



ten square_games

CONSOLIDATED QUARTERLY REPORT

Ten Square Games S.A. Group
for 3Q 2023

Wroclaw, November 20th, 2023

This English language translation has been prepared solely for the convenience of English speaking readers.

Despite all the efforts devoted to this translation discrepancies, omissions or approximations may exist.

In case of any differences between the Polish and the English versions, the Polish version shall prevail.

Ten Square Games S.A., its representatives and employees decline all responsibility in this regard.



SELECTED FINANCIAL DATA

CONSOLIDATED DATA

STATEMENT OF COMPREHENSIVE INCOME	PLN		EUR	
	for the period 01.01.2023 – 30.09.2023	for the period 01.01.2022 – 30.09.2022	for the period 01.01.2023 – 30.09.2023	for the period 01.01.2022 – 30.09.2022
Bookings	335,218,935	403,488,365	73,235,081	86,068,337
Revenues	327,954,002	407,390,716	71,647,915	86,900,750
Costs of services sold	56,037,823	50,676,359	12,242,550	10,809,804
Operating profit (loss)	20,257,138	68,472,059	4,425,565	14,605,815
Gross profit (loss)	17,232,039	70,124,036	3,764,673	14,958,199
Net profit (loss)	16,868,780	59,597,661	3,685,312	12,712,812
EBITDA	66,933,070	87,491,380	14,622,828	18,662,837
Adjusted EBITDA	83,235,219	105,557,493	18,184,349	22,516,530

CASH FLOW STATEMENT	PLN		EUR	
	for the period 01.01.2023 – 30.09.2023	for the period 01.01.2022 – 30.09.2022	for the period 01.01.2023 – 30.09.2023	for the period 01.01.2022 – 30.09.2022
Net cash flows from operating activity	90,985,872	115,627,758	19,877,629	24,664,624
Net cash flows from investment activity	-26,225,667	-47,137,790	-5,729,506	-10,054,989
Net cash flows from financial activity	-57,036,613	-94,095,325	-12,460,755	-20,071,528

STATEMENT OF FINANCIAL POSITION	PLN		EUR	
	30.09.2023	31.12.2022	30.09.2023	31.12.2022
Fixed assets	285,980,378	314,138,189	61,692,203	66,981,852
Current assets	215,517,161	206,569,696	46,491,751	44,045,650
Equity	310,544,821	342,465,369	66,991,289	73,021,892
Long-term liabilities	48,865,740	68,220,992	10,541,406	14,546,364
Short-term liabilities	142,086,978	110,021,524	30,651,259	23,459,247

EUR/PLN EXCHANGE RATE	2023	2022
for the balance-sheet data	4.6356	4.6899
for the data from the profit and loss statement and cash flow statement	4.5773	4.6880

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	3Q 2023	1-3Q 2023
Operating profit (EBIT)	-14,413,939	9,638,991	25,032,085	20,257,137
Amortization and depreciation (excluding capitalized portion)	4,977,704	5,038,746	4,969,493	14,985,943
Write-downs for impairment	26,572,925	5,117,065	0	31,689,990
EBITDA	17,136,690	19,794,802	30,001,578	66,933,070
Non-cash impact of incentive scheme (excluding capitalized portion)	6,033,168	0	164,217	6,197,385
Deferred result (revenue minus commissions) – consumables	141,218	893,739	396,007	1,430,964
Deferred result (revenue minus commissions) – durable	4,159,142	-3,487,857	2,983,207	3,654,492
Costs of potential and completed acquisitions (M&A) and review of strategic options	163,381	570,120	0	733,501
Donations to public benefit organization (regarding the war in Ukraine)	0	0	0	0
Severance pay – group lay-offs	0	3,146,532	0	3,146,532
Other one-off events	0	1,022,240	117,035	1,139,275
Adjusted EBITDA	27,633,599	21,939,576	33,662,044	83,235,219

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

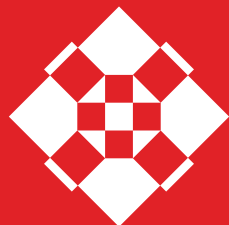
EBITDA is net income/(loss), before: depreciation and amortization, impairment losses (and their reversals) on property, plant and equipment and intangible assets, interest income, finance costs, foreign exchange differences and income taxes.

Adjusted EBITDA additionally includes adjustments for extraordinary and non-recurring events, including an adjustment for the cost of carrying out a share-based incentive program and an adjustment for deferral of income (and expense) over time.

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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

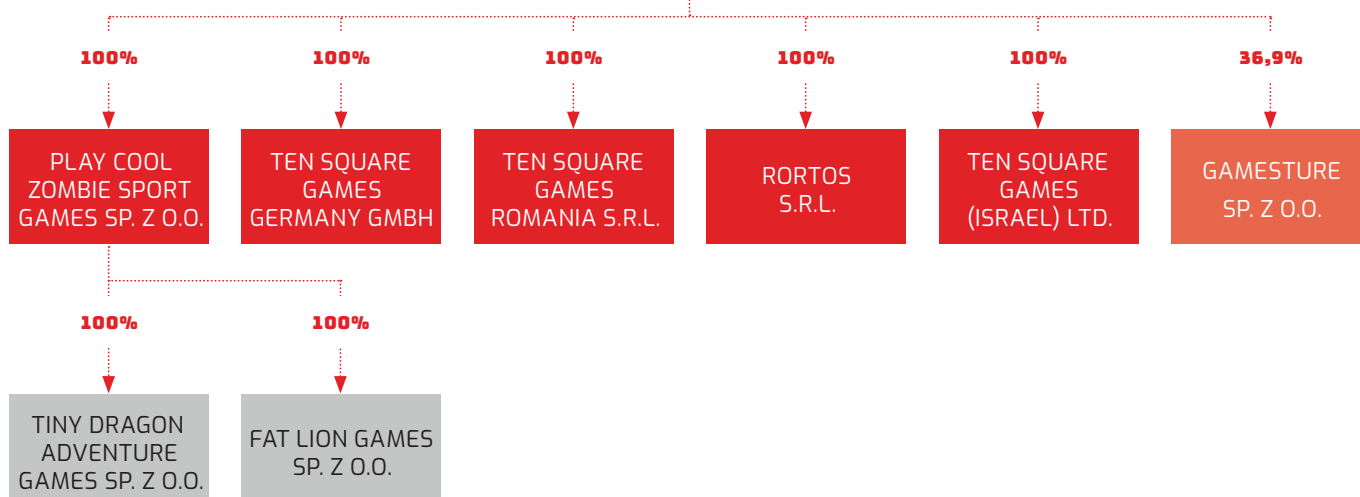
Ten Square Games Sp. z o. o. was registered on 21 October 2011, entry no. 0000399940. Ten Square Games S.A. was established through the transformation of Ten Square Games Sp. z o. o., which was registered by the District Court on 20 November 2017.

2.

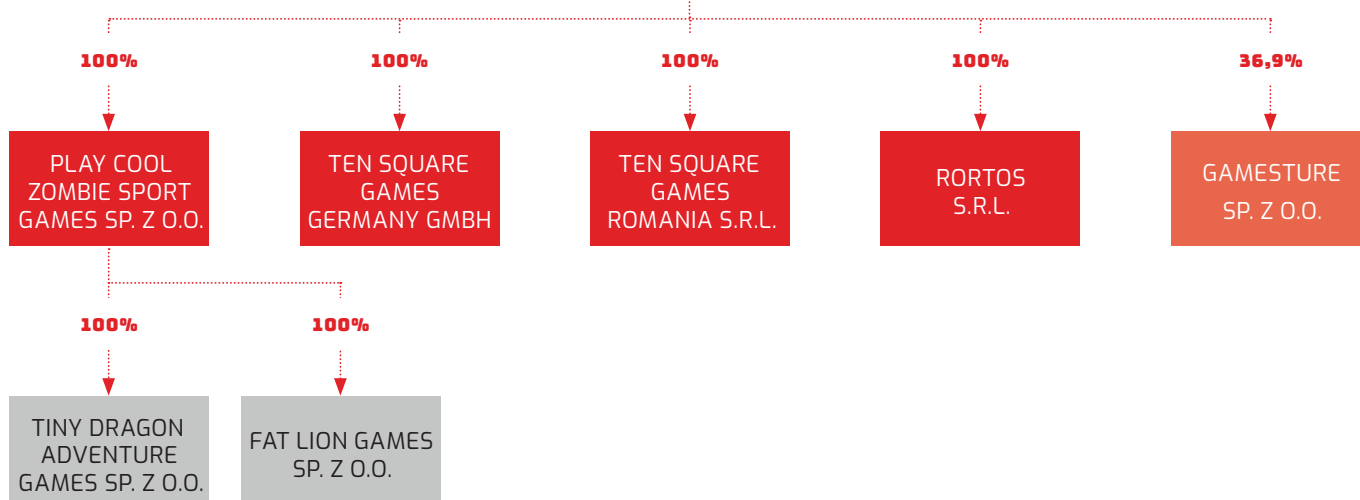
CAPITAL GROUP



AS AT 30.09.2023



AS AT 20.11.2023:



Ten Square Games S.A. is the Parent Company of the Group, preparing consolidated financial statements. Subsidiaries are included in the consolidated financial statements from the date of incorporation of the respective company/ acquisition of control until the date of loss of control of the company.

The Italian company Reludo S.r.l was merged with Rortos S.r.l on June 22, 2023. This was a technical step to facilitate administration within the Group. This change did not affect the Group's operations in any way.

On 28.09.2023, Play Cool Zombie Sport Games Sp. z o.o. (hereinafter: PCZ) acquired from Tiny Dragon Adventure Games Sp. z .o.o. (hereinafter: TDA) 1 share in Fat Lion Games Sp. z .o.o. (hereinafter: FLG), thus becoming a 100% shareholder in FLG Company. On 30.10.2023, plans for the merger of the companies, along with the required attachments, were filed with the registry courts of PCZ, TDA and FLG. The plan provides for the merger of FLG and TDA companies with PCZ Company. The merger of the companies will be effective as of the date of entry in the KRS, the Group estimates that this may take place in late 2023 or early 2024 at the earliest. The merger of the companies is a technical step to facilitate reporting of the subsidiaries and will not affect the Group's business operations.

On 20.10.2023, the Company received confirmation from the relevant commercial register of the liquidation of Ten Square Games (Israel) Ltd. The liquidation was carried out voluntarily, i.e. at the Company's request and on an expedited basis, in accordance with local regulations. The Group has had no operations in Israel for almost a year, hence the closure of the company will have no impact on the Group's operations.



3.

SHAREHOLDING STRUCTURE

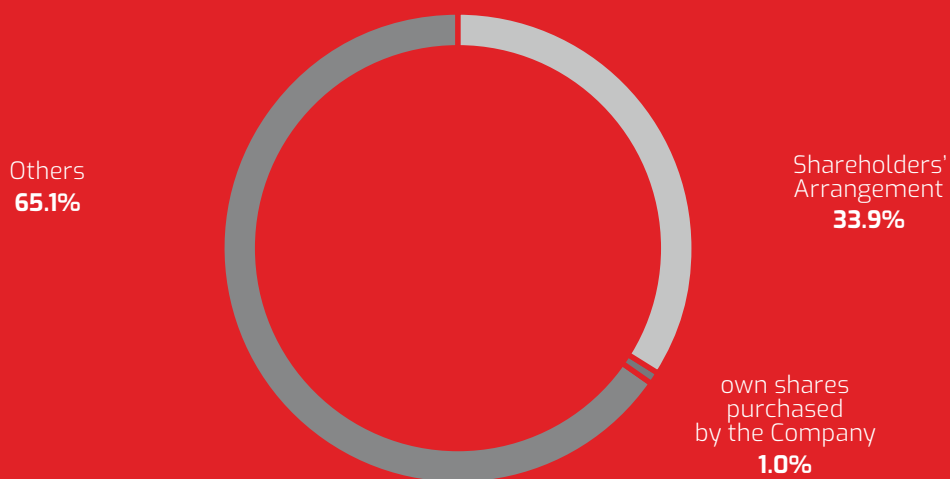
3.1. List of shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the issuer's general meeting of shareholders

Shareholder	number of shares as at 6.09.2023, 30.09.2023 and 20.11.2023	% 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%

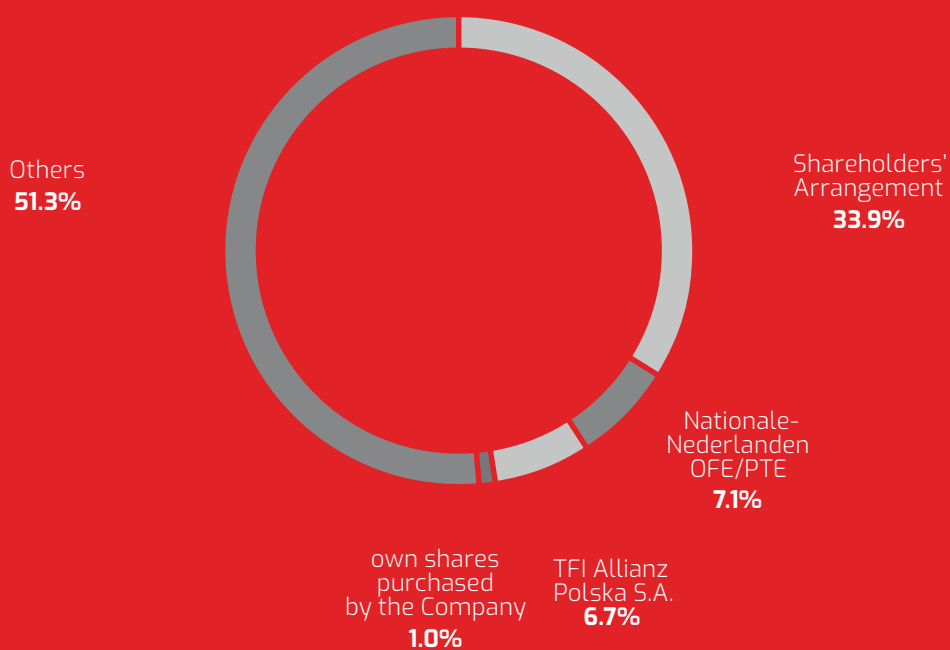
Shareholder	number of shares as at 31.12.2022	% share in basic capital	number of votes at GSM	% share in the number of votes
Shareholders' Arrangement ^[1]	2,487,288	33.9%	2,487,288	33.9%
Nationale-Nederlanden OFE/PTE	524,371	7.1%	524,371	7.1%
TFI Allianz Polska S.A.	488,915	6.7%	488,915	6.7%
own shares 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	100.0%	7,334,822	100.0%

[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.

Number of shares as at 6.09.2023, 30.09.2023 and 20.11.2023



Number of shares as at 31.12.2022



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

Shareholder	number of shares as at 6.09.2023, 30.09.2023 and 20.11.2023	% 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 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 Ildzikowska	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, 6.09.2023, 30.09.2023 and 20.11.2023	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 executed in 2018-2021.

3.4. Description of changes in shareholding structure

Changes in the shareholding structure between December 31, 2022 and November 11, 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 30.09.2023

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** – Przewodniczący Rady Nadzorczej;
- » **Wiktor Schmidt** – Wiceprzewodniczący Rady Nadzorczej;
- » **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 30.09.2023 and it covers the period of 9 months, i.e. since 01.01.2023 to 30.09.2023.

