



ten square_games

CONSOLIDATED CONDENSED INTERIM REPORT

of the Ten Square Games S.A. Capital Group
for 01.01.2023 – 30.06.2023



Wrocław, September 6th, 2023

SELECTED FINANCIAL DATA

CONSOLIDATED DATA

STATEMENT OF COMPREHENSIVE INCOME

	PLN		EUR	
	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2022 – 30.06.2022	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2022 – 30.06.2022
Bookings	224,819,608	266,002,370	48,736,095	57,294,757
Revenues	222,382,118	274,477,494	48,207,700	59,120,230
Costs of services sold	38,228,369	33,476,255	8,287,095	7,210,514
Operating profit/loss	-4,774,948	46,836,287	-1,035,107	10,088,157
Gross profit/loss	-5,972,881	49,264,204	-1,294,793	10,611,111
Net profit/loss	-5,281,127	40,535,066	-1,144,836	8,730,925
EBITDA	36,931,492	61,770,713	8,005,960	13,304,912
Adjusted EBITDA	49,573,175	70,577,833	10,746,407	15,201,894

CASH FLOW STATEMENT

	PLN		EUR	
	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2022 – 30.06.2022	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2022 – 30.06.2022
Net cash flows from operating activity	58,519,693	83,935,055	12,685,821	18,078,931
Net cash flows from investment activity	-24,227,780	-39,131,776	-5,252,066	-8,428,668
Net cash flows from financial activity	-55,744,195	-93,088,667	-12,084,152	-20,050,545

STATEMENT OF FINANCIAL POSITION

	PLN		EUR	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
Fixed assets	279,861,069	314,138,189	62,885,888	66,981,852
Current assets	180,652,515	206,569,696	40,593,334	44,045,650
Equity	277,992,019	342,465,369	62,465,905	73,021,892
Long-term liabilities	46,659,137	68,220,992	10,484,493	14,546,364
Short-term liabilities	135,862,428	110,021,524	30,528,824	23,459,247

EUR/PLN exchange rate	2023	2022
for the balance-sheet data	4.4503	4.6899
for the data from the profit and loss statement and cash flow statement	4.6130	4.6427

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

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

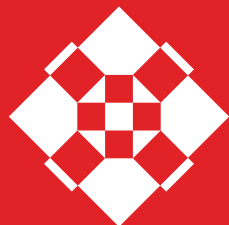
SPECIFICATION	1Q 2023	2Q 2023	Total 1HY 2023
Operating profit (EBIT)	-14,413,939	9,638,991	-4,774,948
Amortization and depreciation (excluding capitalized portion)	4,977,704	5,038,746	10,016,450
Write-downs for impairment	26,572,925	5,117,065	31,689,990
EBITDA	17,136,690	19,794,802	36,931,492
Non-cash impact of incentive scheme (excluding capitalized portion)	6,033,168	0	6,033,168
Deferred result (revenue minus commissions) – consumables	141,218	893,739	1,034,957
Deferred result (revenue minus commissions) – durable	4,159,142	-3,487,857	671,285
Costs of potential and completed acquisitions (M&A) and review of strategic options	163,381	570,120	733,501
Donations to public benefit organization (regarding the war in Ukraine)	0	0	0
Severance pay – group lay-offs	0	3,146,532	3,146,532
Other one-off events	0	1,022,240	1,022,240
Adjusted EBITDA	27,633,599	21,939,576	49,573,175

SPECIFICATION	1Q 2022	2Q 2022	Total 1HY 2022	3Q 2022	4Q 2022	Total 2022
Operating profit (EBIT)	29,391,817	17,444,470	46,836,287	21,635,772	4,219,705	72,691,764
Amortization and depreciation (excluding capitalized portion)	2,742,054	3,725,224	6,467,278	3,413,622	5,654,094	15,534,994
Write-downs for impairment	0	8,467,149	8,467,149	671,272	14,643,822	23,782,243
EBITDA	32,133,872	29,636,841	61,770,713	25,720,667	24,517,621	112,009,001
Non-cash impact of incentive scheme (excluding capitalized portion)	12,303,319	-236,983	12,066,336	6,033,168	5,929,836	24,029,340
Deferred result (revenue minus commissions) – consumables	-3,456,258	-636,252	-4,092,510	-1,053,630	2,698,604	-2,447,536
Deferred result (revenue minus commissions) – durable	-1,859,303	-316,187	-2,175,490	4,254,570	2,483,367	4,562,447
Costs of potential and completed acquisitions (M&A) and review of strategic options	1,760,415	0	1,760,415	0	-370,132	1,390,283
Donations to public benefit organization (regarding the war in Ukraine)	1,000,000	0	1,000,000	0	0	1,000,000
Severance pay – group lay-offs	0	0	0	0	0	0
Other one-off events	248,368	0	248,368	24,886	32,299	305,553
Adjusted EBITDA	42,130,413	28,447,420	70,577,833	34,979,661	35,291,595	140,849,088

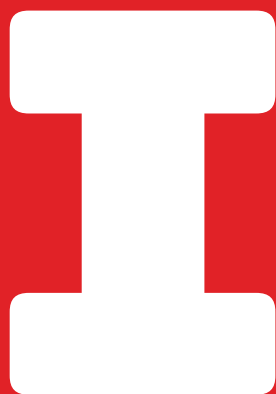
TABLE OF CONTENTS

SELECTED FINANCIAL DATA	2
I. GENERAL INFORMATION	6
1. COMPANY DATA	7
2. CAPITAL GROUP	8
3. SHAREHOLDING STRUCTURE	9
4. COMPOSITION OF THE COMPANY'S BODIES AS AT 30.06.2023	13
5. FORM OF CONDENSED FINANCIAL STATEMENT	14
6. STATEMENT OF THE MANAGEMENT BOARD	16
II. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT	17
1. INTERIM CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT	18
2. INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL SITUATION	20
3. INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	22
4. INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT	24
III. ACCOUNTING PRINCIPLES	26
1. COMPLIANCE WITH THE INTERNATIONAL ACCOUNTING STANDARDS	27
2. CHANGES IN ACCOUNTING PRINCIPLES (POLICY)	28
3. DESCRIPTION OF THE ADOPTED ACCOUNTING PRINCIPLES (POLICY)	29
3.1. Consolidation – subsidiaries	29
3.2. Revenues and costs of operating activity	30
3.3. Revenues and costs of financial activity	32
3.4. Income tax	32
3.5. Tangible fixed assets	34
3.6. Intangible assets	35
3.7. Lease	37
3.8. Financial instruments	38
3.9. Transactions in foreign currencies	40
3.10. Pre-payments and accruals	41
3.11. Equity	41
3.12. Share-based payments	41
3.13. Payment of dividends	41
3.14. Provisions	41
3.15. Liabilities	42
3.16. Significant values based on professional judgement and estimates	42
IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT	46
1. REVENUES	47
1.1. Information on operating segments and result performance indicators	48
1.2. Revenues – source	49
1.3. Revenues – games	50
1.4. Revenues by business partner	53
1.5. Revenues – distribution channel	53
1.6. Revenues – geographical breakdown	54

2.	OPERATING COSTS	55
3.	OTHER OPERATING COSTS	57
4.	FINANCIAL INCOME AND EXPENSE	58
5.	CURRENT AND DEFERRED TAX	59
6.	DIVISION OF PROFIT FOR 2022	61
7.	CHANGES IN TANGIBLE FIXED ASSETS	62
8.	CHANGES IN INTANGIBLE ASSETS AND GOODWILL	65
9.	OTHER FINANCIAL ASSETS	69
10.	RECEIVABLES	70
10.1.	Trade receivables	70
10.2.	Other receivables	72
10.3.	Accruals	72
11.	TRADE LIABILITIES	73
12.	OTHER LIABILITIES	74
13.	PROVISIONS FOR EMPLOYEE BENEFITS	75
14.	CLOSING OF PROJECTS AND GROUP LAY-OFFS	76
15.	INFORMATION ON FINANCIAL INSTRUMENTS	77
16.	INFORMATION ON AFFILIATED ENTITIES, INCLUDING INFORMATION ON REMUNERATION OF SENIOR MANAGEMENT AND THE SUPERVISORY BOARD	78
16.1.	Management Board	78
16.2.	Other affiliated persons	80
17.	LAW SUITS/COURT CASES	82
18.	OTHER IMPORTANT EVENTS	82
19.	EVENTS AFTER BALANCE SHEET DATE	83
V.	INTERIM CONDENSED STANDALONE FINANCIAL STATEMENT	84
1.	INTERIM CONDENSED STANDALONE STATEMENT OF COMPREHENSIVE INCOME	85
2.	INTERIM CONDENSED STANDALONE STATEMENT OF FINANCIAL SITUATION	87
3.	INTERIM CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY	89
4.	INTERIM CONDENSED STANDALONE CASH FLOW STATEMENT	90
VI.	ADDITIONAL NOTES TO THE STANDALONE FINANCIAL STATEMENT	92
1.	SALES REVENUES	93
1.1.	Revenues – source	93
1.2.	Revenues – games	94
1.3.	Revenues – business partners	94
1.4.	Revenues – distribution channel	95
1.5.	Revenues – geographical breakdown	95
2.	OPERATING COSTS	96
3.	FINANCIAL REVENUES	97
4.	INCOME TAX AND DEFERRED TAX	98
	APPROVAL OF THE FINANCIAL STATEMENT	102



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**GENERAL
INFORMATION**



COMPANY DATA



Name	Ten Square Games
Legal form	Joint Stock Company
Registered seat	45 Traugutta Street, 50-416 Wrocław
Registration country	Poland
Core business activity	publishing activity with regard to computer games (58.21.Z)
Authority keeping the register	District Court, VI Commercial Division of the National Court Register
Entry no.	0000704863
Statistical Business Number (REGON)	021744780
Tax Identification Number (NIP)	8982196752
Company duration	indefinite

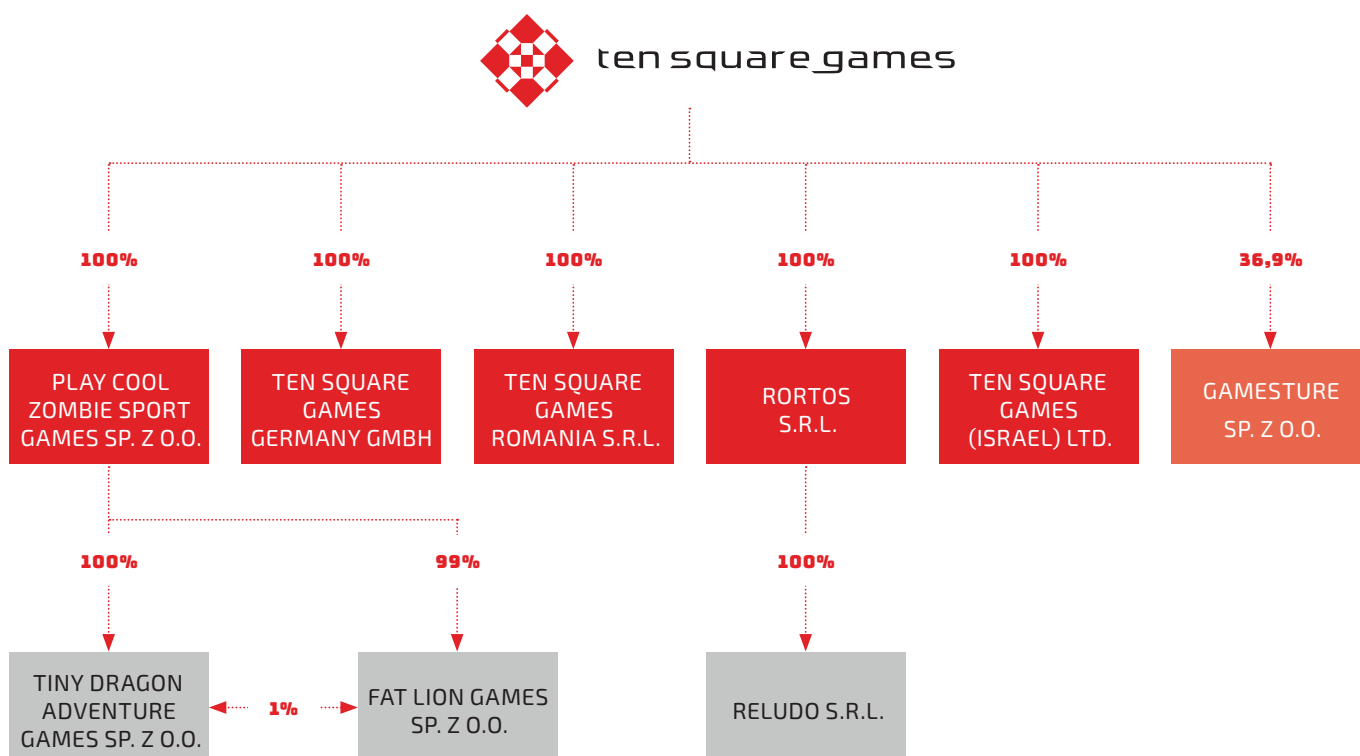
Ten Square Games Sp. z o. o. was registered on 21 October 2011, entry no. 0000399940. Ten Square Games S.A. was established through the transformation of Ten Square Games Sp. z o. o., which was registered by the District Court on 20 November 2017.

2.

CAPITAL GROUP

Ten Square Games S.A. is the Parent Entity in the Capital Group, which prepares consolidated financial statements. The subsidiaries shown on the graph are subject to the consolidated financial statement since the date of a given company's establishment/acquisition of control over the company until the date of loss of control over the company.

As of 30.06.2023 and 6.09.2023:



3.

SHAREHOLDING STRUCTURE

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

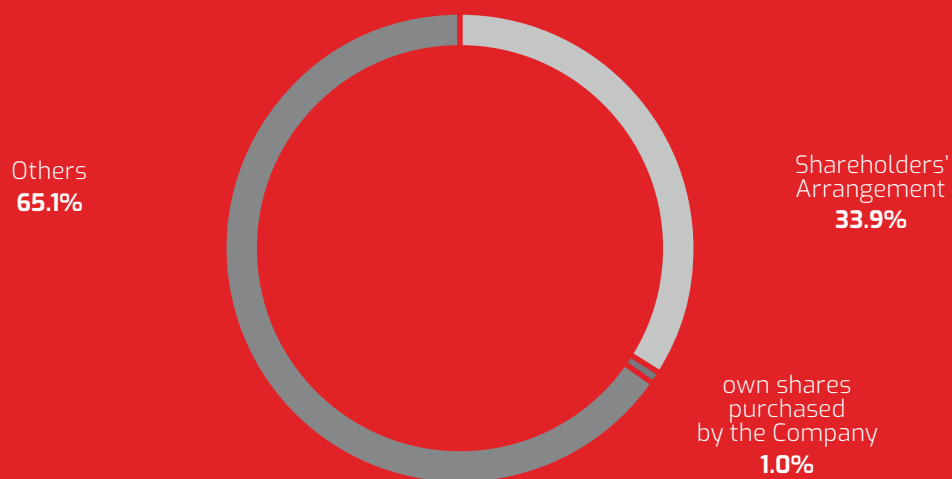
SHAREHOLDER	number of shares as at 22.05.2023, 30.06.2023, 06.09.2023	% share in basic capital	number of votes at GSM	% share in the number of votes
Shareholders' Arrangement ^[1]	2,487,288	33.9%	2,487,288	33.9%
own shares purchased by the Company	70,000	1.0%	70,000	1.0%
others (of which none holds more than 5% of shares)	4,777,534	65.1%	4,777,534	65.1%
TOTAL	7,334,822	100.0%	7,334,822	100.0%

SHAREHOLDER	number of shares as at 31.12.2022	% share in basic capital	number of votes at GSM	% share in the number of votes
Shareholders' Arrangement ^[1]	2,487,288	33.9%	2,487,288	33.9%
Nationale-Nederlanden OFE/PTE	524,371	7.1%	524,371	7.1%
TFI Allianz Polska S.A	488,915	6.7%	488,915	6.7%
own shares purchased by the Company	70,000	1.0%	70,000	1.0%
others (of which none holds more than 5% of shares)	3,764,248	51.3%	3,764,248	51.3%
TOTAL	7,334,822	100%	7,334,822	100%

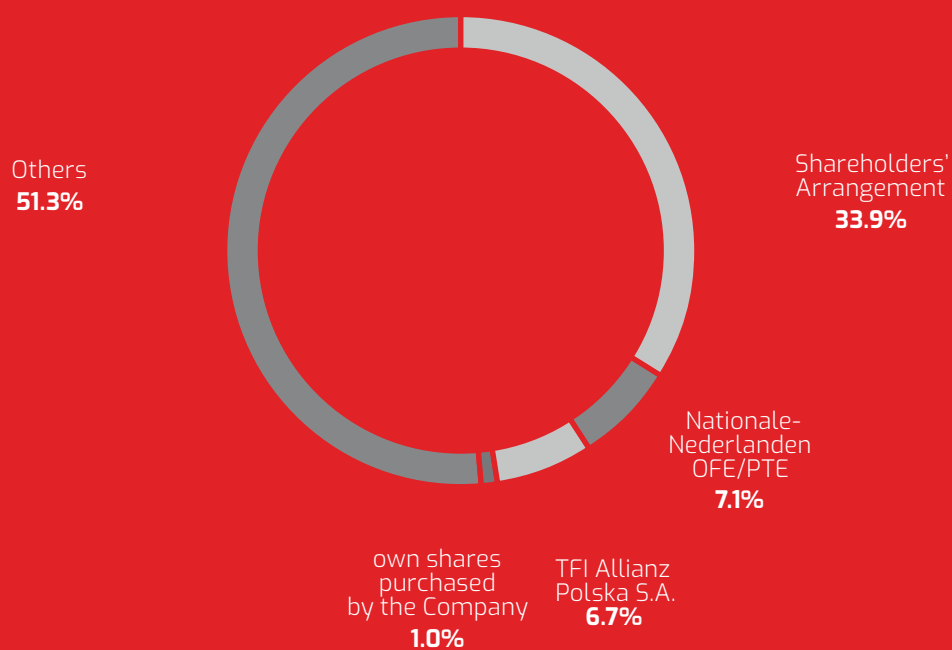
[1] The arrangement of Company's shareholders of 21.10.2019 concerning the conduct of a permanent policy towards the Company and the concerted exercise of voting rights on the Company's shares (current report no. 30/2019). The parties to the shareholders' arrangement include i.a. Maciej Popowicz and Arkadiusz Pernal.



