration in accordance with IAS 33.

	Year ended 31 December 2022	Year ended 31 December 2021
	Unaudited \$'000	Audited \$'000
Total comprehensive income attributable to the owners of the company	11,545	8,268
Weighted average number of shares	203,421,359	191,241,890
<b>Basic earnings per share (\$)</b>	<u>0.057</u>	<u>0.043</u>
Total comprehensive income attributable to the owners of the company	11,545	8,268
Weighted average number of shares	203,421,359	191,241,890
Dilutive effect of share options	1,948,232	2,484,523
Dilutive effect of warrants	149,130	149,130
Dilutive effect of restricted stock awards	954,654	954,654
Weighted average number of diluted shares	<u>206,473,374</u>	<u>194,830,197</u>
<b>Diluted earnings per share (\$)</b>	<u>0.056</u>	<u>0.042</u>

### 6 ADJUSTED EBITDA

The Directors of the Group have presented the performance measure adjusted EBITDA as they monitor this performance measure at a consolidated level and they believe this measure is relevant to an understanding of the Group's financial performance. Adjusted EBITDA is calculated by adjusting profit from continuing

the Group's financial performance. Adjusted EBITDA is calculated by adjusting profit from continuing operations to exclude the impact of taxation, net finance costs, share-based payment expenses, depreciation, amortisation of purchased intellectual property, brands and customer relationships, acquisitions costs, exceptional costs relating to the conflict in Ukraine and IPO transaction costs. Adjusted EBITDA is not a defined performance measure in IFRS. The Group's definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

	Year ended 31 December 2022	Year ended 31 December 2021
	Unaudited	Audited
	\$'000	\$'000
Profit for the year	11,513	8,243
Income tax expense	4,417	4,281
Finance costs	73	8
Finance income	(80)	-
Share-based payment expenses	1,726	2,452
Amortisation of purchased intellectual property, brands and customer relationships	3,999	1,662
Depreciation of property, plant and equipment	747	117
Impairment of intangible assets	11,075	-
IPO related costs	-	4,588
Ukraine related costs	1,678	-
Acquisition costs	329	888
Other operating income	(11,122)	-
<b>Adjusted EBITDA</b>	<b>24,355</b>	<b>22,239</b>

## 7 INTANGIBLE ASSETS

	Goodwill \$'000	Brands \$'000	Customer relationships \$'000	Purchased intellectual property \$'000	Software development costs \$'000	Total \$'000
<b>Cost:</b>						
As at 1 January 2021	-	-	-	6,170	17,126	23,296
Additions - internally generated	-	-	-	-	15,085	15,085
Additions - separately acquired	-	-	-	10,832	-	10,832
Additions - business combinations	13,202	1,815	4,261	2,356	-	21,634
Transfers	-	-	-	1,962	(1,962)	-
Disposals	-	-	-	-	(90)	(90)
As at 31 December 2021	13,202	1,815	4,261	21,320	30,159	70,757
Additions - internally generated	-	-	-	-	35,789	35,789
Additions - separately acquired	-	-	-	8,395	-	8,395
Transfers	-	-	-	251	(251)	-
As at 31 December 2022	13,202	1,815	4,261	29,966	65,697	114,941
<b>Amortisation and impairment:</b>						
As at 1 January 2021	-	-	-	1,086	7,070	8,156
Amortisation charge for the year	-	10	51	1,601	3,500	5,162
Impairment charge	-	-	-	-	283	283
As at 31 December 2021	-	10	51	2,687	10,853	13,601
Amortisation charge for the year	-	121	609	3,269	5,787	9,786
Impairment charge for the year	9,456	675	-	944	95	11,170
As at 31 December 2022	9,456	806	660	6,900	16,735	34,557
<b>Carrying amount:</b>						
As at 31 December 2022	3,746	1,009	3,601	23,066	48,962	80,384
As at 31 December 2021	13,202	1,805	4,210	18,633	19,306	57,156

## 8 RELATED PARTY TRANSACTIONS

An analysis of key management personnel remuneration is set out below:

### Key management personnel remuneration

	Year ended 31 December 2022	Year ended 31 December 2021
	Unaudited \$'000	Audited \$'000
Aggregate emoluments	2,217	3,037
Equity-settled share-based payments	88	2,159
	<u>2,305</u>	<u>5,196</u>

**Transactions with other related parties**

The wife of the Company's CEO is a member and manager of DevGAMM LLC. During the period, DevGAMM LLC paid dividends totalling \$148,000 to this related party.

The Company also acquired Bossa's IP Catalogue for consideration of \$3m. Henrique Olifiers, Non-executive Chairman of the Company, is the Founder and CEO of Bossa. As a result of this relationship, the IP Catalogue acquisition represents a related party transaction in accordance with the AIM Rules for Companies. The Directors of tinyBuild, excluding Henrique Olifiers, consider, having consulted with Berenberg, tinyBuild's nominated adviser, that the terms of the transaction are fair and reasonable in so far as shareholders of tinyBuild are concerned.

There were no other related party transactions during the period which require disclosure.

**9 POST REPORTING DATE EVENTS**

In March 2023, after taking paternity leave in 2022, Luke Burtis, Chief Operating Officer (COO) and Board Member, announced his resignation with immediate effect to spend more time with his family. As the Company continues to move towards the more decentralised structure set out at the Capital Markets Day in June 2022, the responsibilities of the COO role have been distributed among a wider group of decision-makers, giving individuals and teams more autonomy and accountability for their areas of responsibility. Therefore, the Company does not currently intend to appoint a replacement.

In March 2023, tinyBuild acquired NotGames (*Not for Broadcast*) for initial consideration of \$1.5m. The agreement contains performance based earn-outs over the next three calendar years, subject to operational targets being met. NotGames is the developer studio of Not For Broadcast, a critically acclaimed full motion propaganda simulator.



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