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 30.09.2022 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 30.09.2022 were presented.

For the data presented in the interim condensed consolidated statement of changes in equity, comparable financial data for the period from 01.01.2022 to 30.09.2022 and for the period from 01.01.2022 to 31.12.2022 are 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. 30.09.2023. 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 third quarter 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 separate financial statements have not been audited or reviewed by an independent auditing firm.



6.

STATEMENT OF THE MANAGEMENT BOARD

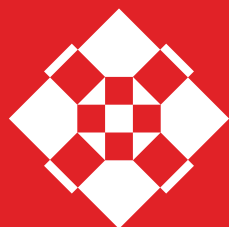
The Management Board of the Parent Entity declares that, to the best of its knowledge, this interim condensed consolidated financial statement and the comparative data have been prepared in accordance with the accounting provisions of the Capital Group Ten Square Games S.A. and that they reflect a true 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 01.07.2023 – 30.09.2023	for the period 01.01.2023 – 30.09.2023	for the period 01.07.2022 – 30.09.2022	for the period 01.01.2022 – 30.09.2022
Revenues from the sales of services	105,571,884	327,954,002	132,913,222	407,390,716
Cost of services sold	17,809,454	56,037,823	17,200,104	50,676,359
Gross profit (loss) on sales	87,762,430	271,916,179	115,713,118	356,714,357
Other operating income	280,742	577,358	268,647	918,464
Selling costs	56,408,680	185,227,477	78,366,429	225,826,736
General and administrative costs	6,566,329	31,419,546	15,231,177	51,855,524
Other operating costs	36,077	35,589,376	748,387	11,478,502
Operating profit (loss)	25,032,086	20,257,138	21,635,772	68,472,059
Financial income	427,787	4,078,445	1,842,293	8,517,527
Financial expense	1,560,119	4,580,296	1,907,067	4,981,476
Loss (profit) on associates	694,834	2,523,248	711,166	1,884,074
Profit (loss) before taxation	23,204,920	17,232,039	20,859,832	70,124,036
Income tax	1,055,013	363,259	1,797,237	10,526,375
Net profit (loss) on continued activity	22,149,907	16,868,780	19,062,595	59,597,661
Profit (loss) on discontinued activity	0	0	0	0
Net profit (loss)	22,149,907	16,868,780	19,062,595	59,597,661
Net profit (loss) attributable to the parent company	22,149,907	16,868,780	19,062,595	59,597,661
Items that may be reclassified subsequently to profit or loss	9,911,981	7,390,341	10,334,993	19,510,055
Subject to reclassification to the result – exchange differences from translation of foreign statements	9,911,981	7,390,341	10,334,993	19,510,055
Items that will not be reclassified to profit or loss	0	0	0	0
Other comprehensive income	9,911,981	7,390,341	10,334,993	19,510,055.4
Total comprehensive income	32,061,888	24,259,121	29,397,589	79,107,716
Total comprehensive income attributable to non-controlling shareholders	0	0	0	0
Total comprehensive income attributable to Parent company	32,061,888	24,259,121	29,397,589	79,107,716

EARNINGS PER SHARE

CALCULATION OF EARNINGS PER SHARE	for the period 01.01.2023 – 30.09.2023	for the period 01.01.2022 – 30.09.2022
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	16,868,780	59,597,661
Net earnings per share in PLN		
basic for the financial period	2.30	8.16
diluted for the financial period	2.30	8.13
Net earnings per share on continued operations in PLN		
basic for the financial period	2.30	8.16
diluted for the financial period	2.30	8.13
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	30.09.2023	31.12.2022	30.09.2022
Fixed assets	285,980,378	314,138,189	340,728,162
Tangible fixed assets	14,907,243	21,409,336	22,314,703
Intangible fixed assets	71,408,708	102,600,504	119,396,301
Goodwill	162,318,067	164,219,411	170,518,708
Other financial assets	32,689,159	21,765,555	23,619,788
Deferred income tax assets	4,657,201	4,143,383	4,878,662
Current assets	215,517,161	206,569,696	184,414,954
Receivables	44,977,735	47,491,674	52,746,417
Current income tax receivable	13,321,775	9,658,592	0
Contract assets	22,797,670	20,622,914	18,401,855
Loans granted	600,000	2,201,633	0
Cash and cash equivalents	133,819,981	126,594,883	113,266,682
TOTAL ASSETS	501,497,539	520,707,885	525,143,116



EQUITY & LIABILITIES	30.09.2023	31.12.2022	30.09.2022
Equity	310,544,821	342,465,369	354,370,842
Equity attributable to owners of the Parent Entity	310,544,821	342,465,369	354,370,842
Share capital	733,482	733,482	733,482
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	94,978,761	88,781,376	83,239,028
Foreign exchange differences on translation of statements of foreign operations	7,390,341	9,420,677	19,510,055
Retained earnings	225,582,187	261,669,784	269,028,226
Own shares (negative value)	-18,636,050	-18,636,050	-18,636,050
Long-term liabilities	48,865,740	68,220,992	60,583,985
Deferred income tax provisions	1,394,267	5,367,763	7,440,918
Provisions for employee benefits	3,002,143	2,983,161	2,355,457
Lease liabilities	2,620,619	5,412,072	6,509,227
Other liabilities	41,848,711	54,457,996	44,278,383
Short-term liabilities	142,086,978	110,021,524	110,188,289
Trade liabilities	13,500,988	13,135,328	20,209,021
Income tax provisions	23,435,773	10,894,769	0
Current income tax liabilities	0	0	8,659,032
Lease liabilities	3,297,450	3,807,223	4,018,408
Other liabilities	18,083,149	6,648,175	9,946,705
Provisions for employee benefits	7,777,381	6,792,982	6,015,609
Contract liabilities	75,992,237	68,743,047	61,339,514
Total liabilities	190,952,718	178,242,516	170,772,274
TOTAL EQUITY & LIABILITIES	501,497,539	520,707,885	525,143,116



3.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

9 months ended on 30.09.2023

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			6,197,385				6,197,385	6,197,385
Foreign exchange differences					-10,099,765		-10,099,765	-10,099,765
Division of net profit							0	0
Dividend payment					-52,306,718		-52,306,718	-52,306,718
Net profit					16,868,780		16,868,780	16,868,780
Purchase of own shares							0	0
Other comprehensive income				-2,030,336	9,420,677		7,390,341	7,390,341
Total comprehensive income				-2,030,336	26,289,457		24,259,121	24,259,121
Change in equity	0	0	6,197,385	-2,030,336	-36,117,026	0	-31,949,977	-31,949,977
Equity as at 30.09.2023	733,482	496,100	94,978,761	7,390,341	225,582,187	-18,636,050	310,544,821	310,544,821



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
Division of net profit							0	0
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

9 months ended on 30.09.2022

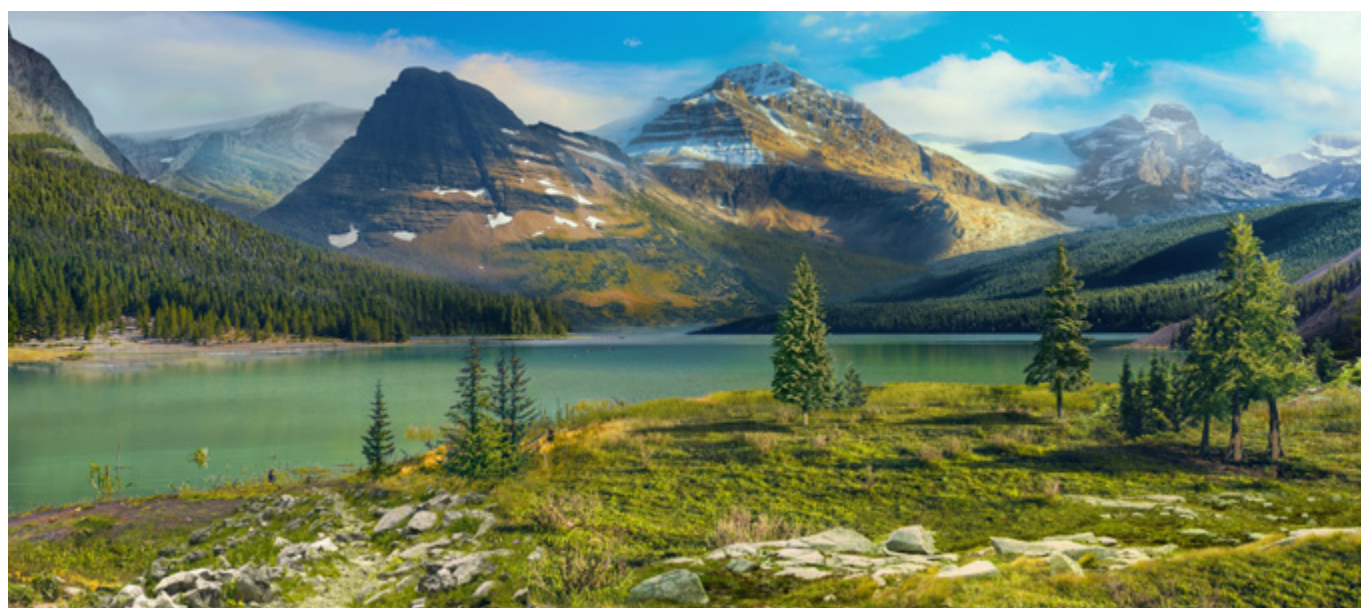
Consolidated statement of changes in equity	Share capital	Reserve capital from the sale of shares above the nominal price	Capital from the settlement of the incentive scheme	Foreign exchange differences on translation	Retained earnings	Own shares	Equity attributable to the Parent Entity	TOTAL EQUITY
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			18,099,504				18,099,504	18,099,504
Foreign exchange differences					-2,937,150		-2,937,150	-2,937,150
Division of net profit							0	0
Dividend payment					-72,317,830		-72,317,830	-72,317,830
Other changes							0	0
Net profit					59,597,661		59,597,661	59,597,661
Purchase of own shares						-18,636,050	-18,636,050	-18,636,050
Other comprehensive income				16,795,014	2,715,041		19,510,055	19,510,055
Total comprehensive income				16,795,014	62,312,702		79,107,717	79,107,717
Changes in equity	3,304	0	18,099,504	16,795,014	-12,942,278	-18,636,050	3,319,495	3,319,495
Equity as at 30.09.2022	733,482	496,100	83,239,028	19,510,055	269,028,226	-18,636,050	354,370,842	354,370,842

4.

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

CONDENSED CONSOLIDATED CASH FLOW STATEMENT	for the period 01.07.2023 – 30.09.2023	for the period 01.01.2023 – 30.09.2023	for the period 01.07.2022 – 30.09.2022	for the period 01.01.2022 – 30.09.2022
OPERATING ACTIVITY				
Profit/loss before taxation	23,204,920	17,232,039	20,859,832	70,124,036
Total adjustments:	11,372,251	69,847,764	14,146,729	60,855,114
Depreciation and amortization	4,969,493	15,401,014	3,741,528	10,498,075
Gain/loss on foreign exchange rate conversion	1,215,177	611,006	725,300	383,624
Interest paid on lease	36,615	154,791	72,110	235,975
Interest on liabilities (Rortos)	1,347,575	3,908,894	1,787,825	4,673,770
Change in receivables	-3,792,455	2,635,118	-3,191,086	9,294,238
Change in liabilities and accrued expenses	3,384,669	1,538,071	683,935	9,818,844
Change in liabilities under contracts with customers	4,887,166	7,249,190	4,572,773	-3,902,351
Change in assets from contracts with customers	-1,466,148	-2,174,756	-1,371,833	835,290
Write-down of intangible assets	0	31,689,990	671,272	9,138,421
Share-based payments (part not included in the acquisition of intangible assets)	164,217	6,197,385	6,033,168	18,099,504
Loss on associates	694,834	2,523,248	711,156	1,884,074
Loss / profit from the sale of fixed assets	-68,892	113,813	0	0
Other corrections	0	0	-289,419	-104,350
Cash from operating activity	34,577,171	87,079,803	35,006,561	130,979,150
Income tax (paid) / reimbursed	-2,110,992	3,906,069	-3,313,858	-15,351,392
A. Net operating cash flow	32,466,179	90,985,872	31,692,703	115,627,758

CONDENSED CONSOLIDATED CASH FLOW STATEMENT	for the period 01.07.2023 – 30.09.2023	for the period 01.01.2023 – 30.09.2023	for the period 01.07.2022 – 30.09.2022	for the period 01.01.2022 – 30.09.2022
INVESTMENT ACTIVITY				
Repayment of loans granted	0	2,200,000	178,787	583,091
Purchase of intangible and tangible fixed assets	-340,577	-10,601,967	-8,184,801	-33,400,482
Disposal of intangible and tangible fixed assets	78,684	87,551	0	0
Purchase of shares	-1,135,994	-12,980,401	0	-14,320,399
Loans granted	-600,000	-600,000	0	0
Interest on loans	0	19,244	0	0
Earn-Out payment	0	-4,350,094	0	0
B. Net cash flow from investment activities	-1,997,887	-26,225,667	-8,006,014	-47,137,790
FINANCIAL ACTIVITY				
Net inflow from issuance of shares and other equity instruments and capital contributions	0	0	3,304	3,304
Dividend and other payments to the owners	0	-52,306,718	0	-72,317,830
Payment of finance lease liabilities	-1,255,804	-4,115,386	-937,852	-2,908,774
Purchase of own shares	0	0	0	-18,636,050
Interest on lease	-36,615	-154,791	-72,110	-235,975
Other financial expenditure	0	-459,718	0	0
C. Net cash flow from financing activity	-1,292,418	-57,036,613	-1,006,658	-94,095,325
D. Total net cash flow	29,175,875	7,723,592	22,680,031	-25,605,357
– change in cash due to exchange rate losses/gains	-734,771	-498,493	-343,945	-681,388
E. Increase in cash and cash equivalents (incl. exchange rate differences)	28,441,103	7,225,098	22,336,086	-26,286,745
F. Cash at the beginning of the period	105,378,878	126,594,883	90,930,596	139,553,427
G. Cash at the end of the period	133,819,981	133,819,981	113,266,682	113,266,682



5.

COMMENTS ON THE RESULTS

The Parent Company's Management Board performs a combined analysis based on consolidated data, due to the fact that the separate and consolidated data for Ten Square Games S.A. and the Ten Square Games S.A. Group are similar to each other (preserved trends for balance sheet and result items).

In 2021, the acquisition of the Rortos subsidiary took place, which significantly changed the value of shares in the separate statements and the value of intangible assets in the consolidated statements in line with the increase in the acquisition liability and cash outflow. However, this transaction did not have such a significant impact on the Statement of Comprehensive Income, hence the Parent Company decided to describe the consolidated data further.

The Parent Company's Management Board, while monitoring the situation of Ten Square Games and managing the Group, does not perceive non-cash accounting (including the incentive plan and deferral of revenue) as having any impact on operations, and therefore analyzes financial results and plans operational and strategic actions without taking them into account. Therefore, the Company's Management Board has decided to:

- » Analyze revenue through "Bookings", which is based on actual payments made by users in a given period and is entirely translated into cash flow generation, and does not take into account the effect of recognizing over time revenue from the sale of virtual currency and virtual durable goods. Analyzing revenues (i.e., bookings adjusted for the impact of their deferral and recognition over time) could lead to completely erroneous conclusions from the point of view of user behavior in the game and management of further development of the game;
- » introduction of "Adjusted EBITDA," which is a key indicator reflecting the Company's and the Group's operating performance.



