



**STANDALONE FINANCIAL STATEMENT  
OF TEN SQUARE GAMES S.A**

AS AT 31 DECEMBER 2023

Wroclaw, March 25th 2024

Ten Square Games S.A.  
Standalone Financial Statement as at 31/12/2023  
Standalone Financial Statement

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**STANDALONE FINANCIAL STATEMENT**

**1.1. SELECTED FINANCIAL DATA**

Specification	PLN	PLN	EUR	EUR
	<b>for the period 01.01.2023 - 31.12.2023</b>	<b>for the period 01.01.2022 - 31.12.2022 [restated data*]</b>	<b>for the period 01.01.2023 - 31.12.2023</b>	<b>for the period 01.01.2022 - 31.12.2022 [restated data*]</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>				
Bookings	401 246 559	501 237 155	88 606 695	106 912 347
Revenues	393 835 380	499 192 286	86 970 095	106 476 182
Cost of sales	50 686 716	50 215 977	11 193 074	10 710 914
Operating profit (loss)	-5 505 657	69 859 370	-1 215 806	14 900 789
Gross profit (loss)	16 221 212	63 311 936	3 582 107	13 504 242
Net profit (loss)	16 662 194	54 512 876	3 679 488	11 627 429
EBITDA	91 463 773	99 240 007	20 197 812	21 167 589
Adjusted EBITDA	108 380 534	127 061 177	23 933 516	27 101 759
<b>CASH FLOW STATEMENT</b>				
Net operating cash flow	117 341 920	123 937 834	25 912 446	26 435 560
Net cash flow from investment activities	-25 905 896	-53 037 300	-5 720 761	-11 312 693
Net cash flow from financial activity	-50 067 787	-92 486 169	-11 056 397	-19 727 016

\* the restatement of comparative data is presented in point 6 of the "Standalone Financial Statements"

Specification	PLN	PLN	EUR	EUR
	<b>31.12.2023</b>	<b>31.12.2022 [restated data*]</b>	<b>31.12.2023</b>	<b>31.12.2022 [restated data*]</b>
<b>BILANS</b>				
Fixed assets	242 263 113	322 104 969	55 718 287	68 680 562
Current assets	215 985 365	176 390 714	49 674 647	37 610 762
Equity	297 603 147	326 557 631	68 445 986	69 629 977
Long-term liabilities	27 952 511	65 893 032	6 428 820	14 049 987
Short-term liabilities	132 692 820	106 045 020	30 518 128	22 611 360

\* the restatement of comparative data is presented in point 6 of the "Standalone Financial Statements"

	<b>2023</b>	<b>2022</b>
<b>EUR/PLN exchange rate</b>		
- for the balance-sheet data	4.3480	4.6899
- for the data from the profit and loss statement and cash flow statement	4.5284	4.6883

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 of 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.

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Specification	1Q 2023	2Q 2023	3Q 2023	4Q 2023	TOTAL 2023
<b>Profit on the operating activity (EBIT)</b>	<b>-12 570 835</b>	<b>9 484 557</b>	<b>23 783 349</b>	<b>-26 202 728</b>	<b>-5 505 657</b>
Amortisation (excluding capitalised part)	2 252 596	2 412 288	2 369 264	2 245 105	9 279 253
Write-downs for impairment	26 572 925	5 117 065	0	56 000 187	87 690 177
<b>EBITDA</b>	<b>16 254 686</b>	<b>17 013 910</b>	<b>26 152 613</b>	<b>32 042 564</b>	<b>91 463 773</b>
Non-cash impact of incentive scheme (excluding capitalised portion)	6 033 168	0	164 217	492 655	6 690 040
deferred result (revenue minus commissions) - consumables	133 815	881 762	345 349	-897 374	463 552
deferred result (revenue minus commissions) - durable	4 159 142	-3 487 857	2 983 207	1 069 780	4 724 272
costs of potential and completed acquisitions (M&A) and review of strategic options	163 381	570 120	0	0	733 501
donations to public benefit organizations - war in Ukraine	0	0	0	0	0
severance pay – group lay-offs	0	3 146 532	0	0	3 146 532
other on – off events	0	1 022 240	117 035	19 589	1 158 864
<b>Adjusted EBITDA</b>	<b>26 744 192</b>	<b>19 146 707</b>	<b>29 762 421</b>	<b>32 727 214</b>	<b>108 380 534</b>

**[2022 – restated data\*]**

Specification	1Q 2022	2Q 2022	3Q 2022	4Q 2022	TOTAL 2022
<b>Profit on the operating activity (EBIT)</b>	<b>28 103 227</b>	<b>17 711 237</b>	<b>18 605 516</b>	<b>5 439 389</b>	<b>69 859 369</b>
Amortisation (excluding capitalised part)	839 430	848 153	1 828 964	2 081 847	5 598 394
Write-downs for impairment	0	8 467 149	671 272	14 643 822	23 782 243
<b>EBITDA</b>	<b>28 942 657</b>	<b>27 026 539</b>	<b>21 105 753</b>	<b>22 165 058</b>	<b>99 240 007</b>
Non-cash impact of incentive scheme (excluding capitalised 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	1 679 687	-3 466 453
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 organizations - war in Ukraine	1 000 000	0	0	0	1 000 000
severance pay – group lay-offs	0	0	0	0	0
other on – off events	248 368	0	24 886	32 299	305 553
<b>Adjusted EBITDA</b>	<b>38 939 198</b>	<b>25 837 117</b>	<b>30 364 747</b>	<b>31 920 115</b>	<b>127 061 177</b>

\* the restatement of comparative data is presented in point 6 of the "Standalone Financial Statements"

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**1.2. STANDALONE COMPREHENSIVE INCOME STATEMENT**

STANDALONE COMPREHENSIVE INCOME STATEMENT	note	for the period 01.01.2023 - 31.12.2023	for the period 01.01.2022 - 31.12.2022 [restated data*]
<b>Revenues from the sales of services</b>	1	<b>393 835 380</b>	<b>499 192 286</b>
<b>Costs of services sold</b>	2.1	<b>50 686 716</b>	<b>50 215 977</b>
<b>Gross profit (loss) on sales</b>		<b>343 148 664</b>	<b>448 976 309</b>
Other operating income	3	1 251 767	610 915
Selling cost	2.2	222 539 082	290 351 766
General and administrative costs	2.3	35 044 410	63 253 241
Other operating costs	3	92 322 596	26 122 847
<b>Operating profit (loss)</b>		<b>-5 505 657</b>	<b>69 859 370</b>
Financial income	4	31 937 944	10 978 261
Financial expense	4	4 432 072	14 780 088
<b>Loss (profit) due to shares in associates</b>	11	<b>5 779 003</b>	<b>2 745 607</b>
<b>Profit (loss) before taxation</b>		<b>16 221 212</b>	<b>63 311 936</b>
Income tax	5	-440 982	8 799 060
<b>Net profit (loss) on continued activity</b>		<b>16 662 194</b>	<b>54 512 876</b>
<b>Items that may be reclassified to profit or loss in future reporting periods</b>		<b>0</b>	<b>0</b>
<b>Items that will not be reclassified to profit or loss in future reporting periods</b>		<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>16 662 194</b>	<b>54 512 876</b>

\* the restatement of comparative data is presented in point 6 of the "Standalone Financial Statements"

Calculation of profit per share	for the period 01.01.2023 - 31.12.2023	for the period 01.01.2022 - 31.12.2022 [restated data*]
<b><i>number of shares</i></b>		
The weighted average number of shares for the purpose of calculating the value of basic profit per share (in units)	7 334 822	7 312 645
The weighted average number of shares for the purpose of calculating the value of diluted profit per share (in units)	6 310 656	7 264 822
Net profit attributable to Parent Entity	16 662 194	54 512 876
<b><i>net earnings per share on continued operations in PLN</i></b>		
basic for the financial period	2.27	7.45
diluted for the financial period	2.29	7.45
<b><i>net earnings per share attributable to discontinued operations in PLN</i></b>		
basic for the financial period	0.00	0.00
diluted for the financial period	0.00	0.00

\* the restatement of comparative data is presented in point 6 of the "Standalone Financial Statements"

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**1.3. STANDALONE STATEMENT OF FINANCIAL SITUATION**

ASSETS	note	31.12.2023	31.12.2022 [restated data*]
<b>Fixed assets</b>		<b>242 263 113</b>	<b>322 104 969</b>
Tangible fixed assets	8	11 395 016	19 714 843
Intangible fixed assets	9	1 021 935	23 699 753
Investments in subsidiaries	10	202 307 550	252 893 402
Other financial assets	11	23 117 182	21 765 555
Deferred tax assets	7	4 421 430	4 031 416
<b>Current assets</b>		<b>215 985 365</b>	<b>176 390 714</b>
Receivables	13	44 202 177	44 382 747
Current income tax receivable	5	6 241 070	6 723 368
Contract assets	1.3	22 409 376	20 186 021
Loans granted		1 127 260	4 184 876
Cash and cash equivalents	15	142 005 482	100 913 702
<b>TOTAL ASSETS</b>		<b>458 248 478</b>	<b>498 495 683</b>

\* the restatement of comparative data is presented in point 6 of the "Standalone Financial Statements"

LIABILITIES	note	31.12.2023	31.12.2022 [restated data*]
<b>Equity</b>		<b>297 603 147</b>	<b>326 557 631</b>
Share capital	15	733 482	733 482
Share premium		496 100	496 100
Capital from the settlement of the incentive scheme	26	95 471 416	88 781 376
Retained earnings		219 538 199	255 182 723
Own shares (negative value)	16	-18 636 050	-18 636 050
<b>Long-term liabilities</b>		<b>27 952 511</b>	<b>65 893 032</b>
Deferred income tax provisions	5	175 002	4 438 492
Lease liabilities	18	555 399	4 390 818
Provision for employee benefits	20	3 000 496	2 605 726
Other liabilities	19	24 221 614	54 457 996
<b>Short-term liabilities</b>		<b>132 692 820</b>	<b>106 045 020</b>
Trade liabilities	17	9 827 339	11 243 318
Provision for income tax	5	23 435 773	10 894 769
Current tax liabilities	5	0	0
Lease liabilities	18	3 515 323	3 676 009
Other liabilities	19	14 968 420	7 868 402
Provisions for employee benefits	20	6 248 052	5 075 787
Contract liabilities	1.3	74 697 913	67 286 735
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>458 248 478</b>	<b>498 495 683</b>

\* the restatement of comparative data is presented in point 6 of the "Standalone Financial Statements"



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**1.4. STANDALONE STATEMENT OF CHANGES IN EQUITY**

Statement of changes in equity	Share capital	Share premium	Capital from the settlement of the incentive scheme	Exchange rate differences from conversion	Retained earnings	Own shares	Total equity
<b>12 months ended 31.12.2023</b>							
<b>Equity as at 01/01/2023</b>	733 482	496 100	88 781 376	0	255 182 723	-18 636 050	326 557 631
Payment of share capital							0
Share-based payments			6 690 040				6 690 040
Payment of dividends					-52 306 718		-52 306 718
Purchase of own shares							0
Net profit					16 662 194		16 662 194
<b>Total comprehensive income</b>					<b>16 662 194</b>		<b>16 662 194</b>
<b>Equity as at 31/12/2023</b>	<b>733 482</b>	<b>496 100</b>	<b>95 471 416</b>	<b>0</b>	<b>219 538 199</b>	<b>-18 636 050</b>	<b>297 603 147</b>

[2022 – restated data]

Statement of changes in equity	Share capital	Share premium	Capital from the settlement of the incentive scheme	Exchange rate differences from conversion	Retained earnings	Own shares	Total equity
<b>12 months ended 31.12.2022</b>							
<b>Equity as at 01/01/2022</b>	730 178	496 100	65 139 524	0	272 987 677	0	339 353 479
Payment of share capital	3 304	0	0	0	0	0	3 304
Share-based payments	0	0	23 641 852	0	0	0	23 641 852
Payment of dividends	0	0	0	0	-72 317 830	0	-72 317 830
Purchase of own shares	0	0	0	0	0	-18 636 050	-18 636 050
Net profit	0	0	0	0	54 512 876	0	54 512 876
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>54 512 876</b>	<b>0</b>	<b>54 512 876</b>
<b>Equity as at 31/12/2022</b>	<b>733 482</b>	<b>496 100</b>	<b>88 781 376</b>	<b>0</b>	<b>255 182 723</b>	<b>-18 636 050</b>	<b>326 557 631</b>

\* the restatement of comparative data is presented in point 6 of the "Standalone Financial Statements"

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**1.5. STANDALONE CASH FLOW STATEMENT**

STANDALONE CASH FLOW STATEMENT	for the period 01.01.2023 - 31.12.2023	for the period 01.01.2022 - 31.12.2022 [restated data*]
<b>OPERATING ACTIVITY</b>		
<b>Profit/loss before taxation</b>	<b>16 221 212</b>	<b>63 311 936</b>
<b>Total adjustments:</b>	<b>92 309 929</b>	<b>78 514 588</b>
Depreciation and amortization	9 694 324	6 538 798
Foreign exchange rate conversion gain/loss	-186 636	-147 684
Lease interest	183 215	290 626
Interest on deposits and loans	920 503	0
Interest on liabilities (Rortos)	5 203 047	5 953 645
Interest and share in profits (dividends)	-8 161 057	-2 583 580
Change in receivables	180 571	3 057 225
Change in liabilities and accrued expenses	-20 986 680	14 139 851
Change in contract liabilities	7 411 178	2 044 870
Change in contract assets	-2 223 355	-948 876
Write-offs on intangible assets	31 689 990	23 782 233
Share based payments (part not included in the acquisition of intangible assets)	6 690 040	23 641 852
Write - down of shares	56 000 187	0
Loss on associates	5 779 001	2 745 607
Loss/profit on sale of fixed assets	115 601	0
Other adjustments	0	21
<b>Cash from operating activity</b>	<b>108 531 141</b>	<b>141 826 524</b>
Income tax (paid) / refunded	8 810 779	-17 888 690
<b>A. Net operating cash flow</b>	<b>117 341 920</b>	<b>123 937 834</b>
<b>INVESTMENT ACTIVITY</b>		
Repayment of loans granted	2 676 667	1 580 000
Purchase of intangible and tangible fixed assets	-10 694 993	-38 179 354
Sale of intangible assets and tangible fixed assets	192 723	59 001
Purchase of shares	-12 980 401	-14 320 399
Loans granted	-917 275	-2 200 000
Interest on loans	167 478	23 452
Earn-Out payment	-4 350 095	0
<b>B. Net cash flow from investment activities</b>	<b>-25 905 896</b>	<b>-53 037 300</b>
<b>FINANCIAL ACTIVITY</b>		
Dividends from subsidiaries	8 161 057	2 583 580
Net proceeds from issue of shares and other capital instruments and additional payments to capital	0	3 304
Dividends and other payments to owners	-52 306 718	-72 317 830
Payments of finance lease liabilities	-5 279 193	-3 828 546
Purchase of own shares	0	-18 636 050
Interest on lease	-183 215	-290 627
Other financial expenses	-459 718	0
<b>C. Net cash flow from financing activity</b>	<b>-50 067 787</b>	<b>-92 486 169</b>
<b>D. Total net cash flow</b>	<b>41 368 237</b>	<b>-21 585 635</b>
- change in cash due to exchange rate losses/gains	-276 457	-172 989
<b>E. Balance-sheet change in cash, including foreign exchange differences</b>	<b>41 091 780</b>	<b>-21 758 624</b>
<b>F. Cash at the beginning of the period</b>	<b>100 913 702</b>	<b>122 672 326</b>

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<b>G. Cash at the end of the period</b>	<b>142 005 482</b>	<b>100 913 702</b>
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*\* the restatement of comparative data is presented in point 6 of the "Standalone Financial Statements"*

### 1.6. RESTATEMENT OF DATA FOR 2022 AND THE OPENING BALANCE

Based on the audit of tax liabilities, the Company decided to correct the historical settlement of sales tax outside the country in 2020-2022. The year 2023 did not require any correction (the tax payable was recorded on an ongoing basis). For this reason, the Company was obliged to show a tax payment liability in the amount of approximately PLN 2.4 million as at December 31, 2023, while the interest on this liability will be settled in 2024. The above adjustment was recognized as follows:

- in the opening balance as of January 1, 2022 in the amount of PLN 1.65 million;
- in sales revenues in 2022 in the amount of PLN 0.73 million.

