



ten square_games

1Q 2024

CONSOLIDATED QUARTERLY REPORT OF THE TEN SQUARE GAMES S.A. GROUP

Wrocław, 27 May 2024

This English language translation has been prepared solely for the convenience of English speaking readers. Despite all the efforts devoted to this translation discrepancies, omissions or approximations may exist. In case of any differences between the Polish and the English versions, the Polish version shall prevail. Ten Square Games S.A., its representatives and employees decline all responsibility in this regard.



SELECTED FINANCIAL DATA CONVERTED TO EUR

CONSOLIDATED DATA

STATEMENT OF COMPREHENSIVE INCOME	PLN		EUR	
	for the period 01.01.2024 – 31.03.2024	for the period 01.01.2023 – 31.03.2023 [restated data ⁽¹⁾]	for the period 01.01.2024 – 31.03.2024	for the period 01.01.2023 – 31.03.2023 [restated data ⁽¹⁾]
Bookings	99,660,700	123,593,038	23,063,734	26,242,789
Revenues	100,118,218	117,449,665	23,169,614	24,938,353
Cost of sales	19,389,790	19,327,786	4,487,235	4,103,912
Operating profit (loss)	19,108,496	-14,413,939	4,422,137	-3,060,544
Gross profit (loss)	20,719,834	-16,021,545	4,795,037	-3,401,891
Net profit (loss)	17,939,960	-12,844,774	4,151,711	-2,727,360
EBITDA	23,614,056	17,136,690	5,464,825	3,638,672
Adjusted EBITDA	27,489,559	27,633,599	6,361,704	5,867,504

CASH FLOW STATEMENT	PLN		EUR	
	for the period 01.01.2024 – 31.03.2024	for the period 01.01.2023 – 31.03.2023 [restated data ⁽¹⁾]	for the period 01.01.2024 – 31.03.2024	for the period 01.01.2023 – 31.03.2023 [restated data ⁽¹⁾]
Net cash flows from operating activities	32,446,017	29,877,736	7,508,740	6,344,007
Net cash flows from investment activities	-1,432,947	-14,686,523	-331,616	-3,118,423
Net cash flows from financial activity	-114,391,458	-1,470,501	-26,472,763	-312,235

BALANCE SHEET	PLN		EUR	
	31.03.2024	31.12.2023	31.03.2024	31.12.2023
Fixed assets	214,233,932	215,778,681	49,811,419	49,627,112
Current assets	152,186,118	242,324,613	35,384,714	55,732,432
Equity	194,688,951	291,010,934	45,267,026	66,929,838
Long-term liabilities	34,881,384	29,464,924	8,110,252	6,776,661
Short-term liabilities	136,849,715	137,627,436	31,818,855	31,653,045

EUR/PLN EXCHANGE RATE	2024		2023	
for the balance-sheet data			4.3009	4.6755
for the data from the profit and loss statement and cash flow statement			4.3211	4.7096

[1] the restatement of comparative data is presented in point 5 of the „Interim Condensed Consolidated Financial Statements“.

The average exchange rate of the National Bank of Poland dated at the balance sheet date was used to convert the balance sheet data.

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

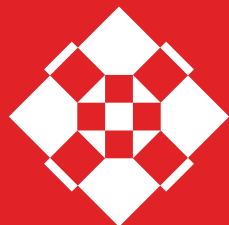
SPECIFICATION	1Q 2023	2Q 2023	3Q 2023	4Q 2023	TOTAL 2023	1Q 2024
Operating profit (EBIT)	-14,413,939	9,638,991	25,032,085	-16,739,289	3,517,848	19,108,496
Amortization and depreciation (excluding capitalized portion)	4,977,704	5,038,746	4,969,493	4,808,603	19,794,546	4,505,560
Write-downs for impairment	26,572,925	5,117,065	0	46,528,541	78,218,531	0
EBITDA	17,136,690	19,794,802	30,001,578	34,597,855	101,530,925	23,614,056
Non-cash impact of incentive scheme (excluding capitalized portion)	6,033,168	0	164,217	492,655	6,690,040	2,854,621
Deferred result (revenue minus commissions) – consumables	141,218	893,739	396,007	-831,170	599,794	2,150,783
Deferred result (revenue minus commissions) – durable	4,159,142	-3,487,857	2,983,207	1,069,780	4,724,272	-819,647
Costs of potential and completed acquisitions (M&A) and review of strategic options	163,381	570,120	0	0	733,501	-310,254
Severance pay – group lay-offs	0	3,146,532	0	0	3,146,532	0
Other one-offs	0	1,022,240	117,035	19,589	1,158,864	0
Adjusted EBITDA	27,633,599	21,939,576	33,662,044	35,348,709	118,583,928	27,489,559



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**GENERAL
INFORMATION**



COMPANY DATA



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

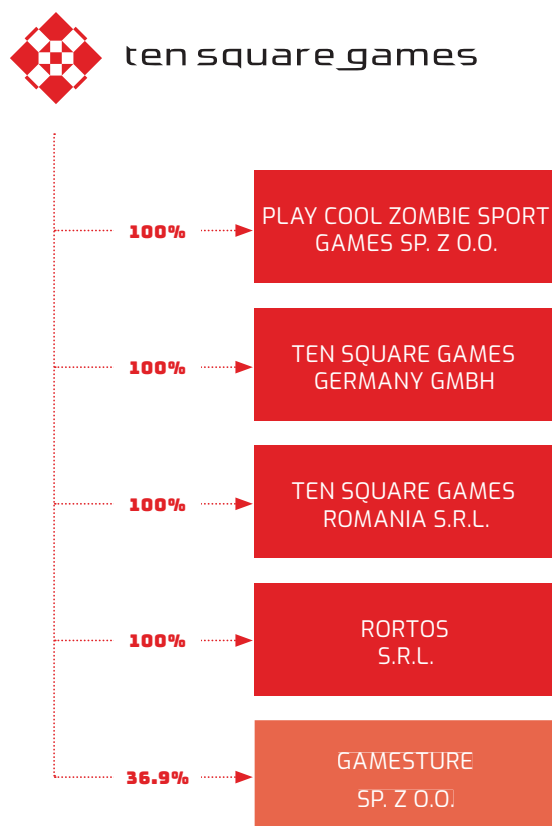
Ten Square Games Sp. z o. o. was registered on 21 October 2011, entry no. 0000399940. Ten Square Games S.A. was established through the transformation of Ten Square Games Sp. z o. o., which was registered by the District Court on 20 November 2017.

2.

TEN SQUARE GAMES CAPITAL GROUP

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

AS OF 31.03.2024 AND 27.05.2024:



3.

SHAREHOLDING STRUCTURE

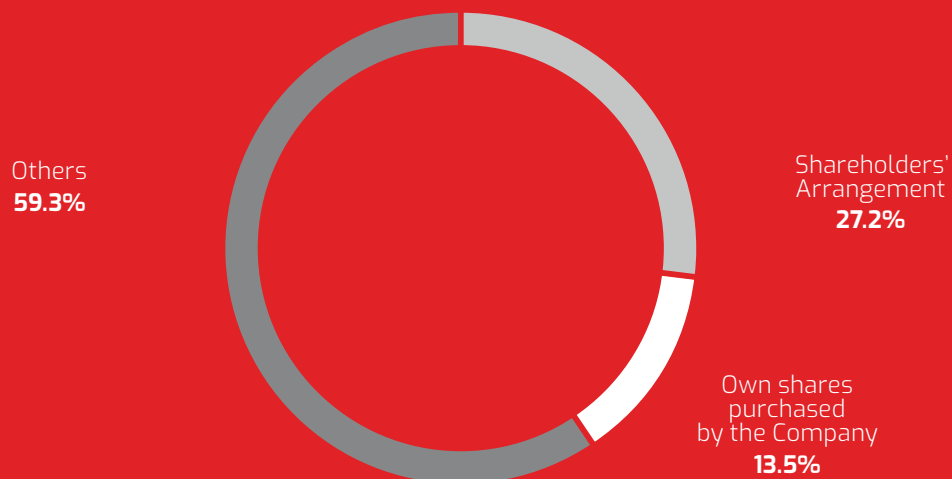
3.1. List of shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the issuer's general meeting of shareholders

Shareholder	number of shares as at 31.03.2024 and 27.05.2024	% share in basic capital	number of votes at GSM	% share in the number of votes
Shareholders' Arrangement ⁽¹⁾	1,996,730	27.22%	1,996,730	27.22%
Own shares purchased by the Company	992,702	13.53%	992,702	13.53%
Others (of which none holds more than 5% of shares)	4,345,390	59.25%	4,345,390	59.25%
TOTAL	7,334,822	100.00%	7,334,822	100.00%

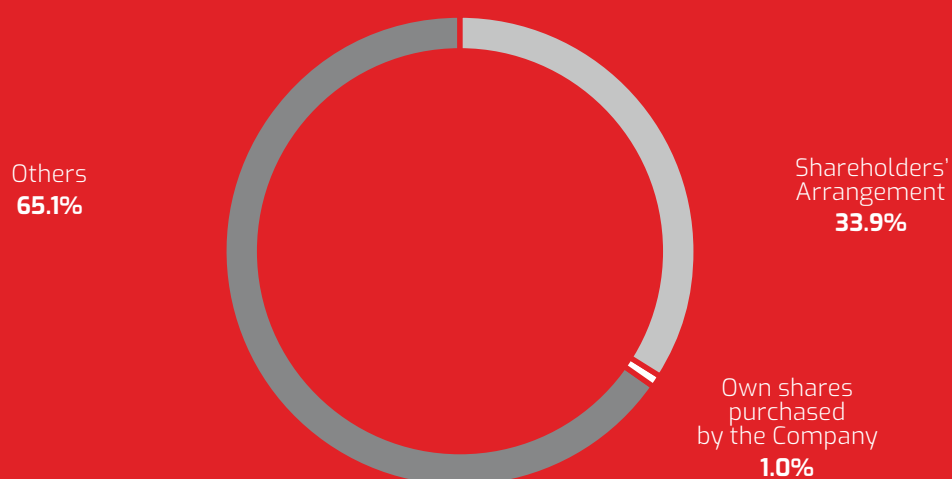
Shareholder	number of shares as at 31.12.2023	% share in basic capital	number of votes at GSM	% share in the number of votes
Shareholders' Arrangement ⁽¹⁾	2,487,288	33.90%	2,487,288	33.90%
Own shares purchased by the Company	70,000	1.00%	70,000	1.00%
Others (of which none holds more than 5% of shares)	4,777,534	65.10%	4,777,534	65.10%
TOTAL	7,334,822	100.00%	7,334,822	100.00%

[1] 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: Fundacja Rodzinne (Family Foundations) related to Maciej Popowicz and Arkadiusz Pernal, founders of the Company.

number of shares as at 31.03.2024 and 27.05.2024



number of shares as at 31.12.2023



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

Shareholder	number of shares as at 31.03.2024 and 27.05.2024	% share in basic capital	number of votes at GSM	% 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 Olesiński	669	0.01%	669	0.01%
Member of the Supervisory Board – Kinga Stanisławska	105	0.00%	105	0.00%
TOTAL: MANAGEMENT AND SUPERVISORY BOARD	167,335	2.28%	167,335	2.28%
others	7,167,487	97.72%	7,167,487	97.72%
TOTAL	7,334,822	100.00%	7,334,822	100.00%

Shareholder	number of shares as at 31.12.2023	% share in basic capital	number of votes at GSM	% share in the number of votes
President of the Management Board – Andrzej Ilczuk	10,388	0.14%	10,388	0.14%
Member of the Management Board – Janusz Dziemidowicz	84,249	1.15%	84,249	1.15%
Member of the Management Board – Magdalena Jurewicz	19,500	0.27%	19,500	0.27%
Member of the Supervisory Board – Arkadiusz Pernal	661,552	9.02%	661,552	9.02%
Member of the Supervisory Board – Maciej Marszałek	44,000	0.60%	44,000	0.60%
Member of the Supervisory Board – Rafał Olesiński	669	0.01%	669	0.01%
Member of the Supervisory Board – Kinga Stanisławska	105	0.00%	105	0.00%
TOTAL: MANAGEMENT AND SUPERVISORY BOARD	820,463	11.19%	820,463	11.19%
others	6,514,359	88.81%	6,514,359	88.81%
TOTAL	7,334,822	100.00%	7,334,822	100.00%

3.3. Series of shares

Series of shares	number of shares as at 31.12.2023, 31.03.2024 and 27.05.2024	nominal value of shares (per one share)	Total nominal value of shares
A	7,225,000	0.1 PLN	722,500.00
B	109,822	0.1 PLN	10,982.20

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

3.4. Description of changes in shareholding structure

Changes in the shareholding structure between December 31, 2023 and May 27, 2024 result from the transactions described in:

1. 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.
2. 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.
3. 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.
4. 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.

4.

COMPOSITION OF THE COMPANY'S BODIES AS AT 27.05.2024

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, there were no changes in the composition of the Management Board.

The Supervisory Board:

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

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

5.

FORM OF CONDENSED STATEMENT

The basis for the preparation of the financial statement

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

The interim condensed consolidated financial statement does not involve all information and disclosures required in the annual financial statement and it shall be read in conjunction with the consolidated financial statement of the Group for the year ending on 31 December 2023.

Functional currency and presentation currency

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

Transactions denominated in foreign currencies are converted into the functional currency at the exchange rate applicable on the transaction date. Foreign exchange gains and losses from the settlement of these transactions and the balance sheet valuation of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account, unless they are deferred in equity, when they qualify for recognition as hedging cash flows and hedging shares in net assets.

Presented periods

The interim condensed consolidated financial statement has been prepared as at 31.03.2024 and it covers the period of 3 months, i.e. since 01.01.2024 to 31.03.2024.

For the data presented in the interim condensed consolidated statement of financial situation and off-balance sheet items, comparable financial data as at 31.12.2023 and 31.03.2023 were presented.

For the data presented in the interim condensed consolidated statement of comprehensive income and in the interim condensed statement of cash flows, comparable financial data for the period from 01.01.2023 to 31.03.2023 were presented.

Continuity assumption

The interim condensed consolidated financial statement has been prepared assuming that the Company and the Capital Group shall continue their activities for the period of 12 months after the last balance-sheet date, i.e. 31.03.2024. The Management Board of the Parent Entity, as at the date of signing the statement, was not aware of any facts or circumstances which could indicate a threat to the continuation of operations for the period of 12 months after the balance-sheet date due to an intended or forced discontinuance or material limitation of the hitherto activity.

Until the date of preparation of the interim condensed consolidated financial statement for the first quarter of 2024, there were no events which were not and which should have been included in the accounting records of the reporting period. At the same time, no material events relating to previous years in these financial statements are included in the financial statement.