5.1. Statement of comprehensive income

THE BREAKDOWN OF CONSOLIDATED REVENUE PER GAME BY QUARTERS

GAME	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023
Fishing Clash	95,826,978	84,385,263	88,773,895	86,980,211	72,557,817	63,193,703	69,737,485
Hunting Clash	32,279,619	24,978,052	32,523,045	32,729,538	32,395,570	24,412,492	27,311,328
Let's Fish	3,099,293	2,394,146	2,380,160	2,490,229	2,172,122	1,852,363	1,614,321
Wild Hunt	2,790,545	2,517,568	2,666,554	2,606,582	2,352,751	1,998,176	1,812,965
Airline Commander	2,879,778	3,048,100	3,717,211	3,046,180	2,627,214	2,311,324	2,502,013
Real Flight Simulator	3,694,286	4,047,377	4,307,017	4,615,007	4,321,619	4,284,991	4,741,534
Wings of Heroes		89,199	673,688	4,496,408	5,769,225	2,071,904	1,757,393
Other	1,980,865	1,991,301	2,444,425	1,605,596	1,396,720	1,101,617	922,288
TOTAL BOOKINGS	142,551,364	123,451,006	137,485,995	138,569,751	123,593,038	101,226,570	110,399,327
Deferred revenues (consumables)	4,937,513	908,931	1,505,185	-3,855,149	-201,742	-1,276,770	-565,728
Deferred revenues (durables)	2,845,786	-217,105	-6,077,959	-3,547,668	-5,941,631	4,982,653	-4,261,715
TOTAL REVENUES	150,334,663	124,142,832	132,913,221	131,166,934	117,449,665	104,932,453	105,571,884

[1] under the concept of bookings, the Group recognizes revenue not reduced by revenue deferred in time (i.e. in the case of micropayments these are payments made by users during the indicated period). The amount of deferred revenue results from the estimate of the unused virtual currency by active players made at the balance sheet date. The amount of such deferred revenue is recognized in the financial statements under the balance sheet item „deferred revenue“.

MAU ^[2] FOR THE MAIN GAMES

GAME	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023
Fishing Clash – MAU (average in the reporting period)	2,227,455	1,835,612	2,540,524	2,232,582	2,488,370	2,336,456	2,652,322
Hunting Clash – MAU (average in the reporting period)	1,494,746	1,257,463	1,273,923	1,458,084	1,374,262	1,097,983	2,045,553
Wings of Heroes – MAU (average in the reporting period)	N/A	N/A	N/A	561,094	647,832	326,576	286,786
Evergreen – MAU (average in the reporting period)	763,829	674,729	771,631	744,403	788,326	808,083	926,249

[2] Monthly average number of active players

THE BREAKDOWN OF CONSOLIDATED SELLING COSTS BY QUARTERS

SPECIFICATION	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023
Selling costs	79,870,756	67,589,551	78,366,429	79,303,832	69,004,470	59,814,327	56,408,680
marketing:	30,070,387	24,555,603	32,087,278	32,153,373	27,154,208	21,239,048	19,844,010
- Fishing Clash	16,110,636	13,099,412	18,769,324	15,219,141	11,180,883	11,575,445	10,919,991
- Hunting Clash	13,532,653	10,257,990	12,688,594	14,306,734	11,236,075	9,174,676	8,551,009
- Airline Commander	303,480	815,706	17,986	14,434	0	22,751	0
- Wings of Heroes	0	76,168	429,284	2,148,811	4,587,053	363,022	373,010
- other titles	123,618	306,327	182,090	464,253	150,197	103,154	0
provisions	41,728,991	35,672,700	38,649,821	38,257,580	33,624,212	30,509,186	29,578,780
revenue share	448,775	406,178	407,005	416,458	351,645	311,614	266,734
remuneration, subcontracting services	5,857,302	5,193,498	5,472,331	5,932,840	6,131,380	5,531,739	5,379,572
mobile games market research services	308,753	366,990	399,507	318,568	291,446	297,964	262,054
other	1,456,548	1,394,582	1,350,487	2,225,014	1,451,579	1,924,776	1,077,530

Faced with falling bookings in the first months of 2023, Ten Square Games' Management Board decided to revise the Group's strategy in April 2023. The Group has decided to focus on the development of the Group's three main products, i.e. Fishing Clash, Hunting Clash and Wings of Heroes, and to adjust the staffing structure in accordance with the market situation and the Group's plans. Accordingly, Ten Square Games' Management Board decided to halt further development work on the Undead Clash and Fishing Masters projects. The closure of these projects resulted in a total write-down of capitalized costs related to the production of both games (a total write-down of PLN 31.7 million, which was charged to the Group's results in the first half of 2023). At the same time, in April 2023, a workforce reduction (group layoffs) was carried out at the Parent Company, affecting 110 people (about 25% of the workforce). On this account, in the second quarter of 2023, the Group booked a severance pay cost of PLN 6.4 million, of which PLN 3.3 million was attributable to closed, capitalized projects – Fishing Masters and Undead Clash, and the remaining PLN 3.1 million was directly charged to other operating costs. There were no significant one-time events in the third quarter of 2023.

Intensive efforts to get the Fishing Clash and Hunting Clash games back on a growth path and to build monetization depth in Wings of Heroes have yielded positive results. In the third quarter of 2023, bookings generated by games in the Group's portfolio increased by 9.1% compared to the second quarter of 2023, amounting to PLN 110.4 million. Contributing to this increase were collectively higher bookings in the titles: Fishing Clash, Hunting Clash, Real Flight Simulator and Airline Commander. The increase in player engagement can also be seen in the again growing user base (MAU indicator) for Fishing Clash and Hunting Clash games. The decline in revenue for Wings of Heroes was related to a major overhaul of the game engine and an almost complete halt in marketing spending at the time. However, such major changes to the game, in the Group's view, will help accelerate the title's development in the long term.

The Group does not experience significant seasonality in sales. The level of revenues depends on the life cycle of a given game, marketing expenditures, and in recent years, on lockdowns introduced or lifted due to the COVID-19 pandemic.

The cost of sold goods and services mainly includes the salaries of the Company's employees and associates, as well as depreciation of games. The level of these costs is most influenced by the number of active productions after the soft launch phase. The Group's last soft launch of a game took place in May 2022 (Wings of Heroes), hence, starting from the third quarter of 2022, the level of production costs is relatively constant and fluctuates in the range of PLN 17.2-19.3 million. Nonetheless, following the April layoffs, here too the Group recorded a decrease in the level of costs from PLN 18.9 million in the second quarter of 2023 to 17.8 in the third quarter of 2023. This is the result of a minor reduction in the size of product teams mainly in non-core titles from the perspective of the Group's strategy.

In the third quarter of 2023, the amount of recurring general and administrative expenses was reduced by 14.1% compared to the second quarter of 2023. This was influenced by the implementation of the layoffs process in the second quarter of 2023, which resulted in a 13% decrease in salary costs in the third quarter of 2023 compared to the second quarter of this year. It is worth noting that in the second quarter of 2023 the amount of this cost item was reduced by 19% compared to the first quarter of 2023. Due to the reorganization of work and a reduction in the number of active offices in various locations, the cost of maintaining subsidiaries and offices also decreased. As a result, the Group closed the third quarter of 2023 with total general and administrative expenses lower by as much as 18.8% quarter-on-quarter and by 56.9% compared to the third quarter of 2022.

BREAKDOWN OF CONSOLIDATED GENERAL AND ADMINISTRATIVE COSTS BY QUARTERS

SPECIFICATION	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023
Recurring costs, including:	11,030,484	11,763,761	9,196,909	8,134,626	10,573,057	7,510,342	6,454,144
- payroll + third party services (TSG S.A.)	5,462,957	4,675,326	3,901,884	4,457,249	4,535,148	3,682,599	3,206,869
- cost of subsidiaries	1,702,087	3,362,996	1,967,808	43,979	1,612,988	1,134,552	1,074,407
- rent and maintenance of office (TSG S.A.)	859,752	1,012,146	1,032,308	1,157,053	1,099,129	986,223	749,439
- other	3,005,689	2,713,293	2,294,909	2,476,344	3,325,791	1,706,968	1,423,429
One-off costs, including:	13,065,319	764,783	6,034,268	5,560,753	6,197,949	571,870	112,185
MSOP	11,304,904	761,432	6,033,168	5,929,836	6,033,168	0	111,135
M&A	1,760,415	3,351	1,100	-369,083	164,781	571,870	1,050
TOTAL GENERAL AND ADMINISTRATIVE COSTS	24,095,803	12,528,544	15,231,177	13,695,379	16,771,005	8,082,212	6,566,329

The first quarter of 2023 was the last quarter in which the Group recognized the non-cash cost of the 2020 incentive program. This cost was equal over time and amounted to PLN 6 million per quarter from the second quarter of 2020 to the first quarter of 2023. In the third quarter of 2023, the Company recognized 1/4 of the cost of the retention incentive plan for key employees implemented on the basis of the Company's own shares acquired through share repurchases on the WSE; however, this is significantly lower compared to previous programs and amounts to a total of PLN 164 thousand, of which the majority, i.e. PLN 111 thousand, is attributable to general and administrative expenses. The remainder of the costs of this plan will be recognized in the fourth quarter of 2023.

RECONCILIATION OF OPERATING PROFIT TO ADJUSTED EBITDA RATIO AFTER QUARTERS

SPECIFICATION	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023
Operating profit (EBIT)	29,391,817	17,444,470	21,635,772	4,219,705	-14,413,939	9,638,991	25,032,085
amortization and depreciation (excluding capitalized portion)	2,742,054	3,725,224	3,413,622	5,654,094	4,977,704	5,038,746	4,969,493
write-downs for impairment	0	8,467,149	671,272	14,643,822	26,572,925	5,117,065	0
EBITDA	32,133,872	29,636,841	25,720,667	24,517,621	17,136,690	19,794,802	30,001,578
non-cash impact of incentive scheme (excluding capitalized portion)	12,303,319	-236,983	6,033,168	5,929,836	6,033,168	0	164,217
deferred result (revenue minus commissions) – consumables	-3,456,258	-636,252	-1,053,630	2,698,604	141,218	893,739	396,007
deferred result (revenue minus commissions) – durables	-1,859,303	-316,187	4,254,570	2,483,367	4,159,142	-3,487,857	2,983,207
costs of potential and completed acquisitions (M&A) and review of strategic options	1,760,415	0	0	-370,132	163,381	570,120	0
donations to public benefit organization (regarding the war in Ukraine)	1,000,000	0	0	0	0	0	0
severance pay – group lay-offs	0	0	0	0	0	3,146,532	0
other one-offs	248,368	0	24,886	32,299	0	1,022,240	117,035
Adjusted EBITDA	42,130,413	28,447,420	34,979,661	35,291,595	27,633,599	21,939,576	33,662,044

Adjusted EBITDA amounted to PLN 33.7 million, 53.4% higher than in the second quarter of 2023 and only 3.8% lower than in the third quarter of 2022. The quarter-on-quarter increase in Adjusted EBITDA was mostly driven by the improved performance of the Group's major games following changes in the Group's approach to game development implemented with the change in strategy in April 2023. This translated into an increase in bookings generated by the Group's main titles. The Group's EBITDA performance was also positively impacted by the reduction in the Group's operating expenses as a result of the changes implemented following the adoption of the new strategy in April 2023.

The Group's financial income in 2023 consists of interest on deposits and excess foreign exchange gains. Financial expenses are mainly the unwinding of the discount on the earn-out payment liability.

In March 2022, Ten Square Games S.A. became a minority shareholder in Gamesture Sp. z o.o. (24.8% of shares). In January 2023, the Company increased its involvement to 36.9%. Gamesture Sp. z o.o. is currently generating a net loss, and as a result, the Group reported a loss of PLN 0.7 million in the third quarter of 2023 from its interest in associates.

The Group closes the third quarter of 2023 with a net profit of PLN 22.2 million, an improvement over both the second quarter of this year and the third quarter of 2022.

5.2. **Consolidated statement of financial position**

On the balance sheet side, there was an increase in both fixed assets and current assets compared to the last reported period, i.e. June 30, 2023. On the non-current assets side, the balance sheet valuation of the goodwill item is responsible for the largest change. Accumulation of cash by PLN 28.4 million is responsible for the change within current assets to the greatest extent. Cash accounts for as much as 26.7% of the balance sheet total as of September 30, 2023.

On the liabilities side, compared to 30.06.2023, the Group recorded an increase in equity related to the positive financial result of the period and also this quarter closed with positive foreign exchange differences from the translation of foreign entities. The structure of long-term and short-term liabilities is quite similar to 30.06.2023. However, it is worth recalling that during 2023 the balance of the provision for income tax changed significantly (+ PLN 12.5 million). The increase in the amount of the liability is related to the ongoing tax audit at the Parent Company, however, it is worth noting that this is not reflected in the result – previously the Parent Company reported this amount as a receivable subject to write-off. In May 2023, the Parent Company received a refund of the receivable from the authority, hence the reversal of the write-down and the posting of the provision until the receipt of the audit report.

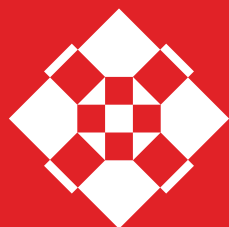
5.3. **Consolidated cash flow statement**

The Group regularly generates cash from operating activities every quarter. As an unusual event, in the second quarter of 2023, the Group received a CIT refund relating to 2019 and 2020 of PLN 12.5 million, which significantly improved the level of operating cash flow. The third quarter contained no significant unusual events, the level of cash generated is close to the level of adjusted EBITDA.

The Group's investment activities in the third quarter of 2023 were mainly an increase in exposure to the Sisu investment fund by \$274,000, as well as the granting of a loan to Gamesture Sp. z o.o. in the amount of PLN 600,000. Previously, this item was mainly related to the production of new titles, however, with the change in strategy, the Group is currently not working on any new game.

Financial activities are mostly cash flows related to dividend payments – in the second quarter of 2023, the Group paid a dividend of PLN 52.3 million. In the third quarter, financing activity was almost limited to interest payments on leased office space.

The Group closes the third quarter with a PLN 29.2 million increase in cash.