Below, the Company presents the restated data in the comparative period:

STANDALONE FINANCIAL STATEMENT OF COMPREHENSIVE INCOME	for the period 01.01.2022 - 31.12.2022 [published data]	Impact of foreign taxes	for the period 01.01.2022 - 31.12.2022 [restated data]
Revenues from the sales of services	499 926 538	-734 252	499 192 286
Costs of services sold	50 215 977	0	50 215 977
Gross profit (loss) on sales	449 710 561	-734 252	448 976 309
Operating profit (loss)	70 593 622	-734 252	69 859 370
Profit (loss) before taxation	64 046 188	-734 252	63 311 936
Net profit (loss) on continued activity	55 247 128	-734 252	54 512 876
Total comprehensive income	55 247 128	-734 252	54 512 876

LIABILITIES	01.01.2022 [published data]	Impact of foreign taxes	01.01.2022 [restated data]
Equity	341 008 743	-1 655 264	339 353 479
Retained earnings	274 642 941	-1 655 264	272 987 677
Short-term liabilities	101 341 207	1 655 264	102 996 471
Other liabilities	1 211 822	1 655 264	2 867 086

LIABILITIES	31.12.2022 [published data]	Impact of foreign taxes	31.12.2022 [restated data]
Equity	328 947 147	-2 389 516	326 557 631
Retained earnings	257 572 239	-2 389 516	255 182 723
Short-term liabilities	103 655 504	2 389 516	106 045 020
Other liabilities	5 478 886	2 389 516	7 868 402

STANDALONE CASH FLOW STATEMENT	for the period 01.01.2022 - 31.12.2022 [published data]	Impact of foreign taxes	for the period 01.01.2022 - 31.12.2022 [restated data]
<b>OPERATING ACTIVITY</b>			
Profit/loss before taxation	64 046 188	-734 252	63 311 936
Total adjustments:	77 780 336	734 252	78 514 588
Change in liabilities and accrued expenses	13 405 599	734 252	14 139 851

## GENERAL INFORMATION

### 1. COMPANY'S 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 entry no.	District Court, VI Commercial Division of the National Court Register 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. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The standalone financial statement is presented in Polish zlotys (PLN), which is the functional currency and the presentation currency of the Company.

### 3. PRESENTED PERIODS

The standalone financial statement includes data for the period from 1 January 2023 to 31 December 2023. Comparative data are presented as at 31 December 2022 for the standalone statement of financial situation and for the period from 1 January 2022 to 31 December 2022 for the standalone statement of comprehensive income, standalone statement of cash flows and standalone statement of changes in equity.

### 4. GOING CONCERN ASSUMPTION

The standalone financial statement has been prepared assuming that the Company shall continue their activities for the period of at least 12 months after the last balance-sheet date, i.e. 31/12/2023. The Management Board of the Company, 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 activity for the period of at least 12 months after the balance-sheet date due to an intended or forced discontinuance or material limitation of the activity.

### 5. COMPOSITION OF THE COMPANY'S BODIES AS AT 31/12/2023

#### 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 Zużalek, and the Member of the Management Board, Wojciech Gattner, resigned from their positions effective as at the end of May 22, 2023.

- 3) On May 17, 2023, the Supervisory Board appointed the current Member of the Management Board, Mr. Andrzej Ilczuk, to be the President of the Management Board effective since May 23, 2023.

#### The Supervisory Board:

Rafał Olesiński – President of the Supervisory Board;  
Wiktor Schmidt – Vice – President of the Supervisory Board;  
Marcin Biłos – 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.

## 6. SHAREHOLDERS STRUCTURE

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

Shareholder	number of shares as of 25/03/2023	% share in the share capital	number of votes at GMS	% share in the number of votes
Shareholders' Arrangement <sup>1</sup>	1 996 730	27.22%	1 996 730	27.22%
own shares acquired by the Company	992 702	13.53%	992 702	13.53%
others (including no entity holding more than 5% of shares)	4 345 390	59.24%	4 345 390	59.24%
<b>TOTAL</b>	<b>7 334 822</b>	<b>100.00%</b>	<b>7 334 822</b>	<b>100.00%</b>

<sup>1</sup> Shareholders' Arrangement of October 21, 2019 regarding the pursuit of a sustainable policy towards the Company and the consistent exercise of voting rights attached to the Company's shares (current report No. 30/2019). The parties to the Shareholders' Arrangement include, among others: Fundacje Rodzinne (Family Foundations) related to Maciej Popowicz and Arkadiusz Pernal, founders of the Company.

Shareholder	number of shares as of 31.12.2023	% share in the share capital	number of votes at GMS	% share in the number of votes
Shareholders' Arrangement <sup>1</sup>	2 487 288	33.90%	2 487 288	33.90%
own shares acquired by the Company	70 000	1.00%	70 000	1.00%
others (including no entity holding more than 5% of shares)	4 777 534	65.10%	4 777 534	65.10%
<b>TOTAL</b>	<b>7 334 822</b>	<b>100.00%</b>	<b>7 334 822</b>	<b>100.00%</b>

Shareholder	number of shares as of 31.12.2022	% share in the share capital	number of votes at GMS	% share in the number of votes
Shareholders' Arrangement <sup>1</sup>	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 acquired by the Company	70 000	1.0%	70 000	1.0%
others (including no entity holding more than 5% of shares)	3 764 248	51.3%	3 764 248	51.3%
<b>TOTAL</b>	<b>7 334 822</b>	<b>100.0%</b>	<b>7 334 822</b>	<b>100.0%</b>

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

Shareholder	number of shares as of 25/03/2024	% share in the share capital	number of votes at GMS	% share in the number of votes
President of the Management Board - Andrzej Ilczuk	14 888	0.20%	14 888	0.20%
Member of the Management Board - Janusz Dziemidowicz	88 249	1.20%	88 249	1.20%
Member of the Management Board - Magdalena Jurewicz	19 424	0.26%	19 424	0.26%
Member of the Supervisory Board - Maciej Marszałek	44 000	0.60%	44 000	0.60%
Member of the Supervisory Board - Rafał Olesinski	669	0.01%	669	0.01%
Member of the Supervisory Board - Kinga Stanisławska	105	0.00%	105	0.00%
<b>TOTAL: MANAGEMENT BOARD AND SUPERVISORY BOARD</b>	<b>167 335</b>	<b>2.28%</b>	<b>167 335</b>	<b>2.28%</b>
<i>others</i>	7 167 487	97.72%	7 167 487	97.72%
<b>TOTAL</b>	<b>7 334 822</b>	<b>100.00%</b>	<b>7 334 822</b>	<b>100.00%</b>

Shareholder	number of shares as of 31/12/2023	% share in the share capital	number of votes at GMS	% 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 Olesinski	669	0.01%	669	0.01%
Member of the Supervisory Board - Kinga Stanisławska	105	0.00%	105	0.00%
<b>TOTAL: MANAGEMENT BOARD AND SUPERVISORY BOARD</b>	<b>820 463</b>	<b>11.19%</b>	<b>820 463</b>	<b>11.19%</b>
<i>others</i>	6 514 359	88.81%	6 514 359	88.81%
<b>TOTAL</b>	<b>7 334 822</b>	<b>100.00%</b>	<b>7 334 822</b>	<b>100.00%</b>

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Shareholder	number of shares as of 31.12.2022	% share in the share capital	number of votes at GMS	% share in the number of votes
President of the Management Board - Maciej Zuzałek	194 826	2.7%	194 826	2.7%
Member of the Management - Anna Idzikowska	25 000	0.3%	25 000	0.3%
Member of the Management - Andrzej Ilczuk	10 388	0.1%	10 388	0.1%
Member of the Management - Janusz Dziemidowicz	84 249	1.1%	84 249	1.1%
Member of the Management - Wojciech Gattner	29 000	0.4%	29 000	0.4%
Member of the Management - 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%
<b>TOTAL: MANAGEMENT BOARD AND SUPERVISORY BOARD</b>	<b>1 069 289</b>	<b>14.6%</b>	<b>1 069 289</b>	<b>14.6%</b>
<i>Others</i>	6 265 533	85.4%	6 265 533	85.4%
<b>TOTAL</b>	<b>7 334 822</b>	<b>100.0%</b>	<b>7 334 822</b>	<b>100.0%</b>

### 6.3. Series of shares

Series of shares	Number of shares as of 28.03.2023 and 31.12.2022	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.

### 6.4. Description of changes in shareholding structure

Changes in the shareholding structure between December 31, 2022 and March 25, 2024 result from the transactions described in:

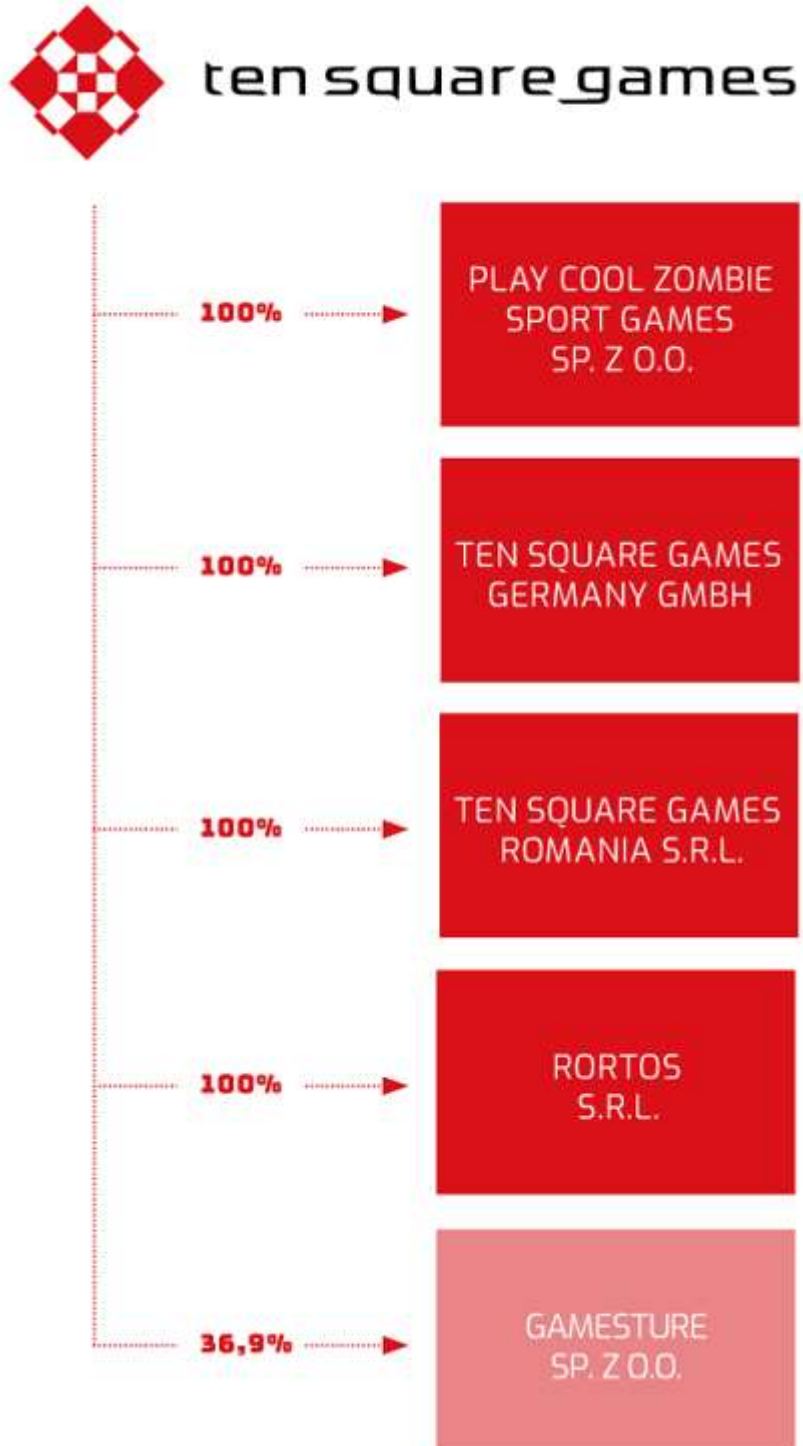
- 1) notification received on January 19, 2023 regarding the change in ownership of the Company's shares, submitted by TFI Allianz Polska S.A., about which the Company informed in current report No. 4/2023.
- 2) notification received on February 15, 2023 regarding a change in the ownership of the Company's 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, which were communicated in current reports No. 3/2023 and 13/2023.
- 4) notifications received on January 31, 2024 regarding changes in the ownership of the Company's shares, submitted by the Company's Management Board, i.e. Andrzej Ilczuk, Janusz Dziemidowicz, Magdalena Jurewicz, about which the Company informed in current report No. 3/2024. The notifications were related to the granting of shares under the incentive program.
- 5) notifications received on February 1, 2024 regarding changes in the ownership of the Company's shares, submitted by majority shareholders and/or Members of the Supervisory Board, i.e. Maciej Popowicz and Arkadiusz Pernal, about which the Company informed in current report no. 4/2024 and 5/ 2024. The notifications were related to the transfer of the above-mentioned shares to family foundations.

- 6) buyback of own shares, which took place on February 12-22, 2024, and which was settled on February 27, 2024. During the buyback, the Company purchased 954,166 own shares. The Company informed about the settlement in current report No. 9/2024.
- 7) notifications received by the Company on February 28, 2024 regarding changes in the ownership of the Company's shares, submitted by majority shareholders, Members of the Supervisory Board, Members of the Management Board, and family members of the above-mentioned. persons, as well as in its entirety by the members of the Shareholders' Agreement. The Company informed about those notifications in current reports No. 10/2024 and 11/2024. The notifications were related to the settlement of the Company's share buyback program.



7. TEN SQUARE GAMES CAPITAL GROUP

As of 31.12.2023 and 25.03.2024:



On October 14, 2015, the first subsidiary, Play Cool Zombie Sport Games Sp. z o. o. was registered.

On August 29, 2016, Tiny Dragon Adventure Games Sp. z o. o. was registered.

On November 17, 2017, Fat Lion Games Sp. z o. o. was registered.

Ten Square Games Germany GmbH was founded on December 7, 2020 (date of the articles of association) and entered into the commercial register on January 25, 2021.

Ten Square Games Romania S.r.l. was founded on May 17, 2021 (date of the articles of association) and entered into the commercial register on June 28, 2021.

Ten Square Games S.A. acquired 100% of the shares of Rortos S.r.l. on July 5, 2021, in performance of the provisions of the sales agreement concluded on June 30, 2021.

Ten Square Games (Israel) Ltd. was founded on February 15, 2022 (date of the articles of association) and entered into the commercial register on February 20, 2022.

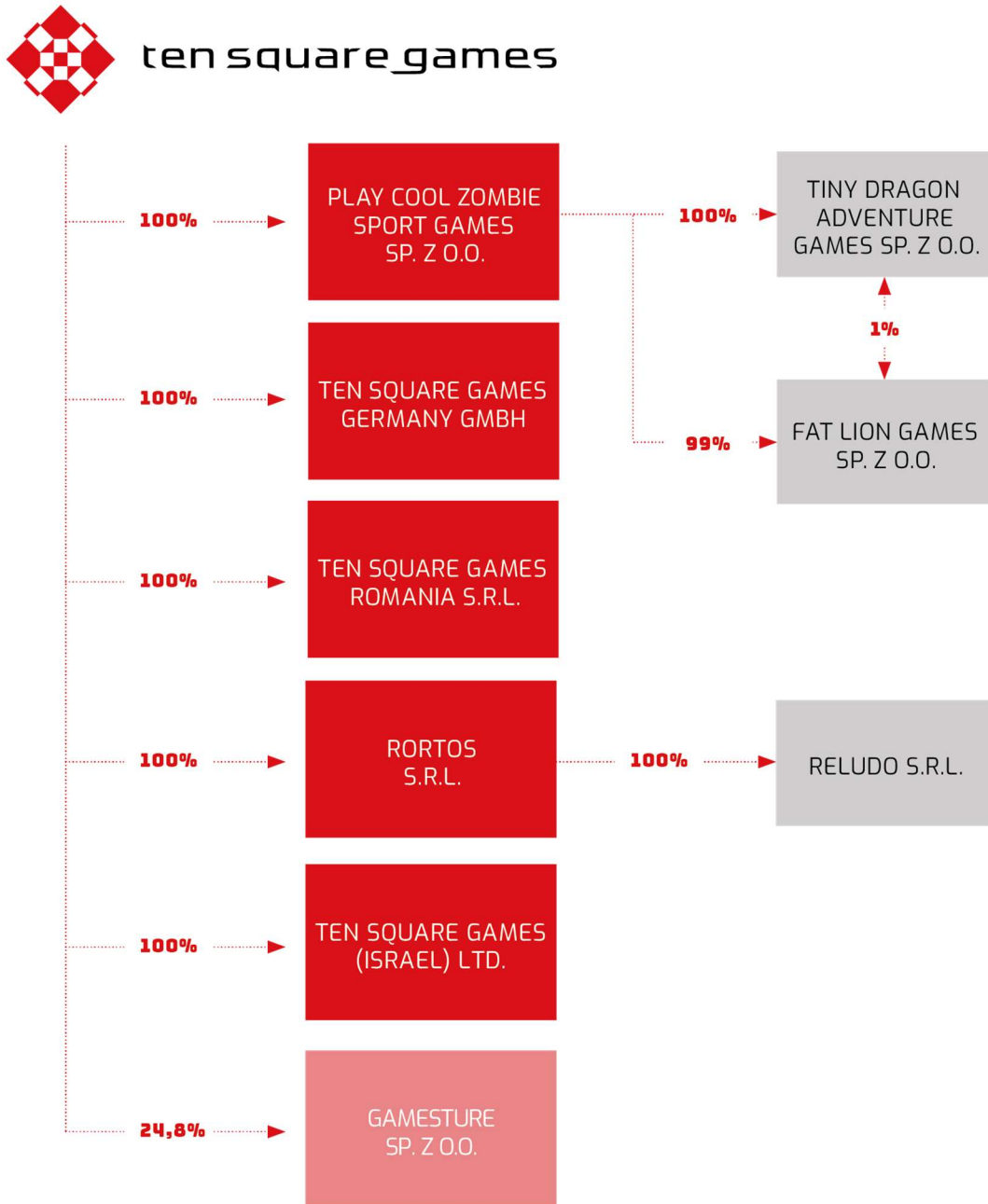
Ten Square Games S.A. acquired 24.8% of shares in Gamesture Sp. z o. o. on March 11, 2022. On January 31, 2023 Ten Square Games S.A. acquired 12% of shares in Gamesture Sp. z o. o. (which was registered in court on March 17, 2023) and currently holds 36.9% of the shares of this company.