FOR 22.05.2023, 30.06.2023, 06.09.2023



FOR 31.12.2022



3.2. List of shares held by members of the Management Board and Supervisory Board

SHAREHOLDER	number of shares as at 30.06.2023, 06.09.2023	% share in basic capital	number of votes at GSM	% share in the number of votes
President of the Management Board – Andrzej Ilczuk	10,388	0.14%	10,388	0.14%
Member of the Management Board – Janusz Dziemidowicz	84,249	1.15%	84,249	1.15%
Member of the Management Board – Magdalena Jurewicz	19,500	0.27%	19,500	0.27%
Member of the Supervisory Board – Arkadiusz Pernal	661,552	9.02%	661,552	9.02%
Member of the Supervisory Board – Maciej Marszałek	44,000	0.60%	44,000	0.60%
Member of the Supervisory Board – Rafał Olesiński	669	0.01%	669	0.01%
Member of the Supervisory Board – Kinga Stanisławska	105	0.00%	105	0.00%
MANAGEMENT AND SUPERVISORY BOARD IN TOTAL	820,463	11.19%	820,463	11.19%
others	6,514,359	88.81%	6,514,359	88.81%
TOTAL	7,334,822	100.00%	7,334,822	100.00%

SHAREHOLDER	number of shares as at 22.05.2023	% share in basic capital	number of votes at GSM	% share in the number of votes
President of the Management Board – Maciej Zużatek	194,826	2.7%	194,826	2.7%
Member of the Management Board – Andrzej Ilczuk	10,388	0.1%	10,388	0.1%
Member of the Management Board – Janusz Dziemidowicz	84,249	1.1%	84,249	1.1%
Member of the Management Board – Wojciech Gattner	29,000	0.4%	29,000	0.4%
Member of the Management Board – Magdalena Jurewicz	19,500	0.3%	19,500	0.3%
Member of the Supervisory Board – Arkadiusz Pernal	661,552	9.0%	661,552	9.0%
Member of the Supervisory Board – Maciej Marszałek	44,000	0.6%	44,000	0.6%
Member of the Supervisory Board – Rafał Olesiński	669	0.0%	669	0.0%
Member of the Supervisory Board – Kinga Stanisławska	105	0.0%	105	0.0%
MANAGEMENT AND SUPERVISORY BOARD IN TOTAL	1,044,289	14.2%	1,044,289	14.2%
others	6,290,533	85.8%	6,290,533	85.8%
TOTAL	7,334,822	100.0%	7,334,822	100.0%

SHAREHOLDER	number of shares as at 31.12.2022	% share in basic capital	number of votes at GSM	% share in the number of votes
President of the Management Board – Maciej Zużatek	194,826	2.7%	194,826	2.7%
Member of the Management Board – Anna Idzikowska	25,000	0.3%	25,000	0.3%
Member of the Management Board – Andrzej Ilczuk	10,388	0.1%	10,388	0.1%
Member of the Management Board – Janusz Dziemidowicz	84,249	1.1%	84,249	1.1%
Member of the Management Board – Wojciech Gattner	29,000	0.4%	29,000	0.4%
Member of the Management Board – Magdalena Jurewicz	19,500	0.3%	19,500	0.3%
Member of the Supervisory Board – Arkadiusz Pernal	661,552	9.0%	661,552	9.0%
Member of the Supervisory Board – Maciej Marszałek	44,000	0.6%	44,000	0.6%
Member of the Supervisory Board – Rafał Olesiński	669	0.0%	669	0.0%
Member of the Supervisory Board – Kinga Stanisławska	105	0.0%	105	0.0%
MANAGEMENT AND SUPERVISORY BOARD IN TOTAL	1,069,289	14.6%	1,069,289	14.6%
others	6,265,533	85.4%	6,265,533	85.4%
TOTAL	7,334,822	100.0%	7,334,822	100.0%

3.3. Series of shares

Series of shares	number of shares as at 31.12.2022, 22.05.2023, 30.06.2023, 06.09.2023	nominal value of shares (per one share)	Total nominal value of shares
A	7,225,000	0,1,PLN	722,500.00
B	109,822	0,1,PLN	10,982.20

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

3.4. Description of changes in shareholding structure

Changes in the shareholding structure between December 31, 2022 and September 6, 2023 result from the transactions described in:

1. The notification received on January 19, 2023 regarding the change in the ownership of the Company's shares, submitted by TFI Allianz Polska S.A., about which the Company informed in current report No. 4/2023.
2. The notification received on February 15, 2023 regarding the change in the ownership of the Company's shares, submitted by NN PTE S.A., about which the Company informed in current report No. 7/2023.
3. Changes in the composition of the Management Board about which the Company informed in current reports No. 3/2023 and No. 13/2023.

4.

COMPOSITION OF THE COMPANY'S BODIES AS AT 30.06.2023

The Management Board:

- » **Andrzej Ilczuk** – President of the Management Board;
- » **Janusz Dziemidowicz** – Member of the Management Board;
- » **Magdalena Jurewicz** – Member of the Management Board.

During the reporting period and after it, until the date of preparation of the financial statements, the following changes took place in the composition of the Management Board:

1. On January 13, 2023, the Management Board of the Company was informed about the decision of Ms. Anna Idzikowska, Member of the Management Board of the Company, to resign from her function in the Management Board of the Company, effective as of February 28, 2023.
2. In addition, on April 21, 2023, the President of the Management Board, Maciej Zużatek, and the Member of the Management Board, Wojciech Gattner, resigned from their positions effective as at the end of May 22, 2023.
3. On May 17, 2023, the Supervisory Board appointed the current Member of the Management Board, Mr. Andrzej Ilczuk, to be the President of the Management Board effective since May 23, 2023.

The Supervisory Board:

- » **Rafał Olesiński** – President of the Supervisory Board;
- » **Wiktor Schmidt** – Vice-President of the Supervisory Board;
- » **Marcin Bitos** – Member of the Supervisory Board;
- » **Maciej Marszałek** – Member of the Supervisory Board;
- » **Arkadiusz Pernal** – Member of the Supervisory Board;
- » **Kinga Stanisławska** – Member of the Supervisory Board.

During the reporting period and after it, until the date of preparation of these financial statements, there were no changes in the composition of the Supervisory Board.

5.

FORM OF CONDENSED FINANCIAL STATEMENT

The basis for the preparation of the financial statement

This interim condensed consolidated financial statement has been prepared in accordance with the International Accounting Standard no 34 "Interim Financial Reporting", approved by the EU ("IAS 34").

The interim condensed consolidated financial statement does not involve all information and disclosures required in the annual financial statement and it shall be read in conjunction with the consolidated financial statement of the Group for the year ending on 31 December 2022.

Functional currency and presentation currency

The interim condensed consolidated financial statement is presented in Polish zlotys (PLN), which is the functional currency and the presentation currency of the Company and the Capital Group.

Transactions in foreign currencies shall be converted into the functional currency, in accordance with the exchange rate applicable as at the date of the transaction. Exchange profits and losses obtained as a result of the settlement of such transactions and the balance-sheet valuation of assets and financial liabilities in foreign currencies shall be included in the profit and loss statement, provided they are not deferred in equity if they are eligible for recognition as security of cash flows and hedges of net investments.

Presented periods

The interim condensed consolidated financial statement has been prepared as at 30.06.2023 and it covers the period of 6 months, i.e. since 01.01.2023 to 30.06.2023.

For the data presented in the interim condensed consolidated statement of financial situation and off-balance sheet items, comparable financial data as at 31.12.2022 and 30.06.2022 were presented.

For the data presented in the interim condensed consolidated statement of comprehensive income and in the interim condensed statement of cash flows, comparable financial data for the period from 01.01.2022 to 30.06.2022 were presented.

Continuity assumption

The interim condensed consolidated financial statement has been prepared assuming that the Company and the Capital Group shall continue their activities for the period of 12 months after the last balance-sheet date, i.e. 30.06.2023. The Management Board of the Parent Entity, as at the date of signing the statement, was not aware of any facts or circumstances which could indicate a threat to the continuation of operations for the period of 12 months after the balance-sheet date due to an intended or forced discontinuance or material limitation of the hitherto activity.

Until the date of preparation of the interim condensed consolidated financial statement for the first six months of 2023, there were no events which were not and which should have been included in the accounting records of the reporting period. At the same time, no material events relating to previous years in these financial statements are included in the financial statement.

Auditing company

These interim condensed consolidated financial statements together with selected elements of the interim condensed standalone financial statements has been reviewed by an independent audit firm:

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

entered into a register of auditing companies under the number 477.



6.

STATEMENT OF THE MANAGEMENT BOARD

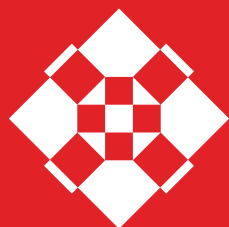
The Management Board of the Parent Entity declares that, to the best of its knowledge, this interim condensed consolidated financial statement and the comparative data have been prepared in accordance with the accounting provisions of the Capital Group Ten Square Games S.A. and that they reflect a true and fair view of the assets, financial standing and financial performance and results of the Company and the Capital Group.

The Management Board also declares that the semi-annual report on the activities of the Capital Group contains a true picture of the development and achievements as well as the situation of the Capital Group, including a description of the basic threats and risks.

This interim condensed consolidated financial statement has been prepared in accordance with the International Financial Reporting Standards (IRS 34 – Interim Financial Reporting) and related interpretations, applicable to the interim financial reporting, published in the forms of the European Commission's regulations, which were approved by the European Union.

The presented interim condensed consolidated financial statement has been prepared in accordance with the Regulation of the Minister of Finance of 29 March 2018 on current and periodical information submitted by issuers of securities.





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II

**INTERIM CONDENSED
CONSOLIDATED
FINANCIAL STATEMENT**



INTERIM CONDENSED **CONSOLIDATED** COMPREHENSIVE INCOME STATEMENT

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2022 – 30.06.2022
Revenues from the sales of services	222,382,118	274,477,494
Cost of services sold	38,228,369	33,476,255
Gross profit (loss) on sales	184,153,749	241,001,239
Other operating income	296,616	649,817
Selling costs	128,818,797	147,460,307
General and administrative costs	24,853,217	36,624,347
Other operating costs	35,553,299	10,730,115
Operating profit (loss)	-4,774,948	46,836,287
Financial income	3,650,658	6,675,234
Financial expense	3,020,177	3,074,409
Loss (profit) on associates	1,828,414	1,172,908
Profit(loss) before taxation	-5,972,881	49,264,204
Income tax	-691,754	8,729,138
Net profit (loss) on continued activity	-5,281,127	40,535,066
Profit (loss) on discontinued activity	0	0
Net profit (loss)	-5,281,127	40,535,066
Net profit (loss) attributable to the parent company	-5,281,127	40,535,066
Items that may be reclassified subsequently to profit or loss	-2,521,640	9,175,062
Subject to reclassification to the result – exchange differences from translation of foreign statements	-2,521,640	9,175,062
Items that will not be reclassified to profit or loss	0	0
Other comprehensive income	-2,521,640	9,175,062
Total comprehensive income	-7,802,767	49,710,128
Total comprehensive income attributable to non-controlling shareholders	0	0
Total comprehensive income attributable to Parent company	-7,802,767	49,710,128

EARNINGS PER SHARE

CALCULATION OF EARNINGS PER SHARE	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2022 – 30.06.2022
Number of shares		
the weighted average number of shares for the purpose of calculating the value of basic earnings per share (in units)	7,334,822	7,301,783
the weighted average number of shares for the purpose of calculating the value of diluted earnings per share (in units)	7,334,822	7,334,822
net profit attributable to Parent Entity	-5,281,127	40,535,066
Net earnings per share in PLN		
basic for the financial period	-0.72	5.55
diluted for the financial period	-0.72	5.53
Net earnings per share on continued operations in PLN		
basic for the financial period	-0.72	5.55
diluted for the financial period	-0.72	5.53
Net profit per share attributable to discontinued operations in PLN		
basic for the financial period	0.00	0.00
diluted for the financial period	0.00	0.00



2.

INTERIM CONDENSED **CONSOLIDATED** STATEMENT OF FINANCIAL SITUATION

ASSETS	30.06.2023	31.12.2022	30.06.2022
Fixed assets	279,861,069	314,138,189	326,192,131
Tangible fixed assets	16,881,216	21,409,336	22,100,236
Intangible fixed assets	71,166,623	102,600,504	112,616,008
Goodwill	155,829,686	164,219,411	163,893,767
Other financial assets	31,709,908	21,765,555	23,483,515
Deferred income tax assets	4,273,636	4,143,383	4,098,605
Current assets	180,652,515	206,569,696	157,694,736
Receivables	41,196,543	47,491,674	49,555,331
Current income tax receivable	12,745,572	9,658,592	0
Contract assets	21,331,522	20,622,914	17,030,022
Loans granted	0	2,201,633	178,787
Cash and cash equivalents	105,378,878	126,594,883	90,930,596
TOTAL ASSETS	460,513,584	520,707,885	483,886,867

EQUITY & LIABILITIES	30.06.2023	31.12.2022	30.06.2022
Equity	277,992,019	342,465,369	318,796,029
Equity attributable to owners of the Parent Entity	277,992,019	342,465,369	318,796,029
Share capital	733,482	733,482	730,178
Reserve capital from the sale of shares above the nominal price	496,100	496,100	496,100
Capital from the settlement of the incentive scheme	94,814,544	88,781,376	77,205,860
Foreign exchange differences on translation of statements of foreign operations	-2,521,640	9,420,677	9,175,062
Retained earnings	203,105,583	261,669,784	249,824,879
Own shares (negative value)	-18,636,050	-18,636,050	-18,636,050
Long-term liabilities	46,659,137	68,220,992	58,244,747
Deferred income tax provisions	1,501,742	5,367,763	7,226,626
Provisions for employee benefits	2,562,680	2,983,161	2,532,666
Lease liabilities	3,356,569	5,412,072	7,246,758
Other liabilities	39,238,146	54,457,996	41,283,697
Short-term liabilities	135,862,428	110,021,524	106,846,091
Trade liabilities	12,855,575	13,135,328	22,233,948
Income tax provisions	23,435,773	10,894,769	0
Current income tax liabilities	0	0	9,278,550
Lease liabilities	3,582,754	3,807,223	3,833,223
Other liabilities	17,275,082	6,648,175	9,823,683
Provisions for employee benefits	7,608,173	6,792,982	4,909,946
Contract liabilities	71,105,071	68,743,047	56,766,741
Total liabilities	182,521,565	178,242,516	165,090,838
TOTAL EQUITY & LIABILITIES	460,513,584	520,707,885	483,886,867

3.