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III

**INTERIM CONDENSED
STANDALONE
FINANCIAL STATEMENT**



INTERIM CONDENSED **STANDALONE** STATEMENT OF COMPREHENSIVE INCOME

STANDALONE FINANCIAL STATEMENT OF COMPREHENSIVE INCOME	for the period 01.07.2023 – 30.09.2023	for the period 01.01.2023 – 30.09.2023	for the period 01.07.2022 – 30.09.2022	for the period 01.01.2022 – 30.09.2022
Sales revenues	95,852,973	295,001,459	122,420,656	380,534,396
Costs of services sold	12,830,064	39,069,329	12,673,201	38,094,536
Gross profit (loss) on sales	83,022,909	255,932,130	109,747,455	342,439,860
Other operating income	280,717	521,589	143,547	433,600
Selling costs	53,793,297	171,385,507	75,475,383	217,313,078
General and administrative costs	5,693,717	28,814,152	14,896,993	49,195,650
Other operating costs	33,263	35,556,989	730,598	11,373,509
Operating profit (loss)	23,783,349	20,697,071	18,788,029	64,991,223
Financial income	583,329	12,306,642	4,969,293	11,363,094
Financial expense	1,557,595	4,536,284	1,858,360	4,902,779
Loss (profit) on associates	694,834	2,523,248	711,166	1,884,074
Profit (loss) before taxation	22,114,249	25,944,180	21,187,795	69,567,463
Income tax	156,840	-1,533,027	622,189	8,658,929
Net profit (loss) on continued activity	21,957,409	27,477,208	20,565,607	60,908,535
Items to be reclassified to profit and loss account in subsequent periods	0	0	0	0
Items that will not be reclassified to the income statement in subsequent periods	0	0	0	0
Total comprehensive income	21,957,409	27,477,208	20,565,607	60,908,535

EARNINGS PER ONE SHARE

CALCULATION OF EARNINGS PER ONE SHARE	for the period 01.01.2023 – 30.09.2023	for the period 01.01.2022 – 30.09.2022
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 assigned to the Parent Entity	27,477,208	60,908,535
net earnings per one share in PLN		
basic net earnings per share	3.75	8.34
diluted net earnings per share for the financial period	3.75	8.30
net earnings per one share on continued operations in PLN		
basic net earnings per share	3.75	8.34
diluted net earnings per share for the financial period	3.75	8.30



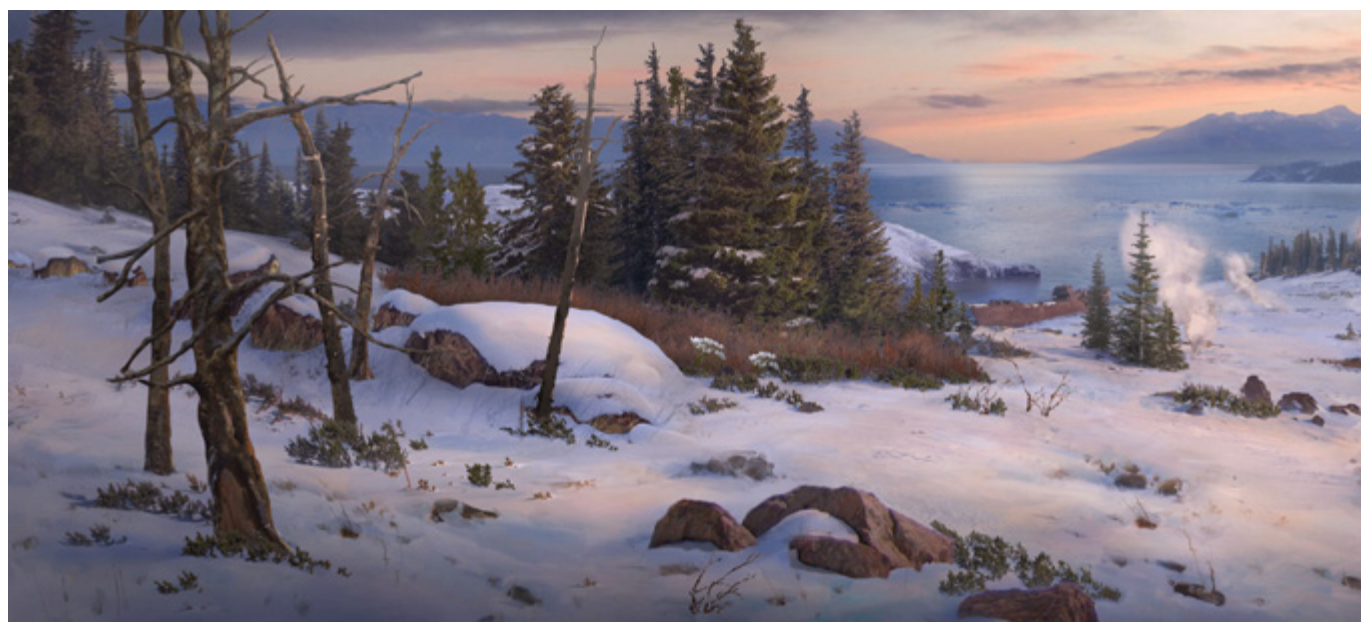
2.

INTERIM CONDENSED **STANDALONE** STATEMENT OF FINANCIAL SITUATION

ASSETS	30.09.2023	31.12.2022	30.09.2022
Fixed assets	304,852,305	322,104,969	335,654,661
Tangible fixed assets	13,480,870	19,714,843	20,482,549
Intangible fixed assets	1,176,325	23,699,753	33,848,919
Investments in affiliates	252,893,402	252,893,402	252,893,402
Other financial assets	32,689,158	21,765,555	23,619,789
Deferred tax asset	4,612,550	4,031,416	4,810,002
Current assets	190,151,627	176,390,714	157,143,728
Receivables	41,642,730	44,382,747	46,057,667
Current income tax receivable	12,097,546	6,723,368	0
Contract assets	22,335,483	20,186,021	18,401,855
Loans granted	1,294,390	4,184,876	2,564,903
Cash and cash equivalents	112,781,478	100,913,702	90,119,303
TOTAL ASSETS	495,003,932	498,495,683	492,798,389



EQUITY AND LIABILITIES	30.09.2023	31.12.2022	30.09.2022
Equity	310,315,022	328,947,147	329,066,206
Share capital	733,482	733,482	733,482
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	94,978,761	88,781,376	83,239,028
Retained earnings	232,742,729	257,572,239	263,233,646
Own shares (negative value)	-18,636,050	-18,636,050	-18,636,050
Long-term liabilities	47,184,763	65,893,032	58,146,934
Deferred tax liability	624,709	4,438,492	6,411,527
Lease liabilities	1,709,200	4,390,818	5,414,625
Provisions for employee benefits	3,002,143	2,605,726	2,221,042
Other liabilities	41,848,711	54,457,996	44,099,740
Short-term liabilities	137,504,147	103,655,504	105,585,249
Trade liabilities	13,448,652	11,243,318	21,249,253
Income tax liabilities	23,435,773	10,894,769	0
Current income tax liabilities	0	0	6,053,744
Lease liabilities	3,166,908	3,676,009	3,882,456
Other liabilities	16,808,569	5,478,886	8,035,556
Provisions for employee benefits	6,192,631	5,075,787	5,024,726
Contract liabilities	74,451,614	67,286,735	61,339,514
TOTAL EQUITY AND LIABILITIES	495,003,932	498,495,683	492,798,389



3.

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

9 months ended on 30.09.2023

Standalone 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	TOTAL EQUITY
Equity as at 01.01.2023	733,482	496,100	88,781,376	0	257,572,239	-18,636,050	328,947,147
Payment of share capital							0
Share-based payments			6,197,385				6,197,385
Payment of dividends					-52,306,718		-52,306,718
Purchase of own shares							0
Net profit					27,477,208		27,477,208
Total comprehensive income					27,477,208		27,477,208
Equity as at 30.09.2023	733,482	496,100	94,978,761	0	232,742,729	-18,636,050	310,315,022

12 months ended on 31.12.2022

Standalone 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	TOTAL EQUITY
Equity as at 01.01.2022	730,178	496,100	65,139,524	0	274,642,941	0	341,008,743
Payment of share capital	3,304						3,304
Share-based payments			23,641,852				23,641,852
Payment of dividends					-72,317,830		-72,317,830
Purchase of own shares						-18,636,050	-18,636,050
Net profit					55,247,128		55,247,128
Total comprehensive income					55,247,128		55,247,128
Equity as at 31.12.2022	733,482	496,100	88,781,376	0	257,572,239	-18,636,050	328,947,147

9 months ended on 30.09.2022

Standalone 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	TOTAL EQUITY
Equity as at 01.01.2022	730,178	496,100	65,139,524	0	274,642,941	0	341,008,743
Payment of share capital	3,304						3,304
Share-based payments			18,099,504				18,099,504
Payment of dividends					-72,317,830		-72,317,830
Purchase of own shares						-18,636,050	-18,636,050
Net profit					60,908,535		60,908,535
Total comprehensive income					60,908,535		60,908,535
Equity as at 31.12.2022	733,482	496,100	83,239,028	0	263,233,646	-18,636,050	329,066,206



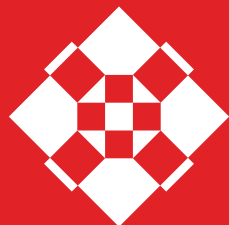
4.

INTERIM CONDENSED **STANDALONE** CASH FLOW STATEMENT

INTERIM CONDENSED STANDALONE CASH FLOW STATEMENT	for the period 01.07.2023 – 30.09.2023	for the period 01.01.2023 – 30.09.2023	for the period 01.07.2022 – 30.09.2022	for the period 01.01.2022 – 30.09.2022
OPERATING ACTIVITY				
Profit/loss before taxation	22,114,248	25,944,180	19,452,883	69,567,463
Total adjustments:	9,032,224	57,056,219	9,542,117	49,539,275
Depreciation and amortization	2,369,264	7,449,219	2,156,870	4,133,722
Foreign exchange rate gain/loss	398,463	470,172	71,235	-267,499
Interest paid on lease	42,418	147,735	69,461	227,935
Interest on liabilities (Rortos)	1,347,575	3,908,894	1,787,825	4,673,770
Interest and share in profit (dividends)	0	-8,161,057	-2,583,580	-2,583,580
Change in receivables	-2,763,883	2,740,017	-3,385,418	8,105,673
Change in liabilities and accrued expenses	3,519,672	4,961,386	-840,353	9,173,986
Change in contract liabilities	4,755,076	7,164,879	7,051,222	-3,902,351
Change in contract assets	-1,426,521	-2,149,462	-2,115,370	835,290
Write-off of intangible assets	0	31,689,990	671,272	9,138,421
Share-based payments (part not included in capitalization of intangible assets)	164,217	6,197,385	6,033,168	18,099,504
Loss on associates	694,834	2,523,248	711,156	1,884,074
Loss / profit on sale of fixed assets	-68,891	113,813	0	0
Other adjustments	0	0	-85,371	20,330
Cash on operating activity	31,146,472	83,000,399	28,995,000	119,106,738
Income tax (paid) / refunded	-2,679,345	4,330,834	-3,195,750	-14,692,940
A. Net operating cash flow	28,467,127	87,331,233	25,799,250	104,413,798

INTERIM CONDENSED STANDALONE CASH FLOW STATEMENT	for the period 01.07.2023 – 30.09.2023	for the period 01.01.2023 – 30.09.2023	for the period 01.07.2022 – 30.09.2022	for the period 01.01.2022 – 30.09.2022
INVESTMENT ACTIVITY				
Repayment of loans granted	0	2,200,000	66,892	1,418,503
Purchase of intangible and tangible fixed assets	-340,578	-10,583,174	-8,137,876	-32,008,657
Disposal of intangible and tangible fixed assets	78,684	87,551	0	0
Purchase of shares	-1,135,994	-12,980,401	0	-14,320,399
Loans granted	-600,000	-600,000	0	0
Interest on loans	0	19,244	0	0
Earn-Out payment	0	-4,350,094	0	0
B. Net cash flow from investment activities	-1,997,888	-26,206,874	-8,070,984	-44,910,553
FINANCIAL ACTIVITY				
Dividends from subsidiaries	0	8,161,057	2,583,580	2,583,580
Net proceeds from the issue of shares and other equity instruments and capital contributions	0	0	3,304	3,304
Dividends and other payments to shareholders	0	-52,306,718	0	-72,317,830
Payment of finance lease liabilities	-1,224,127	-4,019,111	-883,286	-2,811,643
Purchase of own shares	0	0	0	-18,636,050
Interest on lease	-42,418	-147,735	-69,461	-227,935
Other financial expenses	0	-459,719	0	0
C. Net cash flow from financing activity	-1,266,545	-48,772,226	1,634,137	-91,406,574
D. Total net cash flow	25,202,694	12,352,133	19,362,403	-31,903,329
– change in cash due to exchange rate losses/gains	-722,705	-484,357	-309,310	-649,694
E. Increase in cash (with exchange rate differences)	24,479,989	11,867,776	19,053,093	-32,553,023
F. Cash at the beginning of the period	88,301,489	100,913,702	71,066,210	122,672,326
G. Cash at the end of the period	112,781,478	112,781,478	90,119,303	90,119,303





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IV

**ACCOUNTING
PRINCIPLES**

1.

COMPLIANCE WITH THE INTERNATIONAL ACCOUNTING STANDARD

This interim condensed consolidated financial statement has been prepared in accordance with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board as approved by the European Union, under the IFRS Regulation (European Commission 1606/2002), hereinafter referred to as "EU IFRS" as applicable at 30.09.2023.

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).

During the course of 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 and the inclusion of costs that constitute tax costs, and do not constitute balance sheet costs. 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.

From 2022, the Company takes advantage of the possibility of applying the research and development relief also in relation to income from qualified intellectual property rights.

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 IAS 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 Company, 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 Company, 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 conducted impairment write-down, 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.

Prepayments 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

Share capital is recognized in the amount specified in the Company's Articles of Association and entered into the court register. If shares are recognized at a price higher than their nominal value, such excess amount shall be recognized in supplementary capital. In the item "Other capitals", the Group shall recognize the profit from the period which shall be allocated to other capitals, according to the resolution of shareholders.

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 Group 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 a consolidated financial statement requires from the Management Board of the Parent Entity conducting estimates and assumptions which are reflected in this statement and additional information and explanations to the statement.

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 Company 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 recognises 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 Company did not have statistical models to estimate the value of durables, which was related to, among other things, the fact that the Company's game economics are based on:

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

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.

[1] 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

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 Company 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 – the second leading title Hunting Clash does not currently have, in the Company's opinion, a sufficient history of players to estimate the value of the durable goods used over time without significant risk of error.

Contingent earn-out payments

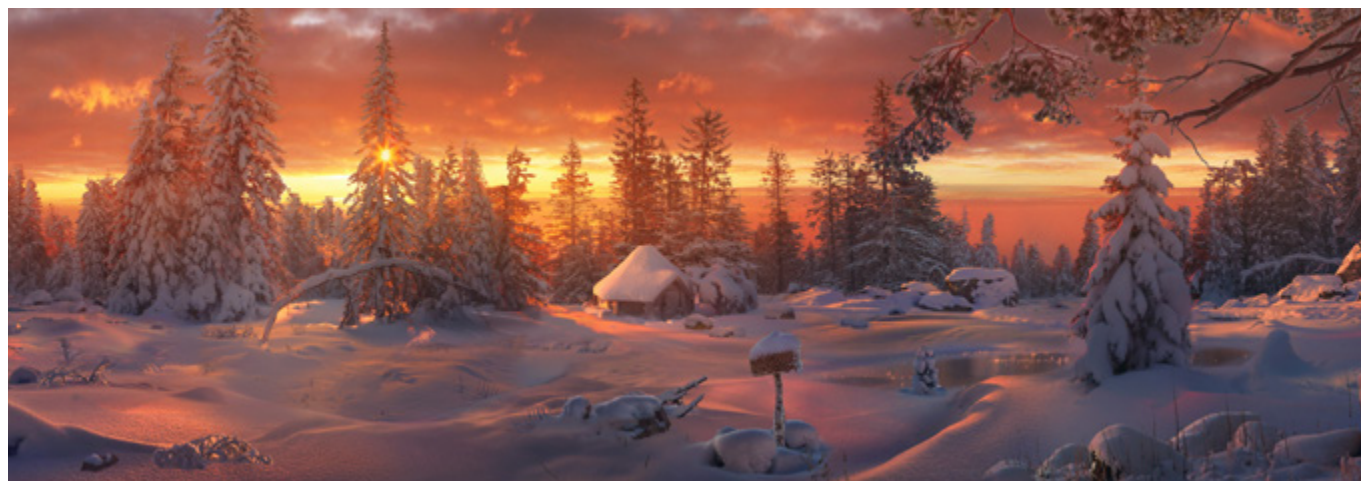
In connection with the acquisition of Rortos in July 2021, the parent company has made an initial accounting for the acquisition of the shares and the calculation of the liability to pay. The payment for the acquisition of the shares consists of a cash portion, payable immediately after the acquisition 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.