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 October 20, 2023, the Company received confirmation from the relevant commercial register about the liquidation of Ten Square Games (Israel) Ltd. The liquidation was carried out voluntarily, i.e. at the Company's request and in an accelerated manner, in accordance with locally applicable regulations. The Group has not conducted any operational activities in Israel for almost a year, hence the closure of the company had no impact on the Group's operations.

On December 14, 2023, the merger of Fat Lion Games Sp. z o. o. and Tiny Dragon Adventure Games Sp. z o. o. with Play Cool Zombie Sport Games Sp. z o. o. was registered. The merger of the companies is a technical step that facilitates the reporting of subsidiaries and does not affect the Group's business activities.

As of 31.12.2022:



## **8. INFORMATION ON CONSOLIDATION**

Ten Square Games S.A. is the Parent Entity in the Group, which prepares consolidated financial statements. The subsidiaries are subject to the consolidated financial statement from the date of a given company's establishment till the date of discontinuation of exercising control.

## **9. AUDITING COMPANY**

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

## **10. STATEMENT OF THE MANAGEMENT BOARD**

The Management Board of the Company states that, to the best of their knowledge, this standalone financial statement and the comparative data have been prepared in accordance with the accounting policy of the Ten Square Games S.A. and that they give a true and fair view of the Group's assets, financial position and results of operations.

The Management Board also declares that the Management Board report on activities gives a true picture of the Company's development, achievements and situation, including a description of the main threats and risks.

## **11. MANAGEMENT BOARD INFORMATION**

The Management Board of the Company announces that the selection of the audit firm to audit the annual standalone and consolidated financial statement for fiscal year 2023 was made by the Supervisory Board of the Company in the form of a resolution adopted on 18 May 2022 after the recommendation presented by the Audit Committee. The Supervisory Board selected the audit firm PKF Consult Sp. z o.o. sp. k. to review the semi-annual financial statements of Ten Square Games S.A. and the semi-annual consolidated financial statements of the Ten Square Games S.A. Group for the periods from 01.01.2022 to 30.06.2022, from 01.01.2023 to 30.06.2023, as well as the audit of the annual separate financial statements of Ten Square Games S.A. and the annual consolidated financial statements of the Ten Square Games S.A. Group for the years 2022 and 2023 and thus decided to extend the agreement with PKF Consult Sp. z o.o. sp.k.

The audit firm and the members of the team auditing the annual separate and consolidated financial statements for the financial year 2023 fulfilled the conditions for the preparation of an objective and independent report on the audit of the annual financial statement in accordance with the applicable regulations, professional standards and professional ethics.

Ten Square Games S.A. complies with applicable laws relating to the rotation of the audit firm and the key statutory auditor, as well as mandatory grace periods;

Ten Square Games S.A. (parent entity) has a policy for selecting an audit firm and a policy for the provision to the issuer by the audit firm, an entity affiliated with the audit firm or a member of its network of additional non-audit services, including services conditionally exempt from the prohibition on the provision by the audit firm.

## **BASIS OF PREPARATION AND ACCOUNTING POLICY**

### **1. COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The standalone financial statement prepared as at 31 December 2023 has been prepared in accordance with International Accounting Standards, International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board approved by the European Union, hereinafter referred to as “EU IFRS”.

EU IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) and endorsed for use in the EU.

In preparing the standalone financial statements as at 31 December 2023, the Company adopted all new and approved standards and interpretations issued by the International Accounting Standards Board and the International Accounting Standards Interpretation Committee and approved for application in the EU, applicable to its operations.

Standards, interpretations and amendments to published EU-endorsed Standards that were adopted on March 25, 2024, but have not yet entered into force for annual periods beginning on January 1, 2023, include:

- IFRS 14 Regulatory Accruals (published on January 30, 2014) - in accordance with the decision of the European Commission, the process of approving the standard in the preliminary version will not be initiated before the standard is published in the final version - not approved by the EU until the date of approval of these financial statements - applicable to annual periods beginning on January 1, 2016 or later;

- Amendments to IFRS 10 and IAS 28: Transactions for the sale or transfer of assets between an investor and its associate or joint venture (published on September 11, 2014) - work leading to the approval of these amendments has been postponed by the EU indefinitely - the entry into force date has been postponed by IASB for an indefinite period;

- Amendments to IAS 1: Presentation of financial statements - Division of liabilities into short-term and long-term and Division of liabilities into short-term and long-term - deferment of the entry into force date and Long-term liabilities containing contractual clauses (published on January 23, 2020 and July 15, 2020 and October 31, 2022) - not approved by the EU until the date of approval of these financial statements - applicable to annual periods beginning on January 1, 2024 or later;- IFRS 17 Insurance Contracts (published on May 18, 2017) including Amendments to IFRS 17 (published on June 25, 2020) - applicable to annual periods beginning on January 1, 2023 or later;

- Amendment to IFRS 16 Leasing: Lease liability in sale and leaseback transactions (published on September 22, 2022) - not approved by the EU until the date of approval of these financial statements - applicable to annual periods beginning on January 1, 2024 or later;

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures Disclosure of information on financial agreements with suppliers (supplier finance arrangement) (published on May 25, 2023) - not approved by the EU until the date of approval of these financial statements for publication applicable for annual periods beginning on or after January 1, 2024;

- Amendments to IAS 21 Effects of changes in foreign exchange rates: non-convertibility (published on August 15, 2023) - not approved by the EU until the date of approval of these interim condensed consolidated financial statements for publication - applicable to annual periods beginning on January 1, 2025 or later.

In preparing the financial statements as at 31.12.2023, the Group has not opted for early application of any standard, interpretation or amendment that has been published but has not yet become effective under European Union legislation. According to the Company's estimates, the early application by the Company of these standards, interpretations and amendments to standards would not have a material impact on these financial statements.

### **2. CHANGES IN ACCOUNTING PRINCIPLES (POLICY)**

There were no changes in accounting policies during 2023.

### 3. DESCRIPTION OF THE ADOPTED ACCOUNTING PRINCIPLES (POLICY)

#### 3.1. Revenues and costs of operating activity

Revenues are gross inflow of economic benefits of a given period, arising in the course of (ordinary) economic activity of the Company 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 and receivable by the Company. 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 Company. Sales of services are recognized in the accounting period in which the services were provided.

The specific nature of the Company'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 Company'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 Company distinguishes three main sources of revenues:

- 1) revenues from additional functionalities purchased by the players (micro-payments);
- 2) revenues from advertisements displayed in games (advertisements);
- 3) revenues from the users' activity in games which are shared with the Company's commercial partners on the basis of license agreements (licenses).

#### **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 goods 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.

### **3.2. 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.

### **3.3. Income tax**

Income tax includes: current tax payable and deferred tax.

#### **Current tax**

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

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

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

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

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

#### **Deferred tax**

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

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

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

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

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

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

#### **Uncertainty related to the recognition of income tax**

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

#### **3.4. 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.



### 3.5. 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 Company'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 Company 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 Company 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..

### 3.6. 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.

### **3.7. Investments in subsidiaries and associates**

In accordance with IAS 27, the Company, as a parent company preparing separate financial statements, recognises its investments in subsidiaries, jointly controlled entities and associates at cost. Where the cost of acquisition includes future contingent payments, the Company makes a reasonably reliable estimate of the future cash flows at the date of acquisition and recognises them at their present value, adjusted for 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 initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the investee's profits or losses after the date of acquisition. An associate is, in turn, an entity over which the investor has significant influence and that is neither a subsidiary nor a joint venture of the investor. Management of the Parent company shall consider each time the existence of significant influence and dependence of the company in which the shares are acquired.

### **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 valued, after initial recognition, at amortized cost, excluding: financial liabilities valued 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 value 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 Company 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 Company 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 Company 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 Company'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 Company's present obligation resulting from past events, the fulfilment of which will result in an outflow from the Company of funds embodying economic benefits.

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

### **3.16. Significant values based on professional judgement and estimates**

The preparation of a consolidated financial statement requires from the Management Board of the Company 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](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 Company shall verify the assets for impairment and evaluate a necessity of preparing impairment write-downs. This takes place when the Company 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 Company'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 Company. However, taking into account the changes on the market, the Management Board's estimates are subject to uncertainty. When tests are carried out on another group of assets (e.g. investment value, value of shares), the estimate is based on the ability of the cash generating unit (CGU) to generate cash, and the value of the generated cash is discounted in accordance with mathematical models. The final test result is largely influenced by the discount rate used and the long-term growth rate, and both of these parameters are characterized by high market volatility. As for the estimated revenues, they are also subject to uncertainty due to the forecasting of gaming revenues, and as indicated above, the gaming market is changing rapidly and dynamically.

##### **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.

\*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

- 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:

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

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

In the course of 2020, the Company made changes to its IT systems, which enabled it to start collecting data to analyze the use of durable goods over time. As a result, the 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, and as at 31 December 2021, the Company deferred revenue from durable goods over time for the first time for its second leading title - Hunting Clash.

### **Contingent earn-out payments**

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

As at 31 December 2023, the Company updated the valuation of the earn-out payments liability, taking into account the actual results achieved in the period from 01 July 2021 until 31 December 2023 and updating the financial model with future cash flows.

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

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

The amount included under liabilities in the balance sheet represents the most appropriate estimate, consistent with the best available knowledge at the date of preparation of the report.

### **Determination of materiality**

When preparing financial statements, the Group applies the materiality principle. The materiality principle introduces the possibility to apply simplifications, if it does not have a materially negative impact on the reliable and clear presentation of the

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property, financial situation and financial result. The Group has adopted the amount of PLN 1.0 million as the materiality level in the preparation of the financial statement (according to the accounting policy, not more than 5% of the gross result).

## NOTES TO THE FINANCIAL STATEMENT – STANDALONE DATA

### 1. 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	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022 [restated data*]
Sales of services	393 835 380	499 192 286
<b>TOTAL revenues from sales of services</b>	<b>393 835 380</b>	<b>499 192 286</b>
Other operating revenues	1 251 767	610 915
Financial revenues	31 937 944	10 978 261
<b>TOTAL revenues from continuing operations</b>	<b>427 025 091</b>	<b>510 781 462</b>
<b>TOTAL revenues</b>	<b>427 025 091</b>	<b>510 781 462</b>

\* the restatement of comparative data is presented in point 6 of the "Standalone Financial Statements"

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 Company's financial performance primarily based on 2 metrics: „Bookings” and „recurring EBITDA”.

Under „Bookings”, the Company 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”.

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

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

The reconciliation of revenues and bookings is provided in section 1.2 below. The calculation of the EBITDA value is presented in the "Selected financial data" section.

#### 1.2. Revenues – source

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



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Type of revenues	Bookings 2023	Share in 2023 bookings	Bookings 2022 [restated data*]	Share in 2022 bookings
micro-payments	400 421 201	99.8%	492 327 811	98.2%
Advertisement	97 956	0.0%	2 566 691	0.5%
Licences	727 402	0.2%	6 342 653	1.3%
<b>TOTAL BOOKINGS</b>	<b>401 246 559</b>	<b>100.0%</b>	<b>501 237 155</b>	<b>100.0%</b>
Deferred income (consumable)	-662 219	N/A	4 952 077	N/A
Deferred income (durable)	-6 748 960	N/A	-6 996 946	N/A
<b>TOTAL REVENUES</b>	<b>393 835 380</b>	<b>N/A</b>	<b>499 192 286</b>	<b>N/A</b>

\* the restatement of comparative data is presented in point 6 of the "Standalone Financial Statements"

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

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

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

### 1.3. Revenues – games

Game	Bookings 2023	Share in 2023 bookings	Bookings 2022 [restated data*]	Share in 2022 bookings
Fishing Clash	274 231 758	68.3%	355 382 264	70.9%
Hunting Clash	110 496 799	27.5%	122 360 084	24.4%
Let's Fish	7 529 175	1.9%	10 363 828	2.1%
Wild Hunt	8 130 677	2.0%	10 581 249	2.1%
Other	858 150	0.3%	2 549 730	0.5%
<b>TOTAL BOOKINGS</b>	<b>401 246 559</b>	<b>100.0%</b>	<b>501 237 155</b>	<b>100.0%</b>
Deferred income (consumable)	-662 219	N/A	4 952 077	N/A
Deferred income (durable)	-6 748 960	N/A	-6 996 946	N/A
<b>TOTAL REVENUES</b>	<b>393 835 380</b>	<b>N/A</b>	<b>499 192 286</b>	<b>N/A</b>

\* the restatement of comparative data is presented in point 6 of the "Standalone Financial Statements"

Quarterly division of revenues for main titles:

Game	1Q2023	2Q 2023	3Q 2023	4Q 2023
Fishing Clash	72 557 817	63 193 703	69 737 485	68 742 753
Hunting Clash	32 395 570	24 412 492	27 311 328	26 377 409
Let's Fish	2 172 122	1 852 363	1 614 321	1 890 369

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Wild Hunt	2 352 751	1 998 176	1 812 965	1 966 785
Other	420 572	202 723	157 250	77 605
<b>TOTAL BOOKINGS</b>	<b>109 898 832</b>	<b>91 659 457</b>	<b>100 633 349</b>	<b>99 054 921</b>
Deferred income (consumable)	-191 162	-1 259 659	-493 362	1 281 964
Deferred income (durable)	-6 132 796	3 722 995	-4 755 075	415 916
<b>TOTAL REVENUES</b>	<b>103 574 874</b>	<b>94 122 793</b>	<b>95 384 912</b>	<b>100 752 801</b>

[2022 –restated data]

Game	1Q2022	2Q2022	3Q2022	4Q2022
Fishing Clash	95 650 325	84 252 690	88 628 710	86 850 539
Hunting Clash	32 234 201	24 943 967	32 485 717	32 696 199
Let's Fish	3 099 293	2 394 146	2 380 160	2 490 229
Wild Hunt	2 790 545	2 517 568	2 666 554	2 606 582
Other	713 134	654 018	649 775	532 803
<b>TOTAL BOOKINGS</b>	<b>134 487 498</b>	<b>114 762 389</b>	<b>126 810 916</b>	<b>125 176 352</b>
Deferred income (consumable)	4 937 513	908 931	1 505 185	-2 399 552
Deferred income (durable)	2 845 786	-217 105	-6 077 958	-3 547 669
<b>TOTAL REVENUES</b>	<b>142 270 797</b>	<b>115 454 215</b>	<b>122 238 143</b>	<b>119 229 131</b>

\* the restatement of comparative data is presented in point 6 of the "Standalone Financial Statements"

Deferred revenue by game and quarter in 2023, and the balance sheet balance (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	Change of deferral	Change of deferral	Change of deferral	Balance sheet item
	01.01.2023	Q1 2023	Q2 2023	Q3 2023	Q4 2023	31.12.2023
<b>Fishing Clash</b>						
deferred revenues	-5 890 721	-62 638	-955 926	-451 137	1 295 732	-6 064 690
deferred costs	1 767 216	18 792	286 778	135 341	-388 720	1 819 407
<b>Hunting Clash</b>						
deferred revenues	-1 546 555	-144 784	-261 936	-143 065	32 286	-2 064 054
deferred costs	463 965	43 436	78 580	42 921	-9 686	619 216
<b>Let's Fish</b>						
deferred revenues	-186 158	18 849	-29 035	46 730	-16 725	-166 339
deferred costs	55 848	-5 655	8 711	-14 020	5 016	49 900
<b>Wild Hunt</b>						
deferred revenues	-215 084	-2 589	-12 762	54 110	-29 326	-205 651
deferred costs	64 525	777	3 828	-16 232	8 797	61 695
<b>TOTAL</b>						
deferred revenues	-7 838 518	-191 162	-1 259 659	-493 362	1 281 967	-8 500 734
deferred costs	2 351 554	57 350	377 897	148 010	-384 593	2 550 218