INTERIM CONDENSED **CONSOLIDATED** STATEMENT OF CHANGES IN EQUITY

6 months ended on 30.06.2023

Consolidated statement of changes in equity	Share capital	Reserve capital from the sale of shares above the nominal price	Capital from the settlement of the incentive scheme	Foreign exchange differences on translation	Retained earnings	Own shares	Equity attributable to the Parent Entity	TOTAL EQUITY
Equity as at 01.01.2023	733,482	496,100	88,781,376	9,420,677	261,699,213	-18,636,050	342,494,798	342,494,798
Contribution to the share capital							0	0
Share-based payments			6,033,168				6,033,168	6,033,168
Foreign exchange differences					-10,426,462		-10,426,462	-10,426,462
Dividend payment					-52,306,718		-52,306,718	-52,306,718
Net profit					-5,281,127		-5,281,127	-5,281,127
Purchase of own shares							0	0
Other comprehensive income				-11,942,317	9,420,677		-2,521,640	-2,521,640
Total comprehensive income				-11,942,317	4,139,550		-7,802,767	-7,802,767
Change in equity	0	0	6,033,168	-11,942,317	-58,593,630	0	-64,502,779	-64,502,779
Equity as at 30.06.2023	733,482	496,100	94,814,544	-2,521,640	203,105,583	-18,636,050	277,992,019	277,992,019

12 months ended on 31.12.2022

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

6 months ended 30.06.2022

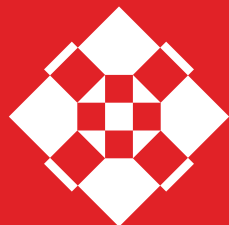
Consolidated statement of changes in equity	Share capital	Reserve capital from the sale of shares above the nominal price	Capital from the settlement of the incentive scheme	Foreign exchange differences on translation	Retained earnings	Own shares	Equity attributable to the Parent Entity	TOTAL EQUITY
Equity as at 01.01.2022	730,178	496,100	65,139,524	2,715,041	281,970,504	0	351,051,347	351,051,347
Contribution to the share capital							0	0
Share-based payments			12,066,336				12,066,336	12,066,336
Foreign exchange differences					-3,077,902		-3,077,902	-3,077,902
Dividend payment					-72,317,830		-72,317,830	-72,317,830
Net profit					40,535,066		40,535,066	40,535,066
Purchase of own shares						-18,636,050	-18,636,050	-18,636,050
Other comprehensive income				6,460,021	2,715,041		9,175,062	9,175,062
Total comprehensive income				6,460,021	43,250,107		49,710,128	49,710,128
Changes in equity	0	0	12,066,336	6,460,021	-32,145,625	-18,636,050	-32,255,318	-32,255,318
Equity as at 30.06.2022 r	730,178	496,100	77,205,860	9,175,062	249,824,879	-18,636,050	318,796,029	318,796,029

4.

INTERIM CONDENSED **CONSOLIDATED** CASH FLOW STATEMENT

	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2022 – 30.06.2022
OPERATING ACTIVITY		
Profit/loss before taxation	-5,972,881	49,264,204
Total adjustments:	58,475,512	46,708,385
Depreciation and amortization	10,431,521	6,756,547
Gain/loss on foreign exchange rate conversion	-604,171	-341,676
Interest paid on lease	118,176	163,865
Interest on liabilities (Rortos)	2,561,319	2,885,945
Change in receivables	6,427,573	12,485,324
Change in liabilities and accrued expenses	-1,846,598	9,134,909
Change in liabilities due to contracts with customers	2,362,024	-8,475,124
Change in assets due to contracts with customers	-708,608	2,207,123
Write-down of intangible assets	31,689,990	8,467,149
Share-based payments (part not included in the acquisition of intangible assets)	6,033,168	12,066,336
Loss on associates	1,828,414	1,172,918
Loss / profit from the sale of fixed assets	182,704	0
Other corrections	0	185,069
Cash from operating activity	52,502,632	95,972,589
Income tax (paid) / reimbursed	6,017,061	-12,037,534
A. Net operating cash flow	58,519,693	83,935,055

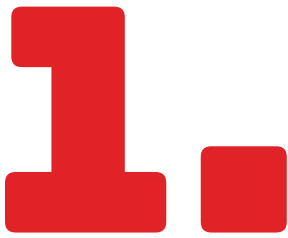
	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2022 – 30.06.2022
INVESTMENT ACTIVITY		
Repayment of loans granted	2,200,000	404,304
Purchase of intangible and tangible fixed assets	-10,261,390	-25,215,681
Disposal of intangible and tangible fixed assets	8,867	0
Purchase of shares	-11,844,407	-14,320,399
Interest on loans	19,244	0
Earn-Out payment	-4,350,094	0
B. Net cash flow from investment activities	-24,227,780	-39,131,776
FINANCIAL ACTIVITY		
Dividend and other payments to the owners	-52,306,718	-72,317,830
Payment of finance lease liabilities	-2,859,582	-1,970,922
Purchase of own shares	0	-18,636,050
Interest on lease	-118,176	-163,865
Other financial expenditure	-459,718	0
C. Net cash flow from financing activity	-55,744,195	-93,088,667
D. Total net cash flow	-21,452,283	-48,285,388
– change in cash due to exchange rate losses/gains	236,278	-337,443
E. Increase in cash and cash equivalents (incl. exchange rate differences)	-21,216,005	-48,622,831
F. Cash at the beginning of the period	126,594,883	139,553,427
G. Cash at the end of the period	105,378,878	90,930,596



ten square_games

III

**ACCOUNTING
PRINCIPLES**



COMPLIANCE WITH THE INTERNATIONAL ACCOUNTING STANDARDS

This interim condensed financial statement has been prepared in accordance with the International Accounting Standard No. 34 „Interim Financial Reporting“. The accounting principles (policy) applied to prepare this report are consistent with those applied in the preparation of the financial statements for the year ended December 31, 2022, except for the application of changes in standards and new interpretations applicable to annual periods beginning on or after 1st of January 2023:

- a.** IFRS 17 „Insurance Contracts“ and changes to IFRS 17;
- b.** Amendments to IFRS 17 Insurance Contracts – first application of IFRS 17 and IFRS 9 (comparative information);
- c.** Amendments to IAS 1 „Presentation of financial statements“ as well as guidelines of IFRS council regarding disclosures of the applied accounting policy – the issue of materiality in relation to accounting policy;
- d.** Amendments to IAS 8 „Accounting Policies“ for Changes in Accounting Estimates and Errors – definition of accounting estimates;
- e.** Amendments to IAS 12 „Income Taxes“ – deferred tax in relation to assets and liabilities resulting from a single transaction;
- f.** Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Principles – applicable to annual periods beginning on or after January 1, 2023. Until the date of approval of these financial statements, the changes have not been approved by the European Union.

2.

CHANGES IN ACCOUNTING PRINCIPLES (POLICY)

In the reporting period there were no changes in the accounting policy.



3.

DESCRIPTION OF THE ADOPTED ACCOUNTING PRINCIPLES (POLICY)

3.1. Consolidation – subsidiaries

Consolidated financial statement

Subsidiaries are all business entities over which the Group exercises control. The Group controls an entity if it is subject to or if it has a right to variable return on its contribution into an entity and if it can influence these returns through exercising control over such an entity. Subsidiaries are fully consolidated from the date control is transferred to the group. The consolidation ceases at the date the control ceases. The costs related to the acquisition of a business entity are recognized as costs of the period.

Intra-group transactions, settlements and unrealized gains on transactions between the group's entities are eliminated. Unrealized losses are also eliminated. If it is necessary, the amounts reported by subsidiaries are adjusted so that they comply with the accounting principles of the group.

Standalone financial statement

Pursuant to IAS 27, the Company, as the parent company preparing separate financial statements, recognizes investments in subsidiaries, jointly controlled entities and associates at cost. If the purchase price includes future contingent payments, the Company estimates the value of future cash flows as credibly as possible on the date of purchase, and then recognizes them at the present value, adjusted by the change in the value of cash over time.

In accordance with IAS 28, the Company measures investments in associates using the equity method. An investment in an associate is recognized initially at cost, and the carrying amount is increased or decreased in order to recognize the investor's share of the profit or loss of the investee, noted by it after the acquisition date. An associate is an entity over which the investor has significant influence and which is neither a subsidiary of the investor nor a joint venture of the investor. The Management Board of the Parent Company always considers the existence of significant influence and dependence of the company in which the shares are acquired.

3.2. Revenues and costs of operating activity

Revenues are gross inflows of economic benefits of a given period, arising in the course of (ordinary) economic activity of the Group and resulting in an increase of equity, other than an increase of equity resulting from the contributions of shareholders.

Revenues include only gross inflows of economic benefits received or due inflows of economic benefits that accrue to the Group. Sales income is understood as due or received amounts from the sales of material elements and services, minus the effective VAT tax. The revenue is measured at the fair value of the received or due payment, taking into account the amounts of trade discounts granted by the Group. Sales of services are recognized in the accounting period in which the services were provided.

The specific nature of the Group's companies' activity is based mainly on retail to the end customer (natural person). Upon concluding an agreement with the user, concerning the purchase of objects or services in a game, the transfer of the goods takes place immediately through the channels of Internet distribution upon receiving payment through a financial intermediary (payment aggregator). In the course of ongoing activities of the Group's companies, concluding agreements with customers takes place on a continuous basis, with the use of remote agreements (i.e. the acceptance of the terms and conditions of the provision of services and making payment on the terms defined by the Group's companies).

The Group distinguishes three main sources of revenues:

REVENUES

MICRO-PAYMENTS

- » revenues from additional functionalities purchased by the players



ADVERTISEMENTS

- » revenues from advertisements displayed in games



LICENSES

- » revenues from the users' activity in games which are shared with the Company's commercial partners on the basis of license agreements



Revenues from additional functionalities purchased by the players (micro-payments)

As part of the games, premium packages are available to users, which include banknotes and pearls (the virtual currency of the game). Players can convert the virtual currency of the game into durable virtual goods such as fishing rods or lures or other accessories to improve the parameters of the equipment and thus the results achieved in the game, or into consumables – e.g. amplifiers (+ x% fish weight) or another possibility to draw a card. The Company verifies an average estimated conversion period of virtual currency into goods in a game for a group of paying users and subsequently estimates the amount of potential liability due to the realization of premium packages. The amount of such a liability reduces the revenue of a given period and is recognized as an accrued income settlement (balance sheet item).

In 2020, the Company made changes to its information systems so that it began collecting data to analyze the use of durable goods over time. As a result, the Company estimates the amount of the liability (customer contract liability) for the provision of the durable good in the game – revenues related to the purchase of durable virtual goods (and the commission of digital distribution platforms such as Google Play and the App Store related to these revenues) are recognized by the estimated average play period of paying users. Estimating the average length of time a paying user remains in the game requires a sufficiently long history of player behavior.

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

Revenues from advertisements displayed in games (advertisements)

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

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

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

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

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

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

3.3.

Revenues and costs of financial activity

Financial revenues consists mainly of interest on free funds in bank accounts, commissions and interest on granted loans, interest on delay in settling receivables, the amount of released provisions concerning financial activity, revenues from sales of securities, positive exchange rate differences, restoration of lost value of investments, the value of redeemed credits and loans as well as profits from settlement of derivative instruments.

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

3.4.

Income tax

Income tax includes: current tax payable and deferred tax.

Current tax

Current tax is calculated on the basis of tax result (tax base) of a given trading year.

Tax profit (loss) is different than balance-sheet profit (loss) due to the exclusion of revenues subject to taxation and costs which constitute tax-deductible revenues in the subsequent years as well as the revenues and costs which will never be subject to taxation. The current tax value is calculated on the basis of tax rate applicable in a given trading year.

Ten Square Games S.A. as a company carrying out research and development activities and earning income from qualified intellectual property rights applies a preferential income tax rate. In order to take advantage of the IP BOX tax relief, the Company:

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

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

Deferred tax

Deferred tax is a tax payable in the future, recognized in full value with the use of the balance sheet method, due to temporary differences between the tax value of assets and liabilities and their balance-sheet values in the financial statement.

The deferred income tax asset is a tax refundable in the future, calculated with the use of the balance-sheet method, due to temporary differences between the tax value of assets and liabilities and their balance-sheet values in the financial statement. Deferred income tax assets are recognized when it is probable that in the future the Group shall achieve the revenue subject to taxation, which enables the use of temporary differences.

Basic temporary differences concern different depreciation of the games created by the Group, balance sheet valuation of settlements and accounting for revenues from users over time.

Deferred income tax is calculated with the use of tax rates, legally or actually binding as at the balance-sheet date, which will be applicable upon their implementation.

Deferred tax is recognized in the profit and loss statement, and if it concerns transactions settled with equity, it is recognized in equity.

Deferred income tax assets are recognized when it is probable that in the future the Group shall achieve the revenue subject to taxation, which enables the use of temporary differences. Deferred tax liabilities or assets are recognized as long-term liabilities or assets in the balance sheet.

Uncertainty related to the recognition of income tax

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

3.5. Tangible fixed assets

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

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

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

The Group, no later than at the end of the financial year, conducts a periodical verification of the adopted economic useful life periods for fixed assets, final value and depreciation methods, and the effects of changes in these estimates are reflected in the following and subsequent financial years (prospectively). As at the balance-sheet date, the Group shall also evaluate tangible fixed assets for impairment and evaluates a necessity of preparing impairment write-downs. This takes place when the Group is sufficiently assured that a given asset shall not generate the expected economic benefits or the achieved benefits shall be significantly lower.

The impairment loss shall be recognized in the amount by which the balance-sheet value exceeds the recoverable amount. The recoverable amount is the higher of two amounts: fair value less selling costs or value in use. The write-downs shall be recognized as other costs relevant for the property functions of fixed assets in the period during which the impairment was determined, no later than at the end of the financial year. If it has been established, with sufficient certainty, that the reasons for which a write-down on the value of assets had been made have stopped, the Company shall introduce the reversal of the conducted impairment write-down, in full or in part, by recognition of revenues.

Profits or losses resulting from sales/liquidation or disposal of fixed assets shall be determined as the difference between sales revenues and net value of these fixed assets, and they shall be recognized in the profit and loss statement.

3.6. Intangible assets

Intangible assets are valued at acquisition or construction cost less amortization and impairment write-downs. Depreciation is made with a straight-line method.

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

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

Intangible assets of the Group with the depreciation rates:

1. Computer software – from 2 to 5 years,
2. Development costs – from 5 to 10 years.



Software development activities

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

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

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

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

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

3.7. **Lease**

In accordance with IFRS 16 on recognition, measurement, presentation and disclosure of leases, the Company presents assets and liabilities arising from the agreements described in IFRS 16.

At the beginning of an agreement, an entity assesses whether the agreement is or contains a lease. An agreement is a lease or contains a lease if it gives the right to control the use of an identified asset for a given period in exchange for remuneration.

At the date of commencement of the agreement, the Company recognizes an asset under the right of use and a liability under the lease. An asset under the right of use is measured at cost, while a liability under the lease is recognized at the present value of the lease payments outstanding at that date.

The cost of the debt is the average market interest rate of PLN loans to enterprises published by the NBP.

After the commencement date, the Company measures an asset by virtue of the right of use, using the cost model, while the liability is measured through:

- a) increasing the balance sheet value to reflect interest on the lease liability,
- (b) a reduction in the balance sheet value to reflect the lease payments made; and
- (c) revaluing the balance sheet value to reflect any reassessment or change in the lease, or to reflect revalued substantially fixed lease payments.

Interest on the lease obligation at any time during the lease term is the amount by which a fixed periodic rate of interest is obtained on the outstanding balance of the lease obligation. The interest element of the finance charge is charged to the profit or loss for the current period.

3.8. Financial instruments

The Group shall recognize a financial asset or financial liability in the statement of financial situation only when it becomes bound by the provisions of the instrument agreement. Unconditional receivables and liabilities shall be recognized as assets or liabilities when the Group becomes a party to the agreement, and, as a consequence, has a legal right to receive or a legal obligation to pay cash.

With the exception of trade receivables, which shall be valued on the basis of the amortized costs, on initial recognition, the Group shall value a financial asset or financial liability at its fair value, which in the case of financial assets or financial liabilities not valued at fair value by financial result shall be increased or decreased by transaction costs that are directly attributable to the acquisition or issue of such financial assets or financial liabilities.

The Group classifies a financial asset as valued, after initial recognition, at amortized cost or at fair value by other comprehensive income or at fair value by financial result, on the basis of:

- a. the entity's business model with regard to the management of financial assets, and
- b. the characterization of cash flows for a financial asset, resulting from an agreement.

A financial asset shall be valued at amortized costs if it meets both of the following conditions:

- a. a financial asset is maintained in accordance with the business model whose aim is maintaining financial assets for the purpose of obtaining cash flows resulting from the agreement;
- b. the provisions of the agreement concerning a financial asset result in the creation of cash flows, within specified periods, which are only the repayment of main amount and interest on the outstanding amount.

A financial asset shall be valued at fair value by other comprehensive income if it meets both of the following conditions:

- a. a financial asset is maintained in accordance with the business model whose aim is maintaining financial assets for the purpose of obtaining cash flows resulting from the agreement and the sales of financial assets; and
- b. the provisions of the agreement concerning a financial asset result in the creation of cash flows, within specified periods, which are only the repayment of main amount and interest on the outstanding amount.

A financial asset shall be valued at fair value by financial result unless it is valued at amortized cost (due to meeting the conditions specified above) or at fair value by comprehensive income (due to meeting the conditions specified above).

The Group classifies all financial liabilities as valuated, after initial recognition, at amortized cost, excluding: financial liabilities valuated at fair value by financial result (one-off decision on initial recognition, if it is allowed by IFRS 9), financial liabilities arising from transferring a financial asset, financial guarantee agreements, commitments to provide loans at below-market interest rates, contingent considerations recognized by the acquiring entity under a merger.

As at each reporting date, the Group shall valuate a write-down on expected credit losses due to financial instrument, in the amount equal to the expected credit losses during a life cycle if credit risk connected with a given financial instrument has significantly increased since initial recognition.

In order to conduct the analysis of statistical receivables, the Group shall apply the division into the following categories of recipients:

1. International payment intermediaries (online shops, payment aggregators);
2. Advertising intermediaries;
3. Licensees.



3.9. Transactions in foreign currencies

Items included in the financial statement are presented in Polish zloty ("PLN") which is a functional currency of the Group.

Valuation

As at the balance-sheet date, financial assets and liabilities denominated in foreign currencies are converted according to the rates applicable as at that date. Assets and liabilities valued at fair value and denominated in foreign currencies are valued according to the rates applicable at the date when fair value was determined. Non-financial items are valued at historical cost.

