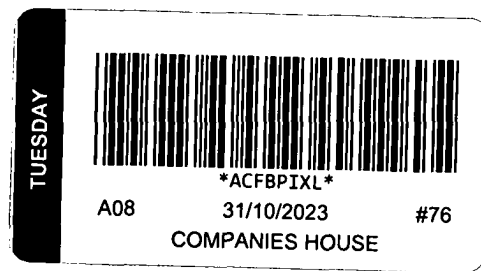


Registration number: 10036119 (England and Wales)

Battlestate Games Limited

Annual Report and Financial Statements
for the Year Ended 31 January 2023



Battlestate Games Limited

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Battlestate Games Limited

Company Information

Director	Ms Ludmila Lipskaya
Registered office	WeWork Aviation House 125 Kingsway London WC2B 6NH
Auditors	Alpha Accountants (London) Limited 585A Fulham Road Fulham London SW6 5UA

Battlestate Games Limited

Strategic Report for the Year Ended 31 January 2023

The director presents the strategic report and the financial statements for the year ended 31 January 2023.

Principal activity

The principal activity of the company is that of gaming software sales.

Fair review of the business

No significant changes are anticipated in the activities of the company for the foreseeable future.

The company's most widely known brand is Escape from Tarkov, a multiplayer online first-person action game. During the last financial year the audience of Escape from Tarkov added more than nine hundred thousand new paid players. The growth of Escape from Tarkov audience is the primary contributor to the revenue for the year ended 31 January 2023.

The company continued investing appropriate resources in continued development of the titles that it sells. The development costs are part of the operating expenses of the company and aimed at generating income in the future.

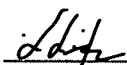
Principal risks and uncertainties

The company has established controls to mitigate the following risks appropriate to the size and complexity of the business.

Cash flow risks: The company has established cash forecasting models to manage cash flow.

There may be additional risks and uncertainties not currently known or that are not currently believed to be material.

Approved and authorised by the director on 30 October 2023



Ludmila Lipskaya (Oct 30, 2023 16:48 GMT)

Ms Ludmila Lipskaya
Director

Battlestate Games Limited

Director's Report for the Year Ended 31 January 2023

The director presents the annual report and the financial statements for the year ended 31 January 2023.

The company's business activities, together with factors likely to affect its future development, its financial position and financial risk management position are described in the Strategic Report.

Results and dividends

The results for the year described on page 1.

The director does not recommend payment of a dividend.

Director of the company

The director who held office during the year and up to the date of signature of the financial statements was as follows:

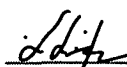
Ms Ludmila Lipskaya

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information on which the company's auditor is unaware. Additionally, the director has taken all the necessary steps that she ought to have taken as a director in order to make herself aware of all relevant audit information and to establish that the company's auditor is aware of that information.

- The director acknowledges her responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved and authorised by the director on 30 October 2023



Ludmila Lipskaya (Oct 30, 2023 16:48 GMT)

Ms Ludmila Lipskaya
Director

Battlestate Games Limited

Statement of Director's Responsibilities

The director acknowledges her responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless she is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable her to ensure that the financial statements comply with the Companies Act 2006. She is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Battlestate Games Limited

Independent Auditor's Report to the Members of Battlestate Games Limited

Opinion

We have audited the financial statements of Battlestate Games Limited (the 'company') for the year ended 31 January 2023, which comprise the Profit and Loss Account, Profit and Loss Account and Statement of Retained Earnings, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

Other information

The director are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Battlestate Games Limited

Independent Auditor's Report to the Members of Battlestate Games Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Director's Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Director's Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the director

As explained more fully in the Statement of Director's Responsibilities [set out on page 4], the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Battlestate Games Limited

Independent Auditor's Report to the Members of Battlestate Games Limited

Auditor Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework:
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities including any known actual, suspected or alleged instances of fraud.
- discussed matters about non-compliance with laws and, regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and compliance with the Companies Act 2006 and Tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included, reviewing financial statement disclosures, inspecting correspondence with local tax authorities, and evaluating advice received from internal/external tax advisors.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing the appropriateness of journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and entered outside the normal course of business, and testing the recognition of a sample of revenue items with reference to the relevant supporting documentation.