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DURABLE	Balance sheet item	Change of deferral	Change of deferral	Change of deferral	Change of deferral	Balance sheet item
	01.01.2023	Q1 2023	Q2 2023	Q3 2023	Q4 2023	31.12.2023
<b>Fishing Clash</b>						
deferred revenues	-47 638 665	-3 002 670	3 518 833	-2 621 447	284 445	-49 459 504
deferred costs	14 291 601	900 801	-1 055 650	786 435	-85 333	14 837 854
<b>Hunting Clash</b>						
deferred revenues	-11 809 555	-2 938 964	1 463 821	-1 640 266	-1 812 711	-16 737 675
deferred costs	3 542 867	881 688	-439 147	492 081	543 814	5 021 303
<b>TOTAL</b>						
deferred revenues	-59 448 220	-5 941 634	4 982 654	-4 261 713	-1 528 266	-66 197 179
deferred costs	17 834 468	1 782 489	-1 494 797	1 278 516	458 481	19 859 157

CONSUMABLE + DURABLE	Balance sheet item	Change of deferral	Change of deferral	Change of deferral	Change of deferral	Balance sheet item
	01.01.2023	Q1 2023	Q2 2023	Q3 2023	Q4 2023	31.12.2023
deferred revenues	-67 286 738	-6 132 796	3 722 995	-4 755 075	-246 299	-74 697 913
deferred costs	20 186 022	1 839 839	-1 116 900	1 426 526	73 888	22 409 375
<b>Impact on the results</b>	-47 100 716	-4 292 957	2 606 095	-3 328 549	-172 411	-52 288 538

**2022**

CONSUMABLE	Balance sheet item	Change of deferral	Change of deferral	Change of deferral	Change of deferral	Balance sheet item
	01.01.2022	Q1 2022	Q2 2022	Q3 2022	Q4 2022	31.12.2022
<b>Fishing Clash</b>						
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
<b>Hunting Clash</b>						
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
<b>Let's Fish</b>						
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
<b>Wild Hunt</b>						
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
<b>TOTAL</b>						
deferred revenues	-12 790 593	4 937 512	908 931	1 505 186	-2 399 552	-7 838 516
deferred costs	3 837 178	-1 481 254	-272 679	-451 556	719 866	2 351 555

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DURABLE	Balance sheet item	Change of deferral	Change of deferral	Change of deferral	Change of deferral	Balance sheet item
	01.01.2022	Q1 2022	Q2 2022	Q3 2022	Q4 2022	31.12.2022
<b>Fishing Clash</b>						
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
<b>Hunting Clash</b>						
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
<b>TOTAL</b>						
deferred revenues	-52 451 274	2 845 786	-217 105	-6 077 959	-3 547 668	-59 448 220
deferred costs	15 399 968	-986 483	533 292	1 823 390	1 064 301	17 834 468

CONSUMABLE + DURABLE	Balance sheet item	Change of deferral	Change of deferral	Change of deferral	Change of deferral	Balance sheet item
	01.01.2022	Q1 2022	Q2 2022	Q3 2022	Q4 2022	31.12.2022
deferred revenues	-65 241 866	7 783 298	691 826	-4 572 772	-5 947 221	-67 286 735
deferred costs	19 237 146	-2 467 737	260 613	1 371 834	1 784 166	20 186 022
<b>impact on the results</b>	<b>-46 004 720</b>	<b>5 315 561</b>	<b>952 439</b>	<b>-3 200 939</b>	<b>-4 163 055</b>	<b>-47 100 714</b>

#### 1.4. Revenues by business partner

Business partner	Bookings 2023	Share in 2023 bookings	Bookings 2022 [restated data*]	Share in 2022 bookings
Google Inc.	226 636 572	56.5%	298 101 142	59.5%
Apple Distribution International	141 464 008	35.3%	177 119 465	35.3%
Xsolla Inc.	19 641 601	4.9%	0	0.0%
others (none individually exceeds 10%)	13 504 378	3.4%	26 016 548	5.2%
<b>TOTAL BOOKINGS</b>	<b>401 246 559</b>	<b>100.0%</b>	<b>501 237 155</b>	<b>100.0%</b>
Deferred income (consumable)	-662 219	N/A	4 952 077	N/A
Deferred income (durable)	-6 748 960	N/A	-6 996 946	N/A
<b>TOTAL REVENUES</b>	<b>393 835 380</b>	<b>N/A</b>	<b>499 192 286</b>	<b>N/A</b>

\* the restatement of comparative data is presented in point 6 of the "Standalone Financial Statements"

#### 1.5. Revenues – distribution channel

Distribution channel	Bookings 2023	Share in 2023 bookings	Bookings 2022 [restated data*]	Share in 2022 bookings
Mobile	389 343 669	97,0%	484 620 447	96,7%
Browsers	11 902 890	3,0%	16 616 708	3,3%
<b>TOTAL BOOKINGS</b>	<b>401 246 559</b>	<b>100%</b>	<b>501 237 155</b>	<b>100,00%</b>
Deferred income (consumable)	-662 219	N/A	4 952 077	N/A
Deferred income (durable)	-6 748 960	N/A	-6 996 946	N/A
<b>TOTAL REVENUES</b>	<b>393 835 380</b>	<b>N/A</b>	<b>499 192 286</b>	<b>N/A</b>

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### 1.6. Revenues – geographical breakdown

The Company 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 2023	Share in 2022 bookings	Bookings 2022	Share in 2022 bookings
North America	178 878 933	44.6%	228 035 890	45.5%
Europe	165 768 035	41.3%	193 330 788	38.6%
<i>i) including Poland</i>	<i>22 698 534</i>	<i>5.7%</i>	<i>24 410 375</i>	<i>4.9%</i>
<i>ii) including revenues from subsidiary companies (Poland)</i>	<i>407 031</i>	<i>0.1%</i>	<i>1 631 822</i>	<i>0.3%</i>
Asia	34 851 089	8.7%	52 894 275	10.5%
South America	10 326 551	2.5%	11 799 401	2.4%
Australia and Oceania	7 993 451	2.0%	10 510 665	2.1%
Africa	3 428 500	0.9%	4 666 136	0.9%
<b>TOTAL BOOKINGS</b>	<b>401 246 559</b>	<b>100.0%</b>	<b>501 237 155</b>	<b>100.0%</b>
Deferred income (consumable)	-662 219	N/A	4 952 077	N/A
Deferred income (durable)	-6 748 960	N/A	-6 996 946	N/A
<b>TOTAL REVENUES</b>	<b>393 835 380</b>	<b>N/A</b>	<b>499 192 286</b>	<b>N/A</b>

\* the restatement of comparative data is presented in point 6 of the "Standalone Financial Statements".

### 2. OPERATING COSTS

Specification	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Amortization and depreciation*	9 694 324	6 538 798
Materials and energy	593 604	1 285 293
Third-party services	260 345 957	353 113 782
Taxes and fees	2 436 966	3 048 907
Remuneration	32 783 199	54 860 800
Social insurance and other benefits	9 209 183	10 532 068
Other costs by type	466 059	813 311
<b>Total costs by type, including:</b>	<b>315 529 292</b>	<b>430 192 959</b>
Cost of products and services sold	50 686 716	50 215 977
Selling costs	222 539 082	290 351 766
General and administrative costs	35 044 410	63 253 241
Cost of manufacturing products for the entity's own needs (capitalisation)	7 259 084	26 371 975

\*Amortization and depreciation shown in the statement of comprehensive income amounts to PLN 9.279.394. The difference to the amount shown above is due to the fact that through the mark-up of indirect costs to the capitalized costs of games, part of the depreciation of equipment and licenses is re-capitalized.

#### 2.1 PRODUCTION COST

Components of the cost of producing services for the entity's own needs	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Basic salary	1 462 396	5 973 198

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Third party services	4 932 999	18 336 053
Social insurance and other benefits	347 224	1 108 388
Share based payments (part of remuneration)	0	-387 488
Overhead cost	516 465	1 341 824
<b>Total</b>	<b>7 259 084</b>	<b>26 371 975</b>

<b>Breakdown of remuneration costs and other employee benefits (excluding amounts shown in the production cost component)</b>	<b>01.01.2023 - 31.12.2023</b>	<b>01.01.2022 - 31.12.2022</b>
Basic salary	26 007 903	31 218 948
Share based payments (part of remuneration)	6 775 296	23 641 852
Social insurance and other benefits	9 209 183	10 532 068
<b>Total cost of employee benefits, including:</b>	<b>41 992 382</b>	<b>65 392 868</b>
Items included in the cost of goods sold	20 806 601	23 893 114
Items included in the selling costs	6 973 276	7 212 287
Items included in general and administrative costs	14 212 505	34 87 467

## 2.2 SELLING COSTS

<b>Specification</b>	<b>01.01.2023- 31.12.2023</b>	<b>01.01.2022- 31.12.2022</b>
<b>Selling costs</b>	<b>222 539 082</b>	<b>290 351 766</b>
marketing:	80 838 716	115 060 771
- <i>Fishing Clash</i>	43 764 971	63 198 513
- <i>Hunting Clash</i>	36 820 394	50 785 971
- <i>other titles</i>	253 351	1 076 287
provisions	112 719 074	145 404 918
revenue share	1 270 291	1 678 416
salaries, subcontractor services	20 860 460	21 418 811
mobile games market research services	1 074 527	1 393 818
other	5 776 014	5 395 032

<b>Specification</b>	<b>1Q 2023</b>	<b>2Q 2023</b>	<b>3Q 2023</b>	<b>4Q 2023</b>
<b>Selling costs</b>	<b>60 554 985</b>	<b>57 037 225</b>	<b>53 793 298</b>	<b>51 153 574</b>
marketing:	22 567 155	20 853 276	19 471 000	17 947 285
- <i>Fishing Clash</i>	11 180 883	11 575 445	10 919 991	10 088 652
- <i>Hunting Clash</i>	11 236 075	9 174 677	8 551 009	7 858 633
- <i>other titles</i>	150 197	103 154	0	0
provisions	30 149 169	28 149 566	26 962 671	27 457 667
revenue share	351 645	311 614	266 733	340 299
salaries, subcontractor services	5 948 275	5 702 590	5 406 810	3 802 785
mobile games market research services	291 446	297 964	262 054	223 063
other	1 247 295	1 722 214	1 424 030	1 382 475

<b>Specification</b>	<b>1Q 2022</b>	<b>2Q 2022</b>	<b>3Q 2022</b>	<b>4Q 2022</b>
<b>Selling costs</b>	<b>77 399 034</b>	<b>65 182 198</b>	<b>74 731 846</b>	<b>73 038 688</b>
marketing:	29 766 907	23 739 896	31 552 679	30 001 289
- <i>Fishing Clash</i>	16 110 636	13 099 412	18 769 324	15 219 141
- <i>Hunting Clash</i>	13 532 653	10 257 989	12 688 595	14 306 734

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- other titles	123 618	382 495	94 760	475 414
provisions	40 333 655	34 265 608	35 451 965	35 353 690
revenue share	448 775	406 178	407 005	416 458
salaries, subcontractor services	5 189 933	5 150 049	5 615 688	5 463 141
mobile games market research services	308 753	366 990	399 507	318 568
other	1 351 011	1 253 477	1 305 002	1 485 542

### 2.3 GENERAL AND ADMINISTRATIVE COSTS

Specification	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
<b>recurring costs, including:</b>	<b>27 829 000</b>	<b>37 828 118</b>
- payroll + third party services (TSG S.A.)	14 494 734	18 497 416
- cost of subsidiaries	1 225 539	4 779 208
- rent and maintenance of office (TSG S.A.)	3 624 042	4 061 259
- other	8 484 685	10 490 235
<b>One-off costs, including:</b>	<b>7 215 410</b>	<b>25 425 123</b>
MSOP	6 477 709	24 029 340
M&A	737 701	1 395 783
<b>TOTAL GENERAL AND ADMINISTRATIVE COSTS</b>	<b>35 044 410</b>	<b>63 253 241</b>

Specification	1Q 2023	2Q 2023	3Q 2023	4Q 2023
<b>recurring costs, including:</b>	<b>9 587 462</b>	<b>6 763 154</b>	<b>5 581 532</b>	<b>5 896 852</b>
- payroll + third party services (TSG S.A.)	4 535 148	3 682 599	3 206 869	3 070 118
- cost of subsidiaries	627 394	387 364	201 795	8 986
- rent and maintenance of office (TSG S.A.)	1 099 129	986 223	749 439	789 251
- other	3 325 791	1 706 968	1 423 429	2 028 497
<b>One-off costs, including:</b>	<b>6 197 949</b>	<b>571 870</b>	<b>112 185</b>	<b>333 406</b>
MSOP	6 033 168	0	111 135	333 406
M&A	164 781	571 870	1 050	0
<b>TOTAL GENERAL AND ADMINISTRATIVE COSTS</b>	<b>15 785 411</b>	<b>7 335 024</b>	<b>5 693 717</b>	<b>6 230 258</b>

Specification	1Q 2022	2Q 2022	3Q 2022	4Q 2022
<b>recurring costs, including:</b>	<b>10 533 470</b>	<b>9 935 085</b>	<b>8 862 725</b>	<b>8 496 838</b>
- payroll + third party services (TSG S.A.)	5 462 957	4 675 326	3 901 884	4 457 249
- cost of subsidiaries	1 205 072	1 534 320	1 633 624	406 192
- rent and maintenance of office (TSG S.A.)	859 752	1 012 146	1 032 308	1 157 053
- other	3 005 689	2 713 293	2 294 909	2 476 344
<b>One-off costs, including:</b>	<b>13 065 319</b>	<b>764 783</b>	<b>6 034 268</b>	<b>5 560 753</b>
MSOP	11 304 904	761 432	6 033 168	5 929 836
M&A	1 760 415	3 351	1 100	-369 083
<b>TOTAL GENERAL AND ADMINISTRATIVE COSTS</b>	<b>23 598 789</b>	<b>10 699 868</b>	<b>14 896 993</b>	<b>14 057 591</b>

### 3. OTHER OPERATING REVENUE AND COSTS

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Other operating revenues	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Sponsorship cooperation (barter)	634 735	0
Other	617 032	610 915
<b>Total</b>	<b>1 251 767</b>	<b>610 915</b>

Other operating costs	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Revaluation of investment (Rortos)	50 585 852	0
Revaluation of investment Gamesture)	5 414 335	0
Intangible assets impairment charge (games)	31 689 990	23 782 243
Donations	445 211	2 042 840
Write-down of uncollectible receivables	54 303	10 731
Severance pay	3 161 266	0
Sponsorship cooperation (barter)	634 735	0
Other	336 904	287 033
<b>Total</b>	<b>92 322 596</b>	<b>26 122 847</b>

The impairment loss on the shares held in Rortos is described in more detail in the note "Investments in subsidiaries".

The impairment loss on the shares held in Gamesture is described in more detail in the note "Other financial assets".

Write-downs on capitalized gaming costs and severance costs recognized in 2023 are related to a change in the Group's strategy, which resulted in, among others, group layoffs, which is described in more detail in the note "Closing of projects and group layoffs".

Game impairment charged in 2022 concerned Football Elite, Magical District and partially Undead Clash. The largest donation reported in 2022 (PLN 1 million) concerned support for charitable institutions providing assistance related to the war in Ukraine.

#### 4. FINANCIAL INCOME AND EXPENSE

Financial income	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Dividends received	8 161 057	2 583 580
Interest income	4 693 365	1 419 677
Surplus of positive exchange rate differences	0	6 975 004
Revaluation of liability related to the purchase of Rortos	24 286 569	0
Interest –unwinding of the discount on the liability related to the purchase of Rortos	-5 203 047	0
<b>Total</b>	<b>31 937 944</b>	<b>10 978 261</b>

Revaluation of the liability due to purchase of Rortos was described in more detail in the note "Investments in subsidiaries". Unwinding of the discount related to the liability related to purchase of the Rortos company is a classic, repetitive accounting related to the mathematical recognition of the value of future cash flows. The value of this unwinding depends on both the amount of future payments and the interest rate used to discount the flows.

Financial costs	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Interest –unwinding of the discount on the liability related to the purchase of Rortos	0	5 953 645



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Revaluation of liability related to the purchase of Rortos	0	8 534 740
Other interest cost	863 379	291 703
Excess of negative exchange rate differences	3 568 693	0
<b>Total</b>	<b>4 432 072</b>	<b>14 780 088</b>

## 5. INCOME TAX AND DEFERRED TAX

Starting from 2019, with the introduction of the so-called IP Box relief, the Company benefits from 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 Company considers 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 2019 and 2020 the Company settled and paid tax using only part of the preferences. The partial application of the preferences consisted in calculating the Nexus index in a way that limited the possibility of taxing the Company's income at a tax rate of 5%. As the market practice emerged, in 2022 the Company decided to apply the relief more broadly and submitted an annual CIT return for 2021 (and in 2023 for 2022) with full application of the relief. Additionally, at the beginning of 2023, the Company submitted a CIT correction for 2019 and 2020, also taking into account the broader application of the relief, enabling the Company to tax a larger part of its income at a tax rate of 5%. No further adjustments are planned.