Audit by the independent audit company

These interim condensed consolidated financial statements together with selected elements of the interim condensed the standalone financial statements have not been audited or reviewed by an independent audit firm.



6.

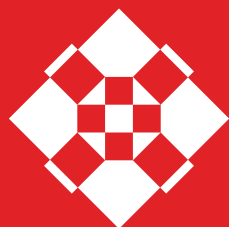
STATEMENT OF THE MANAGEMENT BOARD

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

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

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





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II

**INTERIM CONDENSED
CONSOLIDATED
FINANCIAL STATEMENT**



INTERIM CONDENSED **CONSOLIDATED** COMPREHENSIVE INCOME STATEMENT

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT	for the period 01.01.2024 – 31.03.2024	for the period 01.01.2023 – 31.03.2023
Revenues from the sales of services	100,118,218	117,449,665
Cost of services sold	19,389,790	19,327,786
Gross profit (loss) on sales	80,728,428	98,121,879
Other operating income	1,136,526	134,879
Selling costs	54,950,259	69,004,470
General and administrative costs	7,509,077	16,771,006
Other operating costs	297,122	26,895,221
Operating profit (loss)	19,108,496	-14,413,939
Financial income	2,578,927	1,040,107
Financial expense	725,782	1,710,733
Loss (profit) on associates	241,807	936,980
Profit(loss) before taxation	20,719,834	-16,021,545
Income tax	2,779,874	-3,176,771
Net profit (loss) on continued activity	17,939,960	-12,844,774
Profit (loss) on discontinued activity	0	0
Net profit (loss)	17,939,960	-12,844,774
Net profit (loss) attributable to the parent company	17,939,960	-12,844,774
Items that may be reclassified subsequently to profit or loss	-9,361,050	9,854,290
Subject to reclassification to the result – exchange differences from translation of foreign statements	-9,361,050	9,854,290
Items that will not be reclassified to profit or loss	0	0
Other comprehensive income	-9,361,050	9,854,290
Total comprehensive income attributable to non-controlling shareholders	8,578,910	-2,990,484
Net profit (loss) attributable to the parent company	0	0
Total comprehensive income attributable to non-controlling shareholders	8,578,910	-2,990,484

EARNINGS PER SHARE

CALCULATION OF EARNINGS PER SHARE	for the period 01.01.2024 – 31.03.2024	for the period 01.01.2023 – 31.03.2023
Number of shares		
the weighted average number of shares for the purpose of calculating the value of basic earnings per share (in units)	7,334,822	7,334,822
the weighted average number of shares for the purpose of calculating the value of diluted earnings per share (in units)	6,342,120	7,334,822
net profit attributable to Parent Entity	17,939,960	-12,844,774
Net earnings per share in PLN		
basic for the financial period	2.45	-1.75
diluted for the financial period	2.83	-1.75
Net earnings per share on continued operations in PLN		
basic for the financial period	2.45	-1.75
diluted for the financial period	2.83	-1.75
Net profit per share attributable to discontinued operations in PLN		
basic for the financial period	0.00	0.00
diluted for the financial period	0.00	0.00



2.

INTERIM CONDENSED **CONSOLIDATED** STATEMENT OF FINANCIAL SITUATION

ASSETS	31.03.2024	31.12.2023	31.03.2023
Fixed assets	214,233,932	215,778,681	297,612,707
Tangible fixed assets	16,561,827	12,652,752	19,269,657
Intangible fixed assets	61,249,665	64,470,872	77,657,238
Goodwill	109,428,120	111,073,584	163,715,187
Other financial assets	23,002,153	23,117,182	32,477,862
Deferred income tax assets	3,992,167	4,464,291	4,492,763
Current assets	152,186,118	242,324,613	225,593,980
Receivables	44,445,869	47,050,647	51,037,688
Current income tax receivable	8,562,817	8,638,531	11,842,519
Contract assets	21,076,644	22,870,296	22,464,562
Loans granted	1,316,842	939,421	0
Cash and cash equivalents	76,783,946	162,825,718	140,249,211
TOTAL ASSETS	366,420,050	458,103,294	523,206,687

EQUITY & LIABILITIES	31.03.2024	31.12.2023	31.03.2023 (restated data ⁽¹⁾)
Equity	194,688,951	291,010,934	332,533,529
Equity attributable to owners of the Parent Entity	194,688,951	291,010,934	332,533,529
Share capital	733,482	733,482	733,482
Reserve capital from the sale of shares above the nominal price	490,305	490,305	496,100
Capital from the settlement of the incentive scheme	98,326,034	95,471,416	94,814,544
Foreign exchange differences on translation of statements of foreign operations	-9,361,050	-8,035,808	9,854,290
Retained earnings	229,349,512	220,987,589	245,271,163
Own shares (negative value)	-124,849,332	-18,636,050	-18,636,050
Long-term liabilities	34,881,384	29,464,924	47,986,385
Deferred income tax provisions	1,083,427	858,101	1,122,999
Provisions for employee benefits	1,868,970	3,005,714	2,034,370
Lease liabilities	7,419,939	1,379,495	4,536,880
Other liabilities	24,509,048	24,221,614	40,292,136
Short-term liabilities	136,849,715	137,627,436	142,686,774
Trade liabilities	16,093,297	10,422,303	21,289,813
Income tax provisions	23,435,773	23,435,773	10,894,769
Current income tax liabilities	0	0	0
Lease liabilities	2,230,576	3,638,032	3,735,186
Other liabilities	13,180,153	16,210,802	24,793,760
Provisions for employee benefits	6,149,781	7,686,213	7,091,377
Contract liabilities	75,760,135	76,234,313	74,881,869
Total liabilities	171,731,099	167,092,360	190,673,159
TOTAL EQUITY & LIABILITIES	366,420,050	458,103,294	523,206,687

[1] the restatement of comparative data is presented in point 5 of the „Interim Condensed Consolidated Financial Statements“.

3.

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

3 months ended on 31.03.2024

Consolidated statement of changes in equity	Share capital	Reserve capital from the sale of shares above the nominal price	Capital from the settlement of the incentive scheme	Foreign exchange differences on translation	Retained earnings	Own shares	Total equity
Equity as at 01.01.2024	733,482	490,305	95,471,416	-8,035,808	220,987,589	-18,636,050	291,010,934
Payment of share capital	0	0	0	0	0	3,146	3,146
Share-based payments	0	0	2,854,618	0	0	0	2,854,618
Foreign exchange differences	0	0	0	0	-1,542,229	0	-1,542,229
Net profit	0	0	0	0	17,939,960	0	17,939,960
Purchase of own shares	0	0	0	0	0	-114,589,920	-114,589,920
Distribution of own shares	0	0	0	0	0	8,373,492	8,373,492
Other comprehensive income	0	0	0	-1,325,242	-8,035,808	0	-9,361,050
Total comprehensive income	0	0	0	-1,325,242	9,904,152	0	8,578,910
Change in equity	0	0	2,854,618	-1,325,242	8,361,923	0	9,885,504
Equity as at 31.03.2024	733,482	490,305	98,326,034	-9,361,050	229,349,512	-124,849,332	194,688,951

12 months ended on 31.12.2023

Consolidated statement of changes in equity	Share capital	Reserve capital from the sale of shares above the nominal price	Capital from the settlement of the incentive scheme	Foreign exchange differences on translation	Retained earnings	Own shares	Total equity
Equity as at 01.01.2023	733,482	496,100	88,781,376	9,420,677	259,280,268	-18,636,050	340,075,853
Payment of share capital	0	0	0	0	0	0	0
Capital adjustment resulting from the merger of companies	0	-5,795	0	0	0	0	-5,795
Share-based payments	0	0	6,690,040	0	0	0	6,690,040
Foreign exchange differences	0	0	0	0	-10,613,779	0	-10,613,779
Division of net profit	0	0	0	0	0	0	0
Dividend payment	0	0	0	0	-52,306,718	0	-52,306,718
Net profit	0	0	0	0	15,207,141	0	15,207,141
Purchase of own shares	0	0	0	-17,456,485	0	0	-17,456,485
Other comprehensive income	0	0	0	9,420,677	24,627,818	0	34,055,172
Total comprehensive income		-5,795	6,690,040	-17,456,485	-38,292,679	0	-49,064,919
Change in equity	733,482	490,305	95,471,416	-8,035,808	220,987,589	-18,636,050	291,010,934
Equity as at 31.12.2023							

3 months ended on 31.03.2023, restated data ⁽¹⁾

Consolidated statement of changes in equity	Share capital	Reserve capital from the sale of shares above the nominal price	Capital from the settlement of the incentive scheme	Foreign exchange differences on translation	Retained earnings	Own shares	Total equity
Equity as at 01.01.2023	733,482	496,100	88,781,376	9,420,677	259,280,268	-18,636,050	340,075,853
Share-based payments	0	0	6,033,168	0	0	0	6,033,168
Foreign exchange differences	0	0	0	0	-10,585,008	0	-10,585,008
Net profit	0	0	0	0	-12,844,774	0	-12,844,774
Other comprehensive income	0	0	0	433,613	9,420,677	0	9,854,290
Total comprehensive income	0	0	0	433,613	-3,424,097	0	-2,990,484
Change in equity	0	0	6,033,168	433,613	-14,009,105	0	-7,542,324
Equity as at 31.03.2023	733,482	496,100	94,814,544	9,854,290	245,271,163	-18,636,050	332,533,529

[1] the restatement of comparative data is presented in point 5 of the „Interim Condensed Consolidated Financial Statements“.

4.

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT	for the period 01.01.2024 – 31.03.2024	for the period 01.01.2023 – 31.03.2023
OPERATING ACTIVITY		
Profit/loss before taxation	20,719,834	-16,021,545
Total adjustments:	13,803,259	49,202,853
Depreciation and amortization	4,505,560	5,289,007
Gain/loss on foreign exchange rate conversion	683,980	1,067,782
Interest paid on lease	175,332	66,497
Interest on bank deposits	1,643,766	0
Interest on liabilities (Rortos)	549,815	1,297,786
Change in receivables	2,604,778	-3,546,014
Change in liabilities and accrued expenses	-43,910	7,128,028
Change in liabilities due to contracts with customers	-474,178	6,138,822
Change in assets due to contracts with customers	1,793,652	-1,841,648
Write-down of intangible assets and goodwill	0	26,572,924
Share-based payments (part not included in the acquisition of intangible assets)	2,854,618	6,033,168
Loss on associates	241,807	936,980
Profit from the sale of fixed assets	-731,961	0
Other corrections	0	59,521
Cash from operating activity	34,523,093	33,181,308
Income tax (paid) / reimbursed	-2,077,076	-3,303,572
A. Net operating cash flow	32,446,017	29,877,736

CONSOLIDATED CASH FLOW STATEMENT	for the period 01.01.2024 – 31.03.2024	for the period 01.01.2023 – 31.03.2023
INVESTMENT ACTIVITY		
Repayment of loans granted	0	2,200,000
Purchase of intangible and tangible fixed assets	-173,882	-5,061,360
Sale of intangible and tangible fixed assets	306,000	0
Earn-Out payment	0	0
Loans granted	-353,275	0
Interest on loans	0	19,244
Acquisition of stockholding	-1,211,790	-11,844,407
B. Net cash flow from investment activities	-1,432,947	-14,686,523
FINANCIAL ACTIVITY		
Net proceeds from the issue of shares	3,146	0
Other financial inflows	1,181,008	0
Payment of finance lease liabilities	-810,360	-1,404,004
Purchase of own shares	-114,589,920	0
Interest on lease	-175,332	-66,497
C. Net cash flow from financing activity	-114,391,458	-1,470,501
D. Total net cash flow	-83,378,388	13,720,713
– change in cash due to exchange rate losses/gains	-2,663,384	-66,385
E. Increase in cash and cash equivalents (with exchange rate differences)	-86,041,772	13,654,328
F. Cash at the beginning of the period	162,825,718	126,594,883
G. Cash at the end of the period	76,783,946	140,249,211



5.

RESTATEMENT OF THE OPENING BALANCE – 1.01.2023 AND ITS INFLUENCE ON THE COMPARABLE DATA IN 2023

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 1.01.2023. Comparable data for 2023 will therefore include an adjustment in the field of liabilities: capital – liabilities.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

LIABILITIES	31.03.2023 (published data)	Foreign taxes effect	31.03.2023 (restated data)
Equity	334,923,045	-2,389,516	332,533,529
Equity attributable to owners of the Parent Entity	334,923,045	-2,389,516	332,533,529
Retained earnings	247,660,679	-2,389,516	245,271,163
Short-term liabilities	140,297,258	2,389,516	142,686,774
Other liabilities	22,404,244	2,389,516	24,793,760
Total liabilities	188,283,643	2,389,516	190,673,159

STANDALONE STATEMENT OF FINANCIAL POSITION

LIABILITIES	31.03.2023 (published data)	Foreign taxes effect	31.03.2023 (restated data)
Equity	324,300,992	-2,389,516	321,911,476
Retained earnings	246,892,916	-2,389,516	244,503,400
Short-term liabilities	132,478,061	2,389,516	134,867,577
Other liabilities	20,939,934	2,389,516	23,329,450

6.

COMMENTS ON THE RESULTS

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

In 2021, the subsidiary Rortos was acquired, which significantly changed the value of shares in the separate statements and the value of intangible assets in the consolidated financial statements along with an increase in the liability for the purchase and outflow of cash. However, this transaction did not have such a significant impact on the statement of comprehensive income, therefore the Parent Company decided to continue to describe the consolidated data.

The Management Board of the Parent, monitoring the situation of Ten Square Games and managing the Group, does not perceive non-cash bookings (incentive plan and income deferral) as having any impact on operating activities, therefore it analyzes financial results and plans operational and strategic activities without taking them into account. Therefore, the Management Board of the Company decided to:

- » analyzing revenues through „Bookings“, which are based on actual payments made in a given period by users and fully translate into generating cash flows, and do not take into account the effect of recognizing revenues from the sale of virtual currency and virtual goods over time. Analyzing revenues (i.e. bookings adjusted for the impact of their deferral and recognized over time) could lead to completely incorrect conclusions from the point of view of user behavior in the game and management of further development of the game;
- » introduction of the „adjusted EBITDA“ ratio, which is a key ratio reflecting the operating results of the Company and the Group.