Exchange rate differences are recognized in the comprehensive income statement during the period in which they arise, excluding exchange rate differences which constitute external financing costs relating to assets in progress, intended for future operating use, which shall be included in these assets and treated as corrections of interest costs.

Transactions during the year

Transactions denominated in currencies other than Polish zloty shall be converted to Polish zloty at the exchange rate actually applied at the date of concluding a transaction and if applying such a rate is not possible, at the average exchange rate for a given currency, announced by the National Bank of Poland on the previous day. The disbursement of cash in a foreign currency from own accounts shall be conducted according to the FIFO principle.

Exchange rate differences are recognized in the comprehensive income statement during the period in which they arise, excluding exchange rate differences which constitute external financing costs relating to assets in progress, intended for future operating use, which shall be included in these assets and treated as corrections of interest costs.



3.10.

Pre-payments and accruals

The Group shall recognize prepaid expenses if they concern future reporting periods. Accrued expenses shall be recognized in the amount of probable liabilities for a given reporting period.

3.11.

Equity

The share capital is recognized in the amount specified in the company's articles of association and entered in the court register. If the shares are taken up at a price higher than the nominal value, the surplus is recognized in the supplementary capital. In the item other capitals, the Group recognizes the profit for the period allocated in accordance with the shareholders' resolution to other capitals.

3.12.

Share-based payments

In the case of share-based payments in transactions with employees and other people providing similar services, the unit shall value the fair value of received services by reference to the fair value of the equity instruments. It is a consequence of the fact that it is usually not possible to reliably estimate the fair value of the received services. The fair value of equity instruments shall be determined at the date of granting such instruments.

3.13.

Payment of dividends

Dividends shall be recognized at the time of establishment of the Parent Company's shareholders' rights to the dividends.

3.14.

Provisions

Provisions shall be recognized if the Group is under an existing liability (legal or customary), resulting from past events and if it is probable or highly probable that fulfilment of this liability will require expending of funds that form economic benefits and if it is possible to reliably estimate the value of such liability. The amount of the created provisions shall be verified and updated at the end of the reporting period in order to adjust the estimates to the values prepared in accordance with the Group's best knowledge as at that date. In the financial statement, provisions shall be recognized as long-term and short-term provisions.

3.15.

Liabilities

Liabilities are the Group's present obligation resulting from past events, the fulfilment of which will result in an outflow from the Company of funds embodying economic benefits.

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

3.16.

Significant values based on professional judgement and estimates

The preparation of the consolidated financial statements requires the Management Board of the Parent Company to make certain estimates and assumptions, which are reflected in these statements and in additional information and explanations to these statements.

Accounting judgements and estimates are derived from previous events and other factors, including but not limited to the forecasts on the future events that are likely to occur.

Although the adopted assumptions and estimates are based on the best knowledge of the Management Board concerning current activities and events, actual results might differ from the expected outcome. Estimates and assumptions connected with them are subject to verification. The change of accounting judgements shall be recognized in the period during which it occurred or in the current or future periods, if a conducted change of estimates concerns both the current period and future periods.

Basic judgements conducted by the Management Board of the Parent Entity in the process of applying the accounting principles of the entity and having the most significant impact on the values recognized in the financial statement are provided below.

PROFESSIONAL JUDGEMENT:

Moment of activation of development costs

The Group commences the activation of expenditures on development works when it is possible to prove that the specified works shall generate future economic profits and under the condition that the Group possesses sufficient resources necessary to complete, use and achieve profits from an intangible asset. Meeting both of the criteria, i.e. a possibility of achieving future economic benefits and possessing sufficient resources is based on the Management Board's estimates, resulting from the analysis of market and financials situation of the Group.

Depreciation period of activated intangible assets

The Management Board specifies the estimated periods of use and depreciation rates for the amounts of incurred development costs of activated intangible assets. This estimate is based on the expected period of economic utility of such assets. In the case of the occurrence of circumstances which change the expected period of economic utility (e.g. technological changes, withdrawal from use, etc.), the depreciation rates may change. As a consequence, the value of write-offs and net book value of activated costs of development works may also change.

Deferred income tax assets and liabilities

Deferred income tax assets and liabilities are valued in accordance with tax rates, which are expected to apply at the moment when the assets are realized or the liabilities are released, adopting as a basis the tax regulations which were legally or actually effective at the end of the reporting period. The probability of realizing deferred income tax assets with future tax income is based on the Group's plans.

Fair value of share-based payments

Fair value is the amount that a given asset could be exchanged for and liability settled, through a transaction effected on market terms, between the interested, well-informed, not affiliated parties. For transactions made before the Parent Company's debut on the Warsaw Stock Exchange, i.e. until May 2018, the fair value of Parent Company's shares was determined using the comparative method. The comparison involved public companies with a similar business profile to the Group and it shall be conducted on the basis of the Company's best judgment. Since May 2018, i.e. when the Parent Company became a public entity, the fair value of the Parent Company's shares has been determined on the basis of the market value of the shares.

Recognition of revenue from the provision of durable virtual goods

The Company estimates the amount of the liability (customer contract liability) for the provision of durable in-game goods – revenue related to the purchase of durable virtual goods (and the commission of digital distribution platforms such as Google Play and the App Store related to such revenue) is recognized over the estimated average play period of the paying users.

Nature of sales of services in the Google Play store in the European Economic Area

Under the distribution agreement with Google (full text of the agreement: https://play.google.com/intl/ALL_pl/about/developer-distribution-agreement.html), the Company is required to provide virtual goods in exchange for cash received by Google Play. The above implies recognition of 100% of the net payment amount in sales revenue and 30% of the commission amount in cost of sales.

UNCERTAINTY OF ESTIMATES

Impairment of assets

As at each balance-sheet date, the Group shall verify the assets for impairment and evaluate a necessity of preparing impairment write-downs. This takes place when the Group is sufficiently assured that a given asset shall not generate the expected economic benefits or the achieved benefits shall be significantly lower. In the case of completed development works (the Group's games), the estimate shall be based on the verification of several quality parameters of a game, which, in the Management Board's opinion, can influence the ability to generate future economic benefits for the Group. However, taking into account the changes on the market, the Management Board's estimates are subject to uncertainty.

The use of consumables over time

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

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

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

» before the balance sheet date and/or

» after the balance sheet date.

The use of durables over time

As a general rule, virtual goods offered in video games fall into two main categories: durable virtual goods (which do not wear out under normal use in the virtual world and can be used by the player as long as the game is played) and consumable virtual goods (which wear out under normal use in the virtual world). Revenue in the second category is recognized when or as it is consumed, as described in the paragraph above. With respect to the recognition of revenue from the sale of so-called durables, the market uses models based on in-game statistics, e.g., the lifespan of a good and/or a group of players. Until 2019, the Group did not have statistical models to estimate the value of durables, which was related to, among other things, the fact that the Group's game economics are based on:

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

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

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

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

Contingent earn-out payments

In connection with the acquisition of Rortos in July 2021, the parent company has made an initial accounting for the acquisition of the shares and the calculation of the liability to pay. The payment for the acquisition of the shares consists of a cash portion, payable immediately after the acquisition of the shares, and future payments contingent on meeting Rortos' financial targets as set out in the agreement. The acquisition liability has therefore been calculated based on the projected performance of Rortos and the amount of earn-out to be paid for the years 2022-2025 predicted on that basis. The projections of future performance have been determined based on the entity's estimates of revenue, direct costs – including user acquisition expenses, and indirect costs. The calculation includes projected financial results by Rortos' main game titles – including primarily Warplanes, RFS and Airline Commander.

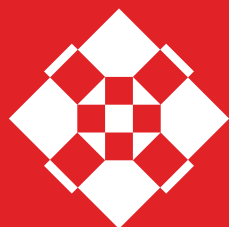
As at 31 December 2022, the Company updated the valuation of the earn-out payments liability, taking into account the actual results achieved in the period from 01 July 2021 until 31 December 2022 and updating the financial model with future cash flows.

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

In the calculation of acquisition liabilities, there is primarily uncertainty regarding the achievement of the assumed financial results of the related party. The results in subsequent years may assume a value higher or lower than assumed, resulting in a deviation of the actual liability from the estimated amount as at 31 March 2023.

Determination of materiality

When preparing financial statements, the Group applies the materiality principle. The materiality principle introduces the possibility to apply simplifications, if it does not have a materially negative impact on the reliable and clear presentation of the property, financial situation and financial result. The Group has adopted the amount of PLN 0.5 million as the materiality level in the preparation of the financial statement (in accordance with the accounting policy, not more than 5% of the gross result after taking into account a one-off event, i.e. write-offs of the value of games).



ten square_games

IV

**NOTES TO
THE CONSOLIDATED
FINANCIAL STATEMENT**



REVENUES

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

SPECIFICATION	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2022 – 30.06.2022
Sales of services	222,382,118	274,477,494
TOTAL revenues from sales of services	222,382,118	274,477,494
Other operating revenues	296,616	649,817
Financial revenues	3,650,658	6,675,234
TOTAL revenues from continuing operations	226,329,392	281,802,545
TOTAL revenues	226,329,392	281,802,545

Revenues from discontinued operations did not occur.

1.1. Information on operating segments and result performance indicators

The Management Board does not distinguish separate operating segments, in accordance with the definition specified in IFRS 8 par. 5, including revenues, costs, assets and liabilities, for which separate financial information shall be prepared and on the basis of which the decisions concerning the allocation of resources by main operating decision-making body would be made.

The Management Board currently evaluates the Group's financial performance primarily based on 2 metrics: „Bookings” and „Adjusted/Recurring EBITDA”.

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

EBITDA is net income/(loss) before depreciation and amortization, impairment losses (and their reversals) on property, plant and equipment and intangible assets, interest income, finance costs, foreign exchange differences and income taxes. Adjusted EBITDA excludes the effect of deferred income from micropayments and the non-cash cost of the share-based incentive programs.

A reconciliation of revenue and bookings is provided in section 1.2 below. The calculation of EBITDA is presented in the section “Selected financial data”.

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

- » extraordinary and one-off events;
- » costs of conducting the Incentive Scheme in accordance with the financial reporting standards applicable to the Company;
- » the effect of accounting recognition during the incentive program of the President of the Management Board, Maciej Zużalek (described below);
- » the impact of non-cash adjustments to revenue (and the related cost of distributors' commissions), related to e.g. deferral of revenue from virtual currency or durables;
- » the impact of any one-off write-downs on capital expenditures on the development of mobile games.

1.2. Revenues – source

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

TYPE OF REVENUES	bookings 1HY 2023	share in bookings in 1HY 2023	bookings 1HY 2022	share in bookings in 1HY 2022
Micro-payments	220,520,657	98.1%	256,426,396	96.4%
Advertisements	3,833,611	1.7%	6,539,909	2.5%
Licences	465,340	0.2%	3,036,065	1.1%
BOOKINGS TOTAL	224,819,608	100.0%	266,002,370	100.0%
Deferred income (consumable)	-1,478,512	N/A	5,846,444	N/A
Deferred income (durable)	-958,978	N/A	2,628,681	N/A
REVENUES TOTAL	222,382,118	N/A	274,477,494	N/A

Revenues from micropayments and licenses are entirely generated by individuals, while the flow of funds to the Group takes place through payment aggregators, mobile stores or licensees. Users purchase certain packages in the game, e.g. a package of pearls, a package of lures (in fishing games), upgraded fishing rods. The price of the package is fixed and determined by the Group. The goods are handed over to the user at the moment of registration of payment by the indicated entities. Although in the case of purchase of premium packages, i.e. packages containing e.g. virtual currency, the transfer of currency to the user's account takes place immediately after the payment is made, but the use of the virtual currency in the game may be postponed in time – this depends on the decision of the player, who may individually, within the framework of an agreement between the parties, choose the moment of exchange of the virtual currency for other virtual goods. Revenues related to the purchase of durable virtual goods (and the commission of digital distribution platforms such as Google Play and App Store related to these revenues) are recognized by the estimated average playing time of paying users.

In games advertisements are displayed to users (natural persons). The display of an advertisement is also the moment when the revenue is recognized. The advertiser pays for the display of the advertisement, while the due part of this revenue goes to the Group through advertising intermediaries on the basis of advertising reports.

Settlement with intermediaries takes place on the basis of monthly sales reports, and the payment is made in accordance with the deadline specified in the contract, usually between 1 and 60 days from the end of the calendar month.

1.3. Revenues – games

GAME	bookings 1HY 2023	share in bookings in 1HY 2023	bookings 1HY 2022	share in bookings in 1HY 2022
Fishing Clash ⁽¹⁾	135,751,520	60.4%	180,212,241	67.7%
Hunting Clash	56,808,062	25.3%	57,257,671	21.5%
Let's Fish	4,024,485	1.8%	5,493,439	2.1%
Wild Hunt	4,350,927	1.9%	5,308,113	2.0%
Airline Commander	4,938,538	2.2%	5,972,563	2.0%
Real Flight Simulator	8,606,610	3.8%	7,592,924	3.0%
Wings of Heroes	7,841,129	3.5%	0	0.0%
Other	2,498,337	1.1%	4,165,419	1.6%
TOTAL BOOKINGS	224,819,608	100.0%	266,002,370	100.0%
Deferred income (consumable)	-1,478,512	N/A	5,846,444	N/A
Deferred income (durable)	-958,978	N/A	2,628,681	N/A
TOTAL REVENUES	222,382,118	N/A	274,477,494	N/A

(1) 1HY 2023 bookings for the Fishing Clash game include PLN 0.2 million (0.3% of the total bookings for this title) related to the license revenue generated on the Chinese market, in 1HY 2022 this value was equal to PLN 2.48 million. Since April 2023, Ten Square Games does not generate license revenues on the Chinese market.

QUARTERLY BREAKDOWN OF BOOKINGS FOR MAJOR TITLES:

GAME	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023
Fishing Clash	95,826,978	84,385,263	88,773,895	86,980,211	72,557,817	63,193,703
Hunting Clash	32,279,619	24,978,052	32,523,045	32,729,538	32,395,570	24,412,492
Let's Fish	3,099,293	2,394,146	2,380,160	2,490,229	2,172,122	1,852,363
Wild Hunt	2,790,545	2,517,568	2,666,554	2,606,582	2,352,751	1,998,176
Airline Commander	2,879,778	3,048,100	3,717,211	3,046,180	2,627,214	2,311,324
Real Flight Simulator	3,694,286	4,047,377	4,307,017	4,615,007	4,321,619	4,284,991
Wings of Heroes	–	89,199	673,688	4,496,408	5,769,225	2,071,904
Other	1,980,865	1,991,301	2,444,425	1,605,596	1,396,720	1,101,617
TOTAL BOOKINGS	142,551,364	123,451,006	137,485,995	138,569,751	123,593,038	101,226,570
Deferred income (consumable)	4,937,513	908,931	1,505,185	-3,855,149	-201,742	-1,276,770
Deferred income (durable)	2,845,786	-217,105	-6,077,959	-3,547,668	-5,941,631	4,982,653
TOTAL REVENUES	150,334,663	124,142,832	132,913,221	131,166,934	117,449,665	104,932,453

Deferred revenue by game and quarters in 2022 and 2023, and the balance sheet balance as at 01.01.2022, 01.01.2023 and 30.06.2023 (balance sheet item "contract liabilities" for deferred revenue and balance sheet item "contract assets" for deferred commission costs):

YEAR 2023

CONSUMABLE	Balance sheet item	Change of deferral	Valuation	Change of deferral	Valuation	Balance sheet item
	31.12.2022	1Q 2023	1Q 2023	2Q 2023	2Q 2023	30.06.2023
Fishing Clash						
deferred revenues	-5,890,721	-62,638		-955,926		-6,909,285
deferred costs	1,767,216	18,792		286,778		2,072,786
Hunting Clash						
deferred revenues	-1,546,555	-144,784		-261,936		-1,953,275
deferred costs	463,965	43,436		78,580		585,981
Let's Fish						
deferred revenues	-186,158	18,849		-29,035		-196,344
deferred costs	55,848	-5,655		8,711		58,904
Wild Hunt						
deferred revenues	-215,084	-2,589		-12,762		-230,435
deferred costs	64,525	777		3,828		69,130
Real Flight Simulator						
deferred revenues	-1,456,311	-10,578	4,549	-17,109	70,916	-1,408,533
deferred costs	436,893	3,175	-1,366	5,132	-21,274	422,560
TOTAL						
deferred revenues	-9,294,829	-201,740	4,549	-1,276,768	70,916	-10,697,872
deferred costs	2,788,447	60,525	-1,366	383,029	-21,274	3,209,361
DURABLE						
Fishing Clash						
deferred revenues	-47,638,665	-3,002,670		3,518,833		-47,122,502
deferred costs	14,291,601	900,801		-1,055,650		14,136,752
Hunting Clash						
deferred revenues	-11,809,555	-2,938,964		1,463,821		-13,284,698
deferred costs	3,542,867	881,688		-439,147		3,985,408
TOTAL						
deferred revenues	-59,448,220	-5,941,634	0	4,982,654	0	-60,407,200
deferred costs	17,834,468	1,782,489	0	-1,494,797	0	18,122,160
CONSUMABLE +DURABLE						
deferred revenues	-68,743,049	-6,143,374	4,549	3,705,886	70,916	-71,105,072
deferred costs	20,622,915	1,843,014	-1,366	-1,111,768	-21,274	21,331,521
impact on result	-48,120,134	-4,300,360	3,184	2,594,118	49,642	-49,773,551