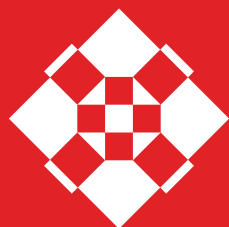
In order to reflect the current market assessment of the time value of money and the risks specific to the liability, future payments were estimated taking into account changes in the time value of money and discounted to present value.

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 the acquisition date.

Determination of materiality

When preparing financial statements, the Group applies the principle of materiality. The materiality principle introduces the possibility of applying simplifications, if this does not have a significantly negative impact on the fair and clear presentation of the property and financial situation and financial result. In preparing this report, the Group adopted as the materiality level an amount equal to PLN 1 million (in accordance with accounting policy, no more than 5% of the gross result after taking into account one-time events such as write-downs of games).





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**NOTES TO THE
FINANCIAL STATEMENT
– CONSOLIDATED DATA**



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 – 30.09.2023	for the period 01.01.2022 – 30.09.2022
Sales of services	327,954,002	407,390,716
TOTAL revenues from sales of services	327,954,002	407,390,716
Other operating revenues	577,358	918,464
Financial revenues	4,078,445	8,517,527
TOTAL revenues from continuing operations	332,609,805	416,826,707
TOTAL revenues	332,609,805	416,826,707

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 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”.



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 01-09.2023	% share in bookings in 2023	bookings 01-09.2022	% share in bookings in 2022
micro-payments	329,543,927	98.3%	390,122,259	96.7%
advertisements	5,102,477	1.5%	9,314,901	2.3%
licenses	572,531	0.2%	4,051,205	1.0%
BOOKINGS TOTAL	335,218,935	100.0%	403,488,365	100.0%
deferred income (consumable)	-2,044,240	N/A	7,351,629	N/A
deferred income (durable)	-5,220,693	N/A	-3,449,278	N/A
REVENUES TOTAL	327,954,002	N/A	407,390,716	N/A

Revenues from micropayments and licenses are entirely generated by individuals, while the flow of funds to the Group is through payment aggregators, mobile stores or licensees. Users purchase certain packages in the game, e.g. a pearl package, a bait package (in fishing games), upgraded fishing rods. The price of the package is fixed, set by the Group. The transfer of goods to the user takes place when the payment is registered by the designated entities. Although in the case of the purchase of premium packages, i.e. packages containing, among other things, virtual currency, the transfer of currency to the user's account takes place immediately after payment, the use of virtual currency in the game itself may be postponed in time – this depends on the decision of the player each time, who may individually, within the framework of the existing agreement between the parties, choose the moment of exchange of virtual currency for other virtual goods.

In the case of advertising revenues, users (individuals) are shown in-game advertisements. The display of the advertisement is also the moment when the revenue is accrued. The advertiser pays for the display of the advertisement, while the due portion of this revenue goes to the Group through advertising intermediaries on the basis of advertising reports.

Settlement with intermediaries is based on monthly sales reports, and payment is made according to the date specified in the contract, most often a range from 1 to 60 days after the end of the calendar month.

1.3. Revenues – games

GAME	bookings 01-09.2023	% share in bookings in 2023	bookings 01-09.2022	% share in bookings in 2022
Fishing Clash ⁽¹⁾	205,489,005	61.3%	268,986,136	66.7%
Hunting Clash	84,119,390	25.1%	89,780,716	22.3%
Let's Fish	5,638,806	1.7%	7,873,599	2.0%
Wild Hunt	6,163,892	1.8%	7,974,667	2.0%
Airline Commander	7,440,551	2.2%	9,645,089	2.4%
Real Flight Simulator	13,348,144	4.0%	12,048,679	3.0%
Wings of Heroes	9,598,522	2.9%	762,887	0.2%
other	3,420,625	1.0%	6,416,591	1.4%
BOOKINGS TOTAL	335,218,935	100.0%	403,488,365	100.0%
deferred income (consumable)	-2,044,240	N/A	7,351,629	N/A
deferred income (durable)	-5,220,693	N/A	-3,449,278	N/A
REVENUES TOTAL	327,954,002	N/A	407,390,716	N/A

(1) The amount of bookings for the Fishing Clash game includes PLN 0.2 million related to the license income generated on the Chinese market in 2023. The license revenue in 1-3Q 2022 amounted to PLN 3.36 million. Parent Company does not earn licensing revenue in the Chinese market since April 2023.

QUARTERLY BREAKDOWN OF BOOKINGS FOR MAJOR TITLES:

GAME	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023
Fishing Clash	95,826,978	84,385,263	88,773,895	86,980,211	72,557,817	63,193,703	69,737,485
Hunting Clash	32,279,619	24,978,052	32,523,045	32,729,538	32,395,570	24,412,492	27,311,328
Let's Fish	3,099,293	2,394,146	2,380,160	2,490,229	2,172,122	1,852,363	1,614,321
Wild Hunt	2,790,545	2,517,568	2,666,554	2,606,582	2,352,751	1,998,176	1,812,965
Airline Commander	2,879,778	3,048,100	3,717,211	3,046,180	2,627,214	2,311,324	2,502,013
Real Flight Simulator	3,694,286	4,047,377	4,307,017	4,615,007	4,321,619	4,284,991	4,741,534
Wings of Heroes		89,199	673,688	4,496,408	5,769,225	2,071,904	1,757,393
other	1,980,865	1,991,301	2,444,425	1,605,596	1,396,720	1,101,617	922,288
TOTAL BOOKINGS	142,551,364	123,451,006	137,485,995	138,569,751	123,593,038	101,226,570	110,399,327
deferred income (unused virtual currency)	4,937,513	908,931	1,505,185	-3,855,149	-201,742	-1,276,770	-565,728
deferred income (unused durables)	2,845,786	-217,105	-6,077,959	-3,547,668	-5,941,631	4,982,653	-4,261,715
TOTAL REVENUES	150,334,663	124,142,832	132,913,221	131,166,934	117,449,665	104,932,453	105,571,884

Deferred revenue by game and quarters in 2023, and the balance sheet balance at 1.01.2022, 31.12.2022 and 30.09.2023 (balance sheet item "contract liabilities" for deferred revenue and balance sheet item "contract assets" for deferred commission costs):

2023

CONSUMABLE	Balance sheet item	Change of deferral	Balance sheet valuation	Change of deferral	Balance sheet valuation	Change of deferral	Balance sheet valuation	Balance sheet item
	31.12.2022	1Q 2023	1Q 2023	2Q 2023	2Q 2023	3Q 2023	3Q 2023	30.09.2023
Fishing Clash								
deferred revenues	-5,890,721	-62,638		-955,926		-451,137		-7,360,422
deferred costs	1,767,216	18,792		286,778		135,341		2,208,127
Hunting Clash								
deferred revenues	-1,546,555	-144,784		-261,936		-143,065		-2,096,340
deferred costs	463,965	43,436		78,580		42,921		628,902
Let's Fish								
deferred revenues	-186,158	18,849		-29,035		46,730		-149,614
deferred costs	55,848	-5,655		8,711		-14,020		44,884
Wild Hunt								
deferred revenues	-215,084	-2,589		-12,762		54,110		-176,325
deferred costs	64,525	777		3,828		-16,232		52,898
Real Flight Simulator								
deferred revenues	-1,456,311	-10,578	4,549	-17,109	70,916	-72,370	-59,720	-1,540,623
deferred costs	436,893	3,175	-1,366	5,132	-21,274	21,705	17,922	462,187
TOTAL								
deferred revenues	-9,294,829	-201,740	4,549	-1,276,768	70,916	-565,732	-59,720	-11,323,324
deferred costs	2,788,447	60,525	-1,366	383,029	-21,274	169,715	17,922	3,396,998
CONSUMABLE								
Fishing Clash								
deferred revenues	-47,638,665	-3,002,670		3,518,833		-2,621,447		-49,743,949
deferred costs	14,291,601	900,801		-1,055,650		786,435		14,923,187
Hunting Clash								
deferred revenues	-11,809,555	-2,938,964		1,463,821		-1,640,266		-14,924,964
deferred costs	3,542,867	881,688		-439,147		492,081		4,477,489
TOTAL								
deferred revenues	-59,448,220	-5,941,634	0	4,982,654	0	-4,261,713	0	-64,668,913
deferred costs	17,834,468	1,782,489	0	-1,494,797	0	1,278,516	0	19,400,676
CONSUMABLE + DURABLE								
deferred revenues	-68,743,049	-6,143,374	4,549	3,705,886	70,916	-4,827,445	-59,720	-75,992,237
deferred costs	20,622,915	1,843,014	-1,366	-1,111,768	-21,274	1,448,231	17,922	22,797,674
impact on the result	-48,120,134	-4,300,360	3,184	2,594,118	49,642	-3,379,214	-41,799	-53,194,563

2022

CONSUMABLE	Balance sheet item		Change of deferral			Balance sheet valuation	Balance sheet item
	31.12.2021	1Q 2022	2Q 2022	3Q 2022	4Q 2022	4Q 2022	31.12.2022
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 the 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 01-09.2023	% share in bookings in 2023	bookings 01-09.2022	% share in bookings in 2022
Google Inc.	187,215,637	51.9%	231,818,024	57.5%
Apple Distribution International	123,677,497	36.9%	144,999,434	35.9%
others	24,325,801	7.3%	26,670,907	6.6%
BOOKINGS TOTAL	335,218,935	96.0%	403,488,365	100.0%
deferred income (consumable)	-2,044,240	N/A	7,351,629	N/A
deferred income (durable)	-5,220,693	N/A	-3,449,278	N/A
REVENUES TOTAL	327,954,002	N/A	407,390,716	N/A

1.5. Revenues – distribution channels

DISTRIBUTION CHANNELS	bookings 01-09.2023	% share in bookings in 2023	bookings 01-09.2022	% share in bookings in 2022
mobile	326,324,210	97.3%	390,548,057	96.8%
browsers	8,894,725	2.7%	12,940,308	3.2%
BOOKINGS TOTAL	335,218,935	100.0%	403,488,365	100.0%
deferred income (consumable)	-2,044,240	N/A	7,351,629	N/A
deferred income (durable)	-5,220,693	N/A	-3,449,278	N/A
REVENUES TOTAL	327,954,002	N/A	407,390,716	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 01-09.2023	% share in bookings in 2023	bookings 01-09.2022	% share in bookings in 2022
North America	148,095,006	44.1%	179,707,139	44.6%
Europe	140,497,734	42.0%	151,804,359	37.6%
<i>including Poland</i>	<i>17,947,876</i>	<i>5.4%</i>	<i>17,727,968</i>	<i>4.4%</i>
Asia	28,118,096	8.3%	48,644,691	12.1%
South America	8,550,034	2.6%	11,059,033	2.7%
Australia and Oceania	6,760,795	2.0%	8,440,049	2.1%
Africa	3,197,270	1.0%	3,833,094	0.9%
BOOKINGS TOTAL	335,218,935	100%	403,488,365	100%
deferred income (consumable)	-2,044,240	N/A	7,351,629	N/A
deferred income (durable)	-5,220,693	N/A	-3,449,278	N/A
REVENUES TOTAL	327,954,002	N/A	407,390,716	N/A



2.

COSTS OF OPERATING ACTIVITY

SPECIFICATION	for the period 01.01.2023 – 30.09.2023	for the period 01.01.2022 – 30.09.2022
Amortization and depreciation	15,401,014	10,498,075
Consumption of materials and energy	548,231	961,514
Third-party services	219,429,518	274,745,222
Taxes and fees	1,721,843	2,378,018
Remuneration	35,049,077	53,645,519
Social insurance and other benefits	7,221,247	8,097,148
Other costs	504,381	613,726
Total costs by type, including:	279,875,311	350,939,222
Cost of products and services sold	56,037,823	50,676,359
Cost of sales	185,227,477	225,826,736
General and administrative expenses	31,419,546	51,855,524
Cost of products manufactured for the entity's own needs (capitalization)	7,190,465	22,580,603

BREAKDOWN OF SELLING COSTS BY QUARTERS

SPECIFICATION	for the period 01.01.2023 – 30.09.2023	for the period 01.01.2022 – 30.09.2022
Selling costs	185,227,477	225,826,736
marketing:	68,237,266	86,713,268
– <i>Fishing Clash</i>	33,676,319	47,979,372
– <i>Hunting Clash</i>	28,961,760	36,479,237
– <i>Airline Commander</i>	22,751	1,137,172
– <i>Wings of Heroes</i>	5,323,085	505,452
– <i>other titles</i>	253,351	612,035
commissions	93,712,178	116,051,512
revenue share	929,993	1,261,958
remuneration, cost of third party services	17,042,691	16,523,131
mobile gaming market research	851,464	1,075,250
other	4,453,885	4,201,617

SPECIFICATION	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023
Selling costs	79,870,756	67,589,551	78,366,429	79,303,832	69,004,470	59,814,327	56,408,680
marketing:	30,070,387	24,555,603	32,087,278	32,153,373	27,154,208	21,239,048	19,844,010
– Fishing Clash	16,110,636	13,099,412	18,769,324	15,219,141	11,180,883	11,575,445	10,919,991
– Hunting Clash	13,532,653	10,257,990	12,688,594	14,306,734	11,236,075	9,174,676	8,551,009
– Airline Commander	303,480	815,706	17,986	14,434	0	22,751	0
– Wings of Heroes	0	76,168	429,284	2,148,811	4,587,053	363,022	373,010
– other titles	123,618	306,327	182,090	464,253	150,197	103,154	0
commissions	41,728,991	35,672,700	38,649,821	38,257,580	33,624,212	30,509,186	29,578,780
revenue share	448,775	406,178	407,005	416,458	351,645	311,614	266,734
remuneration, cost of third party services	5,857,302	5,193,498	5,472,331	5,932,840	6,131,380	5,531,739	5,379,572
mobile gaming market research	308,753	366,990	399,507	318,568	291,446	297,964	262,054
other	1,456,548	1,394,582	1,350,487	2,225,014	1,451,579	1,924,776	1,077,530

BREAKDOWN OF GENERAL AND ADMINISTRATIVE COSTS BY QUARTERS

SPECIFICATION	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023
Recurring costs, including:	11,030,484	11,763,761	9,196,909	8,134,626	10,573,057	7,510,342	6,454,144
– payroll + third party services (TSG S.A.)	5,462,957	4,675,326	3,901,884	4,457,249	4,535,148	3,682,599	3,206,869
– cost of subsidiaries	1,702,087	3,362,996	1,967,808	43,979	1,612,988	1,134,552	1,074,407
– rent and maintenance of office	859,752	1,012,146	1,032,308	1,157,053	1,099,129	986,223	749,439
– other	3,005,689	2,713,293	2,294,909	2,476,344	3,325,791	1,706,968	1,423,429
One-off costs, including:	13,065,319	764,783	6,034,268	5,560,753	6,197,949	571,870	112,185
– MSOP	11,304,904	761,432	6,033,168	5,929,836	6,033,168	0	111,135
– M&A	1,760,415	3,351	1,100	-369,083	164,781	571,870	1,050
TOTAL GENERAL AND ADMINISTRATIVE COSTS	24,095,803	12,528,544	15,231,177	13,695,379	16,771,005	8,082,212	6,566,329



3.