6.1. Consolidated statement of comprehensive income

THE BREAKDOWN OF CONSOLIDATED REVENUE PER GAME BY QUARTERS

GAME	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024
Fishing Clash	72,557,817	63,193,703	69,737,485	68,742,753	61,219,111
Hunting Clash	32,395,570	24,412,492	27,311,328	26,377,409	22,794,165
Let's Fish	2,172,122	1,852,363	1,614,321	1,890,369	1,732,040
Wild Hunt	2,352,751	1,998,176	1,812,965	1,966,785	2,209,336
Airline Commander	2,627,214	2,311,324	2,502,013	2,024,181	2,204,710
Real Flight Simulator	4,321,619	4,284,991	4,741,534	4,831,211	4,959,726
Wings of Heroes	5,769,225	2,071,904	1,757,393	1,927,802	2,922,235
Other	1,396,720	1,101,617	922,288	702,749	1,619,377
TOTAL BOOKINGS	123,593,038	101,226,570	110,399,327	108,463,259	99,660,700
Deferred revenues (virtual currency)	-201,742	-1,276,770	-565,728	1,187,383	-2,725,192
Deferred revenues (durables)	-5,941,631	4,982,653	-4,261,715	-1,528,267	3,182,710
TOTAL REVENUES	117,449,665	104,932,453	105,571,884	108,122,375	100,118,218

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

MAU ^[2] FOR THE MAIN GAMES

GAME	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024
Fishing Clash – MAU (average in the reporting period)	2,488,370	2,336,456	2,652,322	2,610,637	2,425,073
Hunting Clash – MAU (average in the reporting period)	1,374,262	1,097,983	2,045,553	2,626,980	3,529,644
Wings of Heroes – MAU (average in the reporting period)	647,832	326,576	286,786	275,390	341,010
Evergreen – MAU (average in the reporting period)	788,326	808,083	926,249	1,008,430	922,365

[2] monthly average number of active players.

The beginning of 2024 saw declines in the level of bookings for the Group's two main titles – Fishing Clash and Hunting Clash, with an increase in revenues from Wings of Heroes. As a result, the total level of the Group's bookings amounted to PLN 99.7 million and was lower by 8.1% compared to the previous quarter and by 19.4% compared to the corresponding quarter of 2023. Among the main factors that influenced the Group's operations, the Management Board of Ten Square Games identifies the following:

1. Economic situation, which affects the level of consumer spending on entertainment;
2. Continued decline in the average USD/PLN exchange rate;
3. Reduced player activity in the reporting period after the intense fourth quarter of 2023;
4. Reducing expenditure on marketing activities and their intensity during 2023, which has a short-term impact on the quantity and quality of acquired traffic, and in the long-term translates into a decline in revenues in subsequent periods;
5. Major changes introduced to the competition system in Hunting Clash, which in the long run should improve the monetization of this product;
6. Competition for the player's attention and time with other entities offering attractive ways to spend free time.

The cost of production of goods sold incurred in the first quarter of 2024 is comparable to the costs in the first quarter of 2023 – approximately PLN 19.3-19.4 million. In this line, the largest cost component is depreciation and the current cost of gaming teams. Due to the same number of active games and similar composition of teams dedicated to games in the compared periods, the cost is also similar.



THE BREAKDOWN OF CONSOLIDATED SELLING COSTS BY QUARTERS

SPECIFICATION	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024
Cost of sales	69,004,470	59,814,327	56,408,680	54,346,624	54,950,259
marketing:	27,154,208	21,239,048	19,844,010	18,636,326	19,807,135
– Fishing Clash	11,180,883	11,575,445	10,919,991	10,088,652	11,245,527
– Hunting Clash	11,236,075	9,174,676	8,551,009	7,858,634	7,728,250
– Airline Commander	0	22,751	0	0	0
– Wings of Heroes	4,587,053	363,022	373,010	689,040	833,358
other titles	150,197	103,154	0	0	0
provisions	33,624,212	30,509,186	29,578,780	29,923,776	28,370,749
revenue share	351,645	311,614	266,734	340,298	337,715
remuneration, subcontracting services	6,131,380	5,531,739	5,379,572	3,831,549	4,599,678
mobile games market research services	291,446	297,964	262,054	223,063	187,284
other	1,451,579	1,924,776	1,077,530	1,391,612	1,647,698

The level of sales costs is mainly influenced by the level of marketing expenditure (including, to the greatest extent, marketing for the Fishing Clash and Hunting Clash games) and the level of commissions, which are fully dependent on the level of payment (approx. 30%, although this percentage decreases from period to period with an increase in the share of payments made by TSG's own store) and with their decrease/increase, the amount of commission decreases/increases proportionally.



BREAKDOWN OF CONSOLIDATED GENERAL AND ADMINISTRATIVE COSTS BY QUARTERS

SPECIFICATION	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024
Recurring general and administrative costs, including:	10,573,057	7,510,342	6,454,144	6,860,043	6,287,713
– payroll + third party services (TSG S.A.)	4,535,148	3,682,599	3,206,869	3,070,118	3,039,408
– cost of subsidiaries	1,612,988	1,134,552	1,074,407	972,177	926,234
– rent and maintenance of office (TSG S.A.)	1,099,129	986,223	749,439	789,251	560,856
– other	3,325,791	1,706,968	1,423,429	2,028,497	1,761,215
One-off costs, including:	6,197,949	571,870	112,185	333,406	1,221,364
MSOP	6,033,168	0	111,135	333,406	1,531,618
M&A	164,781	571,870	1,050	0	-310,254
TOTAL GENERAL AND ADMINISTRATIVE COSTS	16,771,005	8,082,212	6,566,329	7,193,449	7,509,077

In terms of recurring general and administrative costs, with the change in strategy introduced in the second quarter of 2023, it was possible to reduce the level of costs to the range of PLN 6.2-6.9 million. This is the result of organizational changes, which also involve a reduction in the employment level, which was reflected in a decrease in the cost of remuneration.

Another group of costs, within general and administrative costs, are the costs of subsidiaries. Currently, these are mainly costs related to maintaining the office of the Italian company Rortos. During 2023, the Group reduced the number of offices in other locations (Bucharest, Berlin), hence there was a slight decrease in this cost item. Additionally, starting from January 2024, the Parent Company is renting an office in Wrocław based on a renegotiated contract, and has also limited the rented space, which also resulted in a decrease in the cost of maintaining the office.

In the first quarter of 2024, the Parent Company recognized the non-cash cost of two share-based incentive programs. These programs are addressed to the Company's Management Board and several key leaders.



RECONCILIATION OF OPERATING RESULT TO ADJUSTED EBITDA PARAMETER IN QUARTERS

SPECIFICATION	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024
Operating profit (EBIT)	-14,413,939	9,638,991	25,032,085	-16,739,289	19,108,496
amortization and depreciation (excluding capitalized portion)	4,977,704	5,038,746	4,969,493	4,808,603	4,505,560
write-downs for impairment	26,572,925	5,117,065	0	46,528,541	0
EBITDA	17,136,690	19,794,802	30,001,578	34,597,855	23,614,056
non-cash impact of incentive scheme (excluding capitalized portion)	6,033,168	0	164,217	492,655	2,854,621
deferred result (revenue minus commissions) – consumables	141,218	893,739	396,007	-831,170	2,150,783
deferred result (revenue minus commissions) – durable	4,159,142	-3,487,857	2,983,207	1,069,780	-819,647
costs of potential and completed acquisitions (M&A) and review of strategic options	163,381	570,120	0	0	-310,254
severance pay – group lay-offs	0	3,146,532	0	0	0
other one-off events	0	1,022,240	117,035	19,589	0
Adjusted EBITDA	27,633,599	21,939,576	33,662,044	35,348,709	27,489,559

In 2023, the Parent Entity made several write-downs on assets, which significantly disrupted the level of operating profit; no such transactions took place during the first quarter of 2024. The Group achieved an operating profit of PLN 19.1 million and adjusted EBITDA amounted to PLN 27.5 million. This is a worse result than in the previous quarters, however, the Group continues to work on cost efficiency and tries to increase its revenue base.

In the first quarter of 2023, an unusual impact on tax (negative amount shown) had a decrease in the provision for deferred tax, resulting mainly from a decrease in the temporary tax difference on capitalized game costs (tax cost at the time of payment of remuneration, balance sheet cost at the time of showing the depreciation of the completed game). Once the costs of producing these games were written down, this difference ceased to exist. No such events occurred in 2024, hence the income tax reported in the report amounted to PLN 2.8 million, which corresponds to the standard level of the effective tax rate for the Group.

The Group closed the first quarter of 2024 with a net profit of PLN 18 million compared to a net loss of PLN 12.8 million in the comparable period of 2023. This result was positively influenced by the lack of one-off events, which in the corresponding period of 2023 burdened the Group's result with the amount of write-offs in the amount of PLN 26.6 million. Additionally, thanks to the restructuring of operations carried out in 2023 in the associated company Gamesture Sp. z o. o. the entity improves its results. In the first quarter of 2024, the share of Ten Square Games in the net loss of Gamesture Sp. z o. o. decreased to approximately PLN 242 thousand, while in the fourth quarter of 2023 it amounted to PLN 3.3 million (i.a. due to write-off), and in the first quarter of 2023 it amounted to PLN 937 thousand.

6.2. Consolidated statement of financial position

The largest change in the fixed assets between March 31, 2024 and December 31, 2023 is an increase in the value of fixed assets by almost PLN 4 million. This is related to the annexation of leasing agreements regarding the office in Wrocław. With the extension of the lease period, the Parent Company recognized a higher value of the fixed asset.

As far as the current assets are concerned, the Group recorded a significant decrease in cash from PLN 162.8 million to PLN 76.8 million (-PLN 86 million), which is strictly related to the purchase of own shares carried out in February for the amount of PLN 114.6 million. PLN.

Discussing the structure of liabilities, the largest change is the purchase of own shares described above, which, combined with the issuance of own shares, resulted in a movement in capital (item „own shares”) in the amount of PLN – 106.2 million. The value of long-term leasing liabilities also increased, which is related to the annexation of contracts for the next 3 years. There was also an increase in trade liabilities, the level of which is closely related to the amount of marketing expenditure incurred in the last month of the quarter, and at the turn of March and April each year, the Group pays part of the annual bonuses, which also translates into an increase in liabilities recognized as at March 31, 2024.

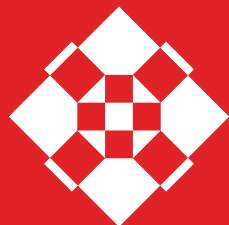
The Group (and the Parent Entity) has high financial liquidity and all its liabilities are settled on time. The Group does not record any significant problems with the collection of receivables.

6.3. Consolidated cash flow statement

The Group has a high ability to generate cash. The level of operating cash flow generated in the first quarter of 2024 amounted to over PLN 32.4 million. The Group is able to finance its operations on an ongoing basis and plan further investments.

On the investment side, the Parent Company paid additional funds (USD 300,000) to the Sisu Game Ventures investment fund during the first quarter of 2024.

In financial activities, the largest cash outflow is related to the purchase of own shares for a record amount of PLN 114.6 million. The item „other financial inflows” (PLN 1.2 million) is the refund of part of the deposit related to the annexation of leasing agreements.



ten square_games

III

**INTERIM CONDENSED
STANDALONE
FINANCIAL STATEMENT**



INTERIM CONDENSED **STANDALONE** STATEMENT OF COMPREHENSIVE INCOME

STANDALONE STATEMENT OF COMPREHENSIVE INCOME	for the period 01.01.2024 – 31.03.2024	for the period 01.01.2023 – 31.03.2023
Sales revenues	89,437,508	103,766,037
Costs of services sold	14,639,476	13,253,422
Gross profit (loss)	74,798,032	90,512,615
Other operating income	1,135,745	134,849
Selling costs	51,231,786	60,554,985
General and administrative costs	6,608,643	15,785,411
Other operating costs	285,998	26,877,903
Operating profit (loss)	17,807,350	-12,570,835
Financial income	4,545,333	1,238,808
Financial expense	723,123	1,883,428
Loss (profit) on associates	241,807	936,980
Profit (loss) before taxation	21,387,753	-14,152,435
Income tax	1,715,231	-3,473,111
Net profit (loss) on continued activity	19,672,522	-10,679,324
Items to be reclassified to the profit and loss account in subsequent periods	0	0
Items that will not be reclassified to the profit and loss account in subsequent periods	0	0
Total comprehensive income	19,672,522	-10,679,324

EARNINGS PER ONE SHARE

CALCULATION OF EARNINGS PER ONE SHARE	for the period 01.01.2024 – 31.03.2024	for the period 01.01.2023 – 31.03.2023
Number of shares		
the weighted average number of shares for the purpose of calculating the value of basic earnings per share (in units)	7,334,822	7,334,822
the weighted average number of shares for the purpose of calculating the value of diluted earnings per share (in units)	6,342,120	7,334,822
net profit assigned to the Parent Entity	19,672,522	-10,679,324
Net earnings per one share on continued operations in PLN		
basic for the reporting period	2.68	-1.46
diluted for the reporting period	3.1	-1.46
Net profit per one share attributable to discontinued operations in PLN		
basic for the reporting period	0.00	0.00
diluted for the reporting period	0.00	0.00



2.

INTERIM CONDENSED **STANDALONE** STATEMENT OF FINANCIAL SITUATION

ASSETS	31.03.2024	31.12.2023	31.03.2023
Fixed assets	245,427,225	242,263,113	309,014,569
Tangible fixed assets	15,377,006	11,395,016	17,654,714
Intangible fixed assets	791,093	1,021,935	1,607,495
Investments in affiliates	202,307,550	202,307,550	252,894,015
Other financial assets	23,002,153	23,117,182	32,477,860
Deferred tax asset	3,949,423	4,421,430	4,380,485
Current assets	125,893,048	215,985,365	193,660,891
Receivables	41,043,637	44,202,177	47,292,370
Current income tax receivables	7,094,764	6,241,070	8,539,035
Contract assets	20,620,067	22,409,376	22,025,860
Loans granted	1,507,074	1,127,260	1,142,102
Cash and cash equivalents	55,627,506	142,005,482	114,661,524
TOTAL ASSETS	371,320,273	458,248,478	502,675,460

EQUITY AND LIABILITIES	31.03.2024	31.12.2023	31.03.2023 (restated data ²)
Equity	205,543,513	297,603,147	321,911,476
Share capital	733,482	733,482	733,482
Reserve capital from the sale of shares above the nominal price	496,100	496,100	496,100
Capital from the settlement of the incentive scheme	98,326,034	95,471,416	94,814,544
Retained earnings	230,837,229	219,538,199	244,503,400
Own shares (negative value)	-124,849,332	-18,636,050	-18,636,050
Long-term liabilities	33,444,859	27,952,511	45,896,407
Deferred tax liability	441,559	175,002	258,099
Lease liabilities	6,635,280	555,399	3,551,640
Provisions for employee benefits	1,858,973	3,000,496	1,794,532
Other liabilities	24,509,047	24,221,614	40,292,136
Short-term liabilities	132,331,901	132,692,820	134,867,577
Trade liabilities	15,756,056	9,827,339	18,422,664
Provision for income tax	23,435,773	23,435,773	10,894,769
Current tax liabilities	0	0	0
Lease liabilities	2,108,932	3,515,323	3,604,090
Other liabilities	12,265,823	14,968,420	23,329,450
Provisions for employee benefits	4,527,105	6,248,052	5,197,075
Contract liabilities	74,238,212	74,697,913	73,419,529
TOTAL EQUITY AND LIABILITIES	371,320,273	458,248,478	502,675,460



3.