The submission of corrections to the tax declaration resulted in the initiation of a customs and tax audit for 2020. Simultaneously with the customs and tax audit, the Company was subject to tax proceedings regarding the finding of an overpayment of corporate income tax for 2019 and 2020. After the positive completion of the tax proceedings (audit activities), in May 2023, the Company received a 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-offs for tax receivables relating to the financial years 2019 and 2020 were reversed. However, due to the fact that the customs and tax audit for 2020 has not been completed (the audit as at the date of issuing this report was extended until May 2024), the Company showed a tax provision in the amount of the refunds received. This solution is a continuation of the Company's approach to the prudential reporting of tax settlements - i.e. showing the amounts resulting from adjustments to declarations in the net carrying amount of PLN 0 as at December 31, 2023.

The Company believes that the tax for 2021 was settled in the correct amount and there is no need to pay additional tax, but due to the need to consistently recognize tax liabilities/receivables for previous years, the Company recognizes a tax provision in the financial statements (PLN 10.9 million). CIT calculation for 2022, using a narrower scope of tax reliefs related to IP BOX, would result in a reduction of the tax amount by PLN 1.1 million, and for 2023 a reduction by approx. PLN 126,000. PLN. The company decided to prudently show the tax settlement in a larger amount.

Tax disclosed in the Consolidated Financial Statements:

Income tax disclosed in the statement of comprehensive income	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
<b>Current income tax</b>	<b>4 212 522</b>	<b>5 445 355</b>
Concerning 2023 financial year	4 212 522	0
Concerning 2022 financial year	0	5 445 355
Concerning 2020 financial year	-8 941 882	-8 941 882
Write-off relating to financial year 2020 – correction related to tax refund	8 941 882	8 941 882
Concerning 2019 financial year	-3 599 122	-3 599 122
Write-off relating to financial year 2019 – correction related to tax refund	3 599 122	3 599 122
<b>Deferred income tax</b>	<b>-4 653 504</b>	<b>3 353 705</b>
Related to the origination and reverse of temporary differences	-4 653 504	3 353 705
<b>Tax disclosed in the statement of comprehensive income</b>	<b>-440 982</b>	<b>8 799 060</b>

CIT tax settlements:

Specification	as at 31.12.2023	as at 31.12.2022
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<b>Current CIT tax settlements</b>	<b>-17 194 701</b>	<b>-4 171 401</b>
Receivable related to the financial year 2023	6 241 072	0
Receivable related to the financial year 2022	0	6 723 368
Provision related to the financial year 2021	-10 894 769	-10 894 76
Provision related to the financial year 2020	-8 941 882	0
Provision related to the financial year 2019	-3 599 122	0
Receivable related to the financial year 2020	0	8 941 882
Write down of receivable relating to the financial year 2020	0	-8 941 882
Receivable related to the financial year 2019	0	3 599 122
Write down of receivable relating to the financial year 2019	0	-3 599 122

The reconciliation of gross profit to the tax base is presented below:

Specification	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022 [restated data*]
<b>Gross profit (loss)</b>	<b>16 221 212</b>	<b>63 311 936</b>
Exchange rate differences (balance sheet)	1 351 967	-4 231 400
Dividends received	-8 161 057	-2 583 580
Write-down of receivables (non-deductible)	54 303	10 731
	114 550	367 086
Dissolution and creation of a holiday reserve		
Creation of reserve for other costs	1 527 817	-69 277
Donations	445 211	2 042 840
Amortization of intangible assets	1 305 304	1 171 865
Depreciation – lease	4 402 985	2 891 198
Amortization of fixed assets	2 002 604	1 061 764
Capitalisation of game costs	-10 527 033	-26 371 975
Other non-tax-deductible costs	227 200	743 417
Write-down of capitalised game costs	31 689 990	23 782 243
Profit (loss) on investment in associates	5 779 003	2 745 607
Unwinding of the discount, revaluation of investment	36 916 664	14 488 387
Share-based payments	6 690 040	23 641 852
Revenue (and related cost) deferred in the balance sheet	5 187 824	1 095 994
R&D relief	-13 664 433	0
Other tax deductible expenses that do not constitute costs on the balance sheet	-4 662 102	-4 134 921
<b>Taxable income</b>	<b>76 902 049</b>	<b>99 963 767</b>
<i>including income taxed at 5% (IP Box)</i>	<i>84 250 449</i>	<i>108 907 109</i>
<i>including income (loss) taxed at 19%</i>	<i>-7 348 400</i>	<i>-8 943 342</i>

Structure of a deferred income tax asset:

Specification	As at 31.12.2023	As at 31.12.2022
accounting for virtual currency over time	297 519	274 348
accounting for durables over time	2 506 266	2 160 820
holiday provision	261 200	239 436
provision for audit cost	18 810	18 810
lease – IFRS 16 valuation	63 193	91 020
revaluation of settlements	179 829	0
provision for remunerations	981 813	1 220 052
other provisions	112 800	26 930
<b>Total</b>	<b>4 421 430</b>	<b>4 031 416</b>

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Structure of deferred income tax provision:

Specification	as at 31.12.2023	as at 31.12.2022
depreciation of games	175 002	4 388 783
reevaluation of settlements	0	49 709
<b>Total</b>	<b>175 002</b>	<b>4 438 492</b>

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply when the asset is realized or the liability is settled, based on available projections. For a significant portion of temporary differences, a rate of 5% has been applied resulting from the Company's application of the IP Box tax credit.

## 6. DISCONTINUED ACTIVITY

The Company did not discontinue any activities during the reported financial year.

## 7. DISTRIBUTION OF PROFIT FOR 2022

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

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

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

## 8. TANGIBLE FIXED ASSETS

Changes in fixed assets (by type group) – for the period 01.01.2023-31.12.2023

Specification	Machinery and equipment	Buildings and premises	Other fixed assets	TOTAL
<b>Gross carrying amount as at 01.01.2023</b>	<b>5 056 787</b>	<b>19 565 282</b>	<b>5 002 940</b>	<b>29 625 009</b>
Increases - purchase	142 904	0	0	142 904
Decreases - sale	789 404	0	118 800	908 204
<b>Gross carrying amount as at 31.12.2023</b>	<b>4 410 287</b>	<b>19 565 282</b>	<b>4 884 140</b>	<b>28 859 709</b>
<b>Depreciation as at 01.01.2023</b>	<b>2 622 990</b>	<b>6 727 122</b>	<b>560 054</b>	<b>9 910 166</b>
Increase due to depreciation	980 594	6 200 787	973 026	8 154 407
Decrease due to sales	568 200	0	31 680	599 880
<b>Depreciation as at 31.12.2023</b>	<b>3 035 384</b>	<b>12 927 909</b>	<b>1 501 400</b>	<b>17 464 693</b>
<b>Write-downs as at 01.01.2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Increases	0	0	0	0
Decreases	0	0	0	0
<b>Write-downs as at 31.12.2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Gross carrying amount as at 31.12.2023</b>	<b>1 374 903</b>	<b>6 637 373</b>	<b>3 382 740</b>	<b>11 395 016</b>

Changes in fixed assets (by type group) – for the period of 01.01.2022-31.12.2022

Specification	Machinery and equipment	Buildings and premises	Other fixed assets	Fixed assets under construction	TOTAL
<b>Gross carrying amount as at 01.01.2022</b>	<b>4 342 911</b>	<b>8 693 695</b>	<b>233 893</b>	<b>5 079 800</b>	<b>18 350 299</b>
Increases due to:	1 056 085	10 871 587	4 817 197	0	16 744 869
- purchase	1 056 085	5 791 787	4 817 197	0	11 665 069
- reclassification	0	5 079 800	0	0	5 079 800

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Specification	Machinery and equipment	Buildings and premises	Other fixed assets	Fixed assets under construction	TOTAL
Decreases, due to:	342 208	0	48 149	5 079 800	5 470 157
- sales	112 032	0	0	0	112 032
- liquidation	230 176	0	48 149	0	278 325
- reclassification	0	0	0	5 079 800	5 079 800
<b>Gross carrying amount as at 31.12.2022</b>	<b>5 056 787</b>	<b>19 565 282</b>	<b>5 002 940</b>	<b>0</b>	<b>29 625 010</b>
<b>Depreciation as at 01.01.2022</b>	<b>1 752 998</b>	<b>3 111 966</b>	<b>149 034</b>	<b>0</b>	<b>5 013 998</b>
Increases due to depreciation	1 169 073	3 615 156	443 297	0	5 227 525
Decreases, due to:	299 081	0	32 276	0	331 357
- sales	98 410	0	0	0	98 410
- liquidation	200 671	0	32 276	0	232 947
<b>Depreciation as at 31.12.2022</b>	<b>2 622 990</b>	<b>6 727 122</b>	<b>560 054</b>	<b>0</b>	<b>9 910 166</b>
<b>Write-downs as at 01.01.2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Increases	0	0	0	0	0
Decreases	0	0	0	0	0
<b>Write-downs as at 31.12.2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net carrying amount as at 31.12.2022</b>	<b>2 433 797</b>	<b>12 838 160</b>	<b>4 442 886</b>	<b>0</b>	<b>19 714 843</b>

Tangible fixed assets – ownership structure

Specification	31.12.2023	31.12.2022
Own	4 757 643	6 876 684
Used under a lease, tenancy or other agreement, including a lease agreement	6 637 373	12 838 160
<b>Total</b>	<b>11 395 016</b>	<b>19 714 844</b>

The Company does not own land in perpetual usufruct.

The Company does not have any liabilities towards the state budget or local government authorities arising from the acquisition of ownership rights to buildings.

Specification	31.12.2023	31.12.2022
Depreciation of own fixed assets	4 612 467	2 626 953
Amortisation of the right of use (lease)	3 541 940	2 600 572
<b>Total</b>	<b>8 154 407</b>	<b>5 227 525</b>

## 9. INTANGIBLE ASSETS

Changes in intangible assets (by type group) - for the period 01.01.2023-31.12.2023

Specification	Development costs	Computer software	Intangible assets under construction	TOTAL
<b>Gross carrying amount as at 01.01.2023</b>	<b>6 581 358</b>	<b>1 337 781</b>	<b>49 249 723</b>	<b>57 168 862</b>
<b>Increases due to:</b>	<b>729 438</b>	<b>11 055</b>	<b>10 541 034</b>	<b>11 281 527</b>
- acquisition	0	11 055	10 541 034	10 552 089
- reclassification	729 438	0	0	729 438
<b>Decreases due to reclassification</b>	<b>0</b>	<b>0</b>	<b>729 438</b>	<b>729 438</b>
<b>Gross carrying amount as at 31.12.2023</b>	<b>7 310 796</b>	<b>1 348 836</b>	<b>59 061 319</b>	<b>67 720 951</b>
<b>Depreciation as at 01.01.2023</b>	<b>5 084 430</b>	<b>1 013 350</b>	<b>0</b>	<b>6 097 780</b>
Increases due to depreciation	1 305 304	234 613	0	1 539 917
<b>Depreciation as at 31.12.2023</b>	<b>6 389 734</b>	<b>1 247 963</b>	<b>0</b>	<b>7 637 697</b>

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<b>Write-downs as at 01.01.2023</b>	<b>0</b>	<b>0</b>	<b>27 371 329</b>	<b>27 371 329</b>
Increases	0	0	31 689 990	31 689 990
Decreases	0	0	0	0
<b>Write-downs as at 31.12.2023</b>	<b>0</b>	<b>0</b>	<b>59 061 319</b>	<b>59 061 319</b>
<b>Net carrying amount as at 31.12.2023</b>	<b>921 062</b>	<b>100 873</b>	<b>0</b>	<b>1 021 935</b>

The net value as at December 31, 2023 shown in the item "development costs" includes only the tools used in all the Company's games.

Write-downs on capitalized gaming costs are related to the change in strategy, which is described in more detail in the note "Closing of projects and group layoffs".

Changes in intangible assets (by type group) - for the period 01.01.2022-31.12.2022

Specification	Development costs	Computer software	Intangible assets under construction	TOTAL
<b>Gross carrying amount as at 01.01.2022</b>	<b>7 995 077</b>	<b>1 195 472</b>	<b>24 794 066</b>	<b>33 984 615</b>
Increases due to:	1 916 318	142 309	26 371 975	28 430 602
- purchase	0	142 309	26 371 975	26 514 284
- reclassification	1 916 318	0	0	1 916 318
Decreases due to:	3 330 037	0	1 916 318	5 246 355
-liquidation	3 330 037	0	0	3 330 037
- reclassification	0	0	1 916 318	1 916 318
<b>Gross carrying amount as at 31.12.2022</b>	<b>6 581 358</b>	<b>1 337 781</b>	<b>49 249 723</b>	<b>57 168 862</b>
<b>Depreciation as at 01.01.2022</b>	<b>4 932 131</b>	<b>763 841</b>	<b>0</b>	<b>5 695 972</b>
Increases due to depreciation	1 061 764	249 509	0	1 311 273
Decreases due to liquidation	909 465	0	0	909 465
<b>Depreciation as at 31.12.2022</b>	<b>5 084 430</b>	<b>1 013 350</b>	<b>0</b>	<b>6 097 780</b>
<b>Write-downs as at 01.01.2022</b>	<b>2 420 573</b>	<b>0</b>	<b>3 589 086</b>	<b>6 009 659</b>
Increases	0	0	23 782 243	23 782 243
Decreases due to liquidation	2 420 573	0	0	2 420 573
<b>Write-downs as at 31.12.2022</b>	<b>0</b>	<b>0</b>	<b>27 371 329</b>	<b>27 371 329</b>
<b>Net carrying amount as at 31.12.2022</b>	<b>1 496 928</b>	<b>324 431</b>	<b>21 878 394</b>	<b>23 699 753</b>

As at December 31, 2023 and 2022, all intangible assets are the property of the Company.

The Company does not have intangible assets with limited right of use or bank loans that would be secured by intangible assets.

## 10. INVESTMENT IN SUBSIDIARIES

Specification	31.12.2023	31.12.2022
Rortos S.r.l.	202 168 470	252 754 322
- <i>Gross value</i>	252 754 322	252 754 322
- <i>Write-off</i>	-50 585 852	0
Ten Square Games Germany GmbH	111 080	111 080
Ten Square Games Romania S.r.l.	23 000	23 000
Play Cool Zombie Sport Games Sp. z o.o.	5 000	5 000
Ten Square Games (Israel) Ltd.		0*
<b>TOTAL</b>	<b>202 307 550</b>	<b>252 893 402</b>

\* the law in Israel does not require the payment of share capital, as of December 31, 2023, the Israeli company is already liquidated.

### RORTOS S.r.l.

On July 5, 2021, the Company as the buyer, with the existing partners Antonio Farina and Roberto Simonetti as the sellers, concluded an agreement for the sale of all shares to Rortos S.r.l with its registered office in Verona.

The price for the entire share in Rortos acquired was set at EUR 45 million without taking into account the level of cash and debt free (cash free and debt free basis) based on the EBITDA profit multiplier for 2020, normalized by the capitalization of personnel costs, at the level of 9.8. Adjusted for cash and debt, the payment amounted to EUR 46.7 million at the settlement date. In addition, under the conditions set out in the Agreement, the Sellers will be entitled to additional remuneration (earn-out payment) depending on the results of Rortos in the period from July 1, 2021 to December 31, 2025, calculated in accordance with the formula agreed in the Agreement - in the maximum amount not higher than the EBITDA result achieved by Rortos in an adequate period.

In 2021, the Company settled the acquisition of shares and calculated the liability to pay for earn-out payments.

In 2022 and 2023, the liability due to of the acquisition was updated based on Rortos's projected results in the coming years and the predicted earn-out amount.

Specification – standalone financial statement	Data in EUR	Data in PLN according to the exchange rate as at the date of purchase
Cash payment	46 695 734	211 330 883
Discounted estimated future cash payments	9 152 935	41 423 439
<b>Value of acquired shares</b>	<b>55 848 669</b>	<b>252 754 322</b>

Liability related to Rortos acquisition	Data in PLN as at 31.12.2023	Data in PLN as at 31.12.2022
Value at acquisition date (discounted)	252 754 322	252 754 322
Cash payment - July 2021 (FIFO valuation)	-211 102 628	-211 102 628
Earnout cash payment - April 2023 (FIFO valuation)	-4 350 094	0
Unwinding of the discount 2021 (finance cost)	2 652 789	2 652 789
Unwinding of the discount 2022 (finance cost)	5 953 645	5 953 645
Unwinding of the discount 2023 (finance cost)	5 203 049	0
Revaluation of the liability as at 31.12.2022 (cash flow model + balance sheet valuation)	8 534 740	8 534 740
Revaluation of the liability as at 31.12.2023 (cash flow model + balance sheet valuation)*	-24 286 569	0
<b>Value at the balance sheet date –other liabilities, including:</b>	<b>35 359 254</b>	<b>58 792 868</b>
- short - term	11 137 640	19 319 299
- long-term	24 221 614	39 473 569

\* balance sheet valuation as at December 31, 2023 amounted to PLN -4.2 million (reduction of liabilities, i.e. revenue).