OTHER OPERATING COSTS

SPECIFICATION	for the period 01.01.2023 – 30.09.2023	for the period 01.01.2022 – 30.09.2022
Creating revaluation write-offs for intangible assets	31,689,990	9,138,421
Donations	381,779	2,036,412
Write-down of uncollectible receivables	38,729	6,152
Severance pay	3,146,532	0
Other	332,346	297,518
TOTAL	35,589,376	11,478,502

The impairment of intangible assets and severance costs reported in 2023 are related to a change in strategy, resulting in, among other things, group layoffs, as further described in other notes in the note "Indication of factors and events, including those of an unusual nature, having a significant impact on the condensed financial statements."

The largest donation reported in H1 2022 (PLN 1 million) was in support of charitable institutions providing aid related to the war in Ukraine.



4.

OTHER FINANCIAL INCOME AND COSTS

FINANCIAL INCOME	for the period 01.01.2023 – 30.09.2023	for the period 01.01.2022 – 30.09.2022
Interest income	3,340,501	415,146
Surplus of positive exchange differences	737,944	8,102,381
TOTAL	4,078,445	8,517,527

FINANCIAL COST	for the period 01.01.2023 – 30.09.2023	for the period 01.01.2022 – 30.09.2022
Interest – discount unwinding on the liability related to purchase of Rortos	3,908,894	4,673,770
Interest on lease	154,791	227,935
Other	516,611	79,771
TOTAL	4,580,296	4,981,476



5.

CHANGES IN FIXED ASSETS

SPECIFICATION	Machinery and equipment	Buildings and premises	Other fixed assets	TOTAL
Gross balance sheet value as at 01.01.2023	6,295,185	20,920,952	5,389,701	32,605,838
Increase, due to:	99,704	10,539	18,795	129,038
– purchase of fixed assets	99,704	0	18,795	118,499
– balance sheet valuation	0	10,539	0	10,539
Decrease, due to:	762,326	0	0	762,326
– sale of tangible assets	747,371	0	0	747,371
– balance sheet valuation	14,955	0	0	14,955
Gross balance sheet value as at 30.09.2023	5,632,563	20,931,491	5,408,496	31,972,550
Redemption as at 01.01.2023	3,513,545	6,933,072	749,885	11,196,502
Increases due to amortization	801,667	4,751,935	861,209	6,414,811
Decreases due to amortization	546,006	0		546,006
Redemption as at 30.09.2023	3,769,206	11,685,007	1,611,094	17,065,307
Write-downs as at 01.01.2023	0	0	0	0
Increases	0	0	0	0
Decreases	0	0	0	0
Write-downs as at 30.09.2023	0	0	0	0
Net balance sheet value as at 30.09.2023	1,863,357	9,246,484	3,797,402	14,907,243

OWNERSHIP STRUCTURE – NET VALUE

SPECIFICATION	30.09.2023	31.12.2022
Owned	5,660,759	7,396,183
Used under a lease, tenancy or other agreement, including a lease agreement	9,246,484	14,013,153
TOTAL	14,907,243	21,409,336

6.

CHANGES IN TANGIBLE ASSETS AND GOODWILL

SPECIFICATION	Development costs	Computer software	Intangible assets under development	Goodwill	TOTAL
Gross balance sheet value as at 01.01.2023	99,142,644	1,442,441	49,249,723	164,219,411	314,054,219
Increase, due to:	273,988	11,055	10,472,414	0	10,757,457
– purchase of assets	0	11,055	10,472,414	0	10,483,469
– reclassification	273,988	0	0	0	273,988
Decrease, due to:	998,362	710	273,988	1,901,344	3,174,404
– reclassification	0	0	273,988	0	273,988
– valuation at balance sheet date	998,362	710	0	1,901,344	2,900,416
Gross balance sheet value as at 30.09.2023	98,418,270	1,452,786	59,448,149	162,318,067	321,637,272
Redemption as at 01.01.2023	18,804,918	1,058,057	0	0	19,862,975
Increases due to amortization	8,798,580	187,623	0	0	8,986,203
Decreases	0	0	0	0	0
Redemption as at 30.09.2023	27,603,498	1,245,680	0	0	28,849,178
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 30.09.2023	0	0	59,061,319	0	59,061,319
Net balance sheet value as at 30.09.2023	70,814,772	207,106	386,830	162,318,067	233,726,775



The net value as at 30.09.2023 disclosed under „completed development works" includes the Group's games:

1. Hunting Clash – net value: PLN 29,199; remaining amortization period: 1 month;
2. Games of the acquired company Rortos S.r.l – games valued at fair value using the DCF method during the settlement of the acquisition and valued on an ongoing basis as at the balance sheet date in accordance with the EUR/PLN exchange rate:
 - Airline Commander – net value: PLN 25,521,889; remaining amortization period: 93 months ^[1];
 - Real Flight Simulator – net value: PLN 24,225,944; remaining amortization period: 93 months ^[1];
 - Wings of Heroes – net value: PLN 19,067,210; remaining amortization period: 104 months ^[1];
 - Other games – net value: PLN 1,329,451; remaining amortization period: 9 months ^[1];
3. Tools – total of PLN 611,040.

The item „intangible assets under construction" as of September 30, 2023 consists of capitalized costs of internally manufactured tools used company-wide.

The write-downs of „intangible assets under construction" are related to the closure of two projects – Undead Clash and Fishing Masters, as further described in other notes in the note „Indication of factors and events, including those of an unusual nature, having a significant impact on the condensed financial statements."

The value is measured at each balance sheet date according to the current EUR/PLN exchange rate.

[1] Net value of completed development works in subsidiaries are adjusted for balance sheet valuation.





OTHER FINANCIAL ASSETS

SPECIFICATION	30.09.2023	31.12.2022	30.09.2022
Other financial assets:	32,689,159	21,765,555	23,619,788
- investment in Gamesture Sp. z o.o	20,895,940	11,574,781	12,436,314
- participation units of the Sisu Game Ventures investment fund	9,065,965	7,923,240	8,915,940
- security deposit for office rent	2,727,254	2,267,534	2,267,534

On 11.03.2022, the Parent Company acquired a 24.8% stake in the share capital of Gamesture Ltd. The payment amount was approximately USD 3.5 million. On 21.01.2023, the Parent Company purchased another 12% stake in the share capital of Gamesture Sp. z o.o. The amount of the payment was approximately USD 2.7 million. The total gross investment amounts to PLN 23.4 million. The value as of the balance sheet date was adjusted for Gamesture's loss attributable to the shares held by Ten Square Games S.A. (cumulative amount of PLN 2.5 million).

The increase in the value of the units is due to the capital contribution of USD 274,000 made in August 2023. In total, the Group invested USD 2.1 million. In addition, at each balance sheet date, this item is subject to balance sheet valuation.



8.

RECEIVABLES

SPECIFICATION	30.09.2023	31.12.2022	30.09.2022
Trade receivables	36,293,289	35,280,551	35,504,377
Other receivables	3,888,220	7,013,685	11,632,722
Accruals and deferred income	4,796,226	5,197,438	5,609,318
TOTAL RECEIVABLES	44,977,735	47,491,674	52,746,417

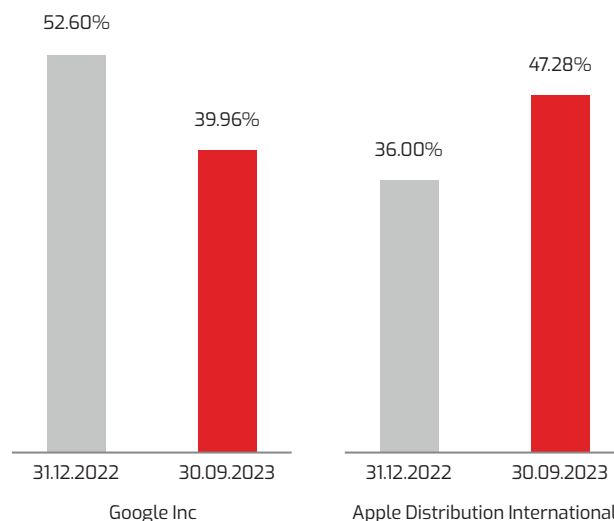
8.1. Trade receivables

CURRENCY	30.09.2023			31.12.2022			30.09.2022		
	amount in currency	valuation	% share	amount in currency	valuation	% share	amount in currency	valuation	% share
PLN	13,371,073	13,371,073	36.95%	17,919,819	17,919,819	50.80%	18,104,002	18,104,002	50.99%
USD	4,315,497	18,857,426	51.96%	2,865,026	12,611,272	35.70%	2,691,355	13,331,086	37.55%
EUR	869,360	4,030,006	11.00%	843,436	3,955,633	11.20%	630,990	3,072,796	8.65%
RUB	336,166	15,195	0.04%	8,741,150	540,203	1.50%	8,741,150	743,872	2.10%
other currencies	—	19,589	0.05%	—	253,624	0.80%	—	252,621	0.71%
TOTAL	—	36,293,289	100%	—	35,280,551	100%	—	35,504,377	100%



Payments from users are aggregated by intermediaries (mobile application stores, payment aggregators, licensees). Payments from displayed ads, on the other hand, are accumulated by advertising intermediaries. In the structure of receivables, the largest amounts come from:

- » Google Inc.
– 39.96% at 30.09.2023 compared to 52.6% at 31.12.2022.
- » Apple Distribution International
– 47.28% at 30.09.2023 compared to 36.0% at 31.12.2022.



No other entity exceeded a 10% share of total receivables at 30.09.2023.

As at the balance sheet date, September 30, 2023 and as at December 31, 2022, the Group did not have any significant amounts of receivables for which credit losses would be expected.

8.2. Other receivables

SPECIFICATION	30.09.2023	31.12.2022	30.09.2022
Other short-term receivables, including:	3,888,220	7,013,685	11,632,722
– tax-related receivables	3,793,393	6,730,833	11,340,691
– deposit for the rental of office	94,827	282,852	292,031

8.3. Prepayments

SPECIFICATION	30.09.2023	31.12.2022	30.09.2022
Maintenance of software technical service/software subscriptions	3,486,723	3,245,961	3,708,347
Registration fees for trademark applications	306,495	312,518	313,632
Insurance	137,427	81,494	127,059
Trainings for leaders	0	274,840	384,775
Annual fee for marketing campaigns tracking tool	422,448	552,773	657,056
Other prepayments	443,133	729,852	418,449
TOTAL Deferred charges and accruals	4,796,226	5,197,438	5,609,318

9.

OTHER LIABILITIES

SPECIFICATION	30.09.2023	31.12.2022	30.09.2022
Liabilities related to the acquisition of Rortos (earn-out payments)	57,746,285	58,792,868	51,930,154
- long-term	41,848,711	54,457,996	44,099,741
- short-term	15,897,574	4,334,872	7,830,413
Other liabilities	2,185,575	2,313,303	2,294,934
- long-term	0	0	178,642
- short-term	2,185,575	2,313,303	2,116,292
OTHER LIABILITIES IN TOTAL	59,931,860	61,106,171	54,225,088
- long-term	41,848,711	54,457,996	44,278,383
- short-term	18,083,149	6,648,175	9,946,705



10.

CURRENT INCOME TAX

Corporate income tax regulations are subject to frequent changes, as a result of which there is often no reference to established regulations or legal precedents. The current regulations also contain ambiguities, which result in differences of opinion as to the legal interpretation of tax regulations both between state bodies and between state bodies and companies. Tax and other (for example, customs or foreign exchange) settlements may be subject to audits by authorities that are authorized to impose high penalties, and additional amounts of liabilities determined as a result of the audit must be paid with high interest. These phenomena make tax risks in Poland higher than those that usually exist in countries with a developed tax system. Tax settlements can be audited for a period of five years. As a result, the amounts shown in the financial statements may change at a later date after final determination by the tax authorities.

NAME	01.01.2023 – 30.09.2023	01.01.2022 – 30.09.2022
Taxable income	50,060,271	74,759,324
current income tax	4,838,537	6,157,652
deferred income tax	-4,475,278	4,368,723
Tax expense reported in the statement of comprehensive income	363,259	10,526,375



The reconciliation of gross profit to tax basis is as follows:

NAME	01.01.2023 – 30.09.2023	01.01.2022 – 30.09.2022
Gross profit	17,232,039	70,124,036
Foreign exchange differences – balance sheet differences, differences not constituting the tax base, not constituting the tax deductible costs	-1,849,069	-3,089,289
Write-off of non-deductible receivables	36,305	5,166
Release and establishment of a holiday provision	-1,036,215	329,058
Establishment of provision for other costs	3,370,552	-2,999,830
Donations	381,779	2,036,412
Amortization of intangible assets	1,130,678	633,083
Lease amortization	3,281,512	2,031,133
Amortization of tangible assets	1,994,135	0
Capitalization of game costs	-10,458,414	-21,399,987
Other non-deductible expenses	819,967	2,034,488
Creation of a write-down for capitalized games	31,689,990	9,138,421
Loss (profit) on associates	2,523,248	0
Unwinding of the discount	3,908,894	4,673,770
Share-based payments	6,197,385	18,099,504
Income (and related expense) deferred in time – finally, as per account balance	5,015,418	-3,067,061
Research and development costs	-10,048,072	0
Other tax-deductible expenses, not being balance sheet costs	-4,129,862	-3,789,580
Taxable income	50,060,270	74,759,324



COMMENTARY ON PARENT COMPANY'S INCOME 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 February 2024.) 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 September 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.

CIT SETTLEMENTS AS AT 30.09.2023 – PARENT COMPANY	Amount in PLN
Current CIT settlements	-11,338,227
Receivables regarding 2023	4,938,007
Receivables regarding 2022	7,159,539
Provision regarding 2021	-10,894,769
Provision regarding 2020	-8,941,882
Provision regarding 2019	-3,599,122



DEFERRED INCOME TAX

STRUCTURE OF A DEFERRED TAX ASSET

SPECIFICATION	30.09.2023	31.12.2022	30.09.2022
deferred revenue and costs related to consumables (net result)	387,047	274,348	190,364
deferred revenue and costs related to durables (net result)	2,453,848	2,160,820	2,978,598
holiday provision	250,325	239,436	232,211
provision for audit costs	0	18,810	0
lease – IFRS 16 valuation	62,023	134,903	0
accounts receivable and payable valuation	0	0	123,933
provision for remuneration	1,391,440	1,288,136	1,208,548
other provisions	112,518	26,930	145,008
TOTAL	4,657,201	4,143,383	4,878,662

STRUCTURE OF DEFERRED INCOME TAX PROVISION

SPECIFICATION	30.09.2023	31.12.2022	30.09.2022
amortization of games	976,018	5,329,371	7,396,010
settlement valuation	418,249	38,392	44,908
TOTAL	1,394,267	5,367,763	7,440,918

12.