A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

Battlestate Games Limited

Independent Auditor's Report to the Members of Battlestate Games Limited

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Haralambos Hambi (Senior Statutory Auditor)
For and on behalf of Alpha Accountants (London) Limited, Statutory Auditor

585A Fulham Road
Fulham
London
SW6 5UA

30 October 2023

Battlestate Games Limited

Profit and Loss Account for the Year Ended 31 January 2023

	Note	2023 £	2022 £
Turnover		65,608,544	70,335,950
Cost of sales		<u>(63,175,119)</u>	<u>(70,337,304)</u>
Gross profit/(loss)		2,433,425	(1,354)
Exceptional costs		-	(291,306)
Administrative expenses		<u>(256,268)</u>	<u>(289,251)</u>
Operating profit/(loss)		<u>2,177,157</u>	<u>(581,911)</u>
Other interest receivable and similar income		2,933	188
Amounts written off investments		(28,465)	(3,376)
Interest payable and similar expenses	3	<u>(16,952)</u>	<u>(301,560)</u>
		<u>(42,484)</u>	<u>(304,748)</u>
Profit/(loss) before tax		2,134,673	(886,659)
Tax on profit/(loss)		<u>(405,484)</u>	<u>167,864</u>
Profit/(loss) for the financial year		<u><u>1,729,189</u></u>	<u><u>(718,795)</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

Battlestate Games Limited

Statement of Comprehensive Income for the Year Ended 31 January 2023

	2023 £	2022 £
Profit/(loss) for the year	<u>1,729,189</u>	<u>(718,795)</u>
Total comprehensive income for the year	<u><u>1,729,189</u></u>	<u><u>(718,795)</u></u>

Battlestate Games Limited

Balance Sheet as at 31 January 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	5	7,119	9,492
Other financial assets	6	<u>339,621</u>	<u>353,903</u>
		<u>346,740</u>	<u>363,395</u>
Current assets			
Debtors	7	13,029,254	10,408,807
Cash at bank and in hand		<u>4,877,765</u>	<u>907,355</u>
		17,907,019	11,316,162
Creditors: Amounts falling due within one year	8	<u>(15,477,380)</u>	<u>(10,632,367)</u>
Net current assets		<u>2,429,639</u>	<u>683,795</u>
Net assets		<u>2,776,379</u>	<u>1,047,190</u>
Capital and reserves			
Called up share capital		100	100
Retained earnings		<u>2,776,279</u>	<u>1,047,090</u>
Shareholders' funds		<u>2,776,379</u>	<u>1,047,190</u>

Approved and authorised by the director on 30 October 2023



Ludmila Lipskaya (Oct 30, 2023 16:48 GMT)

Ms Ludmila Lipskaya
Director

Battlestate Games Limited

Statement of Changes in Equity for the Year Ended 31 January 2023

	Share capital £	Retained earnings £	Total £
At 1 February 2022	100	1,047,090	1,047,190
Profit for the year	-	1,729,189	1,729,189
At 31 January 2023	100	2,776,279	2,776,379
	Share capital £	Retained earnings £	Total £
At 1 February 2021	100	1,765,885	1,765,985
Loss for the year	-	(718,795)	(718,795)
At 31 January 2022	100	1,047,090	1,047,190