YEAR 2022

CONSUMABLE	Balance sheet item		Change of deferral			Valuation	Balance sheet item
	31.12.2021	1Q 2022	2Q 2022	3Q 2022	4Q 2022	4Q 2022	30.06.2023
Fishing Clash							
deferred revenues	-9,423,145	3,305,098	696,382	1,483,290	-1,952,346		-5,890,721
deferred costs	2,826,943	-991,529	-208,915	-444,987	585,704		1,767,216
Hunting Clash							
deferred revenues	-2,871,981	1,505,052	134,265	-28,227	-285,664		-1,546,555
deferred costs	861,594	-451,516	-40,280	8,468	85,699		463,965
Let's Fish							
deferred revenues	-214,577	31,977	45,604	25,404	-74,566		-186,158
deferred costs	64,373	-9,593	-13,681	-7,621	22,370		55,848
Wild Hunt							
deferred revenues	-280,890	95,385	32,680	24,718	-86,977		-215,084
deferred costs	84,267	-28,616	-9,804	-7,415	26,093		64,525
Real Flight Simulator							
deferred revenues					-1,455,597	-714	-1,456,311
deferred costs					436,679	214	436,893
TOTAL							
deferred revenues	-12,790,593	4,937,512	908,931	1,505,186	-3,855,149	-714	-9,294,829
deferred costs	3,837,178	-1,481,254	-272,679	-451,556	1,156,545	214	2,788,447
DURABLE							
Fishing Clash							
deferred revenues	-46,432,130	4,497,751	-434,953	-3,101,847	-2,167,486		-47,638,665
deferred costs	13,618,212	-1,463,979	556,566	930,556	650,246		14,291,601
Hunting Clash							
deferred revenues	-6,019,144	-1,651,965	217,848	-2,976,112	-1,380,182		-11,809,555
deferred costs	1,781,756	477,496	-23,274	892,834	414,055		3,542,867
TOTAL							
deferred revenues	-52,451,274	2,845,786	-217,105	-6,077,959	-3,547,668	0	-59,448,220
deferred costs	15,399,968	-986,483	533,292	1,823,390	1,064,301	0	17,834,468
CONSUMABLE +DURABLE							
deferred revenues	-65,241,866	7,783,298	691,826	-4,572,772	-7,402,817	-714	-68,743,049
deferred costs	19,237,146	-2,467,737	260,613	1,371,834	2,220,845	214	20,622,915
impact on result	-46,004,721	5,315,561	952,439	-3,200,939	-5,181,972	-500	-48,120,134

1.4. Revenues by business partner

BUSINESS PARTNER	bookings 1HY 2023	share in bookings in 1HY 2023	bookings 1HY 2022	share in bookings in 1HY 2022
Google Inc.	128,083,675	57.0%	152,131,033	57.2%
Apple Distribution International	84,049,482	37.4%	95,736,702	36.0%
Other	12,686,451	5.6%	18,134,635	6.8%
TOTAL BOOKINGS	224,819,608	100.0%	266,002,370	100.0%
Deferred income (consumable)	-1,478,512	N/A	5,846,444	N/A
Deferred income (durable)	-958,978	N/A	2,628,681	N/A
TOTAL REVENUES	222,382,118	N/A	274,477,494	N/A

1.5. Revenues – distribution channel

DISTRIBUTION CHANNEL	bookings 1HY 2023	share in bookings in 1HY 2023	bookings 1HY 2022	share in bookings in 1HY 2022
Mobile	218,517,489	97.2%	257,118,002	96.7%
Browsers	6,302,119	2.8%	8,884,368	3.3%
TOTAL BOOKINGS	224,819,608	100.0%	266,002,370	100.0%
Deferred income (consumable)	-1,478,512	N/A	5,846,444	N/A
Deferred income (durable)	-958,978	N/A	2,628,681	N/A
TOTAL REVENUES	222,382,118	N/A	274,477,494	N/A

1.6. Revenues – geographical breakdown

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

REGION	bookings 1HY 2023	share in bookings in 1HY 2023	bookings 1HY 2022	share in bookings in 1HY 2022
North America	102,535,906	45.6%	115,737,456	43.5%
Europe	86,323,207	38.4%	100,942,054	37.9%
<i>including Poland</i>	<i>9,801,151</i>	<i>4.4%</i>	<i>12,359,610</i>	<i>4.6%</i>
Asia	23,071,759	10.3%	34,059,459	12.8%
South America	6,180,850	2.7%	7,353,099	2.8%
Australia and Oceania	5,007,339	2.2%	5,460,233	2.1%
Africa	1,700,547	0.8%	2,450,068	0.9%
TOTAL BOOKINGS	224,819,608	100%	266,002,370	100%
Deferred income (consumable)	-1,478,512	N/A	5,846,444	N/A
Deferred income (durable)	-958,978	N/A	2,628,681	N/A
TOTAL REVENUES	222,382,118	N/A	274,477,494	N/A





OPERATING COSTS

SPECIFICATION	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2022 – 30.06.2022
Amortization and depreciation	10,431,521	6,756,547
Materials and Energy	404,623	835,960
Third-party services	154,904,144	182,758,467
Taxes and fees	1,199,816	1,517,731
Remuneration	26,126,969	34,968,668
Social insurance and other benefits	5,360,395	6,657,095
Other	412,037	509,744
Total costs by type, including:	198,839,505	234,004,212
Cost of products and services sold	38,228,369	33,476,255
Selling costs	128,818,797	147,460,307
General and administrative costs	24,853,216	36,624,347
Cost of manufacturing products for the entity's own needs (capitalisation)	6,939,123	16,443,304

BREAKDOWN OF SELLING COSTS

SPECIFICATION	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2022 – 30.06.2022
Selling costs	128,818,797	147,460,307
marketing:	48,393,256	54,625,990
– Fishing Clash	22,756,328	29,210,048
– Hunting Clash	20,410,751	23,790,643
– Airline Commander	22,751	1,119,186
– Wings of Heroes	4,950,075	0
– other titles	253,351	506,113
provisions	64,133,398	77,401,692
revenue share	663,259	854,953
remuneration, subcontracting services	11,663,119	11,050,800
mobile games market research services	589,410	675,743
other	3,376,355	2,851,130

SPECIFICATION	1Q 2022	2Q,2022	3Q,2022	4Q,2022	1Q,2023	2Q,2023
Selling costs	79,870,756	67,589,551	78,366,429	79,303,832	69,004,470	59,814,327
marketing:	30,070,387	24,555,603	32,087,278	32,153,373	27,154,208	21,239,048
– Fishing Clash	16,110,636	13,099,412	18,769,324	15,219,141	11,180,883	11,575,445
– Hunting Clash	13,532,653	10,257,990	12,688,594	14,306,734	11,236,075	9,174,676
– Airline Commander	303,480	815,706	17,986	14,434	0	22,751
– Wings of Heroes	0	76,168	429,284	2,148,811	4,587,053	363,022
– other titles	123,618	306,327	182,090	464,253	150,197	103,154
provisions	41,728,991	35,672,700	38,649,821	38,257,580	33,624,212	30,509,186
revenue share	448,775	406,178	407,005	416,458	351,645	311,614
salaries, subcontractor services	5,857,302	5,193,498	5,472,331	5,932,840	6,131,380	5,531,739
mobile games market research services	308,753	366,990	399,507	318,568	291,446	297,964
other	1,456,548	1,394,582	1,350,487	2,225,014	1,451,579	1,924,776

BREAKDOWN OF GENERAL AND ADMINISTRATIVE COSTS BY QUARTERS

SPECIFICATION	1Q 2022	2Q,2022	3Q,2022	4Q,2022	1Q,2023	2Q,2023
Recurring costs, including:	11,030,484	11,763,761	9,196,909	8,134,626	10,573,057	6,512,871
Salaries, subcontractor services of Parent Company	5,462,957	4,675,326	3,901,884	4,457,249	4,535,148	3,682,599
Maintenance costs of subsidiaries	1,702,087	3,362,996	1,967,808	43,979	1,612,988	1,134,552
Rental and maintenance of office – Parent Company	859,752	1,012,146	1,032,308	1,157,053	1,099,129	986,223
Other	3,005,689	2,713,293	2,294,909	2,476,344	3,325,791	709,497
Non-recurring costs, including:	13,065,319	764,783	6,034,268	5,560,753	6,197,949	1,569,341
Motivation scheme cost	11,304,904	761,432	6,033,168	5,929,836	6,033,168	0
M&A cost	1,760,415	3,351	1,100	-369,083	164,781	571,870
Other one-offs	0	0	0	0	0	997,471
TOTAL GENERAL AND ADMINISTRATIVE COST	24,095,803	12,528,544	15,231,177	13,695,379	16,771,005	8,082,212

3.

OTHER OPERATING COSTS

SPECIFICATION	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2022 – 30.06.2022
write-downs on intangible assets	31,689,990	8,467,149
donations	381,779	2,034,390
writing off uncollectible receivables	35,327	4,651
severance payments	3,146,532	0
other	299,672	223,925
TOTAL	35,553,299	10,730,115

Impairment losses on intangible assets and severance pay costs recognized in the first half of 2023 are related to a change in strategy, which resulted in, among others, group redundancies, described in more detail in the note "Project closures and group lay-offs".

The largest donation reported in the first half of 2022 (PLN 1 million) concerned support for charitable institutions providing aid related to the war in Ukraine.



4.

FINANCIAL INCOME AND EXPENSE

FINANCIAL INCOME	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2022 – 30.06.2022
Interest income	2,345,788	151,425
Surplus of positive exchange rate differences	1,304,870	6,523,809
TOTAL	3,650,658	6,675,234

FINANCIAL COSTS	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2022 – 30.06.2022
Interest – unwinding of the discount on the liability for the purchase of Rortos	2,561,319	2,885,945
Interest on lease	415,748	158,474
Other	43,110	29,990
TOTAL	3,020,177	3,074,409



5.

CURRENT AND DEFERRED TAX

SPECIFICATION	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2022 – 30.06.2022
Taxable income	28,376,805	48,874,953
Current income tax	3,262,893	3,754,448
Deferred income tax	-3,954,647	4,974,690
Income tax disclosed in the statement of comprehensive income	-691,754	8,729,138

The reconciliation of gross profit with the taxable income looks in the following way:

SPECIFICATION	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2022 – 30.06.2022
Gross profit	-5,972,881	49,264,204
Exchange differences	-2,336,261	-4,614,782
Write off of receivables (non-tax-deductible)	33,384	3,921
Movement on holiday accrual	-996,635	457,698
Accrual for other costs	2,207,467	-1,102,142
Donations	381,779	2,034,390
Amortization of intangible assets	842,573	378,419
Depreciation of right of use (leasing)	2,186,718	988,076
Depreciation of fixed assets	1,329,423	0
Capitalization of development costs	-10,207,072	-16,443,304
Other costs that are not tax deductible	-40,977	2,215,340
Write-off of intangible assets (capitalized development costs)	31,689,990	8,467,149
Loss (profit) on associates	1,828,414	0
Unwinding of the discount on the liability for the purchase of Rortos	2,561,319	2,885,945
Share based payments	6,033,168	12,066,336
Revenue (and related cost) deferred in the balance sheet in time	1,686,862	-6,268,000
Other tax deductible costs not included in the balance sheet costs	-2,850,466	-1,458,297
Taxable income	28,376,805	48,874,953

Structure of a deferred income tax asset:

SPECIFICATION	As at 30.06.2023	As at 31.12.2022	As at 30.06.2022
Accounting for consumables over time	325,127	274,348	243,045
Accounting for durables over time	2,287,212	2,160,820	2,289,465
Provision for holiday leave	278,196	239,436	256,652
Accrual for audit costs	9,652	18,810	7,866
Lease – IFRS 16 valuation	76,447	134,903	110,878
Remuneration provision	1,186,305	1,288,136	1,061,534
Other provisions	110,696	26,930	129,165
TOTAL	4,273,636	4,143,383	4,098,605

Structure of deferred income tax provision:

SPECIFICATION	As at 30.06.2023	As at 31.12.2022	As at 30.06.2022
Depreciation of games	979,379	5,329,371	6,431,882
Revaluation of settlements	522,363	38,392	794,744
TOTAL	1,501,742	5,367,763	7,226,626



6.

DIVISION OF PROFIT FOR 2022

On June 14, 2023, the General Meeting of Shareholders of the Company adopted a resolution on the distribution of the Company's net profit for 2022 in the amount of PLN 55,247,128 as follows:

1. the amount of PLN 52,306,718.40 was allocated for distribution among shareholders in the form of a dividend payment of PLN 7.20 per share (excluding treasury shares);
2. the amount of PLN 2,940,409.60 was transferred to the Company's supplementary capital.

The dividend day was set for June 21, 2023 and the dividend payment date for June 28, 2023.





CHANGES IN TANGIBLE FIXED ASSETS

SPECIFICATION	Machinery and equipment	Buildings and premises	Other fixed assets	TOTAL
Gross carrying amount as at 01.01.2023	6,295,185	20,920,952	5,389,701	32,605,838
Increases due to:	14,124	0	18,795	32,919
– acquisition	14,124	0	18,795	32,919
Decreases, due to:	512,972	0	0	512,972
– sales	439,351	0	0	439,351
– balance sheet valuation	73,621	0	0	73,621
Gross carrying amount as at 30.06.2023	5,796,337	20,920,952	5,408,496	32,125,785
Depreciation as at 01.01.2023	3,513,545	6,933,072	749,885	11,196,502
Increases due to amortization	551,306	3,168,597	575,944	4,295,847
Decreases, due to:	247,780	0	0	247,780
– sales	3,817,071	10,101,669	1,325,829	15,244,569
Depreciation as at 30.06.2023	0	0	0	0
Write-downs as at 01.01.2023	0	0	0	0
Increase	0	0	0	0
Decrease	0	0	0	0
Write-downs as at 30.06.2023	0	0	0	0
Net carrying amount as at 30.06.2023	1,979,266	10,819,283	4,082,667	16,881,216

Tangible fixed assets – ownership structure:

SPECIFICATION	30.06.2023	30.06.2022
Own	6,061,933	7,396,183
Used under a lease, tenancy or other agreement, including a lease agreement	10,819,283	14,013,153
TOTAL	16,881,216	21,409,336

Changes in fixed assets (by type) in the period of 01.01.2022 – 30.06.2022

SPECIFICATION	Machinery and equipment	Buildings and premises	Other fixed assets	fixed assets under construction	TOTAL
Gross carrying amount as at 01.01.2022	5,560,158	10,049,365	419,726	5,079,800	21,109,049
Increases due to:	1,077,235	10,871,587	5,018,124	0	16,966,946
– acquisition	1,077,235	5,791,787	5,018,124	0	11,887,146
– reclassification	0	5,079,800	0	0	5,079,800
Decreases, due to:	342,208	0	48,149	5,079,800	5,470,157
– sales	112,032	0	0	0	112,032
– liquidation	230,176	0	48,149	0	278,325
– reclassification	0	0	0	5,079,800	5,079,800
Gross carrying amount as at 31.12.2022	6,295,185	20,920,952	5,389,701	0	32,605,838
Depreciation as at 01.01.2022	2,522,928	3,179,749	196,187	0	5,898,864
Increases due to amortization	1,289,698	3,753,323	585,974	0	5,628,995
Decreases, due to:	299,081	0	32,276	0	331,357
– sales	98,410	0	0	0	98,410
– liquidation	200,671	0	32,276	0	232,947
Depreciation as at 31.12.2022	3,513,545	6,933,072	749,885	0	11,196,502
Write downs as at 01.01.2022	0	0	0	0	0
Increases	0	0	0	0	0
Decreases	0	0	0	0	0
Write downs as at 31.12.2022	0	0	0	0	0
Net carrying amount as at 31.12.2022	2,781,640	13,987,880	4,639,816	0	21,409,336



Changes in fixed assets (by type) in the period of 01.01.2022 – 30.06.2022

SPECIFICATION	Machinery and equipment	Buildings and premises	Other fixed assets	fixed assets under construction	TOTAL
Gross carrying amount as at 01.01.2022	5,560,158	10,049,365	419,726	5,079,800	21,109,049
Increases due to:	1,198,182	8,197,228	3,927,386	30,341	13,353,137
– acquisition of fixed assets	1,192,645	3,467,650	3,927,386	30,341	8,618,022
– reclassification	0	4,706,841	0	0	4,706,841
– balance sheet valuation	5,537	22,737	0	0	28,274
Decreases, due to:	112,032	0	32,436	4,706,841	4,851,309
– disposal of fixed assets	112,032	0	32,436	0	144,468
– reclassification	0	0	0	4,706,841	4,706,841
Gross carrying amount as at 30.06.2022	6,646,308	18,246,593	4,314,676	403,300	29,610,877
Depreciation as at 01.01.2022	2,522,928	3,179,749	196,187	0	5,898,864
Increases due to:	775,481	938,350	22,085	0	1,735,916
– amortization	98,410	0	25,729	0	124,139
Decreases	3,199,999	4,118,099	192,543	0	7,510,641
Depreciation as at 30.06.2022	0	0	0	0	0
Write downs as at 01.01.2022	0	0	0	0	0
Increases	0	0	0	0	0
Decreases	0	0	0	0	0
Write downs as at 30.06.2022	3,446,309	14,128,494	4,122,133	403,300	22,100,236
Net carrying amount as at 30.06.2022	3,446,309	14,128,494	4,122,133	403,300	22,100,236