### ASSET IMPAIRMENT TESTS - RORTOS

In accordance with the provisions of IAS 36 Impairment of assets, the Company assesses for each reporting period whether there are any indications (internal and external) that any of the assets may have been impaired. If at least one of the conditions occurs, a formal estimate of the recoverable amount should be made.

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 stable 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

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acquisition were based on stable cash flows for the Real Flight Simulator and Airline Commander games, which is actually the case, and 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. As at the balance sheet date, the Management Board of the Parent Entity 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. In accordance with IAS 36, the Company's Management Board decided to create a write-off of Rortos goodwill.

Taking into account the result of the test carried out as of December 31, 2023 in relation to the value of the company acquired as a result of the merger of enterprises, i.e. the acquisition of Rortos SRL included in the consolidated financial statements, and the need to recognize a loss (impairment write-off) due to the impairment of the asset to which goodwill was assigned, it was necessary to conduct an impairment test for the shares of Rortos SRL. This test was based on a comparison of the book value of the shares of Rortos SRL with its recoverable value, determined using the income method, based on estimated discounted future cash flows, taking into account (following the prudence principle) the updated future value of expected gaming revenues and their profitability taking into account the potential impact of identifiable risks. Adopted assumptions:

- the determination of the recoverable value was carried out at the level of the cash-generating unit CGU, i.e. Rortos SRL,
- the recoverable amount was determined based on the CGU's discounted future cash flows resulting from the CGU's financial projections for 2024-2026 (detailed forecast period). The adoption of a three-year detailed forecast period is justified due to the fact that in the current economic situation there is no sufficiently reliable data for subsequent reporting periods due to the high volatility of various factors,
- due to the fact that the assumed economic useful life of the CGU extends beyond 2026, the marginal value of the CGU was also determined and included in the calculation of the recoverable value,
- a weighted average after-tax cost of capital ("WACC") was used over the projection period of 9.50%,
- cash allocated to CGU was included to determine the carrying value of the tested assets.

As a result of the calculations, the recoverable amount was determined at EUR 40.1 million (PLN 174.4 million using the exchange rate for the balance sheet valuation). As a result of the test, a loss (write-down) was recognized due to the impairment of Rortos SRL shares in the total amount of EUR 11.6 million (PLN 50.6 million). At the same time, the estimated amount to be paid in the form of earnout payments has changed. The decrease in liabilities amounted to EUR 4.5 million (PLN 20.1 million).

The key assumptions used to calculate the recoverable amount:

Type of the assumption	Applied assumptions
Basis of recoverable amount	Value in use
Source	Internal estimates
Methodology	Discounted cash flows
Discount rate (WACC)	9.50%
Perpetual Growth Rate (PGR)	2.50%

The sensitivity analysis for the probable values of changes in the discount rate and changes in the value of the indefinite growth rate as at December 31, 2003 are presented in the tables below:

Sensitivity analysis

	Change in the value of the discount rate (WACC) for the residual period (change given in percentage points)						
	-1.0 pp	-0.5 pp	-0,25 pp	0.0 pp	+0.25 p.p	+0.5 pp	+1.0 pp
Current value FCFE (EUR)	50 982 728	43 192 156	41 603 002	40 126 551	38 751 160	37 466 738	33 078 479
Surplus / Deficiency over the book value of the CGU (EUR)	-778 103	-8 568 675	-10 157 829	-11 634 280	-13 009 671	-14 294 093	-18 682 352

	Change in the value of the perpetual growth rate (PGR) for residual period (change given in percentage points)						
	-1.0 pp	-0.5 pp	-0.25 pp	0.0 pp	+0.25 pp	+0.5 pp	+1.0 pp
Current value FCFF (EUR)	35 800 765	37 819 465	38 933 230	40 126 551	41 408 265	42 788 573	45 894 265
Surplus / Deficiency over the book value of the CGU (EUR)	-15 960 066	-13 941 366	-12 827 601	-11 634 280	-10 352 566	-8 972 258	-5 866 566

### Ten Square Games Germany GmbH, Ten Square Games Romania S.r.l. and Ten Square Games (Israel) Ltd

In previous years, the Company established subsidiaries in Berlin, Bucharest and Tel Aviv. The purpose of establishing companies in these places was to acquire local talent in the gaming industry. However, with the change in strategy announced in May 2023, the activity of foreign subsidiaries is being phased out.

### 11. OTHER FINANCIAL ASSETS

Specification	31.12.2023	31.12.2022
<b>Other financial assets:</b>	<b>23 117 182</b>	<b>21 765 555</b>
- investment in Gamesture	12 225 850	11 574 781
- <i>gross value</i>	26 164 795	14 320 389
- <i>share in Gamesture's loss</i>	-8 524 610	-2 745 608
- write-down of the investment value (Gamesture)	-5 414 335	0
- participation units of the Sisu Game Ventures investment fund	8 164 078	7 923 240
- deposit on the office lease	2 727 254	2 267 534

On March 11, 2022, the Parent Company acquired 24.8% of shares in the share capital of Gamesture Sp. z o. o. The payment amount was approximately USD 3.5 million. On January 31, 2023, the Parent Company purchased another 12% of shares in the share capital of Gamesture Sp. z o. o. The payment amount was approximately USD 2.7 million. The value as at the balance sheet date was adjusted for the loss of Gamesture attributable to the shares held by Ten Square Games S.A. and the write-down resulting from the impairment tests, which is described in detail below.

The change in the value of participation units over time results from the balance sheet valuation, and the value of the deposit is a multiple of the rent paid along with operating fees. Each year these payments are adjusted for inflation/real purchase prices of services.

#### *Annual impairment test - Gamesture*

In accordance with the provisions of IAS 36 Impairment of assets, the Company assesses for each reporting period whether there are any indications (internal and external) that any of the assets may have been impaired. If at least one of the conditions occurs, a formal estimate of the recoverable amount should be made. Gamesture Sp. z o. o. has historically generated and will also generate an operating loss in 2023, hence this was the premise for performing the test.

Gamesture Sp. z o. o. constantly looking for a niche for itself decided to focus on social wars games genre in 2022. The first such titles were created in 2022 and during 2023, however, due to the implementation of other, less profitable projects, it was not possible to achieve economies of scale and thus break even. During 2023, the Company underwent restructuring, reduced employment and closed the project (Hero Legacy), which consumed significant financial resources. From that moment on, the only games developed were those from the social wars genre. The parameters of these games are very promising, which, combined with reduced operating costs, should allow the company to achieve a break even in the next few quarters. Nevertheless, as at the date of the tests, in accordance with the requirements contained in IAS 36, the company had to estimate future cash flows using all prudential principles.



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The test was based on a comparison of the goodwill of Gamesture Sp. z o. o. with its recoverable value, determined using the income method, based on estimated discounted future cash flows, taking into account (following the prudence principle) the updated future value of expected gaming revenues, their profitability, taking into account the potential impact of identifiable risks - in the part attributable to Ten Square Games, i.e. in 36.9%. Assumptions made:

- determining the recoverable value was carried out at the level of the CGU cash-generating unit, i.e. Gamesture Sp. z o. o.,
- the recoverable amount was determined based on the CGU's discounted future cash flows resulting from the CGU's financial projections for 2024-2026 (detailed forecast period). The adoption of a three-year detailed forecast period is justified due to the fact that in the current economic situation there is no sufficiently reliable data for subsequent reporting periods due to the high variability of various factors,
- due to the fact that the assumed economic useful life of the CGU extends beyond 2026, the marginal value of the CGU was also determined and included in the calculation of the recoverable value,
- the weighted average after-tax cost of capital ("WACC") was used in the projection period at the level of 11.98%.

As a result of the calculations, the recoverable value was determined at PLN 33.1 million, which means PLN 12.2 million attributable to Ten Square Games (36.9% share in profits). As a result of the test, a loss (impairment write-down) was recognized on account of the impairment in the value of shares in the total amount of PLN 5.4 million.

Key assumptions of the impairment test:

Type of the assumption	Applied assumptions
Basis of recoverable amount	Value in use
Source	Internal estimates
Methodology	Discounted cash flows
Discount rate (WACC)	11.98%
Perpetual Growth Rate (PGR)	2.50%

The sensitivity analysis for the probable values of changes in the discount rate and changes in the value of the indefinite growth rate as at December 31, 2023 are presented in the tables below:

Change in the value of the discount rate (WACC) for the residual period (change given in percentage points)

	-1.0 p.p	-0,5 pp	-0.25 pp	0.0 pp	+0.25 pp	+0.5 pp	+1.0 pp
Current value FCFF (EUR)	13 719 711	12 931 221	12 568 990	12 225 850	11 900 330	11 591 107	11 016 885
Surplus / Deficiency over the book value of the CGU (EUR)	-3 920 474	-4 708 964	-5 071 195	-5 414 335	-5 739 855	-6 049 078	-6 623 300

Change in the value of the perpetual growth rate (PGR) for residual period (change given in percentage points)

	-1.0 p.p	-0,5 pp	-0.25 pp	0.0 pp	+0.25 pp	+0.5 pp	+1.0 pp
Current value FCFF (EUR)	11 214 742	11 694 959	11 953 582	12 225 850	12 512 872	12 815 881	13 475 519
Surplus / Deficiency over the book value of the CGU (EUR)	-6 425 443	-5 945 226	-5 686 603	-5 414 335	-5 127 313	-4 824 304	-4 164 666

## 12. INFORMATION ON FINANCIAL INSTRUMENTS

FINANCIAL ASSETS	31.12.2023	31.12.2022	Category of financial instruments
Other financial assets (long-term), including:	23 117 182	21 765 555	

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<i>deposit</i>	2 727 253	2 267 534	<i>financial assets evaluated at amortized costs</i>
<i>units in the investment fund Sisu Game Ventures</i>	8 164 078	7 923 240	<i>financial assets evaluated at amortized costs</i>
<i>shares in Gamesture sp. z o.o.</i>	12 225 851	11 574 781	<i>financial assets evaluated at amortized costs</i>
Trade receivables and other receivables, including:	40 320 982	44 382 747	
<i>unrealised exchange rate differences on valuation</i>	38 369	38 893	<i>financial assets measured at fair value</i>
Cash and cash equivalents, including:	142 005 482	100 913 702	
<i>unrealised exchange rate differences on valuation</i>	-276 456	-172 989	<i>financial assets measured at fair value</i>

FINANCIAL LIABILITIES	31.12.2023	31.12.2022	<i>Category of financial instruments</i>
Trade liabilities, including:	9 827 339	11 243 318	
<i>unrealised exchange rate differences on valuation</i>	-1 496	31 859	<i>financial liabilities evaluated at amortized costs</i>

For both financial assets and financial liabilities, fair value equals carrying value.

### 13. RECEIVABLES

The structure of receivables is presented in table below:

Specification	31.12.2023	31.12.2022
Trade receivables	36 585 837	33 035 459
Other receivables	3 735 145	6 402 073
Accruals	3 881 195	4 945 215
<b>Receivables</b>	<b>44 202 177</b>	<b>44 382 747</b>

#### Trade receivables

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 balances come from:

- 1) Google Inc. – 35.02% as of 31 December 2023 compared to 52% as of 31 December 2022;
- 2) Apple Distribution International – 39.42% at 31 December 2023 compared to 34% at 31 December 2022;
- 3) Xsolla Inc. 16.05%.

No other entity exceeded a 10% share of total receivables on 31 December 2023.

Currency structure:

currency	31.12.2023			31.12.2022		
	amount in currency	valuation	% share	amount in currency	valuation	% share
USD	5 361 442	21 097 274	57.67%	2 944 770	12 962 291	39.24%
PLN	13 302 793	13 302 793	36.36%	17 822 105	17 822 105	53.94%
EUR	460 882	2 003 916	5.48%	359 192	1 684 574	5.10%
RUB	336 159	14 354	0.04%	8 741 150	540 203	1.64%
Other currencies	-----	167 500	0.46%	-----	26 286	0.08%

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<b>TOTAL</b>		<b>36 585 837</b>	<b>100.0%</b>		<b>33 035 459</b>	<b>100.0%</b>
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Age structure:

	31.12.2023	31.12.2022
age structure – overdue	value of receivables	value of receivables
<b>From associates</b>	<b>1 371 805</b>	<b>2 041 220</b>
not overdue	1 371 805	1 971 863
up to 1 month	0	0
1-3 months	0	0
3-6 months	0	69 357
6-12 months	0	0
over a year	0	0
<b>From others</b>	<b>35 214 032</b>	<b>30 994 239</b>
not overdue	32 383 199	30 387 012
up to 1 month	2 828 531	6 861
1-3 months	1 052	34 510
3-6 months	1 250	9 942
6-12 months	0	554 402
over a year	0	1 512
<b>Total receivables</b>	<b>36 585 837</b>	<b>33 035 459</b>

Receivables from other entities overdue by up to one month in the full amount of PLN 2,828,531 were repaid at the beginning of 2024.

**Other receivables**

Specification	31.12.2023	31.12.2022
<b>Other short-term receivables, including:</b>	<b>3 735 145</b>	<b>6 402 073</b>
- tax related	3 667 533	6 184 486
- deposit for office rental	67 612	217 587

**Accruals**

Specification	31.12.2023	31.12.2022
Maintenance of software technical service /program subscriptions	3 209 401	3 245 961
Annual fee – marketing campaign tracking tool	355 385	552 773
Registration fees for filing trademarks	94 950	310 780
Insurance	87 472	81 494
Training for leaders	0	274 840
Other accruals	133 987	479 367
<b>Active cost accruals</b>	<b>3 881 195</b>	<b>4 945 215</b>

**14. CASH AND CASH EQUIVALENTS**

Specification	31.12.2023	31.12.2022
<b>Cash at hand and in bank accounts:</b>	<b>142 005 482</b>	<b>100 913 702</b>

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cash on hand	1 713	1 493
cash in bank accounts	142 003 769	100 912 209
<i>including deposits up to 3 months</i>	<i>114 322 762</i>	<i>67 228 898</i>
<b>Total</b>	<b>142 005 482</b>	<b>100 913 702</b>

As at December 31, 2023, the company had cash in the following banks: ING Bank Śląski S.A. and Bank Gospodarstwa Krajowego S.A. The maximum value of credit risk associated with cash equals its carrying value. Cash in current accounts does not bear interest. The fair value of cash and cash equivalents as at December 31, 2023 does not differ significantly from their carrying value.

## 15. SHARE CAPITAL

The share capital of Ten Square Games S.A. as at 31/12/2023 amounts to PLN 733,482.20 and is divided into 7,334,822 bearer shares with a nominal value of PLN 0.10 each.

## 16. OWN SHARES

### BUYBACK 2022

From January 20, 2022 to January 28, 2022, the first tranche of the share buyback launched by the Parent Company was carried out in accordance with the resolution of the Issuer's Management Board of January 20, 2022 on the commencement of the buyback of own shares and the detailed conditions and procedure for the first share buyback tranche of the Company's own shares. The share buyback was executed pursuant to Resolution No. 7 of the Ordinary General Meeting of the Company of June 23, 2021 on authorizing the Management Board to purchase own shares on behalf of and for the benefit of the Company and specifying the rules for the acquisition of own shares by the Company and creating a reserve capital.

The total number of shares purchased as part of the first tranche of the share buyback amounted to 70,000 shares and corresponded to 70,000 votes at the General Meeting of the Company; which constitutes 0.96% of the share capital of the Company and 0.96% of the total number of votes at the General Meeting of the Company. The average unit purchase price of own shares amounted to PLN 266.04. The shares were acquired for the total amount of PLN 18.636.049,68.

The shares acquired as part of the transaction may be (i) redeemed (voluntary redemption), (ii) exchanged for shares in the course of acquisitions made by the Company, (iii) distributed by the Company's Management Board in another manner permitted by law, taking into account the needs arising from the business.

### DISTRIBUTION OF SHARES FROM THE BUYBACK IN 2023 AND IN 2024

In September 2023 and December 2023, the Company's Management Board created incentive programs for key employees (contract of employment and B2B) of the Group. After meeting certain criteria the program participants were granted shares. Additionally, on December 19, 2023, the General Meeting of Shareholders adopted an incentive program for the Company's Management Board, under which shares could also be distributed to Management Board members after meeting certain criteria. As at the date of issuing this report, the Company distributed 31,464 shares under the above-mentioned programs. Participants purchased them by paying the nominal amount of shares to the Company, i.e. PLN 0.1 per share. There are still 38,536 shares to be distributed.