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

3 months ended on 31.03.2024

Standalone statement of changes in equity	Share capital	Reserve capital from the sale of shares above the nominal price	Capital from the settlement of the incentive scheme	Retained earnings	Own shares	Total equity
Equity as at 01.01.2024	733,482	496,100	95,471,416	219,538,199	-18,636,050	297,603,147
Payment of share capital	—	—	—	—	3,146	3,146
Share-based payments	—	—	2,854,618	—	—	2,854,618
Purchase of own shares	—	—	—	—	-114,589,920	-114,589,920
Issue of own shares	—	—	—	-8,373,492	8,373,492	0
Net profit	—	—	—	19,672,522	—	19,672,522
Total comprehensive income	—	—	—	19,672,522	—	19,672,522
Equity as at 31.03.2024	733,482	496,100	98,326,034	230,837,229	-124,849,332	205,543,513

12 months ended on 31.12.2023

Standalone statement of changes in equity	Share capital	Reserve capital from the sale of shares above the nominal price	Capital from the settlement of the incentive scheme	Retained earnings	Own shares	Total equity
Equity as at 01.01.2023	733,482	496,100	88,781,376	255,182,723	-18,636,050	326,557,631
Share-based payments	—	—	6,690,040	—	—	6,690,040
Dividend payment	—	—	—	-52,306,718	—	-52,306,718
Net profit	—	—	—	16,662,194	—	16,662,194
Total comprehensive income	—	—	—	16,662,194	—	16,662,194
Equity as at 31.12.2023	733,482	496,100	95,471,416	219,538,199	-18,636,050	297,603,147

3 months ended on 31.03.2023, restated data ⁽¹⁾

Standalone statement of changes in equity	Share capital	Reserve capital from the sale of shares above the nominal price	Capital from the settlement of the incentive scheme	Retained earnings	Own shares	Total equity
Equity as at 01.01.2023	733,482	496,100	88,781,376	255,182,723	-18,636,050	326,557,631
Share-based payments	—	—	6,033,168	—	—	6,033,168
Net profit	—	—	—	-10,679,324	—	-10,679,324
Total comprehensive income	—	—	—	-10,679,324	—	-10,679,324
Equity as at 31.03.2023	733,482	496,100	94,814,544	244,503,400	-18,636,050	321,911,476

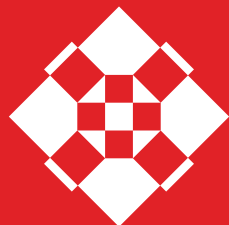


4.

INTERIM CONDENSED **STANDALONE** CASH FLOW STATEMENT

STANDALONE CASH FLOW STATEMENT	for the period 01.01.2024 – 31.03.2024	for the period 01.01.2023 – 31.03.2023
OPERATING ACTIVITY		
Profit/loss before taxation	21,387,753	-14,152,435
Total adjustments:	10,390,527	46,858,115
Depreciation and amortization	2,011,250	2,563,899
Foreign exchange rate gain/loss	877,573	200,757
Interest paid on lease	173,308	55,969
Interest on bank deposits	1,643,766	0
Interest on liabilities (Rortos)	549,815	1,297,786
Interest and share in profits (dividends)	-2,000,000	0
Change in receivables	3,158,540	-2,909,623
Change in liabilities and accrued expenses	282,203	7,813,912
Change in contract liabilities	-459,701	6,132,794
Change in contract assets	1,789,309	-1,839,839
Write-off of intangible assets	0	26,572,924
Share-based payments (part not included in capitalization of intangible assets)	2,854,618	6,033,168
Loss on associates	241,807	936,980
Profit from the sale of fixed assets	-731,961	0
Other adjustments	0	-612
Cash from operating activity	31,778,280	32,705,680
Income tax (paid) / refunded	-1,830,359	-2,851,480
A. Net operating cash flow	29,947,921	29,854,200

STANDALONE CASH FLOW STATEMENT	for the period 01.01.2024 – 31.03.2024	for the period 01.01.2023 – 31.03.2023
INVESTMENT ACTIVITY		
Repayment of loans granted	0	2,200,000
Purchase of intangible and tangible fixed assets	-66,068	-4,985,326
Sale of intangible assets and tangible fixed assets	306,000	892
Share purchase	-1,211,790	-11,844,407
Loans granted	-353,275	0
Interest on loans	0	19,244
B. Net cash flow from investment activities	-1,325,133	-14,609,597
FINANCIAL ACTIVITY		
Net proceeds from the issuance of shares (share issues) and other capital instruments and capital contributions	3,146	0
Dividends from subsidiaries	2,000,000	0
Other financial inflows	1,181,008	0
Payment of finance lease liabilities	-760,968	-1,374,751
Purchase of own shares	-114,589,920	0
Interest on lease	-173,308	-55,969
C. Net cash flow from financing activity	-112,340,042	-1,430,720
D. Total net cash flow	-83,717,254	13,813,883
– change in cash due to exchange rate losses/gains	-2,660,722	-66,061
E. Increase in cash, including foreign exchange	-86,377,976	13,747,822
F. Cash at the beginning of the period	142,005,482	100,913,702
G. Cash at the end of the period	55,627,506	114,661,524



ten square_games

III

**ACCOUNTING
PRINCIPLES**

1.

COMPLIANCE WITH THE INTERNATIONAL ACCOUNTING STANDARDS

This interim condensed consolidated financial statement has been prepared in accordance with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board as approved by the European Union, under the IFRS Regulation (European Commission 1606/2002), hereinafter referred to as „EU IFRS“ as applicable at 31.03.2024.

2.

CHANGES IN ACCOUNTING PRINCIPLES (POLICY)

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

3.

DESCRIPTION OF THE ADOPTED ACCOUNTING PRINCIPLES (POLICY)

3.1. Subsidiaries, associates

Consolidated financial statement

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

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

Standalone financial statement

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

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

3.2. Revenues and costs of operating activity

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

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

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

THE GROUP DISTINGUISHES THREE MAIN SOURCES OF REVENUES

REVENUES

MICRO-PAYMENTS

- » revenues from additional functionalities purchased by the players



ADVERTISEMENTS

- » revenues from advertisements displayed in games



LICENSES

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



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

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

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

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

Revenues from advertisements displayed in games (advertisements)

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

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

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

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

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

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

3.3. **Revenues and costs of financial activity**

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

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

3.4. **Income tax**

Income tax includes: current tax payable and deferred tax.

Current tax

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

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

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

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

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

Deferred tax

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

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

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

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

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

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

Uncertainty related to the recognition of income tax

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

3.5. Tangible fixed assets

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

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

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

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

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

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

3.6. Intangible assets

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

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

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

Intangible assets of the Group with the depreciation rates:

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



Software development activities

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

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

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

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

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

Goodwill

Goodwill arising from the acquisition of an entity is initially recognized at the purchase price being the amount of the excess of: (i) the consideration transferred, (ii) the amount of any non-controlling interest in the acquired entity and (iii) in the case of a business combination carried out in stages, the fair value as at the date of acquisition of the interest in capital of the acquired entity, previously belonging to the acquiring entity, over the net amount determined as at the acquisition date of the value of identifiable assets acquired and liabilities assumed. As at the acquisition date, the acquired goodwill is allocated to each of the cash-generating units that may benefit from the synergies resulting from the merger. After initial recognition, goodwill is carried at acquisition price less any accumulated impairment losses. The impairment test is performed as at December 31 or more frequently if there are grounds for doing so. Goodwill is not subject to amortization. The impairment loss is determined by estimating the recoverable value of the cash-generating unit to which a given goodwill was allocated. If the recoverable value of the cash-generating unit is lower than the carrying amount, an impairment loss is recognized. Goodwill is removed from the balance sheet when control over the entity to which it was allocated is lost.

3.7. Lease

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

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

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

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

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

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

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



3.8. **Financial instruments**

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

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

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

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

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

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

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

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

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

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

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

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

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



3.9. Transactions in foreign currencies

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

Valuation

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

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

Transactions during the year

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

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



3.10. **Pre-payments and accruals**

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

3.11. **Equity**

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

3.12. **Share-based payments**

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

3.13. **Payment of dividends**

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

3.14. **Provisions**

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

3.15. Liabilities

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

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

3.16. Significant values based on professional judgement and estimates

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

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

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

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



PROFESSIONAL JUDGEMENT

Moment of activation of development costs

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

Depreciation period of activated intangible assets

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

Deferred income tax assets and liabilities

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

Fair value of share-based payments

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

Recognition of revenue from the provision of durable virtual goods

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

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

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

UNCERTAINTY OF ESTIMATES

Impairment of assets

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

The use of consumables over time

As at the reporting date, the Group shall estimate a number of unused premium packages (notes and pearls) for active players ⁽¹⁾. The basis for determining a number of unused packages shall be their turnover rate (average period of using a package by active users ⁽¹⁾) 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 use of durables over time

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

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

The above-mentioned characteristics make it much more difficult to carry out the analysis of the average use of the good over time, hence the Company used the option of not valuing the pearls, in accordance with IFRS 15 par. 44. In the course of 2020, the Company made changes to its IT systems, which enabled it to start collecting data to analyze the use of durable goods over time. As a result, the Group has estimated the amount of the liability (customer contract liability) for the provision of durable goods in the game as of 31 December 2020 – revenue relating to the purchase of durable virtual goods is recognized by the estimated average playing period of paying users.

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

Estimating the average period of time a paying user remains in the game requires a sufficiently long history of player behavior. Accordingly, as at 31 December 2020, the Company deferred revenue from durable goods over time only for Fishing Clash, and as at 31 December 2021, the Company deferred revenue from durable goods over time for the first time for its second leading title – Hunting Clash.

Contingent earn-out payments

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

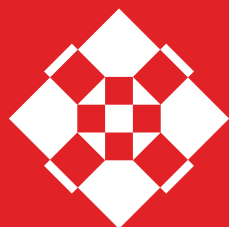
As at 31 December 2022, the Company updated the valuation of the earn-out payments liability, taking into account the actual results achieved in the period from 01 July 2021 until 31 December 2022 and updating the financial model with future cash flows.

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

In the calculation of acquisition liabilities, there is primarily uncertainty regarding the achievement of the assumed financial results of the related party. The results in subsequent years may assume a value higher or lower than assumed, resulting in a deviation of the actual liability from the estimated amount as at 31 March 2024.

Determination of materiality

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



ten square_games



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



REVENUES

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

SPECIFICATION	for the period 01.01.2024 – 31.03.2024	for the period 01.01.2023 – 31.03.2023
Sales of services	100,118,218	117,449,665
TOTAL revenues from sales of services	100,118,218	117,449,665
Other operating revenues	1,136,526	134,879
Financial revenues	2,578,927	1,040,107
TOTAL revenues from continuing operations	103,833,671	118,624,651
TOTAL revenues	103,833,671	118,624,651

Revenues from discontinued operations did not occur.

1.1. Information on operating segments and result performance indicators

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

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

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

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

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

1.2. Revenues – source

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

TYPE OF REVENUES	bookings 1Q 2024	share in bookings 1Q 2024	bookings 1Q 2023	share in bookings 1Q 2023
Micro-payments	98,395,186	98.7%	120,811,960	97.7%
Advertisements	1,173,174	1.2%	2,431,356	2.0%
Licenses	92,340	0.1%	349,722	0.3%
BOOKINGS TOTAL	99,660,700	100.0%	123,593,038	100.0%
Deferred income (consumable)	-2,725,192	N/A	-201,742	N/A
Deferred income (durable)	3,182,710	N/A	-5,941,631	N/A
REVENUES TOTAL	100,118,218	N/A	117,449,665	N/A

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

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

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

1.3. Revenues – games

GAME	bookings 1Q 2024	share in bookings 1Q 2024	bookings 1Q 2023	share in bookings 1Q 2023
Fishing Clash	61,219,111	61.4%	72,557,817	58.7%
Hunting Clash	23,732,405	23.9%	32,395,570	26.2%
Let's Fish	1,732,040	1.7%	2,172,122	1.8%
Wild Hunt	2,209,336	2.2%	2,352,751	1.9%
Airline Commander	2,204,710	2.2%	2,627,214	2.1%
Real Flight Simulator	4,959,726	5.0%	4,321,619	3.5%
Wings of Heroes	2,922,235	2.9%	5,769,225	4.7%
Other	681,137	0.7%	1,396,720	1.1%
TOTAL BOOKINGS	99,660,700	100.0%	123,593,038	100.0%
Deferred income (consumable)	-2,725,192	N/A	-201,742	N/A
Deferred income (durable)	3,182,710	N/A	-5,941,631	N/A
TOTAL REVENUES	100,118,218	N/A	117,449,665	N/A

QUARTERLY BREAKDOWN OF BOOKINGS FOR MAJOR TITLES:

GRA	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024
Fishing Clash	72,557,817	63,193,703	69,737,485	68,742,753	61,219,111
Hunting Clash	32,395,570	24,412,492	27,311,328	26,377,409	23,732,405
Let's Fish	2,172,122	1,852,363	1,614,321	1,890,369	1,732,040
Wild Hunt	2,352,751	1,998,176	1,812,965	1,966,785	2,209,336
Airline Commander	2,627,214	2,311,324	2,502,013	2,024,181	2,204,710
Real Flight Simulator	4,321,619	4,284,991	4,741,534	4,831,211	4,959,726
Wings of Heroes	5,769,225	2,071,904	1,757,393	1,927,802	2,922,235
Other	1,396,720	1,101,617	922,288	702,749	681,137
TOTAL BOOKINGS	123,593,038	101,226,570	110,399,327	108,463,259	99,660,700
Deferred income (consumable)	-201,742	-1,276,770	-565,728	1,187,383	-2,725,192
Deferred income (durable)	-5,941,631	4,982,653	-4,261,715	-1,528,267	3,182,710
TOTAL REVENUES	117,449,665	104,932,453	105,571,884	108,122,375	100,118,218

Deferred revenue by game and quarter in 2023 and 2024, and the balance sheet balance as at 01.01.2023, 31.12.2023 and 31.03.2023 (balance sheet item "contract liabilities" for deferred revenue and balance sheet item "contract assets" for deferred commission costs):

2024

CONSUMABLE	Balance sheet item	Change of deferral ⁽¹⁾	Valuation	Balance sheet item
	31.12.2023	Q1 2024	Q1 2024	31.03.2024
Fishing Clash				
deferred revenues	-6,064,690	-1,743,726		-7,808,416
deferred costs	1,819,407	308,583		2,127,990
Hunting Clash				
deferred revenues	-2,064,054	-914,130		-2,978,184
deferred costs	619,216	245,624		864,840
Let's Fish				
deferred revenues	-166,339	-16,788		-183,127
deferred costs	49,900	5,038		54,938
Wild Hunt				
deferred revenues	-205,651	-48,365		-254,016
deferred costs	61,695	14,510		76,205
Real Flight Simulator				
deferred revenues	-1,536,400	-2,183	16,660	-1,521,923
deferred costs	460,921	654	-4,998	456,577
TOTAL				
deferred revenues	-10,037,134	-2,725,192	16,660	-12,745,666
deferred costs	3,011,139	574,409	-4,998	3,580,550

[1] In the case of the Fishing Clash and Hunting Clash games, until the end of 2023, the costs were deferred as 30% of the revenue value (level of commission charged in Google Play and AppStore). From the first quarter of 2024, due to the increasing share of TSG Store in the Company's revenues, the Company decided to defer the commission in line with the average level over the last three months. As of March 31, 2024, average commissions for Fishing Clash are 27.3% and for Hunting Clash 29.1%. The update of the method of calculating deferred revenue and cost resulted in a disproportionate effect of the share of deferred cost in revenue compared to previous periods. In the following quarters, the share of costs in deferred revenues will again reflect the average level of commissions.