CHANGES IN INTANGIBLE ASSETS AND GOODWILL

Changes in the value in the period: 01.01.2022-30.06.2022

SPECIFICATION	Development costs	Computer software	Intangible assets under construction	Goodwill	TOTAL
Gross carrying amount as at 01.01.2023	99,142,644	1,442,441	49,249,723	164,219,411	314,054,219
Increases due to:	273,988	7,400	10,221,072	0	10,502,460
– acquisition	0	7,400	10,221,072	0	10,228,472
– reclassification	273,988	0	0	0	273,988
Decreases due to:	3,829,760	6,929	273,988	8,389,725	12,500,402
– reclassification	0	0	273,988	0	273,988
– balance sheet valuation	3,829,760	6,929	0	8,389,725	12,226,414
Gross carrying amount as at 30.06.2023	95,586,872	1,442,912	59,196,807	155,829,686	312,056,277
Depreciation as at 01.01.2023	18,804,918	1,058,057	0	0	19,862,975
Increases due to amortization	6,003,012	132,662	0	0	6,135,674
Decreases	0	0	0	0	0
Depreciation as at 30.06.2023	24,807,930	1,190,719	0	0	25,998,649
Write-downs as at 01.01.2023	0	0	27,371,329	0	27,371,329
Increases	0	0	31,689,990	0	31,689,990
Decreases	0	0	0	0	0
Write-downs as at 30.06.2023	0	0	59,061,319	0	59,061,319
Net carrying amount as at 30.06.2023	70,778,942	252,193	135,488	155,829,686	226,996,309

The net value as at June 30, 2023 shown in the item "development work" consists of the Group's games:

1. Hunting Clash – net value: PLN 116.795, remaining amortization period: 4 months;
2. Games of the acquired company Rortos S.r.l – games valued at fair value using the DCF method in the course of the acquisition settlement and valued on an ongoing basis as at the balance sheet date according to the EUR/PLN exchange rate:
 - Airline Commander – net value: PLN 25.292.073, remaining amortization period: 96 months;
 - Real Flight Simulator – net value: PLN 24.037.528, remaining amortization period: 96 months;
 - Wings of Heroes – net value: PLN 18.833.062, remaining amortization period: 107 months;
 - Other games – net value: PLN 1.687.937, remaining amortization period: 12 months.
3. System and Tools – in total: PLN 811.548.

The item "intangible assets under construction" as at June 30, 2023 includes only tools and systems produced in the Group.

Goodwill includes the value arising from the settlement of the acquisition of Rortos (including the subsidiary Reludo) in 2021.

Impairment losses on intangible assets under construction are related to the closure of two projects – Undead Clash and Fishing Masters, which is described in more detail in the note "Project closures and group layoffs".



Changes in the value in the period: 1.01.2022 – 31.12.2022

SPECIFICATION	Development costs	Computer software	Intangible assets under construction	Goodwill	TOTAL
Gross carrying amount as at 01.01.2022	75,987,957	1,264,868	45,128,114	161,050,504	283,431,443
Increases due to:	26,484,724	177,573	27,561,315	3,168,907	57,392,519
– acquisition	0	177,573	27,561,315	0	27,738,888
– reclassification	23,439,706	0	0	0	23,439,706
– balance sheet valuation	3,045,018	0	0	3,168,907	6,213,925
Decreases due to:	3,330,037	0	23,439,706	0	26,769,743
– liquidation	3,330,037	0	0	0	3,330,037
– reclassification	0	0	23,439,706	0	23,439,706
Gross carrying amount as at 31.12.2022	99,142,644	1,442,441	49,249,723	164,219,411	314,054,219
Depreciation as at 01.01.2022	9,125,712	800,325	0	0	9,926,037
Increases due to: – amortization	10,588,671	257,732	0	0	10,846,403
Decreases due to: – liquidation	909,465	0	0	0	909,465
Depreciation as at 31.12.2022	18,804,918	1,058,057	0	0	19,862,975
Write downs as at 01.01.2022	2,420,573	0	3,589,086	0	6,009,659
Increases	0	0	23,782,243	0	23,782,243
Decreases	2,420,573	0	0	0	2,420,573
Write downs as at 31.12.2022	0	0	27,371,329	0	27,371,329
Net carrying amount as at 31.12.2022	80,337,726	384,384	21,878,394	164,219,411	266,819,915



Changes in the value in the period: 1.01.2022 – 30.06.2022

SPECIFICATION	Development costs	Computer software	Intangible assets under construction	Goodwill	TOTAL
Gross carrying amount as at 01.01.2022	75,987,957	1,264,868	45,128,114	161,050,504	283,431,443
Increases due to:	25,846,157	96,746	16,728,103	2,843,263	45,514,268
– acquisition	0	96,746	16,728,103	0	16,824,849
– reclassification	23,012,461	0	0	0	23,012,461
– balance sheet valuation	2,833,695	0	0	2,843,263	5,676,958
Decreases due to reclassification	0	0	23,012,462	0	23,012,461
Gross carrying amount as at 30.06.2022	101,834,114	1,361,614	38,843,755	163,893,767	305,933,250
Depreciation as at 01.01.2022	9,125,712	800,325	0	0	9,926,037
Increases due to amortization	4,908,301	112,329	0	0	5,020,630
Decreases	0	0	0	0	0
Depreciation as at 30.06.2022	14,034,013	912,655	0	0	14,946,667
Write down as at 01.01.2022	2,420,573	0	3,589,086	0	6,009,659
Increases	0	0	8,467,149	0	8,467,149
Decreases	0	0	0	0	0
Write down as at 30.06.2022	2,420,573	0	12,056,235	0	14,476,808
Net carrying amount as at 30.06.2022	85,379,528	448,959	26,787,520	163,893,767	276,509,775



9.

OTHER FINANCIAL ASSETS

SPECIFICATION	As at 30.06.2023	As at 31.12.2022	As at 30.06.2022
Other financial assets:	31,709,908	21,765,555	23,483,515
– Gamesture investment	21,590,774	11,574,781	13,147,481
– participation units in the investment fund Sisu Game Ventures	7,391,880	7,923,240	8,068,500
– office rental deposit	2,727,254	2,267,534	2,267,534

On March 11, 2022, the Parent Company acquired 24.8% of shares in the share capital of Gamesture Sp. z o. o. The payment amounted to approximately USD 3.5 million. On January 31, 2023, the Parent Company purchased another 12% of shares in the share capital of Gamesture Sp. z o. o. The payment amounted to approximately USD 2.7 million. The value as at the balance sheet date was adjusted by Gamesture's loss attributable to shares held by Ten Square Games S.A.

The change in the value of participation units over time results from the balance sheet valuation.



10.

RECEIVABLES

The structure of receivables is presented in the table below:

SPECIFICATION	As at 30.06.2023	As at 31.12.2022	As at 30.06.2022
Trade receivables	31,605,707	35,280,551	33,613,226
Other receivables	5,396,481	7,013,685	11,879,487
Accruals	4,194,355	5,197,438	4,062,618
TOTAL	41,196,543	47,491,674	49,555,331

10.1. Trade receivables

CURRENCY	30.06.2023			31.12.2022			30.06.2022		
	amount in currency	valuation	% share	amount in currency	valuation	% share	amount in currency	valuation	% share
PLN	11,124,561	11,124,560	35.20%	17,919,819	17,919,819	50.80%	16,771,717	16,771,717	49.90%
USD	4,031,549	16,555,961	52.38%	2,865,026	12,611,272	35.70%	2,918,829	13,083,652	38.92%
EUR	829,163	3,690,024	11.68%	843,436	3,955,633	11.20%	639,817	2,994,727	8.91%
RUB	336,166	16,001	0.05%	8,741,150	540,203	1.50%	8,741,150	750,865	2.23%
Other currencies	–	219,161	0.69%	–	253,624	0.80%	–	12,265	0.04%
TOTAL		31,605,707	100.0%		35,280,551	100.0%		33,613,226	100.0%

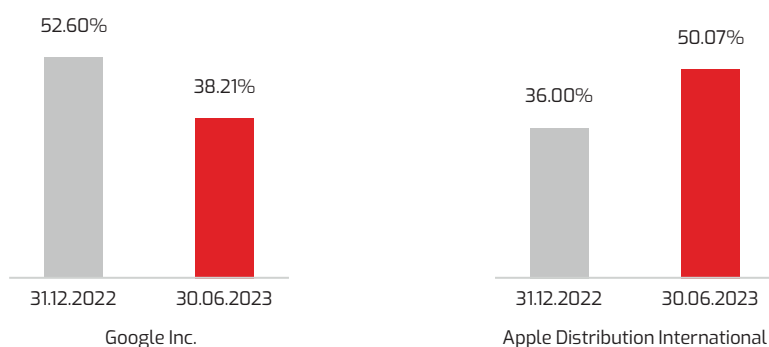
Age structure:

OVERDUE	30.06.2023 value of receivables	31.12.2022 value of receivables	30.06.2022 value of receivables
not overdue	31,504,905	34,635,419	32,841,768
up to 1 month	4,614	32,813	280,175
1-3 months	1,467	46,168	207,833
3-6 months	31,849	10,237	281,261
6-12 months	23	554,402	2,189
over a year	62,850	1,512	0
TOTAL RECEIVABLES	31,605,707	35,280,551	33,613,226

Payments from users are aggregated by intermediaries (mobile stores, payment aggregators, licensees).

Payments for displayed advertisements are accumulated by advertising intermediaries. In the structure of receivables, the largest balances come from:

- » Google Inc. – 38.21% as of June 30, 2023 compared to 52.6% as of December 31, 2022;
- » Apple Distribution International – 50.07% as of June 30, 2023 compared to 36.0% as of December 31, 2022.



No other entity exceeded a 10% share in total receivables as at June 30, 2023.

10.2. Other receivables

SPECIFICATION	As at 30.06.2023	As at 31.12.2022	As at 30.06.2022
– tax related	5,130,564	6,730,833	11,602,036
– deposit for office rental	265,917	282,852	277,451
TOTAL	5,396,481	7,013,685	11,879,487

10.3. Accruals

SPECIFICATION	As at 30.06.2023	As at 31.12.2022	As at 30.06.2022
Registration fees for filing trademarks	2,698,877	3,245,961	2,282,245
Maintenance of software technical service /program subscriptions	309,347	312,518	302,279
Insurance	171,416	81,494	148,505
Annual fee – marketing campaign tracking tool	476,943	552,773	904,567
Training for leaders	0	274,840	0
Other accruals	537,771	729,852	425,022
Active cost accruals	4,194,355	5,197,438	4,062,618





TRADE LIABILITIES

SPECIFICATION	As at 30.06.2023	As at 31.12.2022	As at 30.06.2022
Trade liabilities	12,855,575	13,135,328	22,233,948
towards related parties	150,491	0	777,044
towards other parties	12,705,084	13,135,328	21,456,904

SPECIFICATION	TOTAL	due date					
		overdue:				not expired, due to:	
		0-30 days	30-90 days	90-180 days	180 – 360 days	0 – 30 days	31 – 60 days
30.06.2023	12,855,574	150	0	0	0	12,855,424	0
towards related parties	150,491	0	0	0	0	150,491	0
towards other parties	12,705,083	150	0	0	0	12,704,933	0
31.12.2022	13,135,328	280	0	0	0	10,129	13,124,919
towards related parties	0	0	0	0	0	0	0
towards other parties	13,135,328	280	0	0	0	10,129	13,124,919
30.06.2022	22,233,948	1,120,832	71,174	17,190	9,242	21,015,510	0
towards related parties	777,044	0	0	0	0	777,044	0
towards other parties	21,456,904	1,120,832	71,174	17,190	9,242	20,238,466	0

12.

OTHER LIABILITIES

SPECIFICATION	As at 30.06.2023	As at 31.12.2022	As at 30.06.2022
Liabilities due to the acquisition of Rortos (earn-out payments)	54,144,271	58,792,868	48,410,593
– long-term	39,238,146	54,457,996	41,110,885
– short-term	14,906,125	4,334,872	7,299,708
Other liabilities	2,368,957	2,313,303	2,651,787
– long-term	0	0	172,812
– short-term	2,368,957	2,313,303	2,523,975
TOTAL OTHER LIABILITIES	56,513,228	61,106,171	51,107,380
– long-term	39,238,146	54,457,996	41,283,697
– short-term	17,275,082	6,648,175	9,823,683



13.

PROVISIONS FOR EMPLOYEE BENEFITS

SPECIFICATION	As at 01.01.2023	Changes during the year			As at 30.06.2023
		Plan	Reclassification from long to short term	Usage	
Holiday provision	1,692,431	1,995,889	0	1,692,431	1,995,889
Severance provision (Rortos)	818,387	60,868	0	0	879,255
Provision for bonuses (short-term)	4,282,164	2,127,620	2,712,496	4,282,164	4,840,116
Provision for bonuses (long-term)	2,983,161	2,184,928	-2,712,496	0	2,455,593
TOTAL PROVISIONS	9,776,143	6,369,305	0	5,974,595	10,170,853



14.

CLOSING OF PROJECTS AND GROUP LAY-OFFS

On April 17, 2023, the Management Board of the Parent Company decided to focus on the development of the Group's main products – Fishing Clash, Hunting Clash and Wings of Heroes, and to adjust the employment structure to the current market situation and the Company's plans. In connection with the above, the Company decided to suspend further development of Undead Clash and Fishing Masters projects. The closure of the Undead Clash and Fishing Masters resulted in a complete write-off of the capitalized costs related to the production of both games.

In connection with the termination of the above projects, on April 20, 2023, group redundancies were carried out at the Parent company. The Parent company terminated contracts with 105 persons, including 43 employed under employment contracts, and decided not to extend selected contracts with another 5 persons. Depending on the duration of the employment relationship, these contracts were terminated at the end of May, June or July, however, as of April 21, 2023, all persons covered by the group redundancies process were released from the obligation to provide work/services.

In April 2023, the Parent company created a provision related to collective redundancies in the amount of PLN 6.4 million, of which PLN 3.3 million was related to closed, capitalized projects – Fishing Masters and Undead Clash.

The tables below present the total production cost of both games by quarters in 2023:

UNDEAD CLASH	Balance sheet value as at 01.01.2023	Cost of development work – 1Q2023	Write down of value – 1Q 2023	Balance sheet value as at 31.03.2023	Cost of development work – 2Q 2023	Group lay-offs – 2Q 2023	Write down of value – 2Q 2023	Balance sheet value as at 30.06.2023
gross carrying amount	17,883,303	2,459,014		20,342,317	706,648	1,190,954		22,239,919
write down of games			-14,908,011	-20,342,317			-1,897,602	-22,239,919
net carrying amount	12,448,997	–	–	0	–	–	–	0

FISHING MASTERS	Balance sheet value as at 01.01.2023	Cost of development work – 1Q2023	Write down of value – 1Q 2023	Balance sheet value as at 31.03.2023	Cost of development work – 2Q 2023	Group lay-offs – 2Q 2023	Write down of value – 2Q 2023	Balance sheet value as at 30.06.2023
gross carrying amount	9,157,105	2,507,809		11,664,914	1,128,467	2,090,996		14,884,377
write down of games			-11,664,914	-11,664,914			-3,219,463	-14,884,377
net carrying amount	9,157,105	–	–	0	–	–	–	0

15.

INFORMATION ON FINANCIAL INSTRUMENTS

FINANCIAL ASSETS	As at 30.06.2023	As at 31.12.2022	As at 30.06.2022	Category of financial instruments
Other financial assets (long-term), including:	31,709,908	21,765,555	23,483,515	financial assets valued at amortized costs
<i>deposit</i>	<i>2,727,254</i>	<i>2,267,534</i>	<i>2,267,534</i>	<i>financial assets valued at amortized costs</i>
<i>participation units of the Sisu Game Ventures investment fund</i>	<i>7,391,880</i>	<i>7,923,240</i>	<i>8,068,500</i>	<i>financial assets valued at amortized costs</i>
<i>shares in Gamesture sp. z o.o.</i>	<i>21,590,774</i>	<i>11,574,781</i>	<i>13,147,481</i>	<i>financial assets valued at amortized costs</i>
Trade receivables and other receivables, including:	41,196,543	47,491,674	49,555,331	financial assets valued at amortized costs
<i>unrealized exchange differences from valuation</i>	<i>-178,563</i>	<i>45,798</i>	<i>441,660</i>	<i>financial assets measured at fair value</i>
Cash and cash equivalents, including:	105,378,878	126,594,883	90,930,596	financial assets measured at fair value
<i>unrealized exchange differences from valuation</i>	<i>238,348</i>	<i>-183,150</i>	<i>-337,443</i>	<i>financial assets measured at fair value</i>
FINANCIAL LIABILITIES	As at 30.06.2023	As at 31.12.2022	As at 30.06.2022	Category of financial instruments
Trade liabilities and other liabilities, including:	12,855,575	13,135,328	22,233,948	financial liabilities valued at amortized costs
<i>unrealized exchange differences on valuation</i>	<i>-3,229</i>	<i>32,091</i>	<i>7,184</i>	<i>financial liabilities valued at amortized costs</i>

16.