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

The tables below present total amounts of transactions conducted with affiliates for the current and previous reporting periods:

12.1. Management

RELATED PERSON	PERIOD	Remuneration		Net dividend	
		01.01.2023 – 30.09.2023	01.01.2022 – 30.09.2022	01.01.2023 – 30.09.2023	01.01.2022 – 30.09.2022
Management Board (sum of due remuneration)		8,698,010	21,842,364	834,775	2,775,555
Maciej Zużatek (till 22.05.2023)		6,375,362	18,717,804	N/A	1,578,091
– Ten Square Games S.A. – cash fixed remuneration		342,194	618,300	N/A	1,578,091
– Ten Square Games S.A. – share-based incentive program for 2Q 2020 – 1Q 2023		6,033,168	18,099,504	-	-
Andrzej Ilczuk		754,323	477,000	60,583	19,343
– Ten Square Games S.A. – cash fixed remuneration		529,935	477,000	60,583	19,343
– Ten Square Games S.A. – variable cash remuneration due		224,388	0	-	-
– Ten Square Games S.A. – variable cash remuneration paid		35,646	0	-	-
Anna Idzikowska (till 28.02.2023)		111,139	603,177	N/A	137,700
– Ten Square Games S.A. – cash fixed remuneration		106,000	477,000	N/A	137,700
– Ten Square Games S.A. – variable cash remuneration, due, paid		5,139	126,177	-	-
Janusz Dziemidowicz		477,000	477,000	491,340	682,417
– Ten Square Games S.A. – cash fixed remuneration		477,000	477,000	491,340	682,417
Wojciech Gattner (from 21.01.2021 to 22.05.2023)*		503,186	1,090,383	169,128	200,054
– Ten Square Games S.A. – cash fixed remuneration		264,129	477,000	169,128	200,054
– Ten Square Games S.A. – variable cash remuneration paid		306,334	866,645	-	-
– Ten Square Games S.A. – variable cash remuneration due		239,057	613,383	-	-

[1] in the case of Wojciech Gattner, who ceased to serve as a member of the Management Board on 23.05.2023, the remuneration for the period 1.01.2023 – 31.05.2023 is given.

RELATED PERSON	PERIOD	Remuneration		Net dividend	
		01.01.2023 – 30.09.2023	01.01.2022 – 30.09.2022	01.01.2023 – 30.09.2023	01.01.2022 – 30.09.2022
Magdalena Jurewicz		477,000	477,000	113,724	157,950
– Ten Square Games S.A. – cash remuneration paid		477,000	477,000	113,724	157,950
Rada Nadzorcza		279,000	288,290	4,119,293	5,721,241
Rafał Olesiński		76,500	76,500	3,902	5,419
Tomasz Drożdżyński (till 11.03.2022)		0	9,290	N/A	N/A
Maciej Marszatek		45,000	45,000	256,608	356,400
Wiktor Schmidt		36,000	36,000	0	0
Marcin Bitos		40,500	40,500	0	0
Kinga Stanisławska		40,500	40,500	612	851
Arkadiusz Pernal		40,500	40,500	3,858,171	5,358,571
Related persons (Ten Square Games S.A.)		0	0	N/A	N/A
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

In the case of the members of the Management Board, the fixed cash remuneration includes the amounts resulting from two legal relationships:

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



12.2. Other related entities

RELATED ENTITY	PERIOD	Net sales		Net purchase		Dividends		Earn-out payments	
		01.01.2023 – 30.09.2023	01.01.2022 – 30.09.2022	01.01.2023 – 30.09.2023	01.01.2022 – 30.09.2022	01.01.2023 – 30.09.2023	01.01.2022 – 30.09.2022	01.01.2023 – 30.09.2023	01.01.2022 – 30.09.2022
Subsidiaries:		6,026,532	4,441,039	3,801,739	9,964,680	8,161,057	2,583,580	0	0
Play Cool Zombie Sport Games Sp. z o.o.		22,006	41,944	0	0	0	0	0	0
Tiny Dragon Adventure Games Sp. z o.o.		240,741	879,684	0	0	0	0	0	0
Fat Lion Games Sp. z o.o.		118,218	344,336	0	0	0	0	0	0
Ten Square Games Germany GmbH		0	0	2,683,199	6,923,294	0	0	0	0
Ten Square Games S.R.L.		0	0	1,118,540	2,044,158	0	0	0	0
Ten Square Games (Israel) LTD.		0	0	0	997,228	0	0	0	0
RORTOS S.R.L.		5,645,567	3,175,075	0	0	8,161,057	2,583,580	0	0
Personally affiliated entities:		0	0	59,190	116,457	0	0	4,176,915	0
Olesiński i Wspólnicy Spółka komandytowa		0	0	59,190	116,457	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



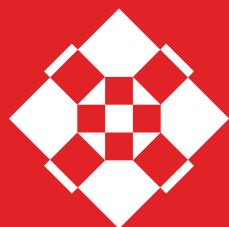
RELATED ENTITY	Gross receivables		Gross payables		Loans		
	AS AT	30.09.2023	30.09.2022	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Subsidiaries:		1,166,549	2,312,351	448,733	1,955,861	667,216	2,591,042
Play Cool Zombie Sport Games Sp. z o.o.		2,070	5,550	0	0	0	0
Tiny Dragon Adventure Games Sp. z o.o.		10,474	110,064	0	0	0	0
Fat Lion Games Sp. z o.o.		5,827	49,291	0	0	0	0
Ten Square Games Germany GmbH		2,592	0	344,364	1,235,342	0	1,875,780
Ten Square Games S.R.L.		1,260	0	104,369	278,504	667,216	715,262
Ten Square Games (Israel) LTD.		0	767,762	0	442,015	0	0
RORTOS S.R.L.		1,144,326	1,379,684	0	0	0	0
Personally affiliated entities:		0	0	57,755,436	51,950,052	0	0
Olesiński i Wspólnicy Spółka komandytowa		0	0	9,151	19,898	0	0
Roberto Simonetto		0	0	34,641,997	31,152,900	0	0
Antonio Farina		0	0	23,104,288	20,777,254	0	0
Associates:		0	0	0	0	600,000	0
Gamesture Sp. z o.o.		0	0	0	0	600,000	0

The Parent entity sold internally produced games to its Polish subsidiaries and receives remuneration in return. On the other hand, Ten Square Games Germany GmbH, Ten Square Games S.R.L. and Ten Square Games (Israel) Ltd. 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 entity and Rortos S.r.l. consist of production/maintenance support for Rortos' games, for which the Parent entity receives remuneration.

The Parent entity 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 Antonio Farina (members of the Management Board of the subsidiary Rortos) results from the purchase of 100% shares in Rortos and the remaining part is to be paid in the form of earn-out payments which was described in the note to the financial statements "Other liabilities".



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VI

**OTHER ADDITIONAL
INFORMATION**



A BRIEF DESCRIPTION OF THE ISSUER'S MATERIAL ACCOMPLISHMENTS OR FAILURES IN THE PERIOD COVERED BY THE REPORT TOGETHER WITH A LIST OF THE MOST SIGNIFICANT EVENTS CONCERNING THE ISSUER

The first months of 2023 saw declines in the level of payments recorded by Ten Square Games, particularly in the Group's two main titles, Fishing Clash and Hunting Clash. Among the main factors that affected the Group's operations, Ten Square Games' management primarily identified the direct and indirect effects of the outbreak of the war in Ukraine, persistently high inflation, and reduced spending on marketing activities in late 2022 and early 2023, which primarily affected the volume of acquired traffic. The quality of acquired traffic was also an additional negative factor.

To counteract further deterioration in performance, Ten Square Games' Board of Directors decided on April 17, 2023 to change its strategic priorities. The Group has since focused on improving performance and development of its main products – Fishing Clash, Hunting Clash, and building monetization depth for its latest production, Wings of Heroes. The Company's management has also decided to adjust the Company's staffing structure to the market situation and plans for the near future. Accordingly, the Company has decided to suspend further development work on the Undead Clash and Fishing Masters projects. In connection with the closure of the aforementioned projects, it was decided to completely write off capitalized costs related to the production of both games. The cost of the write-downs amounted to PLN 31.7 million (including PLN 26.6 million in the first quarter of 2023 and PLN 5.1 million in the second quarter of 2023). In connection with the closure of projects and the decision to adjust the structure to the Company's needs and plans, Ten Square Games reduced its workforce by 110 people (about 25% of the workforce) in April 2023. The total cost of severance payments amounted to PLN 6.4 million, of which PLN 3.3 million was attributable to closed, capitalized projects – Fishing Masters and Undead Clash, and the remaining PLN 3.1 million was directly charged to other operating expenses.

In the third quarter of 2023, the effects of the measures taken by Ten Square Games' management were already visible. Payments increased to PLN 110.4 million, a 9.1% increase compared to the second quarter of 2023. Thanks to cost discipline and the employment restructuring carried out, operating costs have also been reduced.

In the third quarter of 2023, the amount of recurring general and administrative expenses was reduced by 14.1% compared to the second quarter of 2023. This was influenced by the implementation of the process of group layoffs in the second quarter of 2023, as well as other cost-saving initiatives involving the closure of initiatives closely related to the Group's non-core business. It is worth remembering that in the second quarter of 2023 the amount of this cost item had already been reduced by 19% quarter-on-quarter. Due to the reorganization of work and the reduction in the number of active offices in various locations, the cost of maintaining subsidiaries and offices also decreased. As a result, the Group closed the third quarter of 2023 with total general and administrative expenses lower by as much as 18.8% quarter-on-quarter and by 56.9% compared to the third quarter of 2022. In the third quarter of 2023, the Group recorded no significant non-recurring events that could affect its results.

The increase in bookings combined with cost discipline had a positive impact on Adjusted EBITDA. In the third quarter of 2023, normalized (Adjusted) EBITDA amounted to PLN 33.7 million, an increase of 53.4% compared to the second quarter of 2023. This was the highest quarterly reading for this indicator in 2023. It is also a similar level to 3Q and Q4 2022, and in the opinion of the Board of Directors, this is a very good sign of improvement in the efficiency of the Group's operations.

The Ten Square Games Group's net profit in 3Q 2023 reached PLN 22.2 million, and the cumulative result for the three quarters of 2023 again returned to positive figures at PLN 16.9 million.

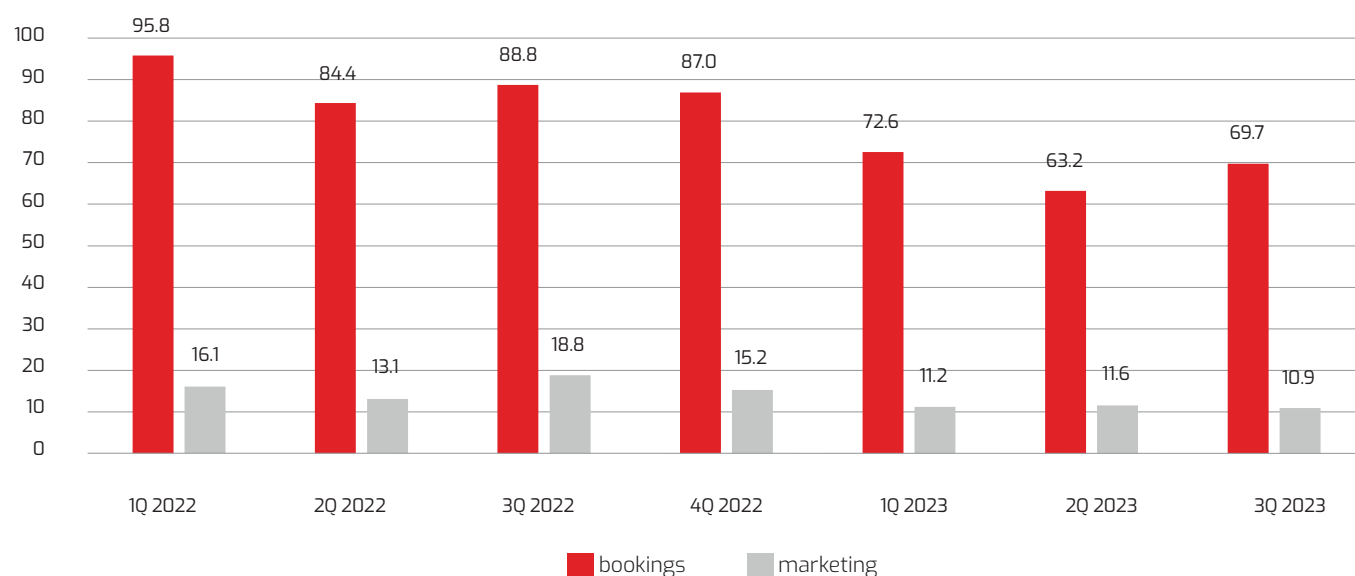


Quarterly analysis of bookings and marketing costs of key games

FISHING CLASH



in PLN million



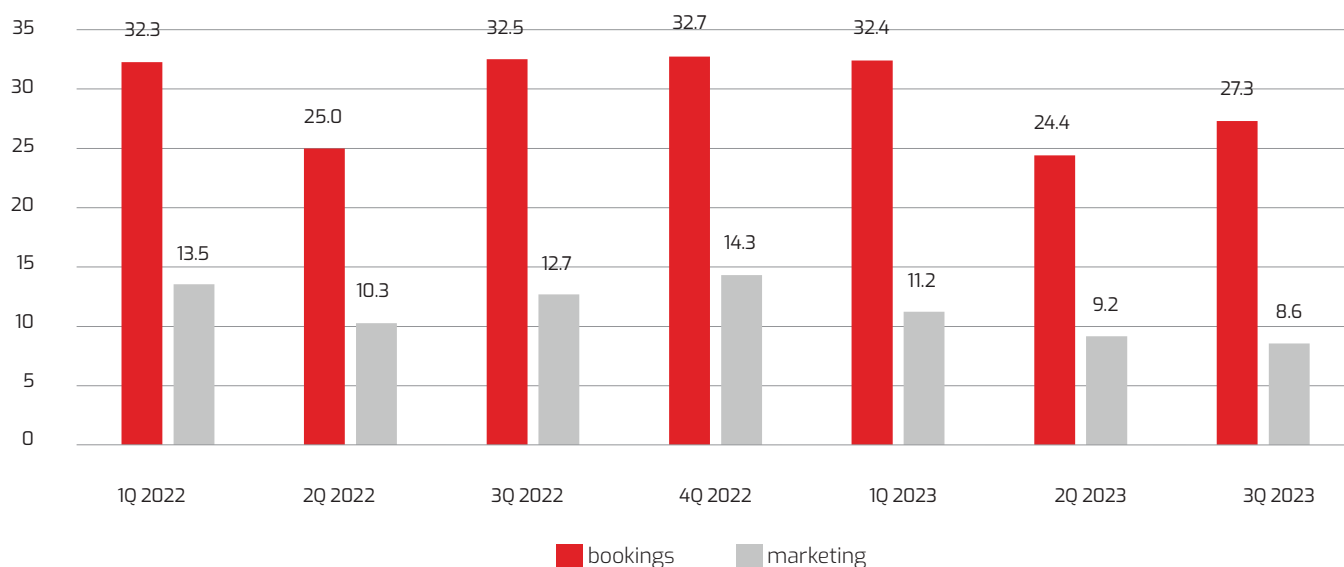
In the third quarter of 2023, Fishing Clash bookings increased by 10.4% compared to the second quarter of 2023, and amounted to PLN 69.7 million. This was achieved despite the lowest level of spending on new user acquisition in several quarters. This is the result of a change in the Company's strategy and a focus on efforts to improve the performance of its largest games. The first effects of these efforts were seen in Fishing Clash's steadily rising payment levels starting in July 2023. The improved results were driven by work on improving the technological layer of the game's operation and a strategic change in the approach to introducing new elements into the game. The team responsible for the development of the game opted for fewer minor updates to the game, thus deciding to introduce significant changes to the game that are easily noticeable to users, preceded by in-depth testing. Thus, the development of Fishing Clash has gained new momentum, and the game itself has been enriched with elements characteristic of mid-core and casino products. The effective combination of new functionalities with in-game events (LiveOps) has improved monetization. The team responsible for the development of Fishing Clash provided players with three new fisheries (for comparison – one new fishery in the second quarter of 2023), new fish species and brand new event formats based on the new functionalities introduced in the game. The number of events prepared for players has significantly increased.