Battlestate Games Limited

Statement of Cash Flows for the Year Ended 31 January 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Profit/(loss) for the year		1,729,189	(718,795)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation		2,373	3,164
Loss from disposals of investments		2,856	-
Finance income		(2,933)	(188)
Finance costs	3	28,465	3,376
Income tax expense		<u>405,484</u>	<u>(167,864)</u>
		2,165,434	(880,307)
Working capital adjustments			
(Increase)/decrease in trade debtors	7	(2,788,311)	3,221,078
Increase/(decrease) in trade creditors	8	<u>4,607,393</u>	<u>(5,573,097)</u>
Cash generated from operations		3,984,516	(3,232,326)
Income taxes paid		<u>-</u>	<u>(179,125)</u>
Net cash flow from operating activities		<u>3,984,516</u>	<u>(3,411,451)</u>
Cash flows from investing activities			
Interest received		13	188
Cash receipts from repayment of loans, classified as investing activities		(17,039)	(357,279)
Dividend income		<u>2,920</u>	<u>-</u>
Net cash flows from investing activities		<u>(14,106)</u>	<u>(357,091)</u>
Net increase/(decrease) in cash and cash equivalents		3,970,410	(3,768,542)
Cash and cash equivalents at 1 February		<u>907,355</u>	<u>4,675,897</u>
Cash and cash equivalents at 31 January		<u><u>4,877,765</u></u>	<u><u>907,355</u></u>

Battlestate Games Limited

Notes to the Financial Statements for the Year Ended 31 January 2023

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

WeWork Aviation House
125 Kingsway
London
WC2B 6NH
United Kingdom

These financial statements were authorised for issue by the director on 30 October 2023.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Going concern

The financial statements have been prepared on a going concern basis.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company's activities.

Battlestate Games Limited

Notes to the Financial Statements for the Year Ended 31 January 2023

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Domain Name	25% reducing balance method

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Battlestate Games Limited

Notes to the Financial Statements for the Year Ended 31 January 2023

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3 Interest payable and similar expenses

	2023 £	2022 £
Foreign exchange gains	<u>16,952</u>	<u>301,560</u>

4 Staff costs

The average number of persons employed by the company (including the director) during the year, analysed by category was as follows:

	2023 No.	2022 No.
Administration and support	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

Battlestate Games Limited

Notes to the Financial Statements for the Year Ended 31 January 2023

5 Intangible assets

	Other intangible assets £	Total £
Cost or valuation		
At 1 February 2022	30,000	30,000
At 31 January 2023	30,000	30,000
Amortisation		
At 1 February 2022	20,508	20,508
Amortisation charge	2,373	2,373
At 31 January 2023	22,881	22,881
Carrying amount		
At 31 January 2023	7,119	7,119
At 31 January 2022	9,492	9,492

6 Other financial assets (current and non-current)

	Financial assets at fair value through profit and loss £	Total £
Non-current financial assets		
Cost or valuation		
At 1 February 2022	353,903	353,903
Fair value adjustments	(11,533)	(11,533)
Additions	43,290	43,290
Disposals	(46,039)	(46,039)
At 31 January 2023	339,621	339,621
Impairment		
Carrying amount		
At 31 January 2023	339,621	339,621

Battlestate Games Limited

Notes to the Financial Statements for the Year Ended 31 January 2023

7 Debtors

Current	Note	2023 £	2022 £
Trade debtors		12,694,603	10,167,925
Other debtors		198,255	7,086
Prepayments		136,396	65,932
Deferred tax assets		-	167,864
		<u>13,029,254</u>	<u>10,408,807</u>

8 Creditors

	Note	2023 £	2022 £
Due within one year			
trade creditors		15,170,018	10,593,546
Amounts due to related parties	10	2,455	19,116
Social security and other taxes		1,351	1,205
Accruals		65,936	18,500
Taxation		237,620	-
		<u>15,477,380</u>	<u>10,632,367</u>

9 Share capital

Allotted, called up and fully paid shares

	2023		2022	
	No.	£	No.	£
Ordinary share capital of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

10 Related party transactions

Amounts due to related parties:

Included within trade creditors are the following related party balances at year end:

Related persons being persons considered to have significant influence over the entity.

Dmitriy Loskutov is owed £4,966,255 (2022 - £3,433,707 Cr) by the entity for the services rendered.

Nikita Buianov is owed £4,966,255 (2022 - £3,433,707 Cr) by the entity for the services rendered.

Included in other creditors is the amount of £2,455 (2022: £19,116) which is due to the director of the company.