2023

CONSUMABLE	Balance sheet item 31.12.2022	Change of deferral Q1 2023	Valuation Q1 2023	Change of deferral Q2 2023	Valuation Q2 2023	Change of deferral Q3 2023	Valuation Q3 2023	Change of deferral Q4 2023	Valuation Q4 2023	Balance sheet item 31.12.2023
Fishing Clash										
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
Hunting Clash										
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
Let's Fish										
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
Wild Hunt										
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
Real Flight Simulator										
deferred revenues	-1,456,311	-10,578	4,549	-17,109	70,916	-72,370	-59,720	-94,582	98,805	-1,536,400
deferred costs	436,893	3,175	-1,366	5,132	-21,274	21,705	17,922	28,383	-29,649	460,921
TOTAL										
deferred revenues	-9,294,829	-201,740	4,549	-1,276,768	70,916	-565,732	-59,720	1,187,385	98,805	-10,037,134
deferred costs	2,788,447	60,525	-1,366	383,029	-21,274	169,715	17,922	-356,210	-29,649	3,011,139



2024

DURABLE	Balance sheet item	Change of deferral ⁽¹⁾	Valuation	Balance sheet item
	31.12.2023	Q1 2024	Q1 2024	31.03.2024
Fishing Clash				
deferred revenues	-49,459,504	1,715,546		-47,743,958
deferred costs	14,837,854	-1,785,799		13,052,055
Hunting Clash				
deferred revenues	-16,737,675	1,467,164		-15,270,511
deferred costs	5,021,303	-577,264		4,444,039
TOTAL				
deferred revenues	-66,197,179	3,182,710	0	-63,014,469
deferred costs	19,859,157	-2,363,063	0	17,496,094

2023

DURABLE	Balance sheet item	Change of deferral	Valuation	Change of deferral	Valuation	Change of deferral	Valuation	Change of deferral	Valuation	Balance sheet item
	31.12.2022	Q1 2023	Q1 2023	Q2 2023	Q2 2023	Q3 2023	Q3 2023	Q4 2023	Q4 2023	31.12.2023
Fishing Clash										
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
Hunting Clash										
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
TOTAL										
deferred revenues	-59,448,220	-5,941,634	0	4,982,654	0	-4,261,713	0	-1,528,266	0	-66,197,179
deferred costs	17,834,468	1,782,489	0	-1,494,797	0	1,278,516	0	458,481	0	19,859,157

[1] In the case of the Fishing Clash and Hunting Clash games, until the end of 2023, the costs were deferred as 30% of the revenue value (level of commission charged in Google Play and AppStore). From the first quarter of 2024, due to the increasing share of TSG Store in the Company's revenues, the Company decided to defer the commission in line with the average level over the last three months. As of March 31, 2024, average commissions for Fishing Clash are 27.3% and for Hunting Clash 29.1%. The update of the method of calculating deferred revenue and cost resulted in a disproportionate effect of the share of deferred cost in revenue compared to previous periods. In the following quarters, the share of costs in deferred revenues will again reflect the average level of commissions.

2024

CONSUMABLE +DURABLE	Balance sheet item 31.12.2023	Change of deferral ⁽¹⁾ Q1 2024	Valuation Q1 2024	Balance sheet item 31.03.2024
deferred revenues	-76,234,313	457,518	16,660	-75,760,135
deferred costs	22,870,296	-1,788,654	-4,998	21,076,644
Impact on result	-53,364,017	-1,331,136	11,662	-54,683,491

2023

DURABLE	Balance sheet item 31.12.2022	Change of deferral Q1 2023	Valuation Q1 2023	Change of deferral Q2 2023	Valuation Q2 2023	Change of deferral Q3 2023	Valuation Q3 2023	Change of deferral Q4 2023	Valuation Q4 2023	Balance sheet item 31.12.2023
deferred revenues	-68,743,049	-6,143,374	4,549	3,705,886	70,916	-4,827,445	-59,720	-340,881	98,805	-76,234,313
deferred costs	20,622,915	1,843,014	-1,366	-1,111,768	-21,274	1,448,231	17,922	102,271	-29,649	22,870,296
Impact on result	-48,120,134	-4,300,360	3,184	2,594,118	49,642	-3,379,214	-41,799	-238,610	69,156	-53,364,017

[1] In the case of the Fishing Clash and Hunting Clash games, until the end of 2023, the costs were deferred as 30% of the revenue value (level of commission charged in Google Play and AppStore). From the first quarter of 2024, due to the increasing share of TSG Store in the Company's revenues, the Company decided to defer the commission in line with the average level over the last three months. As of March 31, 2024, average commissions for Fishing Clash are 27.3% and for Hunting Clash 29.1%. The update of the method of calculating deferred revenue and cost resulted in a disproportionate effect of the share of deferred cost in revenue compared to previous periods. In the following quarters, the share of costs in deferred revenues will again reflect the average level of commissions.



1.4. Revenues by business partner

BUSINESS PARTNER	bookings 1Q 2024	share in bookings 1Q 2024	bookings 1Q 2023	share in bookings 1Q 2023
Google Inc.	52,469,318	52.6%	71,407,509	57.8%
Apple Distribution International	33,989,988	34.1%	45,881,911	37.1%
Xsolla Inc.	8,950,658	9.0%	0	0.0%
Other	4,250,736	4.3%	6,303,618	5.1%
TOTAL BOOKINGS	99,660,700	100.0%	123,593,038	100.0%
Deferred income (consumable)	-2,725,192	N/A	-201,742	N/A
Deferred income (durable)	3,182,710	N/A	-5,941,631	N/A
TOTAL REVENUES	100,118,218	N/A	117,449,665	N/A

1.5. Revenues – distribution channel

DISTRIBUTION CHANNEL	bookings 1Q 2024	share in bookings 1Q 2024	bookings 1Q 2023	share in bookings 1Q 2023
Mobile	96,853,552	97.2%	120,081,387	97.2%
Browsers	2,807,148	2.8%	3,511,651	2.8%
TOTAL BOOKINGS	99,660,700	100.0%	123,593,038	100.0%
Deferred income (consumable)	-2,725,192	N/A	-201,742	N/A
Deferred income (durable)	3,182,710	N/A	-5,941,631	N/A
TOTAL REVENUES	100,118,218	N/A	117,449,665	N/A

1.6. Revenues – geographical breakdown

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

REGION	bookings 1Q 2024	share in bookings 1Q 2024	bookings 1Q 2023	share in bookings 1Q 2023
North America	41,553,860	41.7%	57,021,635	46.1%
Europe	43,425,054	43.6%	46,640,462	37.7%
<i>including Poland</i>	5,599,595	5.6%	5,120,587	4.1%
Asia	9,317,153	9.3%	13,174,324	10.7%
South America	2,760,709	2.8%	3,153,314	2.6%
Australia and Oceania	1,878,094	1.9%	2,743,304	2.2%
Africa	725,830	0.7%	859,999	0.7%
TOTAL BOOKINGS	99,660,700	100.0%	123,593,038	100.0%
Deferred income (consumable)	-2,725,192	N/A	-201,742	N/A
Deferred income (durable)	3,182,710	N/A	-5,941,631	N/A
TOTAL REVENUES	100,118,218	N/A	117,449,665	N/A



2.

OPERATING COSTS

SPECIFICATION	for the period 01.01.2024 – 31.03.2024	for the period 01.01.2023 – 31.03.2023
Amortization and depreciation	4,505,560	5,289,007
Materials and Energy	124,397	266,113
Third-party services	62,956,737	82,815,988
Taxes and fees	373,269	605,721
Remuneration	11,707,702	17,444,187
Social insurance and other benefits	2,084,573	3,401,312
Other	96,888	249,452
Total costs by type, including:	81,849,126	110,071,780
Cost of products and services sold	19,389,790	19,170,911
Selling costs	54,950,259	69,004,470
General and administrative costs	7,509,077	16,771,005
Cost of manufacturing products for the entity's own needs (capitalization)	0	5,125,394

BREAKDOWN OF SELLING COSTS BY QUARTERS:

SPECIFICATION	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024
Cost of sales	69,004,470	59,814,327	56,408,680	54,346,624	54,950,259
marketing:	27,154,208	21,239,048	19,844,010	18,636,326	19,807,135
– Fishing Clash	11,180,883	11,575,445	10,919,991	10,088,652	11,245,527
– Hunting Clash	11,236,075	9,174,676	8,551,009	7,858,634	7,728,250
– Airline Commander	0	22,751	0	0	0
– Wings of Heroes	4,587,053	363,022	373,010	689,040	833,358
other titles	150,197	103,154	0	0	0
provisions	33,624,212	30,509,186	29,578,780	29,923,776	28,370,749
revenue share	351,645	311,614	266,734	340,298	337,715
remuneration, subcontracting services	6,131,380	5,531,739	5,379,572	3,831,549	4,599,678
mobile games market research services	291,446	297,964	262,054	223,063	187,284
other	1,451,579	1,924,776	1,077,530	1,391,612	1,647,698

BREAKDOWN OF GENERAL AND ADMINISTRATIVE COSTS BY QUARTERS:

SPECIFICATION	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024
recurring costs, including:	10,573,057	7,510,342	6,454,144	6,860,043	6,287,713
salaries, subcontractor services of Parent Company	4,535,148	3,682,599	3,206,869	3,070,118	3,039,408
maintenance costs of subsidiaries	1,612,988	1,134,552	1,074,407	972,177	926,234
rental and maintenance of office – Parent Company	1,099,129	986,223	749,439	789,251	560,856
other	3,325,791	1,706,968	1,423,429	2,028,497	1,761,215
non-recurring costs, including:	6,197,949	571,870	112,185	333,406	1,221,364
motivation scheme cost	6,033,168	0	111,135	333,406	1,531,618
M&A cost	164,781	571,870	1,050	0	-310,254
TOTAL GENERAL AND ADMINISTRATIVE COST	16,771,005	8,082,212	6,566,329	7,193,449	7,509,077



3.

OTHER OPERATING REVENUE AND COSTS

OTHER OPERATING REVENUE	for the period 01.01.2024 – 31.03.2024	for the period 01.01.2023 – 31.03.2023
Profit from the settlement of leasing contracts	710,243	0
Other	426,283	134,879
Total	1,136,526	134,879

OTHER OPERATING COSTS	for the period 01.01.2024 – 31.03.2024	for the period 01.01.2023 – 31.03.2023
Write-downs on intangible assets	0	26,572,924
Donations	0	109,204
Writing off uncollectible receivables	1,717	34,001
Other	295,405	179,092
Total	297,122	26,895,221

Impairment losses on intangible assets recognized in Q1 2023 relate to two games:

1. Fishing Masters – PLN 11,664,914;
2. Undead Clash – PLN 14,908,011.

4.

FINANCIAL INCOME AND EXPENSE

FINANCIAL INCOME	for the period 01.01.2024 – 31.03.2024	for the period 01.01.2023 – 31.03.2023
Interest income	915,388	1,040,107
Surplus of positive exchange rate differences	1,663,539	0
Total	2,578,927	1,040,107

FINANCIAL COSTS	for the period 01.01.2024 – 31.03.2024	for the period 01.01.2023 – 31.03.2023
Interest – unwinding of the discount on the liability for the purchase of Rortos	549,815	1,297,786
Other interest costs	175,967	55,969
Excess of negative exchange rate differences	0,	309,025
Other	0,	47,953
Total	725,782	1,710,733



5.

CHANGES IN TANGIBLE FIXED ASSETS

SPECIFICATION	Machinery and equipment	Buildings and premises	Other fixed assets	TOTAL
Gross carrying amount as at 01.01.2024	5,648,685	20,866,334	5,262,943	31,777,962
Increases due to:	62,716	6,727,834	13,376	6,803,926
– purchase of fixed assets	62,716	0	11,051	73,767
– modification of lease contracts	0	6,727,834	0	6,727,834
– balance sheet valuation	0	0	2,325	2,325
Decreases, due to:	101,949	757,392	317,974	1,177,315
– sales of fixed assets	101,949	0	317,974	419,923
– end of lease contracts	0	747,223	0	747,223
– balance sheet valuation	0	10,169	0	10,169
Gross carrying amount as at 31.03.2024	5,609,452	26,836,776	4,958,345	37,404,573
Depreciation as at 01.01.2024	3,984,661	13,267,783	1,872,766	19,125,210
Increases due to amortization	226,194	1,357,396	269,588	1,853,178
Decreases due to sale	34,951	0	100,691	135,642
Depreciation as at 31.03.2024	4,175,904	14,625,179	2,041,663	20,842,746
Write-downs as at 01.01.2024	0	0	0	0
Increases	0	0	0	0
Decreases	0	0	0	0
Write-downs as at 31.03.2024	0	0	0	0
Net carrying amount as at 31.03.2024	1,433,548	12,211,597	2,916,682	16,561,827

SPECIFICATION	Machinery and equipment	Buildings and premises	Other fixed assets	TOTAL
Gross carrying amount as at 01.01.2023	6,295,185	20,920,952	5,389,701	32,605,838
Increases due to:	9,409	21,920	54,116	85,445
– purchase	9,409	0	54,114	63,523
– balance sheet valuation	0	21,920	0	21,920
Decrease due to:	80,320	0	0	80,320
– sale	21,859	0	0	21,859
– balance sheet valuation	58,461	0	0	58,461
Gross carrying amount as at 31.03.2023	6,224,274	20,942,872	5,443,817	32,610,963
Depreciation as at 01.01.2023	3,513,545	6,933,072	749,885	11,196,502
Increases due to amortization	274,723	1,584,903	306,144	2,165,770
Decreases, due to:	20,966	0	0	20,966
– sale	20,966	0	0	20,966
Depreciation as at 31.03.2023	3,767,302	8,517,975	1,056,029	13,341,306
Write-downs as at 01.01.2023	0	0	0	0
Increases	0	0	0	0
Decreases	0	0	0	0
Write-downs as at 31.03.2023	0	0	0	0
Net carrying amount as at 31.03.2023	2,456,972	12,424,897	4,387,788	19,269,657

Tangible fixed assets – ownership structure:

SPECIFICATION	31.03.2024	31.03.2023
Own	4,350,230	7,981,694
Used under a lease, tenancy or other agreement, including a lease agreement	12,211,597	11,287,963
Total	16,561,827	19,269,657

6.