## 17. TRADE LIABILITIES

Specification	31.12.2023	31.12.2022
<b>Trade liabilities</b>	<b>9 827 339</b>	<b>11 243 318</b>
towards related parties	205 958	320 627
towards third parties	9 621 381	10 922 691

Specification	Total	due date	
		<i>overdue:</i>	<i>not overdue, payable to:</i>

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		0-30 days	31-90 days	0 - 30 days
<b>31.12.2023</b>	<b>9 827 339</b>	<b>713</b>	<b>19 463</b>	<b>9 807 163</b>
Towards related parties	38 438	0	0	205 958
Towards third parties	9 788 901	713	19 463	9 601 205
<b>31.12.2022</b>	<b>11 243 318</b>	<b>280</b>	<b>10 129</b>	<b>11 232 908</b>
Towards related parties	320 627	0	0	320 627
Towards third parties	10 922 691	280	10 129	10 912 282

## 18. LEASE LIABILITIES

Specification	31.12.2023	31.12.2022
Short – term lease liabilities	3 515 323	3 676 009
Long – term lease liabilities	555 399	4 390 818
- due within 1 to 2 years	555 399	3 791 746
- due within 2 to 3 years	0	599 072
- due within 3 to 4 year	0	0
- due within 4 to 5 years	0	0
<b>TOTAL LEASE LIABILITIES</b>	<b>4 070 722</b>	<b>8 066 827</b>

Leasing liabilities result from concluded leasing agreements described in detail in the note "Leasing agreements". In 2024, the company annexed these agreements, which was also described in the note "events after the balance sheet date".

The costs included in the result resulting from concluded leasing agreements are presented below.

Specification	31.12.2023	31.12.2022
Amortization	3 541 940	2 600 572
Interest	183 215	290 626
Realised and unrealised exchange rate differences	797 509	881 885
<b>Total</b>	<b>4 522 664</b>	<b>3 773 083</b>

## 19. OTHER LIABILITIES

Specification	31.12.2023	31.12.2022 [restated data*]
<b>Liabilities due to the acquisition of Rortos (earn-out payments)</b>	<b>35 359 254</b>	<b>58 792 868</b>
- long – term	24 221 614	54 457 996
- short – term	11 137 640	4 334 872
<b>Other liabilities</b>	<b>3 830 780</b>	<b>3 533 530</b>
- long – term	0	0
- short – term, including:	3 830 780	3 533 530
Foreign VAT tax	2 924 921	2 389 516
Withholding Tax	27 429	56 628
Personal Income Tax	214 101	257 348
Social insurance contributions (ZUS)	636 697	797 272
State Fund for Rehabilitation of Disabled People (PFRON)	27 632	32 766
<b>TOTAL OTHER LIABILITIES</b>	<b>39 190 034</b>	<b>62 326 398</b>
- long – term	24 221 614	54 457 996
- short – term	14 968 420	7 868 402

\* the restatement of comparative data is presented in point 6 of the "Standalone Financial Statements"

As at December 31, 2023, the Company had an overdue foreign VAT liability in the amount of PLN 2.4 million (the tax for 2023 is payable by the end of February 2024). At the beginning of 2024, the Parent Company paid the required amount of tax. Until the date of publication of the report, the Parent Entity had not received information from a foreign tax office about the interest due for late payment. The arrears will be settled immediately after receiving information about the interest rate

The company had no other significantly overdue liabilities as at the balance sheet date of December 31, 2023 and December 31, 2022.

## 20. PROVISIONS FOR EMPLOYEE BENEFITS

In the reporting period covered by these financial statements, the following changes occurred:

Specification	As at 1.01.2023	Changes during the year			As at 31.12.2023
		Estimate	Reclassification from long – term to short – term	Use	
Holiday provision	1 260 189	1 374 739	0	-1 260 189	1 374 739
Provisions for bonuses (short - term)	3 815 598	3 604 624	1 268 689	-3 815 598	4 873 313
Provisions for bonuses (long - term)	2 605 726	1 663 459	-1 268 689	0	3 000 496
<b>TOTAL PROVISIONS</b>	<b>7 681 513</b>	<b>6 642 822</b>	<b>0</b>	<b>-5 075 787</b>	<b>9 248 548</b>

The provision for bonuses results mainly (in total PLN 6.8 million) from the bonus system in force in the Capital Group from 2021. The main purpose of the incentive program is to tightly link key employees with the TSG Group. These bonuses depend on financial results and are payable only upon continued employment in the Capital Group at the time of payment - in various proportions, this is the period from several months to 2.5 years after the end of the period for which they are due.

The remaining amount of bonus provisions (PLN 1.1 million) are mainly short-term provisions, payable in the first half of 2024, in most cases these are amounts due for Q4 2023.

In the previous reporting period, there were the following changes in provisions for employee benefits:

Specification	As at 1.01.2022	Zmiany w ciągu roku			As at 31.12.2022
		Forecast	Reclassification from long – term to short – term	Use	
Holiday provision	893 103	1 260 189	0	-893 103	1 260 189
Provisions for bonuses (short - term)	4 260 228	2 596 183	1 219 415	-4 260 228	3 815 598
Provisions for bonuses (long - term)	2 358 766	1 546 439	-1 219 415	-80 064	2 605 726
<b>TOTAL PROVISIONS</b>	<b>7 512 097</b>	<b>5 402 811</b>	<b>0</b>	<b>-5 233 395</b>	<b>7 681 513</b>

## 21. SOCIAL ASSETS AND LIABILITIES OF THE COMPANY'S SOCIAL BENEFITS FUND

The Company did not have any company social benefits fund as at the balance sheet date 31/12/2023 and 31/12/2022.

## 22. CONTINGENT LIABILITIES

As at 31 December 2023 and 2022, the Company did not have any significant contingent liabilities, including guarantees and sureties granted, including bills of exchange.

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES

The Company's operations are exposed to the following financial risks:

- (a) credit risk,
- (b) liquidity risk,
- (c) market risk.

**Credit risk** – this is a risk that arises when one of the parties to a financial instrument causes the Company to incur financial losses, if it fails to meet its obligations towards the Company. Credit risk arises in the case of receivables, cash and cash equivalents, deposits, purchased bonds and deposits. The Company's core business – generating revenues from games – due to its specific nature, is to a negligible extent exposed to this type of risk. The Company cooperates with a narrow group of

customers (including aggregators of payments from individual users) and through long-established relationships and historical absence of problems with the repayment of receivables, exposure to a single credit risk is not high. The vast majority of receivables are repaid within 3 months after the receivables arise. The Company consistently monitors the inflow of receivables and keeps in touch with customers in case of payment delays. The Company invests its cash in reliable financial institutions (banks). Credit risk concerns the Company to an insignificant extent.

**Liquidity risk** – this is a risk that arises when the Company encounters difficulties in meeting its obligations related to financial liabilities. The Company cares about maintaining liquidity at an appropriate and safe level. Historically, the Company finances itself from its own resources and all new projects or significant purchases are verified for the possibility of timely repayment of the liability. Cash allows to cover all liabilities (the value of cash exceeds the value of liabilities more than twice) and therefore the entity does not assess this risk as significant. Liquidity risk concerns the Company to an insignificant extent.

**Market risk** – is the risk that arises when the fair value of a financial instrument or future cash flows related to it will fluctuate due to changes in market prices. This risk comprises three types of risk: currency risk, interest rate risk, other price risk.

*Currency risk* – is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Due to the global nature of Ten Square Games operations, where the majority of revenues are generated in USD and partly in EUR, the Company is exposed to the risk of rapid changes in foreign exchange rates, including in particular the strengthening of the Polish zloty against foreign currencies, mainly USD. The majority of revenue contracts are settled in foreign currencies, mainly in USD and PLN. As a result, the strengthening of the Polish zloty against the USD is an undesirable phenomenon for the Company, which results in a decrease in the Company's sales revenues. In order to reduce foreign exchange risk, the Company partially mitigates the currency risk in its operations by adjusting the currency cost structure, however, it is not possible to eliminate the Company's foreign exchange risk completely. The Company does not use (and has not used) any instruments to hedge against currency risk.

*Interest rate risk* – the risk that arises when the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company invests surplus funds in interest-bearing assets (interest-bearing bank accounts) to an insignificant extent, hence it is not significantly exposed to interest rate risk. The main interest rate risk is related to debt instruments, however, in 2023 and 2022 the Company did not use external debt instruments with variable interest rates (loans and bonds), therefore it was not exposed to changes in cash flows as a result of interest rate changes.

*Other price risks* – these are risks that arise when the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those resulting from interest rate or currency risk), regardless of whether these changes are caused by factors specific to individual financial instruments or to their issuer, or factors relating to all similar financial instruments traded on the market. The Group does not use financial instruments that carry a price risk. The Group is not exposed to any other price risk.

#### ANALYSIS OF THE EXPOSURE TO CURRENCY RISK

A significant share of sales in USD and EUR in the Company's revenue structure means that the Company's financial results can be materially influenced by the exchange rate of the Polish zloty against these currencies. Net foreign currency exposure as at the balance sheet date is presented in the table below.

currency risk – exposure to currency risk	31.12.2023				
	USD	EUR	RUB	GBP	other currencies (excluding PLN)
trade receivables in currency	5 361 442	460 882	336 159	0	-----
trade receivables valued at PLN	21 097 274	2 003 916	14 354	0	167 500
cash in foreign currency	5 790 889	326 399	0	0	-----
cash and cash equivalents valued at PLN	22 787 147	1 419 182	0	0	-----
trade liabilities in currency	1 288 514	83 193	0	0	-----
trade liabilities valued at PLN	5 071 745	361 660	0	0	31 427
<b>net exposure in currency</b>	<b>9 863 817</b>	<b>704 088</b>	<b>336 159</b>	<b>0</b>	-----
<b>net exposure in PLN</b>	<b>38 812 676</b>	<b>3 061 438</b>	<b>14 354</b>	<b>0</b>	<b>136 073</b>

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Data for the previous reporting period:

currency risk – exposure to currency risk	31.12.2022				
	USD	EUR	RUB	GBP	other currencies (excluding PLN)
trade receivables in currency	2 944 770	359 192	8 741 150	0	-----
trade receivables valued at PLN	12 962 291	1 684 574	540 203	0	26 286
cash in foreign currency	3 626 808	749 969	0	72 986	-----
cash and cash equivalents valued at PLN	15 964 485	3 517 279	0	386 511	-----
trade liabilities in currency	1 524 211	219 445	0	10 500	-----
trade liabilities valued at PLN	6 709 271	1 029 173	0	55 605	320 628
<b>net exposure in currency</b>	<b>5 047 367</b>	<b>889 716</b>	<b>8 741 150</b>	<b>62 486</b>	-----
<b>net exposure in PLN</b>	<b>22 217 505</b>	<b>4 172 680</b>	<b>540 203</b>	<b>330 906</b>	<b>-294 342</b>

The table below presents the Company's sensitivity to a 10% increase in the zloty's exchange rate in relation to the abovementioned currencies. A positive value indicates an increase in pre-tax profit due to an increase in the exchange rate (weakening of the Polish zloty).

currency risk – sensitivity analysis	31.12.2023	31.12.2022
Change by +10% / -10%	+ 4 202 454 / - 4 202 454	+ 2 696 695 / - 2 696 695

## 24. CAPITAL MANAGEMENT

The main objective of the Company's capital management is to maintain solid credit rating and safe capital ratios that would support the Company's operations and increase the value for its shareholders. At present, the Company finances its operations with operating profits and does not use debt financing. The Company manages its capital structure and may change it as a result of changes in the economic situation. In order to maintain or adjust the capital structure, the Company may change the payment of dividends to shareholders, return capital to shareholders or issue new shares. In the years ended 31 December 2023 and 31 December 2022, no changes were introduced to the objectives, principles and processes applicable in this area.

Specification	31.12.2023	31.12.2022 [restated data*]
Interest-bearing loans and borrowings	0	0
Trade liabilities and other liabilities	49 017 373	71 180 200
Cash and cash equivalents	142 005 482	100 913 702
<b>Net debt</b>	<b>-92 988 109</b>	<b>-29 733 502</b>
Equity	297 603 147	326 557 631
<b>Total capital</b>	<b>297 603 147</b>	<b>326 557 631</b>
<b>Net equity and debt</b>	<b>390 591 256</b>	<b>356 291 133</b>

## 25. EMPLOYEE BENEFIT PLANS

In connection with the introduction of the Employee Capital Plan program in Poland, the Company entered into an agreement with Aviva Specialized Open Investment Fund PPK to operate the Employee Capital Plan, and the Parent Company's employees became participants in the Plan from November 2020. Due to the merger of the companies, from July 2, 2022 in Poland, the Aviva brand changed into Allianz. Investment company Aviva Investors Poland Towarzystwo Funduszy



Inwestycyjnych S.A. changed its name to Towarzystwo Funduszy Inwestycyjnych Allianz Polska S.A. The total costs of the PPK program incurred by the Company in 2023 amounted to PLN 217 thousand, compared to PLN 222 thousand in 2022.

## 26. INCENTIVE PROGRAMS

### INCENTIVE PROGRAM FOR THE PRESIDENT OF THE MANAGEMENT BOARD – MAY 2020

In the reporting period, the Company recognized the last part of the cost of a dedicated incentive program for the President of the Management Board, Mr. Maciej Zuzalek. The incentive program in question includes the transfer of 144,825 shares by the Company's existing shareholders at a nominal price of PLN 0.1 per share. In accordance with IFRS 2 "Share-based payments", each transfer of capital instruments of an economic entity made by its shareholders to contractors providing goods or services is a share-based payment and is subject to valuation in accordance with the indicated standard. The market value of the program amounted to PLN 72.4 million, and the cost (not related to cash outflow) was borne by the Group proportionally over a period of 3 years (12 quarters), starting from the second quarter of 2020 and ending in the first quarter of 2023.

### INCENTIVE PROGRAM FOR KEY PERSONNEL – SEPTEMBER 2023

On September 5, 2023, the Management Board of the Parent Entity adopted a short-term incentive program for key employees and associates of the Capital Group. The condition for receiving the shares was to remain in the Group's structures until the end of 2023, and the total pool of the program was 8,164 shares. After meeting the program conditions, participants purchased shares in January 2024 for a nominal share price of PLN 0.10 per share. The shares used in this program come from the buyback of shares that took place in the first quarter of 2022. The shares transferred to program participants are subject to a time limit for their sale until the end of 2024.

### INCENTIVE PROGRAM FOR KEY PERSONNEL – DECEMBER 2023

On December 21, 2023, the Management Board of the Parent Entity adopted an incentive program for 2024-2025 for key personnel (i.a. employment contract, B2B) of the Capital Group. The condition for receiving shares is meeting individual quality criteria for participants; financial criteria (Group results); criterion of remaining employed within the Group. In total, participants will be able to purchase up to 32,400 shares in three tranches. After meeting the program conditions, participants will be able to purchase shares for a nominal share price of PLN 0.10 per share. The shares used in this program come from share buybacks that took place in the first quarter of 2022 and 2024. The shares transferred to program participants will be subject to a time lock-up before they will be able to sell them. As at the date of issuing this report, 10,800 shares were distributed to participants as part of the settlement of the program in the first quarter of 2024.

### INCENTIVE PROGRAM FOR THE MANAGEMENT BOARD – DECEMBER 2023

On December 19, 2023, the General Meeting of Shareholders of the Company adopted an incentive program for 2024-2025 addressed to members of the Company's Management Board. The condition for receiving shares is to present an action plan for 2024 (1st tranche); meeting financial criteria (Group's results) for 2024-2025 (2nd and 3rd tranches); remaining on the Company's Management Board. In total, participants will be able to purchase up to 37,500 shares in three tranches. After meeting the program's conditions, participants will be able to purchase shares for a nominal share price of PLN 0.10 per share. The shares used in this program come from the share buyback that took place in the first quarter of 2022. The shares transferred to program participants will be subject to a sale time lock up. As at the date of issuing this report, 12,500 shares were distributed to participants as part of the settlement of the program in the first quarter of 2024.

## RECONCILIATION OF COSTS

Reconciliation of costs of incentive schemes by nature and by function:

Specification	1.01.2023-31.12.2023	1.01.2022-31.12.2022
<b>Share-based payments - cost by nature:</b>	<b>6 690 040</b>	<b>23 641 852</b>

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Cost of incentive program for the President of the Management Board – Maciej Zuzalek	6 033 168	24 132 672
Cost of incentive program in 2023 [September 2023 program]	656 872	0
Cost of incentive program in 2021 (in 2022 reversal of the cost of unissued, pre-allocated shares)	0	-490 820
<b>Share-based payments - costs by function:</b>	<b>6 690 040</b>	<b>24 029 346</b>
Cost of goods and services sold	145 873	0
Selling costs	66 458	0
General administrative costs	6 477 709	24 029 340
Capitalisation of share-based payment costs (game production)	0	-387 488

The reconciliation of the costs of the incentive schemes to the capital created from the valuation of the incentive scheme is as follows:

Specification	As at 31.12.2023	As at 31.12.2022
<b>TOTAL Capital from the settlement of the incentive scheme</b>	<b>95 471 416</b>	<b>88 781 376</b>
Including costs of the incentive program for the CEO of the Company – Maciej Zuzalek	72 398 022	66 364 854
Including costs of incentive program in 2023 [September 2023 program]	656 872	0
Including costs of incentive program in 2021	17 079 974	17 079 974
Including costs of incentive program in 2020	3 572 514	3 572 514
Including costs of incentive program in 2019	1 187 441	1 187 441
Including costs of incentive program in 2018	236 328	236 328
Including costs related to contracts executed in 2017	340 265	340 265

## 27. 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:

### 1. Management Board

Remuneration is presented below, broken down into paid and due. In the absence of annotations, the amount paid is equal to the amount due for the reporting period. The totals for a given person present only the amounts paid, without the amounts due.