INFORMATION ON AFFILIATED ENTITIES, INCLUDING INFORMATION ON REMUNERATION OF SENIOR MANAGEMENT AND THE SUPERVISORY BOARD

The following tables present the total amounts of transactions concluded between the Parent and related parties for the current and previous reporting periods:

16.1. Management Board

AFFILIATED PERSON	PERIOD	Remuneration		Net dividend	
		01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022
Management Board (total due remuneration)		7,992,527	14,550,813	834,775	2,775,554
Maciej Zużatek (till 22.05.2023)		6,375,362	12,478,536	n/a	1,578,091
– Ten Square Games S.A. – cash fixed remuneration		342,194	412,200	n/a	1,578,091
– Ten Square Games S.A. – share-based incentive program for 2Q 2020 – 1Q 2023		6,033,168	12,066,336	–	–
Andrzej Ilczuk		366,840	318,000	60,583	19,343
– Ten Square Games S.A. – cash fixed remuneration		334,935	318,000	60,583	19,343
– Ten Square Games S.A. – cash variable remuneration due, not paid		31,905	0	–	–
Anna Idzikowska (od 21.01.2021 do 28.02.2023)		111,139	368,825	n/a	137,700
– Ten Square Games S.A. – cash fixed remuneration		106,000	318,000	n/a	137,700
– Ten Square Games S.A. – cash variable remuneration due, paid		5,139	50,825	–	–
Janusz Dziemidowicz		318,000	318,050	491,340	682,417
– Ten Square Games S.A. – cash fixed remuneration		318,000	318,050	491,340	682,417
Wojciech Gattner (od 21.01.2021 do 22.05.2023)* – due remuneration		503,186	749,402	169,128	200,054
– Ten Square Games S.A. – cash fixed remuneration		264,129	318,000	169,128	200,054
– Ten Square Games S.A. – cash variable remuneration paid		306,334	586,248	–	–
– Ten Square Games S.A. – due variable cash remuneration		239,057	431,402	–	–

* in the case of Wojciech Gattner, who ceased to be a member of the Management Board on May 23, 2023, the remuneration for the period from January 1, 2023 to May 31, 2023 was given.

AFFILIATED PERSON	PERIOD	Remuneration		Net dividend	
		01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022
Magdalena Jurewicz		318,000	318,000	113,724	157,950
– Ten Square Games S.A. – cash fixed remuneration		318,000	318,000	113,724	157,950
Supervisory Board (Ten Square Games S.A.)		186,000	195,290	4,119,293	5,721,241
Rafał Olesiński		51,000	51,000	3,902	5,419
Tomasz Drożdżyński (till 11.03.2022)		0	9,290	0	0
Maciej Marszałek		30,000	30,000	256,608	356,400
Wiktor Schmidt		24,000	24,000	0	0
Marcin Bitos		27,000	27,000	0	0
Kinga Stanisławska		27,000	27,000	612	851
Arkadiusz Pernal		27,000	27,000	3,858,171	5,358,571
Affiliates (Ten Square Games S.A.)		13,000	0	7,715,392	10,715,822
Maciej Popowicz (since 01.04.2023)		13,000	0	7,715,392	10,715,822
Key personnel (Ten Square Games S.A.)		0	0	n/a	n/a
Family members of key personnel / Management Board (Ten Square Games S.A.)		0	303,400	n/a	n/a

AFFILIATED PERSON	AS AT	Liabilities/provisions		Receivables	
		30.06.2023	31.12.2022	30.06.2023	31.12.2022
Management Board		173,355	197,454	0	0
Andrzej Ilczuk		111,855	0	0	0
Janusz Dziemidowicz		61,500	0	0	0
Magdalena Jurewicz		0	0	0	0
Supervisory Board		0	0	0	0
Affiliates (Ten Square Games S.A.)		6,765	0	0	0
Key personnel (Ten Square Games S.A.)		0	0	0	0
Family members of key personnel / Management Board (Ten Square Games S.A.)		0	0	0	0

In the case of the members of the Management Board, the fixed cash remuneration is presented together with the amounts resulting from two legal relationships:

- » appointment,
- » employment contract / cooperation agreement / management contract.

16.2. Other affiliated persons

AFFILIATED PARTY	Net sales		Net purchase		Dividend		Earn-out payment		
	PERIOD	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022	01.01.2023 – 30.06.2023	01.01.2022 – 30.06.2022
Subsidiaries:		4,834,245	2,642,960	3,015,663	6,414,081	8,161,057	0	0	0
Play Cool Zombie Sport Games Sp. z o.o.		16,808	27,693	0	0	0	0	0	0
Tiny Dragon Adventure Games Sp. Sp. z o.o.		212,797	600,500	0	0	0	0	0	0
Fat Lion Games Sp. z o.o.		102,974	219,375	0	0	0	0	0	0
Ten Square Games Germany GmbH		0	0	1,997,416	4,685,963	0	0	0	0
Ten Square Games S.R.L.		0	0	1,018,247	1,326,247	0	0	0	0
Ten Square Games (Israel) LTD.		0	0	0	401,871	0	0	0	0
RORTOS S.R.L.		4,501,666	1,795,391	0	0	8,161,057	0	0	0
Personally affiliated entities:		0	0	45,450	83,588	0	0	4,176,915	0
Olesiński i Wspólnicy Spółka komandytowa		0	0	45,450	83,588	0	0	0	0
Roberto Simonetto		0	0	0	0	0	0	2,513,984	0
Antonio Farina		0	0	0	0	0	0	1,662,931	0
Associates:		0	0	0	0	0	0	0	0
Gamesture Sp. z o.o.		0	0	0	0	0	0	0	0



AFFILIATED PARTY	Gross receivables		Gross payables		Loans		
	AS AT	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Subsidiaries:		2,226,017	1,777,320	706,821	3,116,482	703,798	2,456,613
Play Cool Zombie Sport Games Sp. z o.o.		2,292	5,363	0	0	0	0
Tiny Dragon Adventure Games Sp. z o.o.		16,600	103,272	0	0	0	0
Fat Lion Games Sp. z o.o.		9,138	43,321	0	0	0	0
Ten Square Games Germany GmbH		0	0	566,092	2,519,994	0	1,772,537
Ten Square Games S.R.L.		27,161	0	140,729	194,617	703,798	684,077
Ten Square Games (Israel) LTD.		0	694,788	0	401,871	0	0
RORTOS S.R.L.		2,170,826	930,576	0	0	0	0
Personally affiliated entities:		0	0	9,041	48,430,491	0	0
Olesiński i Wspólnicy Spółka komandytowa		0	0	9,041	19,898	0	0
Roberto Simonetto		0	0	32,481,148	29,041,515	0	0
Antonio Farina		0	0	21,663,123	19,369,078	0	0
Associates:		0	0	0	0	0	0
Gamesture Sp. z o.o.		0	0	0	0	0	0

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

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

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

The liability to Mr. Roberto Simonetto and Mr. Antonio Farina arises from the purchase of 100% of the shares in Rortos and the payment of earnout, which was described in the note "Other liabilities".

17.

LAW SUITS/COURT CASES

The Group had no pending lawsuits in either 2023 or 2022.

18.

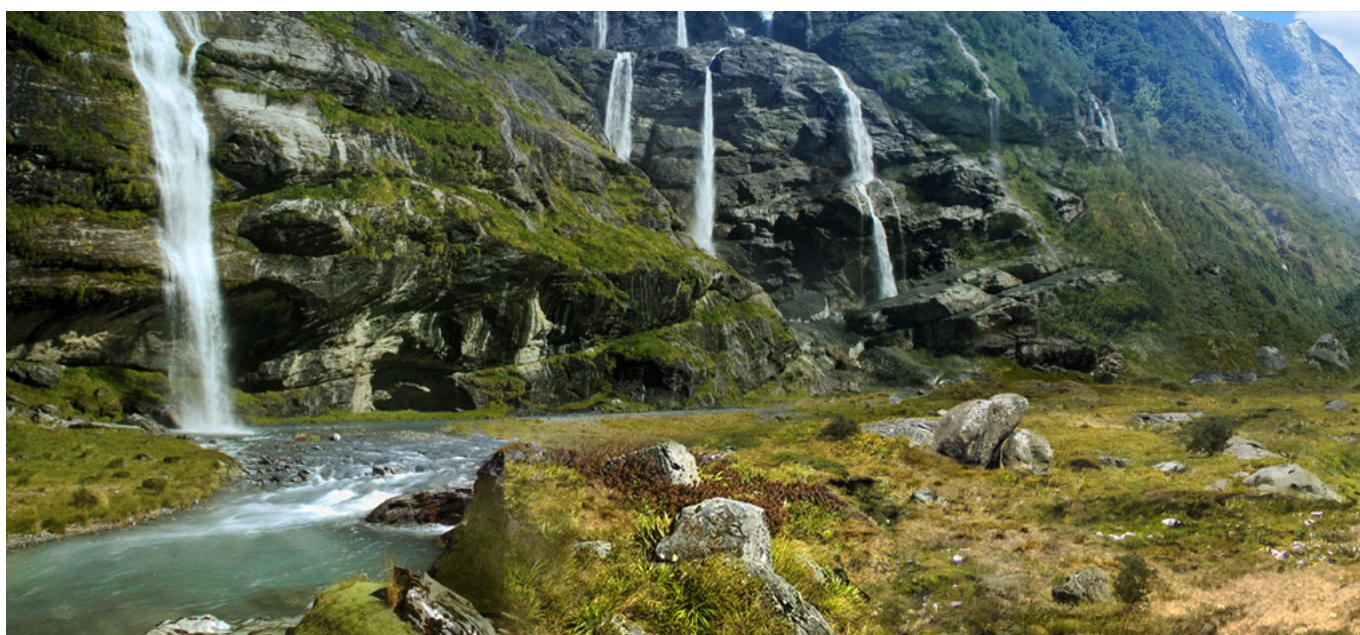
OTHER IMPORTANT EVENTS

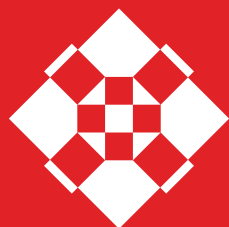
There were no significant events after the balance sheet date that could affect the financial data included in the statements for the period ended June 30, 2023.

19.

EVENTS AFTER BALANCE SHEET DATE

On September 5th 2023, the Parent Entity's Management Board approved a short-term incentive program for key employees and associates of the Capital Group. The condition to participate in the plan is to be employed in the structures of the Group until the end of 2023, and the total pool of the program is up to 8,500 shares. After meeting the condition of the program, participants will be able to purchase shares for the nominal price of PLN 0.10 per share. The shares used in this program come from a share buyback programme executed in the first quarter of 2022. The participants of the incentive program will not be able to dispose shares until the end of 2024.





ten square_games



**INTERIM CONDENSED
STANDALONE
FINANCIAL STATEMENT**



INTERIM CONDENSED **STANDALONE** STATEMENT OF COMPREHENSIVE INCOME

CONDENSED STANDALONE STATEMENT OF COMPREHENSIVE INCOME	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2022 – 30.06.2022
Revenues from the sales of services	199,148,485	258,113,740
Costs of services sold	26,239,265	25,421,335
Gross profit (loss) on sales	172,909,221	232,692,405
Other operating revenues	240,872	290,053
Selling costs	117,592,210	141,837,695
General and administrative costs	23,120,435	34,298,657
Other operating costs	35,523,726	10,642,912
Operating profit (loss)	-3,086,278	46,203,194
Financial revenues	11,723,313	6,393,801
Financial costs	2,978,689	3,044,419
Loss /profit on associates	1,828,414	1,172,908
Profit /loss before taxation	3,829,932	48,379,668
Income tax	-1,689,867	8,036,740
Net profit on continued activity	5,519,799	40,342,928
Items for requalification for the profit and loss statement in the subsequent periods	0	0
Items which will not be subject to requalification for the profit and loss statement in the subsequent periods	0	0
TOTAL COMPREHENSIVE INCOME	5,519,799	40,342,928

EARNINGS PER SHARE

CALCULATION OF EARNINGS PER SHARE	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2022 – 30.06.2022
Number of shares		
the weighted average number of shares for the purpose of calculating the value basic of earnings per share (in units)	7,334,822	7,301,783
the weighted average number of shares for the purpose of calculating the value of diluted earnings per share (in units)	7,334,822	7,334,822
net profit assigned to the Parent Entity	5,519,799	40,342,928
Net earnings per share on continued operations in PLN		
basic for the financial period	0.75	5.53
diluted for the financial period	0.75	5.50
Net profit per share attributable to discontinued operations in PLN		
basic for the financial period	0.00	0.00
diluted for the financial period	0.00	0.00

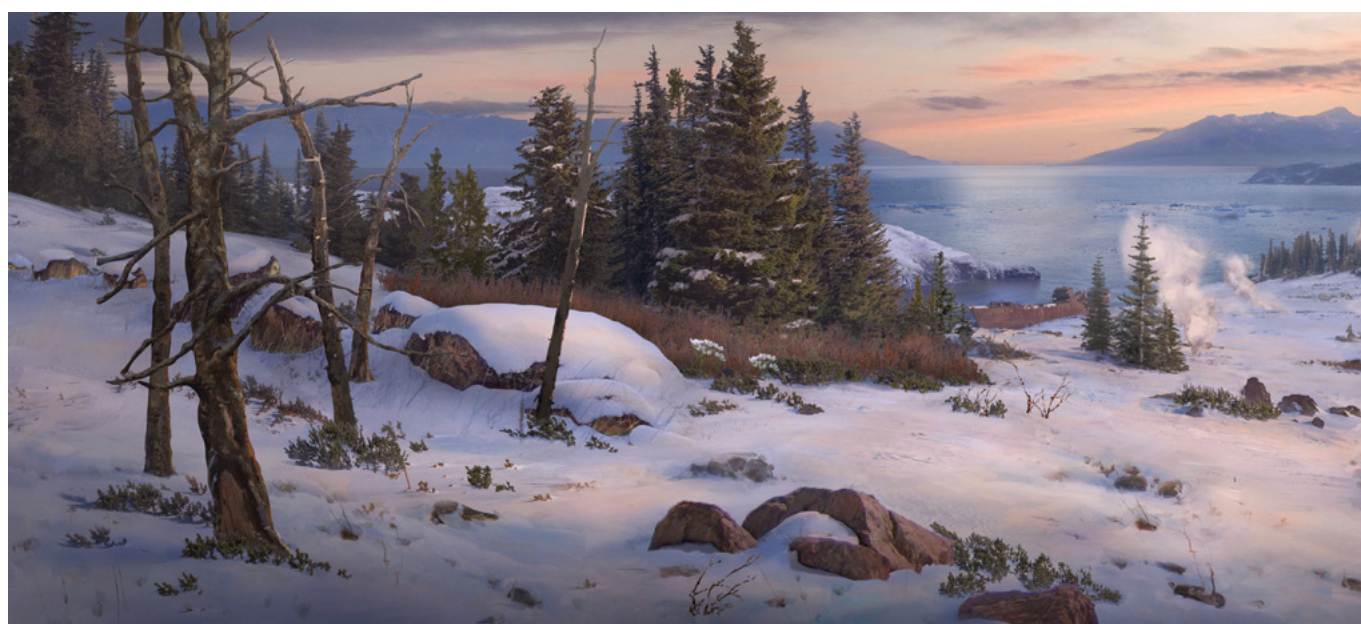


2.

INTERIM CONDENSED **STANDALONE** STATEMENT OF FINANCIAL SITUATION

ASSETS	30.06.2023	31.12.2022	30.06.2022
Fixed assets	305,529,564	322,104,969	329,344,389
Tangible fixed assets	15,432,676	19,714,843	20,276,849
Intangible assets	1,263,000	23,699,753	28,659,515
Investments in associates	252,892,820	252,893,402	252,893,402
Other financial assets	31,709,907	21,765,555	23,483,515
Deferred income tax assets	4,231,161	4,031,416	4,031,108
Current assets	158,849,308	176,390,714	133,400,276
Receivables	38,878,847	44,382,747	42,672,249
Current income tax receivable	10,056,212	6,723,368	0
Contract liabilities	20,908,962	20,186,021	17,030,022
Loans granted	703,798	4,184,876	2,631,795
Cash and cash equivalents	88,301,489	100,913,702	71,066,210
TOTAL ASSETS	464,378,872	498,495,683	462,744,665

EQUITY & LIABILITIES	30.06.2023	31.12.2022	30.06.2022
Equity	288,193,396	328,947,147	302,464,127
Share capital	733,482	733,482	730,178
Share premium	496,100	496,100	496,100
Capital from the settlement of the incentive scheme	94,814,544	88,781,376	77,205,860
Retained earnings	210,785,320	257,572,239	242,668,039
Own shares (negative value)	-18,636,050	-18,636,050	-18,636,050
Long-term liabilities	44,726,419	65,893,032	55,847,161
Deferred income tax provisions	724,491	4,438,492	6,176,117
Lease liabilities	2,450,149	4,390,818	6,161,908
Provisions for employee benefits	2,313,633	2,605,726	2,398,251
Other liabilities	39,238,146	54,457,996	41,110,885
Short-term liabilities	131,459,057	103,655,504	104,433,377
Trade liabilities	13,074,586	11,243,318	23,796,976
Income tax provision	23,435,773	10,894,769	0
Current income tax liabilities	0	0	8,160,205
Lease liabilities	3,457,701	3,676,009	3,702,836
Other liabilities	15,846,286	5,478,886	7,908,881
Provisions for employee benefits	5,948,173	5,075,787	4,097,738
Contract liabilities	69,696,538	67,286,735	56,766,741
TOTAL EQUITY & LIABILITIES	464,378,872	498,495,683	462,744,665



3.