CHANGES IN INTANGIBLE ASSETS

SPECIFICATION	Development costs	Computer software	Intangible assets under construction	Goodwill	TOTAL
Gross carrying amount as at 01.01.2024	94,560,833	1,454,043	59,061,319	152,274,948	307,351,143
Increases due to purchase	0	3,352	96,763	0	100,115
Decreases due to balance sheet valuation	668,389	551	0	1,645,464	2,314,404
Gross carrying amount as at 31.03.2024	93,892,444	1,456,844	59,158,082	150,629,484	305,136,854
Depreciation as at 01.01.2024	30,243,112	1,300,892	0	0	31,544,004
Increases due to amortization	2,599,616	52,766	0	0	2,652,382
Depreciation as at 31.03.2024	32,842,728	1,353,658	0	0	34,196,386
Write-downs as at 31.01.2024	0	0	59,061,319	41,201,364	100,262,683
Increases	0	0	0	0	0
Decreases	0	0	0	0	0
Write-downs as at 31.03.2024	0	0	59,061,319	41,201,364	100,262,683
Net carrying amount as at 31.03.2024	61,049,716	103,186	96,763	109,428,120	170,677,785

The net value as at March 31, 2024 shown in the item „completed development work” consists of the Group's games:

- games of the acquired company Rortos S.r.l – games valued at fair value using the DCF method in the course of the acquisition settlement and valued on an ongoing basis as at the balance sheet date according to the EUR/PLN exchange rate:
 - Airline Commander – net value: PLN 22,151,468, remaining amortization period: 87 months;
 - Real Flight Simulator – net value: PLN 21,052,704, remaining amortization period: 87 months;
 - Wings of Heroes – net value: PLN 16,669,911, remaining amortization period: 98 months;
 - Other games – net value: PLN 437,952, remaining amortization period: 3 months;
- tools – in total PLN 737.681.

SPECIFICATION	Development costs	Computer software	Intangible assets under construction	Goodwill	TOTAL
Gross carrying amount as at 01.01.2023	99,142,644	1,442,441	49,249,723	164,219,411	314,054,219
Increases, due to:	126,340	7,399	4,968,518	0	5,102,257
– purchase	0	7,399	4,968,518	0	4,975,917
– reclassification	126,340	0	0	0	126,340
Decreases, due to:	222,854	169	126,339	504,224	853,586
– reclassification	0	0	126,339	0	126,339
– balance sheet valuation	222,854	169	0	504,224	727,247
Gross carrying amount as at 31.03.2023	99,046,130	1,449,671	54,091,902	163,715,187	318,302,890
Depreciation as at 01.01.2023	18,804,918	1,058,057	0	0	19,862,975
Increases, due to amortization	3,038,448	84,789	0	0	3,123,237
Decreases	0	0	0	0	0
Depreciation as at 31.03.2023	21,843,366	1,142,846	0	0	22,986,212
Write-downs as at 01.01.2023	0	0	27,371,329	0	27,371,329
Increases	0	0	26,572,924	0	26,572,924
Decreases	0	0	0	0	0
Write-downs as at 31.03.2023	0	0	53,944,253	0	53,944,253
Net carrying amount as at 31.03.2023	77,202,764	306,825	147,649	163,715,187	241,372,425





RECEIVABLES

SPECIFICATION	31.03.2024	31.12.2023
Trade receivables	36,253,288	38,936,754
Other receivables	4,701,066	4,184,007
Accruals	3,491,515	3,929,886
Total	44,445,869	47,050,647

7.1. Trade receivables

CURRENCY	31.03.2024			31.12.2023		
	amount in currency	valuation	% share	amount in currency	valuation	% share
USD	13,058,656	13,058,656	36.02%	5,388,512	21,203,796	54.46%
PLN	4,392,272	17,519,017	48.32%	13,306,660	13,306,660	34.18%
EUR	1,301,848	5,599,118	15.44%	968,698	4,211,901	10.82%
RUB	543,595	23,375	0.06%	336,159	14,354	0.04%
other currencies	-----	53,122	0.16%	-----	200,043	0.50%
Total	-----	36,253,288	100.0%	-----	38,936,754	100.0%

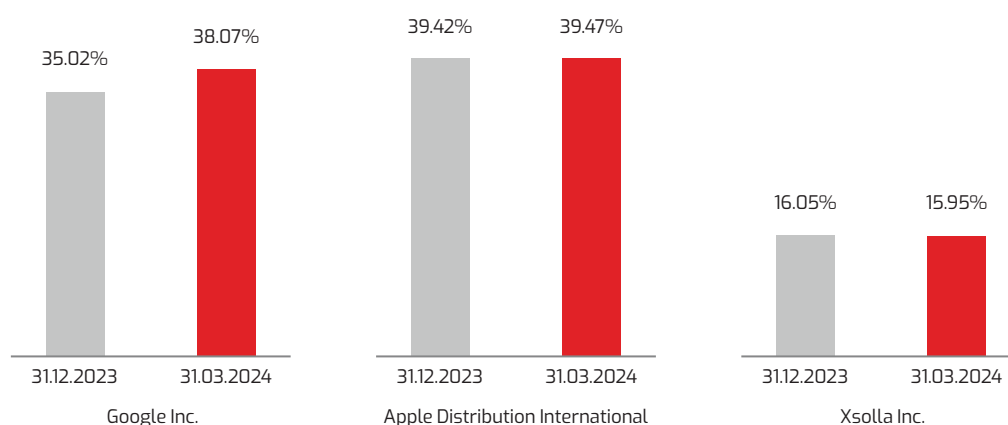
AGE STRUCTURE – OVERDUE	31.03.2024	31.12.2023
	value of receivables	value of receivables
not overdue	36,243,650	36,105,921
up to 1 month	2,389	2,828,531
1-3 months	3,070	1,052
3-6 months	4,019	1,250
6-12 months	160	0
over a year	0	0
Total receivables	36,253,288	38,936,754

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

In the structure of receivables, the largest balances come from:

- » Google Inc – 38.7% as of March 31, 2024 compared to 35.02% as of December 31, 2023;
- » Apple Distribution International – 39.47% as of March 31, 2024 compared to 39.42% as of December 31, 2023.
- » Xsolla Inc. – 15.95% as of March 31, 2024 compared to 16.05% as of December 31, 2023.

No other entity exceeded 10% of the total receivables as at December 31, 2024.



7.2. Other receivables

SPECIFICATION	31.03.2024	31.12.2023
Other short-term receivables, including:	4,701,066	4,184,007
– tax related	4,640,342	4,116,395
– deposit for office rental	60,724	67,612

7.3. Accruals

SPECIFICATION	31.03.2024	31.12.2023
Maintenance of software technical service / program subscriptions	2,466,570	3,209,401
Annual fee – marketing campaign tracking tool	86,036	355,385
Registration fees for filing trademarks	91,240	94,950
Insurance	37,518	87,472
Promotional services	446,130	0
Other accruals	364,021	182,678
Active cost accruals	3,491,515	3,929,886

8.

OTHER FINANCIAL ASSETS

SPECIFICATION	31.03.2024	31.12.2023
Other financial assets:	23,002,153	23,117,182
– Gamesture investment	11,984,043	12,225,850
– gross value	26,164,795	26,164,795
– share in Gamesture's loss	-8,766,417	-8,524,610
– write-down of the investment value (Gamesture)	-5,414,335	-5,414,335
– participation units in the investment fund Sisu Game Ventures	9,471,864	8,164,078
– office rental deposit	1,546,246	2,727,254



9.

OTHER LIABILITIES

SPECIFICATION	31.03.2024	31.12.2023
Liabilities due to the acquisition of Rortos (earn-out payments)	35,526,037	35,359,254
– long – term	24,509,048	24,221,614
– short – term	11,016,989	11,137,640
Other short-term liabilities	2,163,164	5,073,162
– long – term	0	0
– short – term, including:	2,163,164	5,073,162
Foreign tax (VAT)	109,952	2,924,921
Tax at source	390	27,429
Personal Income Tax	188,474	214,101
Social insurance contributions (ZUS)	1,296,285	1,271,574
State Fund for Rehabilitation of Disabled People (pol. PFRON)	29,387	27,632
Other	538,676	607,505
TOTAL OTHER LIABILITIES	37,689,201	40,432,416
– long – term	24,509,048	24,221,614
– short – term	13,180,153	16,210,802

10.

DISTRIBUTION OF PROFIT FOR 2022

On May 23, 2024, the General Meeting of Shareholders of the Company adopted a resolution on the allocation of the Company's net profit for 2023 in the amount of PLN 16,662,194 to supplementary capital.



11.

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

Salaries broken down into paid and payable are presented below. In the absence of annotation, the amount paid equals the amount due for the given reporting period. The totals for a given person present the amounts due (accrual basis), without the amounts paid (cash basis).

11.1. Management

AFFILIATED PERSON	PERIOD	Remuneration	
		01.01.2024 – 31.03.2024	01.01.2023 – 31.03.2023
Management Board (total due remuneration)		2,196,918	7,149,936
Maciej Zużatek (till 22.05.2023)		0	6,239,268
– cash fixed remuneration		–	206,100
– share-based incentive program		–	6,033,168
Andrzej Ilczuk		898,918	159,000
– cash fixed remuneration		195,000	159,000
– cash variable remuneration due		152,668	–
– cash variable remuneration due, paid		196,801	–
– share-based incentive program		551,250	–
Anna Idzikowska (till 28.02.2023)		0	111,139
– cash fixed remuneration		–	106,000
– cash variable remuneration due, paid		–	5,139
Janusz Dziemidowicz		649,000	159,000
– cash fixed remuneration		159,000	159,000
– share-based incentive program		490,000	–
Wojciech Gattner (till 22.05.2023)		0	322,529
– cash fixed remuneration, paid		–	159,000
– cash variable remuneration, paid		–	197,316
– cash variable remuneration due		–	163,529

AFFILIATED PERSON	PERIOD	Remuneration	
		01.01.2024 – 31.03.2024	01.01.2023 – 31.03.2023
Magdalena Jurewicz		649,000	159,000
– cash fixed remuneration		159,000	159,000
– share-based incentive program		490,000	–
Supervisory Board		93,000	93,000
Rafał Olesiński		25,500	25,500
Maciej Marszałek		15,000	15,000
Wiktor Schmidt		12,000	12,000
Marcin Bitos		13,500	13,500
Kinga Stanisławska		13,500	13,500
Arkadiusz Pernal		13,500	13,500
Affiliates (Ten Square Games S.A.)		19,500	0
Maciej Popowicz (from 1.04.2023)		19,500	0
Key personnel (Ten Square Games S.A.)		0	0
Family members of key personnel / Management Board (Ten Square Games)		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.

The share-based incentive program is described in more detail in the note „Incentive programs”.

At the discussed periods of time there was no dividend payment.

11.2. Other affiliated parties

AFFILIATED PARTY	PERIOD	Net sales		Net purchase		Dividend	
		01.01.2024 – 31.03.2024	01.01.2023 – 31.03.2023	01.01.2024 – 31.03.2024	01.01.2023 – 31.03.2023	01.01.2024 – 31.03.2024	01.01.2023 – 31.03.2023
Subsidiaries:		1,108,450	2,583,544	239,960	1,524,521	2,000,000	0
Play Cool Zombie Sport Games Ltd.		4,350	11,090	0	0	2,000,000	0
Tiny Dragon Adventure Games Ltd.		0	166,228	0	0	0	0
Fat Lion Games Ltd.		0	78,557	0	0	0	0
Ten Square Games Germany GmbH		0	0	207,814	1,007,756	0	0
Ten Square Games S.R.L.		0	0	32,146	516,765	0	0
RORTOS S.R.L.		1,104,100	2,327,669	0	0	0	0
Personally affiliated entities:		0	0	600	12,800	0	0
Olesiński & Partners limited partnership		0	0	600	12,800	0	0
Roberto Simonetto		0	0	0	0	0	0
Antonio Farina		0	0	0	0	0	0
Associates:		7,688	0	11,813	0	0	0
Gamesture Ltd.		7,688	0	11,813	0	0	0

PODMIOT POWIĄZANY	AS AT:	Gross receivables		Gross payables		Loans	
		31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Subsidiaries:		1,112,752	2,533,311	239,960	266,146	190,231	1,142,102
Play Cool Zombie Sport Games Ltd.		1,784	4,349	0	0	0	0
Tiny Dragon Adventure Games Ltd.		0	68,963	0	0	0	0
Fat Lion Games Ltd.		0	32,689	0	0	0	0
Ten Square Games Germany GmbH		6,869	85,726	207,814	96,368	0	417,565
Ten Square Games S.R.L.		0	13,915	32,146	169,778	190,231	724,537
RORTOS S.R.L.		1,104,100	2,327,669	0	0	0	0
Personally affiliated entities:		0	0	35,526,037	59,924,603	0	0
Olesiński & Partners limited partnership		0	0	0	15,744	0	0
Roberto Simonetto		0	0	21,312,070	35,939,325	0	0
Antonio Farina		0	0	14,213,967	23,969,534	0	0
Associates:		9,457	0	14,529	0	1,316,842	0
Gamesture Ltd.		9,457	0	14,529	0	1,316,842	0

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

The Parent Company uses legal/tax services offered by the law firm Olesiński & Partners limited partnership 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 "Other liabilities".