Affiliated person	Remuneration		Net dividend	
	01.01.2023-31.12.2023	01.01.2022-31.12.2022	01.01.2023-31.12.2023	01.01.2022-31.12.2022
<b>Management Board (total due remuneration)</b>	<b>9 427 589</b>	<b>29 030 296</b>	<b>834 775</b>	<b>2 775 554</b>
<b>Maciej Zuzalek (till 22.05.2023)</b>	<b>6 375 362</b>	<b>24 957 072</b>	N/A	<b>1 578 091</b>
– Ten Square Games S.A. - cash fixed remuneration	342 194	824 400	N/A	1 578 091
– Ten Square Games S.A. – incentive program for the period 2Q2020 - 1Q 02023	6 033 168	24 132 672	-	-
<b>Andrzej Ilczuk</b>	<b>1 165 902</b>	<b>636 000</b>	<b>60 583</b>	<b>19 343</b>
– Ten Square Games S.A. - cash fixed remuneration	751 935	636 000	60 583	19 343
– Ten Square Games S.A. –due cash variable remuneration	413 967	0	-	-
– Ten Square Games S.A. – paid cash variable remuneration	223 283	0	-	-

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<b>Anna Idzikowska (till 28.02.2023)</b>	<b>111 139</b>	<b>719 300</b>	<b>N/A</b>	<b>137 700</b>
– Ten Square Games S.A. - cash fixed remuneration	106 000	636 000	N/A	137 700
– Ten Square Games S.A. - cash variable remuneration, due and paid	5 139	83 300	-	-
<b>Janusz Dziemidowicz</b>	<b>636 000</b>	<b>636 000</b>	<b>491 340</b>	<b>682 417</b>
– Ten Square Games S.A. - - cash fixed remuneration	636 000	636 000	491 340	682 417
<b>Wojciech Gattner (till 22.05.2023)</b>	<b>503 186</b>	<b>1 445 924</b>	<b>169 128</b>	<b>200 054</b>
– Ten Square Games S.A. - cash fixed remuneration paid	264 129	636 000	169 128	200 054
– Ten Square Games S.A. – paid cash variable remuneration	306 334	960 824	-	-
– Ten Square Games S.A. - due cash variable remuneration	239 057	809 924	-	-
<b>Magdalena Jurewicz</b>	<b>636 000</b>	<b>636 000</b>	<b>113 724</b>	<b>157 950</b>
- Ten Square Games S.A. - paid cash remuneration	636 000	636 000	113 724	157 950
<b>Supervisory Board</b>	<b>372 000</b>	<b>381 290</b>	<b>4 119 293</b>	<b>5 721 241</b>
Rafał Olesiński	102 000	102 000	3 902	5 419
Tomasz Drożdżyński (till 11.03.2022)	0	9 290	N/A	0
Maciej Marszałek	60 000	60 000	256 608	356 400
Wiktor Schmidt	48 000	48 000	0	0
Marcin Biłos	54 000	54 000	0	0
Kinga Stanisławska	54 000	54 000	612	851
Arkadiusz Pernal	54 000	54 000	3 858 171	5 358 571
<b>Affiliated persons ( Ten Square Games S.A.)</b>				
Maciej Popowicz (from 1.04.2023)	<b>43 500</b>	<b>0</b>	N/A	N/A
<b>Key personnel (Ten Square Games S.A.)</b>	<b>0</b>	<b>0</b>	N/A	N/A
<b>Family members of key personnel / Management Board (Ten Square Games S.A.)</b>	<b>0</b>	<b>303 400</b>	N/A	N/A

Affiliated person	Liabilities/provisions		Receivables	
	01.01.2023-31.12.2023	01.01.2022-31.12.2022	01.01.2023-31.12.2023	01.01.2022-31.12.2022
<b>Management Board</b>	<b>332 134</b>	<b>197 454</b>	<b>2 142</b>	<b>0</b>
Maciej Zużalek	N/A	0	N/A	0
Andrzej Ilczuk	270 634	0	1 511	0
Anna Idzikowska	N/A	0	N/A	0
Janusz Dziemidowicz	61 500	0	0	0
Wojciech Gattner	n/d	197 454	N/A	0
Magdalena Jurewicz	0	0	0	0
<b>Supervisory Board</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Affiliated persons (Ten Square Games S.A.)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Key personnel (Ten Square Games S.A.)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Family members of key personnel / Management Board (Ten Square Games S.A.)</b>	<b>5 535</b>	<b>0</b>	<b>0</b>	<b>0</b>
Maciej Popowicz	5 535	0	0	0

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

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

Transactions between related parties took place on terms equivalent to those in arm's length transactions. The executives did not enter into transactions with subsidiaries of Ten Square Games S.A.

## 2. Other affiliated entities

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Affiliated entity	Net sales		Net purchase		Dividend		Earn-out payment	
	01.01.2023 31.12.2023	01.01.2022 31.12.2022	01.01.2023 31.12.2023	01.01.2022 31.12.2022	01.01.2023 31.12.2023	01.01.2022 31.12.2022	01.01.2023 31.12.2023	01.01.2022 31.12.2022
<b>Period:</b>	– –	– –	– –	– –	– –	– –	– –	– –
<b>Subsidiaries:</b>	<b>7 148 052</b>	<b>6 224 801</b>	<b>3 692 316</b>	<b>11 314 721</b>	<b>8 161 057</b>	<b>2 583 580</b>	<b>0</b>	<b>0</b>
Play Cool Zombie Sport Games Sp. z o.o.	28 029	55 451	0	0	0	0	0	0
Tiny Dragon Adventure Games Sp. z o.o.	253 550	1 121 756	0	0	0	0	0	0
Fat Lion Games Sp. z o.o.	125 452	454 616	0	0	0	0	0	0
Ten Square Games Germany GmbH	0	0	2 542 349	7 502 920	0	0	0	0
Ten Square Games S.R.L	0	0	1 149 967	2 696 993	0	0	0	0
Ten Square Games (Israel) LTD.	0	0	0	1 114 808	0	0	0	0
RORTOS S.R.L.	6 741 021	4 592 978	0	0	8 161 057	2 583 580	0	0
<b>Personally affiliated entities:</b>	<b>0</b>	<b>0</b>	<b>71 390</b>	<b>143 467</b>	<b>0</b>	<b>0</b>	<b>4 176 915</b>	<b>0</b>
Olesiński i Wspólnicy Spółka komandytowa	0	0	71 390	143 467	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
<b>Associates:</b>	<b>0</b>	<b>0</b>	<b>36 383</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Gamesture Sp. z o.o.	0	0	36 383	0	0	0	0	0

Affiliated entity	Gross receivables		Gross liabilities		Loans	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
<b>As at:</b>	<b>1 370 021</b>	<b>2 034 940</b>	<b>31 427</b>	<b>320 627</b>	<b>187 838</b>	<b>1 983 243</b>
<b>Subsidiaries:</b>	<b>1 370 021</b>	<b>2 034 940</b>	<b>31 427</b>	<b>320 627</b>	<b>187 838</b>	<b>1 983 243</b>
Play Cool Zombie Sport Games Sp. z o.o.	5 228	5 387	0	0	0	0
Tiny Dragon Adventure Games Sp. z o.o.	0	94 995	0	0	0	0
Fat Lion Games Sp. z o.o.	0	43 969	0	0	0	0
Ten Square Games Germany GmbH	269 338	70 620	0	0	0	1 272 656
Ten Square Games S.R.L	0	11 487	31 427	320 627	187 838	710 587
Ten Square Games (Israel) LTD.	0	390 578	0	0	0	0
RORTOS S.R.L.	1 095 455	1 417 904	0	0	0	0
<b>Personally affiliated entities:</b>	<b>0</b>	<b>0</b>	<b>35 366 265</b>	<b>58 792 868</b>	<b>0</b>	<b>0</b>
Olesiński i Wspólnicy Spółka komandytowa	0	0	7 011	0	0	0
Roberto Simonetto	0	0	21 212 017	35 269 842	0	0
Antonio Farina	0	0	14 147 237	23 523 026	0	0
<b>Associates:</b>	<b>0</b>	<b>0</b>	<b>20 535</b>	<b>0</b>	<b>939 421</b>	<b>2 201 633</b>
Gamesture Sp. z o.o.	0	0	20 535	0	939 421	2 201 633

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

The Parent uses legal/tax services offered by the law firm Olesiński i Wspólnicy Sp.k. as needed, each time basing on the valuation of works for a given project. Transactions between related parties took place on terms equivalent to those applicable to transactions concluded on market terms.

The liability to Mr Roberto Simonetto and Mr Antonio Farina arises from the purchase of 100% of the shares in Rortos, as further described in note "Investments in subsidiaries".

## 25. EMPLOYMENT

The average of employees in the financial year was 193 persons (239 in 2022). The main group of employees are specialists in information and communication technologies.

## 26. LEASE CONTRACTS

On 11 February 2019 the Parent company and Archicom Nieruchomości 5 Spółka z o.o. entered into a lease agreement concerning office space located in the City One office building located in Wrocław at 45 Traugutta Street. The agreement was concluded for a definite period of 5 years. The lease period started on 02.01.2020, i.e. on the date of taking over the Leased Object.

On January 21, 2020 another lease agreement was concluded between the Company and Archicom Nieruchomości 5 Spółka z ograniczoną odpowiedzialnością with its registered seat in Wrocław, concerning office space located in the City One office building located in Wrocław at 45 Traugutta Street. The lease period started on September 15, 2021 and the agreement was concluded for the period of 5 years, starting from the date of handover of the premises (terms and conditions of the agreement are the same as those of the earlier agreement).

On 3.11.2021 the third lease agreement was concluded for office space in the City One office building in Wrocław. The agreement was concluded for a definite period, i.e. until 2 January 2025.

All the above agreements are recognised in the financial statements in accordance with IFRS 16, i.e. the initial value of the acquired right to use is recognised in fixed assets and subsequently depreciated over the office lease term. The discounted payments under the leases are shown in liabilities in the long- and short-term parts, respectively.

In January 2024, all of the above contracts were renegotiated and some of them extended until the end of 2027, and one of the contracts will end sooner, in 2024. A broader description of changes in contracts and their impact on the financial statements in subsequent periods is presented in the note "Events after the balance sheet date".

## 27. LITIGATIONS

The Company had no pending court cases in 2023 or 2022.

## 28. TERMINATION OF PROJECTS AND GROUP LAY-OFFS

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

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

Severance pay costs related to group layoffs amounted to PLN 6.4 million, of which PLN 3.3 million was attributable to closed, capitalized projects - Fishing Masters and Undead Clash.

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

Undead Clash	balance sheet value as at 1.01.2023	cost of development work - 1Q 2023	write down of value - 1Q 2023	balance sheet value as at - 31.03.2023	cost of development work - 2Q 2023	group lay-offs - 2Q 2023	write down of value - 2Q 2023	balance sheet value as at - 31.12.2023

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gross carrying amount	17 883 303	2 459 014		20 342 317	706 648	1 190 954		22 239 919
write-off of games	-5 434 306		-14 908 011	-20 342 317			-1 897 602	-22 239 919
net carrying amount	12 448 997	-----	-----	0	-----	-----	-----	0

Fishing Masters	balance sheet value as at 1.01.2023	cost of development work - 1Q 2023	write down of value - 1Q 2023	balance sheet value as at - 31.03.2023	cost of development work - 2Q 2023	group lay-offs - 2Q 2023	write down of value - 2Q 2023	balance sheet value as at - 31.12.2023
gross carrying amount	9 157 105	2 507 809		11 664 914	1 128 467	2 090 996		14 884 377
write-off of games	0		-11 664 914	-11 664 914			-3 219 463	-14 884 377
net carrying amount	9 157 105	-----	-----	0	-----	-----	-----	0

## 29. EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date that could affect the financial data included in the report for the period ended December 31, 2023. However, significant events that will affect the report in the next period are presented below.

### Annexing leasing agreements - renting office space

Based on the annexes of January 29, 2024, the Company decided to extend the lease period of the office space located on the first and third floor of the City One office building in Wrocław until the end of 2027. As part of the signed annexes, new financial terms related to the payment of rent and deposit were also agreed. Moreover, pursuant to one of the annexes, the Company conditionally terminated the lease agreement for office space located on the fourth floor of the office building, which was originally supposed to be valid until September 2025.

The impact of contract modifications on the value of fixed assets in accordance with IFRS 16 is presented below.

### Carrying values as at January 1, 2024 - only leased spaces with equipment, Parent Company

Specification	Buildings and premises
<b>Gross carrying amount as at 31.12.2023</b>	<b>19 565 282</b>
<b>Increases, due to:</b>	<b>6 218 362</b>
- changes resulting from modifications to contracts (extension of the rental period)	6 218 362
<b>Decreases</b>	<b>561 829</b>
- changes resulting from modifications to contracts (shortening the period)	561 829
<b>Gross carrying amount as at 01.01.2024</b>	<b>25 221 815</b>
<b>Depreciation as at 31.12.2023</b>	<b>12 927 908</b>
<b>Depreciation as at 01.01.2024</b>	<b>12 927 908</b>
<b>Gross carrying amount as at 01.01.2024</b>	<b>12 293 907</b>

Specification	01.01.2024	31.12.2023
Short-term lease liability	2 327 531	3 515 323
Long-term lease liability	6 950 819	555 399

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- due within 1 to 2 years	1 942 826	555 399
- due within 2 to 3 years	2 092 442	0
- due within 3 to 4 years	2 915 551	0
- due within 4 to 5 years	0	0
<b>TOTAL LEASE LIABILITIES</b>	<b>9 278 350</b>	<b>4 070 722</b>

**Distribution of own shares**

In 2024, until the date of publication of these financial statements, as part of the settlement of incentive programs, the Company distributed 31,464 own shares purchased under the share buyback program in the beginning of 2022. The average price of the shares purchased by the Company was PLN 266.04. The shares were distributed to the participants of the incentive programs at a nominal price of PLN 0.1 per share. The settlement of the distribution of shares (accounting) is a change in the Company's equity, i.e. it does not affect the period's result.

**Buyback of own shares – February 2024**

On February 12-22, 2024, the Company accepted offers for the sale of the Company's shares as part of the buyback program launched by the Parent Company in accordance with Resolution No. 3 of the Extraordinary Meeting of Shareholders that took place on December 19, 2023 on authorizing the Management Board to purchase on behalf and for the benefit of the Company its own shares and determining the rules for purchasing own shares by the Company and establishing reserve capital.

On February 27, 2024, the transactions were settled over the counter. As a result of this settlement, the Company purchased 954,166 own shares at a price of PLN 120/share. The total cost of purchasing shares (including fees, intermediary's remuneration, etc.) was PLN 114,589,920, which gives an average of PLN 120.09/share.

The purchased shares constitute 13.01% of the share capital of the Company and of the total number of votes at the general meeting of the Company. Pursuant to art. 364 § 2 of the Commercial Companies Code, the Company will not exercise share rights from its own shares, except for the right to sell them or perform activities aimed at preserving these rights.

Pursuant to the Resolution on the buyback program:

1. at least 90% of the shares purchased as part of the buyback will be canceled - voluntary redemption;
2. the remaining part of the shares purchased as part of the buyback may be distributed by the Management Board in another manner permitted by law, taking into account the needs arising from the business activity.

The company also purchased its own shares in 2022, in both purchases (i.e. in 2022 and 2024). The company purchased 1,024,166 own shares, which in total constitute 13.96% of the share in the capital. As at the date of issuing this report, the Company distributed 31,464 shares as part of the settlement of incentive programs, which means that on that day the Company holds 992,702 own shares constituting 13.53% of the Company's capital and the same share in the Company's votes.

**30. INFORMATION ON TRANSACTIONS WITH THE ENTITY AUDITING THE FINANCIAL STATEMENTS**

specification	costs in 2023	costs in 2022
audit of the consolidated and standalone financial statements for 2023 (2022)	89 600	89 600
review of the consolidated and standalone financial statements for the first half of półrocze 2023 (2022)	41 400	41 400
assessment of the remuneration report for 2023 (2022)	9 400	9 400
<b>TOTAL</b>	<b>140 400</b>	<b>140 400</b>

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function	name and last name	date	signature
President of the Management Board	Andrzej Ilczuk	25.03.2024	
Member of the Management Board	Janusz Dziemidowicz	25.03.2024	
Member of the Management Board	Magdalena Jurewicz	25.03.2024	
Person entrusted with keeping the books of accounts	Karolina Hoszowska-Dubaniowska	25.03.2024	