INTERIM CONDENSED **STANDALONE** STATEMENT OF CHANGES IN EQUITY

6 months ended 30.06.2023	Equity	Share premium	Exchange differences on translation	Retained earnings	Own shares	TOTAL EQUITY
Equity as at 01.01.2023	733,482	496,100	88,781,376	257,572,239	-18,636,050	328,947,147
Equity contribution						0
Share-based payments			6,033,168			6,033,168
Dividend payment				-52,306,718		-52,306,718
Purchase of own shares						0
Total comprehensive income				5,519,799		5,519,799
Equity as at 30.06.2023	733,482	496,100	94,814,544	210,785,320	-18,636,050	288,193,396

12 months ended 31.12.2022	Equity	Share premium	Exchange differences on translation	Retained earnings	Own shares	TOTAL EQUITY
Equity as at 01.01.2022	730,178	496,100	65,139,524	274,642,941	0	341,008,743
Equity contribution	3,304					3,304
Share-based payments			23,641,852			23,641,852
Dividend payment				-72,317,830		-72,317,830
Purchase of own shares					-18,636,050	-18,636,050
Total comprehensive income	0	0	0	55,247,128	0	55,247,128
Equity as at 31.12.2022	733,482	496,100	88,781,376	257,572,239	-18,636,050	328,947,147

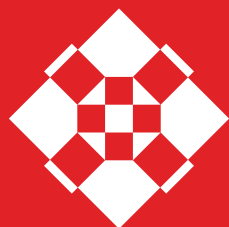
6 months ended 30.06.2022	Equity	Share premium	Exchange differences on translation	Retained earnings	Own shares	TOTAL EQUITY
Equity as at 01.01.2022	730,178	496,100	65,139,524	274,642,941	0	341,008,743
Share-based payments			12,066,336			12,066,336
Dividend payment				-72,317,830		-72,317,830
Purchase of own shares					-18,636,050	-18,636,050
Total comprehensive income				40,342,928	0	40,342,928
Equity as at 30.06.2022	730,178	496,100	77,205,860	242,668,039	-18,636,050	302,464,127

4.

INTERIM CONDENSED **STANDALONE** CASH FLOW STATEMENT

	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2022 – 30.06.2022
OPERATING ACTIVITY		
Profit/loss before taxation	3,829,932	48,379,668
Total corrections:	48,023,995	41,732,071
Amortization	5,079,955	1,976,852
Profit/loss on exchange differences	71,709	-338,734
Interest paid on leasing	105,317	158,474
Interest on liabilities (Rortos)	2,561,319	2,885,945
Interest and share in profits (dividends)	-8,161,057	0
Change in receivables	5,503,900	11,491,091
Change in liabilities and accrued expenses	1,441,714	10,014,339
Change in contract liabilities	2,409,803	-8,475,124
Change in contract assets	-722,941	2,207,123
Write-off of intangible assets	31,689,990	8,467,149
Share-based payments (part not included in capitalization of intangible assets)	6,033,168	12,066,336
Loss on associates	1,828,414	1,172,918
Profit/loss on sales of fixed assets	182,704	0
Other adjustments	0	105,702
Cash on operating activity	51,853,927	90,111,738
Income tax (paid) / refunded	7,010,179	-11,497,190
A. Net operating cash flow	58,864,106	78,614,548

	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2022 – 30.06.2022
INVESTMENT ACTIVITY		
Repayment of loans granted	2,200,000	1,351,611
Purchase of intangible and tangible fixed assets	-10,242,596	-23,870,781
Disposal of intangible and fixed assets	8,867	0
Purchase of shares	-11,844,407	-14,320,399
Interest on loans	19,244	0
Earn-out payment	-4,350,094	0
B. Net cash flow from investment activities	-24,208,986	-36,839,569
FINANCIAL ACTIVITY		
Dividends from subsidiaries	8,161,057	0
Dividends and other payments to shareholders	-52,306,718	-72,317,830
Payments of lease liabilities	-2,794,984	-1,928,357
Purchase of own shares	0	-18,636,050
Interest on lease	-105,317	-158,474
Other financial expenditure	-459,719	0
C. Net cash flow from financing activity	-47,505,681	-93,040,711
D. Total net cash flow	-12,850,561	-51,265,732
– change in cash due to exchange losses/gains	238,348	-340,384
E. Balance-sheet change in cash, including foreign exchange	-12,612,213	-51,606,116
F. Cash at the beginning of the period	100,913,702	122,672,326
G. Cash at the end of the period	88,301,489	71,066,210



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VI

**ADDITIONAL NOTES
TO THE STANDALONE
FINANCIAL STATEMENT**



SALES REVENUES

SPECIFICATION	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2022 – 30.06.2022
Sales of services	199,148,485	258,113,740
TOTAL revenues from sales of services	199,148,485	258,113,740
Other operating revenues	240,872	290,053
Financial revenues	11,723,313	6,393,801
TOTAL revenues from continuing operations	211,112,670	264,797,594
TOTAL revenues	211,112,670	264,797,594

There were no revenues from discontinued operations.

1.1. Revenues – source

TYPE OF REVENUES	Bookings 1HY 2023	Share in bookings in 1HY 2023	Bookings 1HY 2022	Share in bookings in 1HY 2022
Micro-payments	200,694,836	99.6%	243,627,777	97.6%
Advertisements	65,535	0.0%	2,127,205	0.9%
Licenses	797,918	0.4%	3,883,634	1.6%
TOTAL BOOKINGS	201,558,289	100.0%	249,638,616	100.0%
Deferred income (consumable)	-1,450,826	N/A	5,846,444	N/A
Deferred income (durable)	-958,978	N/A	2,628,681	N/A
TOTAL REVENUES	199,148,485	N/A	258,113,741	N/A

The Parent entity produces games of the Game Factory type, which are sold to subsidiary companies and released by them. These subsidiaries transfer a portion of their revenue (the so-called revenue share) to the Parent Company a compensation – here it is presented as licenses.

1.2. Revenues – games

GAME	Bookings 1HY 2023	Share in bookings in 1HY 2023	Bookings 1HY 2022	Share in bookings in 1HY 2022
Fishing Clash	135,751,520	67.4%	180,212,241	72.2%
Hunting Clash	56,808,062	28.2%	57,257,671	22.9%
Let's Fish	4,024,485	2.0%	5,493,439	2.2%
Wild Hunt	4,350,927	2.2%	5,308,113	2.1%
Other	623,295	0.3%	1,367,152	0.5%
TOTAL BOOKINGS	201,558,289	100.0%	249,638,616	100.0%
Deferred income (consumable)	-1,450,826	N/A	5,846,444	N/A
Deferred income (durable)	-958,978	N/A	2,628,681	N/A
TOTAL REVENUES	199,148,485	N/A	258,113,741	N/A

1.3. Revenues – business partners

BUSINESS PARTNER	Bookings 1HY 2023	Share in bookings in 1HY 2023	Bookings 1HY 2022	Share in bookings in 1HY 2022
Google Inc.	119,236,995	59.2%	146,200,537	59.7%
Apple Distribution International	73,183,450	36.3%	89,019,353	35.4%
Other	9,137,844	4.5%	14,418,726	5.0%
TOTAL BOOKINGS	201,558,289	100.0%	249,638,616	100.0%
Deferred income (consumable)	-1,450,826	N/A	5,846,444	N/A
Deferred income (durable)	-958,978	N/A	2,628,681	N/A
TOTAL REVENUES	199,148,485	N/A	258,113,741	N/A

1.4. Revenues – distribution channel

DISTRIBUTION CHANNEL	Bookings 1HY 2023	Share in bookings in 1HY 2023	Bookings 1HY 2022	Share in bookings in 1HY 2022
Mobile	195,256,170	96.9%	240,912,499	96.5%
Browsers	6,302,119	3.1%	8,726,117	3.5%
TOTAL BOOKINGS	201,558,289	100.0%	249,638,616	100.0%
Deferred income (consumable)	-1,450,826	N/A	5,846,444	N/A
Deferred income (durable)	-958,978	N/A	2,628,681	N/A
TOTAL REVENUES	199,148,485	N/A	258,113,741	N/A

1.5. Revenues – geographical breakdown

REGION	Bookings 1HY 2023	Share in bookings in 1HY 2023	Bookings 1HY 2022	Share in bookings in 1HY 2022
North America	92,887,251	46.1%	109,790,887	44.0%
Europe	80,237,726	39.8%	96,491,139	38.7%
<i>i) including Poland</i>	<i>9,896,974</i>	<i>4.9%</i>	<i>13,028,421</i>	<i>5.2%</i>
<i>ii) including intercompany revenues</i>	<i>332,579</i>	<i>0.2%</i>	<i>847,569</i>	<i>0.3%</i>
Asia	17,830,921	8.8%	29,832,099	12.0%
South America	4,834,834	2.4%	6,190,915	2.5%
Australia and Oceania	4,311,530	2.1%	5,084,669	2.0%
Africa	1,456,027	0.7%	2,248,907	0.9%
TOTAL BOOKINGS	201,558,289	100.0%	249,638,616	100.0%
Deferred income (consumable)	-1,450,826	N/A	5,846,444	N/A
Deferred income (durable)	-958,978	N/A	2,628,681	N/A
TOTAL REVENUES	199,148,485	N/A	258,113,741	N/A

2.

OPERATING COSTS

SPECIFICATION	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2022 – 30.06.2022
Amortization and depreciation	5,079,955	1,976,852
Consumption of materials and energy	355,295	747,301
Third-party services	141,648,017	178,046,816
Taxes and fees	1,199,755	1,517,569
Remuneration	19,944,110	28,504,942
Social insurance and other benefits	5,360,395	5,554,260
Other costs by type	303,505	463,914
Total costs by type, including:	173,891,032	216,811,654
Costs of goods sold	26,239,265	25,421,335
Selling costs	117,592,210	141,837,695
General and administrative costs	23,120,435	34,298,657
Cost of manufacturing products for the entity's own needs (capitalization)	6,939,123	15,253,967

3.

FINANCIAL REVENUES

SPECIFICATION	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2022 – 30.06.2022
Dividends received	8,161,057	0
Interest income	2,496,778	200,253
Surplus of positive exchange differences	1,065,478	6,193,278
TOTAL	11,723,313	6,393,801



4.

INCOME TAX AND DEFERRED TAX

Starting from 2019, with the introduction of the so-called IP Box relief, the Parent Company uses preferential taxation of part of its income. This relief consists of taxing income from qualified property rights at a rate of 5% instead of the standard 19%. The Entity recognizes its games as qualified property rights and therefore uses the IP Box relief for profitable titles.

Due to the fact that the relief is relatively new in Polish law, for the years 2019 and 2020 the Company settled and paid the tax using only part of the preferences. Partial application of the preferences consisted in the calculation of the Nexus ratio in a way that limited the possibility of taxing the Company's income with the 5% tax rate. As the practice developed, in 2022 the Company decided to apply the relief more widely and submitted an annual CIT declaration for 2021 with full application of the relief. In addition, at the beginning of 2023, the Company submitted a CIT adjustment for 2019 and 2020, also taking into account the wider application of the relief, enabling the Company to tax a larger part of its income with the 5% tax rate. No further adjustments are planned.

The submission of corrections to the declaration resulted in the initiation of a customs and tax inspection for 2020. Simultaneously with the customs and fiscal inspection, the Company was subject to tax proceedings regarding the determination of an overpayment in corporate income tax for 2019 and 2020. After a positive conclusion of the tax proceedings, The company received in May 2023. tax refund for 2019-2020 in the total amount of PLN 12.5 million (PLN 3.6 million for 2019 and PLN 8.9 million for 2020). Therefore, write-downs for tax receivables for the financial years 2019 and 2020 were reversed. However, due to the fact that the customs and tax inspection for 2020 has not been completed (the inspection as at the date of issue of this report was extended to November 2023.) The Company recognized a provision for tax in the amount of returns received. This solution is a continuation of the Company's approach to the prudent presentation of tax settlements – i.e. showing the amounts resulting from the corrections of declarations in the net carrying amount of PLN 0 as at June 30, 2023.

The Company believes that the tax for 2021 has been settled in the correct amount and there is no need to pay additional tax, but due to the need to consistently recognize the tax liability/amount due for previous years, the Company recognizes a tax provision in the financial statements (PLN 10.9 million). Calculation of CIT for 2022, using tax reliefs related to IP BOX to a narrower extent, would reduce the amount of tax by PLN 1.1 million. The company decided to prudently disclose the tax settlement in a larger amount.

INCOME TAX SHOWN IN COMPREHENSIVE INCOME REPORT	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2022 – 30.06.2022
Current income tax	2,223,879	2,945,102
Regarding financial year 2023	2,223,879	0
Regarding financial year 2022	0	2,945,102
Regarding financial year 2020	8,941,882	0
Write-off regarding financial year 2020 – correction related to reimbursement of tax	-8,941,882	0
Regarding financial year 2019	3,599,122	0
Write-off regarding financial year 2019 – correction related to reimbursement of tax	-3,599,122	0
Deferred income tax	-3,913,746	5,091,638
associated with incurrence and reversal of temporary differences	-3,913,746	5,091,638
Tax charge shown in the statement of comprehensive income	-1,689,867	8,036,740

RECONCILIATION OF CIT AS AT 30.06.2023:	Amount in PLN
Current CIT settlements	-13,379,561
Receivables regarding 2023	2,896,673
Receivables regarding 2022	7,159,539
Receivables regarding 2021	-10,894,769
Receivables regarding 2020	-8,941,882
Receivables regarding 2019	-3,599,122



Reconciliation of gross profit with taxable income:

SPECIFICATION	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2022 – 30.06.2022
Financial gross profit/loss	3,829,932	48,379,668
Exchange rate differences	-2,336,261	-4,753,985
Dividends received	-8,161,057	0
Write off of receivables (non-tax-deductible)	33,384	3,921
Movement on holiday accrual	-996,635	457,698
Creation of provision for other costs	1,434,147	-1,102,142
Other costs that are not tax deductible	-40,978	1,172,907
Depreciation of right of use (leasing)	2,186,718	988,076
Amortization of intangible assets	842,573	370,716
Amortization of fixed assets	1,329,423	0
Donations	381,779	2,034,390
Capitalization of development costs	-10,207,072	-15,253,965
Write-off of intangible assets	31,689,990	8,467,149
Loss/profit on associates	1,828,414	0
Unwinding of discount	2,561,319	2,885,945
Share based payments	6,033,168	12,066,336
Revenue (and related cost) deferred in the balance sheet in time	1,686,862	-6,268,000
Other tax deductible costs not included in the balance sheet costs	-2,850,466	-1,458,297
Taxable income	29,245,240	47,990,417
<i>including income taxed at 5% (IP Box)</i>	<i>35,402,217</i>	<i>58,902,047</i>
<i>including income taxed at 19%</i>	<i>-6,156,977</i>	<i>-10,911,630</i>

Structure of deferred income tax assets:

SPECIFICATION	As at 30.06.2023	As at 31.12.2022	As at 30.06.2022
Result deferred in time – consumable (per balance)	325,127	274,348	243,045
Result deferred in time – durable (per balance)	2,287,212	2,160,820	2,289,465
Holiday provision	278,196	239,436	256,652
Provision for audit costs	9,652	18,810	7,866
Lease – IFRS 16 valuation	76,447	91,020	110,878
Provision for remuneration	1,186,305	1,220,052	1,010,456
Other provisions	68,221	26,930	112,746
TOTAL	4,231,161	4,031,416	4,031,108

Structure of deferred income tax provision:

SPECIFICATION	As at 30.06.2023	As at 31.12.2022	As at 30.06.2022
amortization of games	202,128	4,388,783	5,370,056
revaluation of receivables and payables	522,363	49,709	806,061
TOTAL	724,491	4,438,492	6,176,117

Deferred income tax assets and liabilities are measured using the tax rates that, according to available forecasts, will be applied at the moment of realizing the asset or dissolving the liability. For a significant part of temporary differences, a rate of 5% was applied, resulting from the use by the Company of the IP Box tax relief.

APPROVAL OF THE FINANCIAL STATEMENT

This report for the period from January 1 to June 30, 2023 was signed and approved for publication by the Management Board of Ten Square Games S.A. on September 6, 2023.

**PRESIDENT
OF THE MANAGEMENT BOARD**

Andrzej Ilczuk

**MEMBER
OF THE MANAGEMENT BOARD**

Janusz Dziemidowicz

**MEMBER
OF THE MANAGEMENT BOARD**

Magdalena Jurewicz

Wrocław, September 6th, 2023