12.

CURRENT AND DEFERRED TAX

SPECIFICATION	01.01.2024 – 31.03.2024	01.01.2023 – 31.03.2023
Current income tax	2,075,626	1,415,074
Deferred income tax	704,248	-4,591,846
Income tax disclosed in the statement of comprehensive income	2,779,874	-3,176,771



Structure of a deferred income tax asset:

SPECIFICATION	As at 31.03.2024	As at 31.12.2023
Accounting for consumables over time	404,989	297,519
Accounting for durables over time	2,426,876	2,506,266
Provision for holiday leave	312,942	261,200
Accrual for audit costs	1,786	18,810
Lease – IFRS 16 valuation	528,762	63,193
Revaluation of settlements	0	179,829
Remuneration provision	256,018	981,813
Other provisions	60,794	155,661
TOTAL	3,992,167	4,464,291

Structure of deferred income tax provision:

SPECIFICATION	As at 31.03.2024	As at 31.12.2023
Depreciation of games	782,027	858,101
Revaluation of settlements	301,400	0
TOTAL	1,083,427	858,101



13.

PROVISIONS

SPECIFICATION	As at 1.01.2024	Changes during the year			As at 31.03.2024
		Assumption	Reclassification from long-term to short-term	Use	
Holiday provision	1,884,874	2,320,383	0	-1,884,874	2,320,383
TFR provision	928,026	21,329	0	0	949,355
Provisions for bonuses (short term)	4,873,313	1,148,089	1,731,954	-4,873,313	2,880,043
Provisions for bonuses (long term)	3,005,714	755,034	-1,891,779	0	1,868,970
TOTAL PROVISIONS	10,691,927	4,244,835	-159,825	-6,758,187	8,018,750



14.

INCENTIVE PROGRAMS

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.

The cost of the program in the first quarter of 2024 was PLN 1.3 million.

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.

The Supervisory Board set the KPI target for the second tranche of the program, i.e. for 2024. The target was set to achieve a certain amount of Adjusted EBITDA (consolidated data), as shown in the table below:

ADJUSTED EBITDA	% of the number of shares within the pool of pre-allocated shares
135.000.000 and more	100%
125.000.000 – 134.999.999	95%
115.000.000 – 124.999.999	85%
110.000.000 – 114.999.999	75%
105.000.000 – 109.999.999	65%
Below 105.000.000	0%

The cost of the program in the first quarter of 2024 was PLN 1.5 million.



15.

BUYBACK OF OWN SHARES

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.

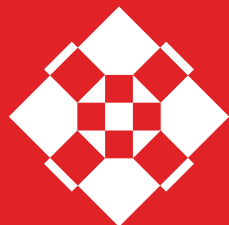
On February 27, 2024, the transactions were settled over the counter. As a result of this settlement, the Company purchased 954,166 own shares at a price of PLN 120/share. The total cost of purchasing shares (including fees, intermediary's remuneration, etc.) was PLN 114,589,920, which gives an average 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. After registering the redemption of shares mentioned above, the Company will hold 162,344 own shares, which will constitute 2.21% of equity.



ten square_games

VI

**OTHER ADDITIONAL
INFORMATION**



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

The beginning of 2024 saw declines in the level of BOOKINGS for the Group's two main titles – Fishing Clash and Hunting Clash, with an increase in revenues from Wings of Heroes. As a result, the total level of the Group's bookings amounted to PLN 99.7 million and was lower by 8.1% compared to the previous quarter and by 19.4% compared to the corresponding quarter of 2023. Among the main factors that influenced the Group's operations, the Management Board of Ten Square Games identifies the following factors:

1. Economic situation, which affects the level of consumer spending on entertainment;
2. Continued decline in the average USD/PLN exchange rate;
3. Reduced player activity in the reporting period, after the intense fourth quarter of 2023;
4. Reducing expenditure on marketing activities and their intensity during 2023, which has a short-term impact on the quantity and quality of acquired traffic, and in the long-term translates into a decline in revenues in subsequent periods;
5. Major changes introduced to the game system related to competition in Hunting Clash, which in the long run should improve the monetization of this product;
6. Competition for the player's attention and time with other entities offering attractive ways of spending free time.

The Management Board of Ten Square Games S.A. continued activities aimed at increasing the Group's revenues. To this end, in the first quarter of 2024, it focused on improving the functioning and refreshing the technological systems responsible for the functioning of the game and user experience in the Group's main project – Fishing Clash.

The Group's second largest project – Hunting Clash – has undergone the largest update since the game was launched. It was a reconstruction of the system responsible for the competition system in the game. This change was well received by players and, in the opinion of the Company's Management Board, should improve product monetization and the level of player engagement in the long run. The biggest challenge right after implementation of this change is adapting the LiveOps system to changes in the game.

The Group's third main project – Wings of Heroes – systematically improves results. The level of in-game payments increased by 51.6% compared to the fourth quarter of 2023. This was the second quarter in a row of growth in bookings' levels for this product. The Management Board of the Parent Entity is satisfied with the development of this title and expects its further scaling in the second half of 2024. The biggest challenge for the team will be to accelerate the growth rate of bookings.

Additionally, it is worth paying attention to another quarter in a row of improvement in the results of the Real Flight Simulator game from the Rortos portfolio.

In the first quarter of 2024, Ten Square Games S.A. he also conducted intensive work on the development of prototypes of new projects.

The results of the Ten Square Games Group are positively influenced by its own sales channel – TSG Store – developed by Ten Square Games. In the first quarter of 2024, the percentage of revenue generated by the TSG Store increased in both Fishing Clash and Hunting Clash. As a result, the level of bookings generated by TSG Store in the Group's total level of bookings amounted to approximately 12%, up from approximately 9% in the fourth quarter of 2023.

In the first quarter of 2024, Fishing Clash saw a decline in bookings levels compared to both the last and first quarters of 2023. One of the main reasons for these declines was the reduction in the number of in-game events for players in January 2024, due to their high intensity in the last months of 2023. During this time, the Fishing Clash team focused mainly on the implementation of retention projects. In February this year the team returned to standard project management, but due to the fact that February is the shortest month of the year, it was not possible to compensate for the lower revenues from January. In March 2024, Fishing Clash's bookings level improved thanks to the team's intensive work and favorable calendar outline (5 full weekends). In April 2024, the game recorded PLN 20.5 million in bookings. This value was primarily influenced by the calendar outline, namely the smaller number of weekends than in March 2024.

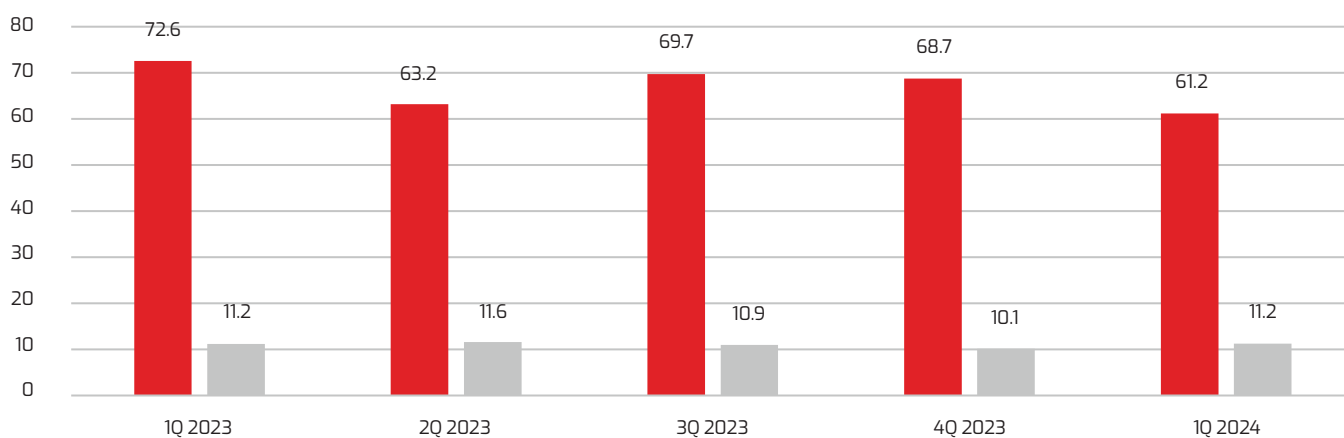
QUARTERLY BOOKINGS AND MARKETING COST ANALYSIS FOR KEY GAMES

FISHING CLASH



data in PLN M

■ bookings ■ marketing



The level of marketing expenses was higher than in the last quarter of 2023, but remained at the same level as in the first quarter of 2023. During this time, the marketing team focused on finding and testing new channels for marketing activities.

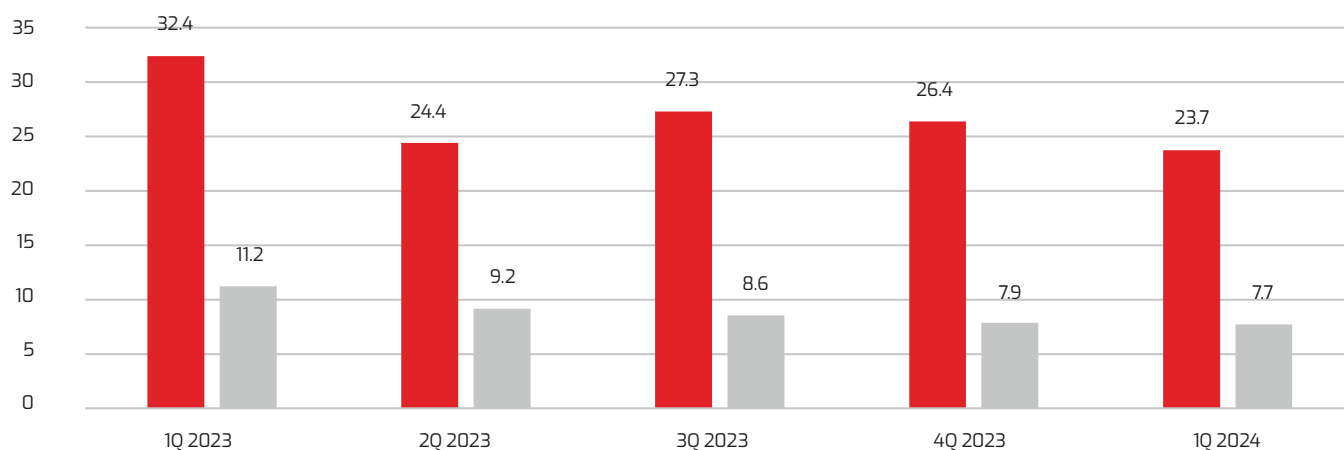
The Fishing Clash team has also been working on new functionalities that will appear in the game in the coming months. The team's work focused on further expansion of competition between clans and the introduction of a new type of gameplay for players in June this year. Additionally, in cooperation with the TSG Store team, a new, convenient for players payment system for in-game products and a method of presenting offers have been developed, which should improve monetization. A new, special currency has also been introduced for the most advanced users. Much attention was paid to activities that improve the quality of user experience in the game and tools that allow players for more accurate tracking of their progress in game.

HUNTING CLASH



data in PLN M

■ bookings ■ marketing



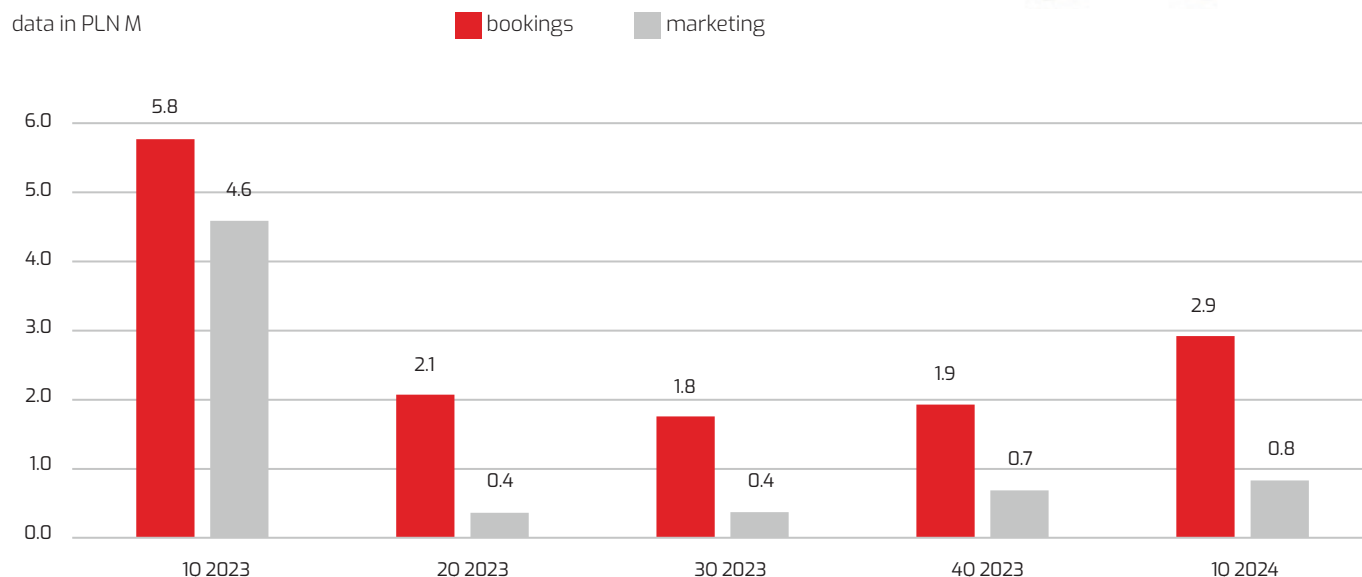
In the first quarter of 2024, Hunting Clash recorded bookings of PLN 23.7 million. This value is lower than that recorded in both – the fourth and the first quarter of 2023. However, it is worth remembering that at this time the Hunting Clash team introduced the biggest update to the game since its release, changing the main system responsible for the competition in the game. Thanks to this, the game now offers the possibility of introducing new monetization systems, which will be worked on in the future. In the long run, this should improve the game's monetization.

Additionally, the team worked on improving the technological functioning of the game and increasing the quality of players' experience. In the first quarter of 2024, the „power score" functionality appeared in the game, which is currently undergoing tests with players. Their first results show the positive impact of this functionality on longer session duration, better retention and improved LTV. This solution is especially beneficial for new players. During the period in question, a new mode also appeared in the game – the so-called „mini-monopoly". Test results of this solution show that it has a positive effect on player engagement and increases the duration of session.