In addition, in July this year the company launched an online store where Fishing Clash players can purchase virtual in-game items directly from the company. This move is aimed at reducing commission costs. A browser-based version of the game was also made available in November, bringing the best of the mobile game to the big screen. The aim of this move is to try to reach new customers, further optimize marketing efforts and more effectively redirect players to the TSG Store, creating new opportunities for business cooperation. In October, payments from the game totaled PLN24.4 million, a similar level to those in September this year.

HUNTING CLASH



in PLN million

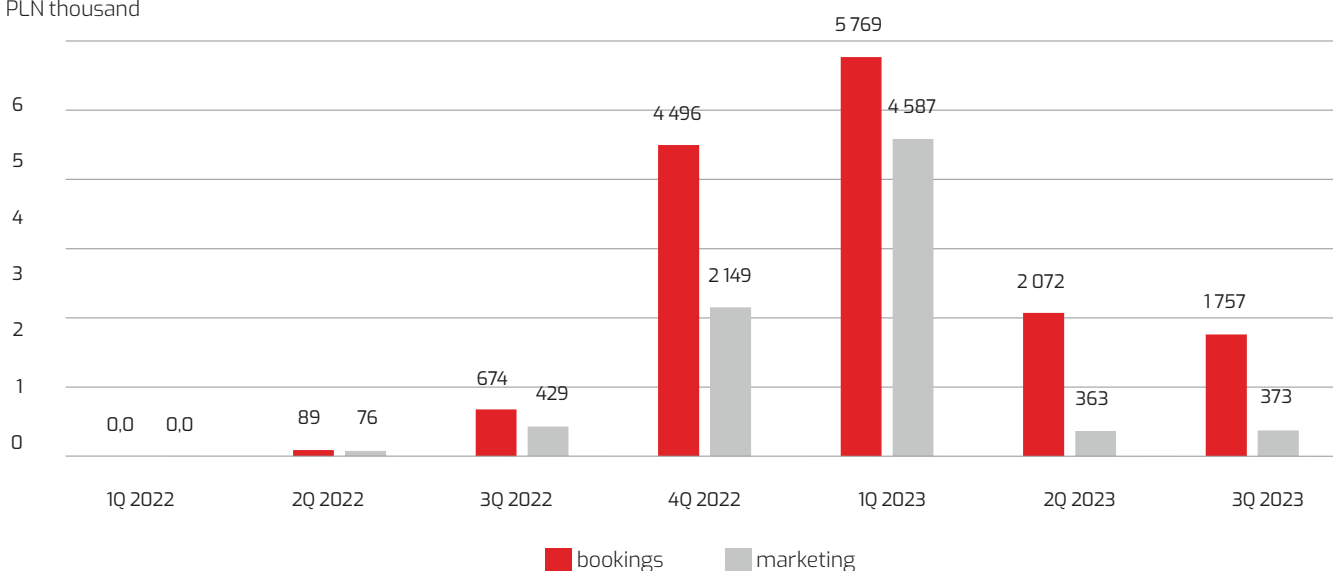


In the third quarter of 2023, bookings generated by Hunting Clash increased by 11.9% to PLN 27.3 million. This growth was achieved at the lowest marketing expenditures in several quarters. The higher level of payments is primarily due to the systematic delivery of new content for players, the development of systems and solutions to support more efficient monetization of the game, and new functionalities to increase player engagement. The game in September was enhanced with a new weapon system, which improved conversion rates for new players. The Hunting Clash team is working to further optimize it and make more effective use of its monetization potential. Players were able to experience three brand-new locations in 3Q 2023 (one in Q2 2023). There were more events for players, including those using new features, new event formats and more new animals. In October this year, the Hunting Clash team decided to experiment with a new in-game event format, which did not bring satisfactory results. As a result, the value of payments generated by the game amounted to only PLN 7.4 million, however, the Group noticed the mistake quite quickly and intensive work is underway to improve this sphere of the game.

WINGS OF HEROES



in PLN thousand



Following a major overhaul of selected mechanics in Wings of Heroes, the third quarter of this year was a period of intensive AB testing and changes to the game's balance. After making key changes to progression and economy, the Wings of Heroes development team focused on engaging players and providing them with more challenges in the game. This was possible thanks to the introduction of the Live Ops system into the game modeled after the other Ten Square Games Group games. The system was successfully introduced into the game at the end of the third quarter of 2023, and its effects will be visible in the game's results starting in the fourth quarter of 2023. The Wings of Heroes team also worked intensively on the first-time user experience. This has translated into a better understanding of the game by players, increased engagement (more battles played) and monetization (aircraft upgrades). It has also improved retention rates. Work on providing new in-game content is also ongoing. In the third quarter of 2023 alone, 2 new maps, 4 new aircrafts and 200 new battle scenarios were added to the game. The technical side of the game's operation and its rating on the most popular platforms have also improved.

2.

GAMES' KPI'S

MAU ^[1]

PERIOD	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023
Fishing Clash – MAU	2,227,455	1,835,612	2,540,524	2,232,582	2,488,370	2,336,456	2,652,322
Hunting Clash – MAU	1,494,746	1,257,463	1,273,923	1,458,084	1,374,262	1,097,983	2,045,553
Wings of Heroes – MAU	N/A	N/A	N/A	561,094	647,832	326,576	286,786
Evergreen – MAU	763,829	674,729	771,631	744,403	788,326	808,083	926,249

[1] MAU – monthly average active users



3.

IDENTIFICATION OF FACTORS AND EVENTS, INCLUDING THOSE OF AN UNTYPICAL NATURE, HAVING A SIGNIFICANT IMPACT ON THE ABBREVIATED FINANCIAL STATEMENTS

On 17.04.2023, the Parent Company's Management Board 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. Accordingly, the Company has decided to suspend further development work on the Undead Clash and Fishing Masters projects. The closure of the Undead Clash and Fishing Masters projects by the Board of Directors resulted in the complete write-off of capitalized costs related to the production of both games.

On 20.04.2023, group layoffs were carried out in the Parent Company. The Parent Company terminated contracts with 105 people, including 43 employed under employment contracts, and decided not to renew selected contracts with another 5 people. Depending on the length of the employment relationship, these contracts were terminated at the end of May, June or July; however, as of 21.04.2023, all persons included in the process of group layoffs were released from work/service obligations.

In April 2023, the Parent Company established a provision related to group layoffs in the amount of PLN 6.4 million, of which PLN 3.3 million is attributable to closed, capitalized projects – Fishing Masters and Undead Clash.

There were no other unusual events in the period from January 1, 2023 to September 30, 2023.



4.

SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM PERIOD THAT ARE NOT REFLECTED IN THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD

On 20.11.2023, the Parent Company's Management Board, after analyzing the final year's asset impairment tests, decided to create asset impairment charges.

In the consolidated financial statements, the write-down relates to goodwill resulting from the acquisition of Rortos S.r.l. and amounts to EUR 9.4 million (cost). At the same time, the estimated amount to be paid out as earnout payments changed with the update of the financial forecasts of the acquired company. The decrease in the liability from the value previously presented in the report was estimated at EUR 4.5 million (income). Together, the above actions will result in a EUR 4.9 million reduction in the Group's financial results in the fourth quarter of 2023.

In the standalone financial statements, the write-down relates to the value of the acquired shares of Rortos S.r.l. and amounts to EUR 11.6 million (cost). At the same time, the estimated amount to be paid out as earnout payments changed with the update of the financial forecasts of the acquired company. The decrease in the liability from the value previously presented in the report was estimated at EUR 4.5 million (income). Together, the above actions will result in a EUR 7.1 million decrease in the Parent Company's financial results in the fourth quarter of 2023.

At the same time, the Board of Directors notes that the final amount of write-downs may change both due to the occurrence of unforeseen events until the end of 2023, but also additional factors affecting the financial model of the acquired company may be taken into account during the preparation of the final annual report. The final amount of the write-down, and thus the impact on both consolidated and standalone results, will be reported in the annual reports published customarily in late March/early April of the following year.

The Management Board would like to emphasize that the posting of the above write-off is strictly non-cash and, in the opinion of the Management Board, does not affect the running of the business and does not in any way mean a change in strategy. The write-off results from the need to re-estimate the financial model for the coming years, which is characterized by very high uncertainty in the gaming industry, hence the Group assumed a very conservative model for the development of the Italian company. Rortos S.r.l has in its portfolio 3 large games that generate current cash flows and several smaller projects. The main games are Real Flight Simulator, Airline Commander and Wings of Heroes. The level of cash flow in the first two titles has been relatively constant over recent years and is the main source of income for the studio. The latest production, i.e. Wings of Heroes, is in the phase of intensive reconstruction, a team of outstanding specialists from both Poland and Italy is working on it, and a significant improvement in the game's parameters seems to be in the future. The initial models used to recognize the company's acquisition were based on stable cash flows for the Real Flight Simulator and Airline Commander games, which is actually the case, and on a significant impact on the results of the new title already in 2023 and 2024. Taking into account the specificity of the industry, this model is obviously subject to enormous uncertainty. Today, the Management Board of the Parent Company believes that further implementation of Rortos' plans and an increase in the value of Wings of Heroes are possible, but their pace is slower and results from the specificity of F2P product development. However, in order to reflect the state of the Group's assets as faithfully as possible, the Management Board decided to make a write-down of the assets held in accordance with IAS 36.



5.

INDICATION OF FACTORS WHICH, IN THE ISSUER'S OPINION, WILL AFFECT ITS RESULTS IN THE PERSPECTIVE OF AT LEAST THE NEXT QUARTER

In the last quarter of 2023, the Group intends to continue activities aimed at improving the KPI's of its main games in accordance with the strategy of the Ten Square Games Group revised in April this year.

The results of TSG Group in the last quarter of 2023 will be significantly affected by the improvement of key parameters in the Fishing Clash and Hunting Clash games and the highly competitive situation on the advertising market. Any potential improvement in results both in the product and marketing areas may significantly affect the results of the next quarter. The increasing share of sales through Company's own online store (TSG Store) may contribute to improving financial results thanks to lower commission costs. At the turn of the third and fourth quarter of this year Hunting Clash products were included in the TSG Store offer. Additionally, in November this year a browser version of the Fishing Clash game has been made available, which in the coming quarters has the potential to acquire new players and better conversion to TSG Store.

A factor that may affect the Group's results in the future will be the results of new games, in particular Wings of Heroes. In the short term, a game right after the soft launch/global launch often generates a loss (marketing expenses higher than the first payments), while in the long term a good title should contribute to the growth of the Group's results. The thorough changes introduced to the Wings of Heroes engine, which had an impact on the game's results in the previous quarters, are an opportunity to accelerate the development of this product and achieve significantly higher sales revenues.

The Group does not rule out further acquisitions, investments or publishing agreements concluded with other entities producing games with a similar gameplay model.

External factors that may affect the Group's results include the war in Ukraine, potentially high inflation, economic slowdown, the US dollar exchange rate, the appearance of competitive products for the Group's games on the market, advertising market parameters such as prices and supply of advertisements displayed in the Group's games and prices of purchased advertisements, by the Group or a change in the policy of key distribution platforms Google Play, Facebook and Apple affecting the scope and possibility of distribution of the Group's products.

The Group also notes that the creation of a write-down on goodwill will have a short-term impact on the Group's results in the coming quarter, which is described in more detail in the note above.

6.

OTHER INFORMATION RELEVANT TO THE ASSESSMENT OF THE ISSUER'S PERSONNEL, ASSETS, FINANCIAL SITUATION, FINANCIAL RESULT AND THEIR CHANGES AS WELL AS INFORMATION RELEVANT TO THE ASSESSMENT OF THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS

There is no other material information of the above nature in the Ten Square Games S.A. Group as at 30.09.2023.

7.

POSITION OF THE ISSUER'S MANAGEMENT BOARD REGARDING THE POSSIBILITY OF FULFILMENT OF PREVIOUSLY PUBLISHED RESULT FORECASTS FOR A GIVEN YEAR IN THE LIGHT OF THE RESULTS PRESENTED IN THE QUARTERLY REPORT IN RELATION TO THE FORECAST RESULTS

The Management Board of Ten Square Games S.A. has not published financial forecasts for 2023.

8.

SEASONALITY OR CYCLICALITY OF ACTIVITIES

There is no seasonality in the Group's operations.

9.

INDICATION OF MATERIAL PROCEEDINGS PENDING BEFORE COURT, COMPETENT ARBITRATION AUTHORITY OR PUBLIC ADMINISTRATION AUTHORITY, CONCERNING LIABILITIES AND RECEIVABLES OF THE ISSUER OR ITS SUBSIDIARY

Neither Ten Square Games S.A. nor any of its subsidiaries were, as at 30 September 2023 and as at the date of issuing the financial statements, parties to any court proceedings, arbitration proceedings or proceedings before a public administration body.

10.

LOANS, CREDITS, GUARANTEES

Ten Square Games S.A. nor any of its subsidiaries were, as at September 30, 2023 and as at the date of publication of the financial statements, a party to credit or loan agreements (except for agreements concluded between members of the capital group). The Parent entity and its subsidiaries did not grant any sureties or guarantees in the reporting period.

11.

SHARE-BASED INCENTIVE PROGRAM

On September 5, 2023, the Parent Company's Board of Directors adopted a short-term incentive program for key employees and associates of the Group. The condition for receiving shares is to remain in the Group's structures until the end of 2023, and the total number of shares to be distributed is up to 8,500 shares. Upon fulfillment of the program condition, participants will be able to purchase shares at a nominal share price of 10 groszy per share. The shares used in this program come from the company's share buyback program, which took place in the first quarter of 2022. The shares transferred to participants in the program will be subject to a time restriction on their sale until the end of 2024. The cost of the incentive program recognized in these financial statements is PLN 164 thousand. The estimated cost of the entire program is PLN 657 thousand – the remainder of the cost will be recognized in Q4 2023.

APPROVAL OF THE FINANCIAL STATEMENT

This report for the period from 1 January to 30 September 2023 was signed and approved for publication by the Management Board of Ten Square Games S.A. on 20 November 2023.

**PRESIDENT
OF THE MANAGEMENT BOARD**

Andrzej Ilczuk

**MEMBER
OF THE MANAGEMENT BOARD**

Janusz Dziemidowicz

**MEMBER
OF THE MANAGEMENT BOARD**

Magdalena Jurewicz

Wroclaw, November 20th, 2023