In the first quarter of 2024, despite limited marketing expenses, the game reached a record level of users exceeding 3.4 million (measured as the average number of active users in the period). It was possible, among others, thanks to effective cooperation with partners such as Beretta. At the same time, in-game systems that have previously operated on smaller traffic volumes now need to be calibrated again to effectively manage such a large number of users. This is a great opportunity for the title to improve its results, because with such high player acquisition costs, each person acquired organically can significantly improve the product's profitability.

In April 2024, the level of bookings amounted to PLN 7.7 million and was lower than in March this year. The product team is currently focused primarily on developing the game offer in the TSG Store to accelerate the development of this source of revenue. Additionally, the team is working on new functionalities in the game, which will include: the basis for the development of a new progression system in the game. Their introduction is planned for the next quarter of 2024.

WINGS OF HEROES



In the first quarter of 2024, for the next quarter in a row, the level of bookings in the Group's third main title – Wings of Heroes – increased. This is the result of intensified development activities. The game, after introducing changes in the second quarter of 2023, systematically improves retention, engagement and monetization indicators.

In the first quarter of 2024, leagues were introduced to the game, which strengthen the social aspect and motivate players to compete more. Additionally, the „power-up” functionality was introduced, which improved the game's power-up system to make it more convenient and better consistent with in-game events. The Wings of Heroes team also worked to deliver new content, introducing four new aircraft models and a new map – Normandy. The team also worked on introducing a large, new functionality – squadrons, which appeared in the game at the turn of April and May. Their introduction has improved the engagement of players, who now play more often and longer. A functionality that was introduced at the same time as squadrons and quickly gained popularity among players is the ability to change the colors of the plane, which allows it to be personalized.

In March this year the team responsible for acquiring users for the game had to face challenges. User acquisition costs increased and marketing activities carried out in cooperation with one of the platforms turned out to be ineffective. Therefore, in April this year it was decided to change the marketing strategy and start cooperation with a new platform in the field of user acquisition. These circumstances have resulted in fewer users in the game. In the long term, this change should have a positive impact on the game's results, as the new platform offers better monetization rates. In the short term, changes in the marketing strategy resulted in a smaller number of players in the game in April this year, and the level of bookings amounted to PLN 977 thousand.

Currently, the Wings of Heroes team is working on further improvements to the game. In the second quarter of 2024, it is planned to improve the player matching system for battles, which will significantly improve the players' gameplay experience. Additionally, the game will introduce a new way of presenting game modes, which will also improve the matching of players in battles. The team also plans to further develop the game based on squadrons, introducing the possibility of their competition.

2.

KPIS OF GAMES

MAU ^[1]

OKRES	1Q 2023	2Q 023	3Q 2023	4Q 2023	1Q 2024
Fishing Clash – MAU (average in the period)	2,488,370	2,336,456	2,652,322	2,610,637	2,425,073
Hunting Clash – MAU (average in the period)	1,374,262	1,097,983	2,045,553	2,626,980	3,529,644
Wings of Heroes – MAU (average in the period)	647,832	326,576	286,786	275,390	341,010
Evergreen – MAU (average in the period)	788,326	808,083	926,249	1,008,430	922,365

[1] MAU – monthly average active users – number of monthly average active users.



3.

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

In February 2024, the Parent Entity carried out a purchase of its own shares, which was described in more detail in the note „Buyback of own shares“. In the period from January 1, 2024 to March 31, 2024, no other unusual events occurred.

4.

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

In the period from April 1, 2024 to May 27, 2024, there were no significant events affecting the financial statements.

5.

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

Looking ahead to the upcoming quarters of 2024, the Group intends to continue expanding its operations in its core areas and focus on enhancing the performance of its games. To achieve this, the Company has analyzed the test results conducted on its main products in 2023. Based on this analysis, an action plan has been developed for the remainder of 2024. This plan aims to eliminate the primary obstacles that, in the opinion of the Management Board, are hindering the full potential of the Group's main games and to strengthen its competitive advantages.

The actions undertaken by the working teams will be based on data and conclusions drawn from the tests carried out on the Group's products. These actions assume a significantly higher degree of automation in the operational activities of the individual product teams and product support teams, leveraging the latest technologies.

Monetization and Quality of the Group's Main Products

Among the priority projects the Group will focus on in 2024 is the development of a new strategy for one of the most important monetization tools in the Group's games—LiveOps events—and the work principles for the teams responsible for this area of activity.

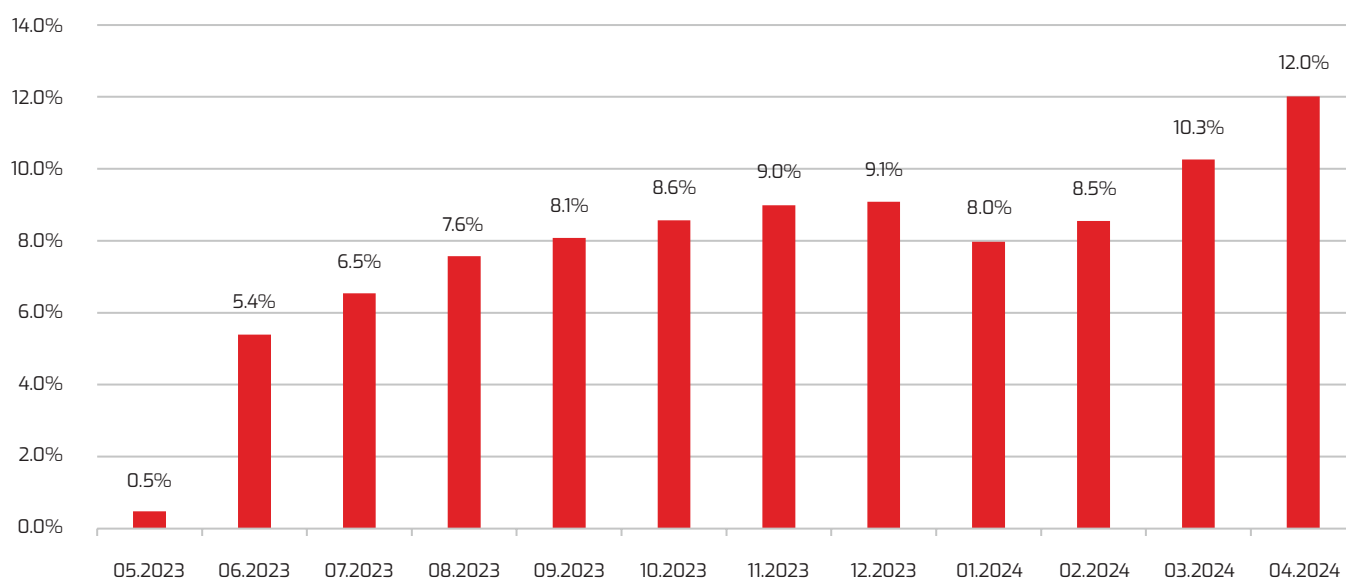
Additionally, to enhance the quality of the Group's main products, changes will be introduced into the production process of individual games, placing greater emphasis on testing new solutions and improving them before making them available to all players. Teams working on new functionalities or testing successive versions of new solutions will receive analytical support, including from the internal R&D team, to develop dedicated tools based on test data. These tools will help improve current systems or create new ones that support business decision-making based on comprehensive data analysis and new technologies.

Furthermore, the Management Board plans to significantly increase the integration of machine learning, automation, and AI solutions into the operational activities of individual teams, especially in the area of product support. This aims to enhance the efficiency of operations and eliminate the most frequently recurring errors that negatively impact user experience in the games.

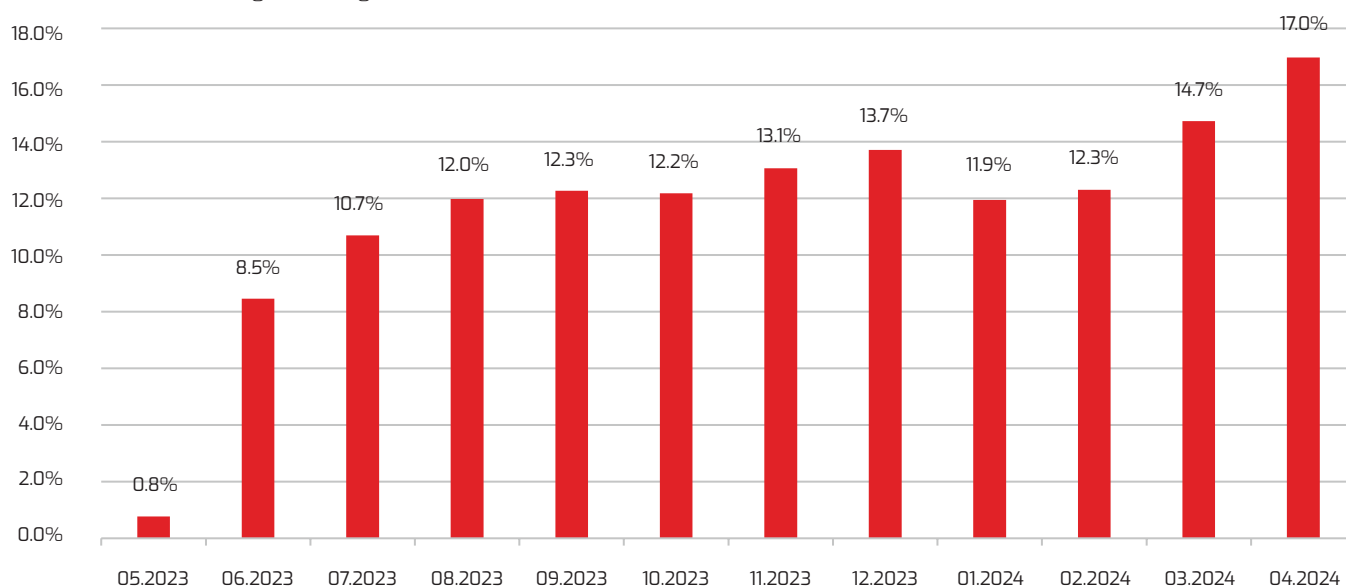
TSG Store

The further development of TSG Store and the increase in the number of players using this form of purchasing in-game items may have a positive impact on the Group's results. With a larger share of revenues generated by TSG Store, the commission costs incurred by the Group decrease, improving business profitability. In the first quarter of 2024, payments generated through TSG Store accounted for approximately 12% of the Group's bookings, compared to about 9% in the fourth quarter of 2023. In the Group's largest game, Fishing Clash, which was the first to integrate with TSG Store, bookings generated through this sales channel accounted for about 17% of total game's bookings in April 2024. The Management Board of the Parent Company is pleased with the development of the TSG Store and expects further growth in the share of bookings from this sales channel in the Group's total bookings in the future.

TSG Store's share in the Group's bookings



TSG Store's share in bookings in Fishing Clash



New Projects

Simultaneously, as previously announced, the Group is currently working on the development of not one but two prototypes of new products. For the first prototype, a so-called „technical launch“ is planned for June of this year, and for the second, at the turn of June and July 2024. The first project, codenamed Hunt Next, leverages the Group's knowledge and experience in hunting but is based on a different monetization model than Hunting Clash. It targets a different player demographic, interested in aspects of the game other than those on which Hunting Clash is based.

During the initial tests, the so-called „technical launch,“ the Group plans to focus on testing the gameplay itself and the players' reactions to this product proposition. This stage of market testing will last several weeks in selected markets. After a thorough analysis of the results, the Company's Management Board will decide whether to move the project to the so-called „soft launch“ phase, during which payments and the monetization potential of the project will also be verified. Only after this stage a decision will be made on whether the project is to be further developed as one of the games in the Group's portfolio.

The second project, codenamed Fish Next, is based on a similar business model and will be targeted at individuals interested in fishing.

The Group assumes that if the prototype tests yield satisfactory results, they have the potential to enter an intensive production phase as early as the end of 2024. Quickly testing the market potential of new project prototypes without incurring significant costs or building new, large teams in the conceptual phase also helps maintain cost discipline.

Cost Efficiency

Following the restructuring conducted in 2023, the Management Board of the Parent Company closely monitors the situation in the gaming market as well as the Group's financial results. The Company continues to operate under strict cost discipline. Ten Square Games aims to maximize the benefits from the 2023 restructuring. According to the Management Board of the Parent Company, it is crucial for each team within the company to continually add value to the Group's development. As an organization, the Group also emphasizes its ability to quickly adapt its operations to the current market situation to ensure a competitive edge in the dynamically changing mobile gaming market.

External Factors

External factors that could influence the Group's growth include improvements in the marketing landscape, stabilization of player behavior, and a reversal of the negative trend in the gaming industry. Additionally, a potential positive factor would be the end of the war in Ukraine.

Furthermore, changes in the online market due to the introduction of legal regulations concerning the functioning of large online platforms („Digital Markets Act”), which are major partners for Ten Square Games in the sale of in-app items, could reduce commission costs from sales and positively impact the Group's financial results.

The Group is also exposed to the risk of currency exchange rate fluctuations, primarily concerning USD/PLN (marketing expenses) and EUR/PLN (operational costs in Germany and Italy). Any changes in these exchange rates directly affect the Group's financial performance.

Among the risk factors, the Group also identifies potential changes in the policies of major advertising networks, such as Google and Apple, which could impact the way players are acquired. Additionally, the emergence of competitive products in the market could always pose a challenge for the Group and result in a decline in revenues.



6.

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

In the Ten Square Games S.A. Capital Group as of March 31, 2024, there is no other significant information of the above nature.

7.

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

The Management Board of Ten Square Games S.A. has not published financial forecasts for 2024.

8.

SEASONALITY OR CYCLICALITY OF ACTIVITIES

There is no seasonality in the Group's operations.

9.

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

Neither Ten Square Games S.A. nor any of its subsidiaries were, as at 31 March 2024 and as at the date of issuing the financial statements, parties to any court proceedings, arbitration proceedings or proceedings before a public administration body.

10.

LOANS, CREDITS, GUARANTEES

The Parent Company grants loans to subsidiaries and associates. Loans are granted on market terms.

Ten Square Games S.A., nor any of its subsidiaries, were a party to any other credit or loan agreements as at March 31, 2024 and as at the date of issuance of the financial statements. The Issuer and its subsidiaries did not provide any sureties or guarantees in the period covered by the report.



APPROVAL OF THE FINANCIAL STATEMENT

This report for the period from January 1 to 31 March 2024 was signed and approved for publication by the Management Board of Ten Square Games S.A. on 27 May 2024.

**PRESIDENT
OF THE MANAGEMENT BOARD**

Andrzej Ilczuk

**MEMBER
OF THE MANAGEMENT BOARD**

Janusz Dziemidowicz

**MEMBER
OF THE MANAGEMENT BOARD**

Magdalena Jurewicz

Wrocław, 27 May 2024