

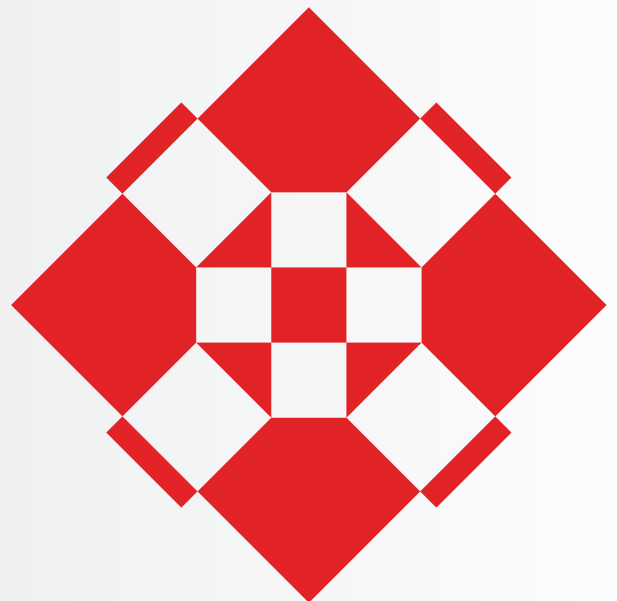


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**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENT OF
TEN SQUARE GAMES S.A. GROUP
FOR 01.01.2024 – 30.06.2024**

Wrocław, 26 August 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

CONSOLIDATED DATA

STATEMENT OF COMPREHENSIVE INCOME

	PLN		EUR	
	for the period 01.01.2024 – 30.06.2024	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2024 – 30.06.2024	for the period 01.01.2023 – 30.06.2023
Bookings	195 890 694	224 819 608	45 440 788	48 736 095
Revenues	198 117 155	222 382 118	45 957 261	48 207 700
Costs of services sold	35 253 141	38 228 369	8 177 675	8 287 095
Operating profit/loss	42 386 807	-4 774 948	9 832 473	-1 035 107
Gross profit/loss	43 986 789	-5 972 881	10 203 621	-1 294 793
Net profit/loss	39 963 187	-5 281 127	9 270 265	-1 144 836
EBITDA	51 321 122	36 931 492	11 904 967	8 005 960
Adjusted EBITDA	54 832 872	49 573 175	12 719 588	10 746 407

CASH FLOW STATEMENT

	PLN		EUR	
	for the period 01.01.2024 – 30.06.2024	for the period 01.01.2023 – 30.06.2023	for the period 01.01.2024 – 30.06.2024	for the period 01.01.2023 – 30.06.2023
Net cash flows from operating activity	59 273 727	58 519 693	13 749 734	12 685 821
Net cash flows from investment activity	-13 946 772	-24 227 780	-3 235 234	-5 252 066
Net cash flows from financial activity	-115 093 618	-55 744 195	-26 698 281	-12 084 152

STATEMENT OF FINANCIAL POSITION

	PLN		EUR	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
Fixed assets	212 420 191	215 778 681	49 251 146	49 627 112
Current assets	158 747 862	242 324 613	36 806 831	55 732 432
Equity	217 607 423	291 010 934	50 453 843	66 929 838
Long-term liabilities	24 222 240	29 464 924	5 616 100	6 776 661
Short-term liabilities	129 338 390	137 627 436	29 988 034	31 653 045

EUR/PLN exchange rate	2024	2023
– for the balance-sheet data	4.3130	4.3480
– for the data from the profit and loss statement and cash flow statement	4.3109	4.6130

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

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

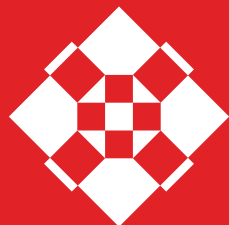
Specification	1Q 2024	2Q 2024	TOTAL 1HY 2024
Operating profit (EBIT)	19 108 496	23 278 311	42 386 807
Amortization and depreciation (excluding capitalized portion)	4 505 560	4 428 755	8 934 315
Write-downs for impairment	0	0	0
EBITDA	23 614 056	27 707 066	51 321 122
Non-cash impact of incentive scheme (excluding capitalized portion)	2 854 621	311 924	3 166 545
Deferred result (revenue minus commissions) – consumables	2 150 783	1 100 237	3 251 020
Deferred result (revenue minus commissions) – durable	-819 647	-1 775 914	-2 595 561
Costs of potential and completed acquisitions (M&A) and review of strategic options	-310 254	0	-310 254
Severance pay – group lay-offs	0	0	0
Other one-off events	0	0	0
Adjusted EBITDA	27 489 559	27 343 313	54 832 872

SPECIFICATION	1Q 2023	2Q 2023	TOTAL 1HY 2023	3Q 2023	4Q 2023	TOTAL 2023
Operating profit (EBIT)	-14 413 939	9 638 991	-4 774 948	25 032 085	-16 739 289	3 517 848
Amortization and depreciation (excluding capitalized portion)	4 977 704	5 038 746	10 016 450	4 969 493	4 808 603	19 794 546
Write-downs for impairment	26 572 925	5 117 065	31 689 990	0	46 528 541	78 218 531
EBITDA	17 136 690	19 794 802	36 931 492	30 001 578	34 597 855	101 530 925
Non-cash impact of incentive scheme (excluding capitalized portion)	6 033 168	0	6 033 168	164 217	492 655	6 690 040
Deferred result (revenue minus commissions) – consumables	141 218	893 739	1 034 957	396 007	-831 170	599 794
Deferred result (revenue minus commissions) – durable	4 159 142	-3 487 857	671 285	2 983 207	1 069 780	4 724 272
Costs of potential and completed acquisitions (M&A) and review of strategic options	163 381	570 120	733 501	0	0	733 501
Severance pay – group lay-offs	0	3 146 532	3 146 532	0	0	3 146 532
Other one-off events	0	1 022 240	1 022 240	117 035	19 589	1 158 864
Adjusted EBITDA	27 633 599	21 939 576	49 573 175	33 662 044	35 348 709	118 583 928

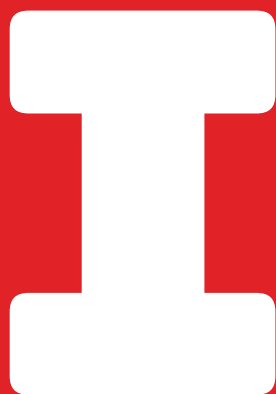
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**GENERAL
INFORMATION**



COMPANY DATA



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

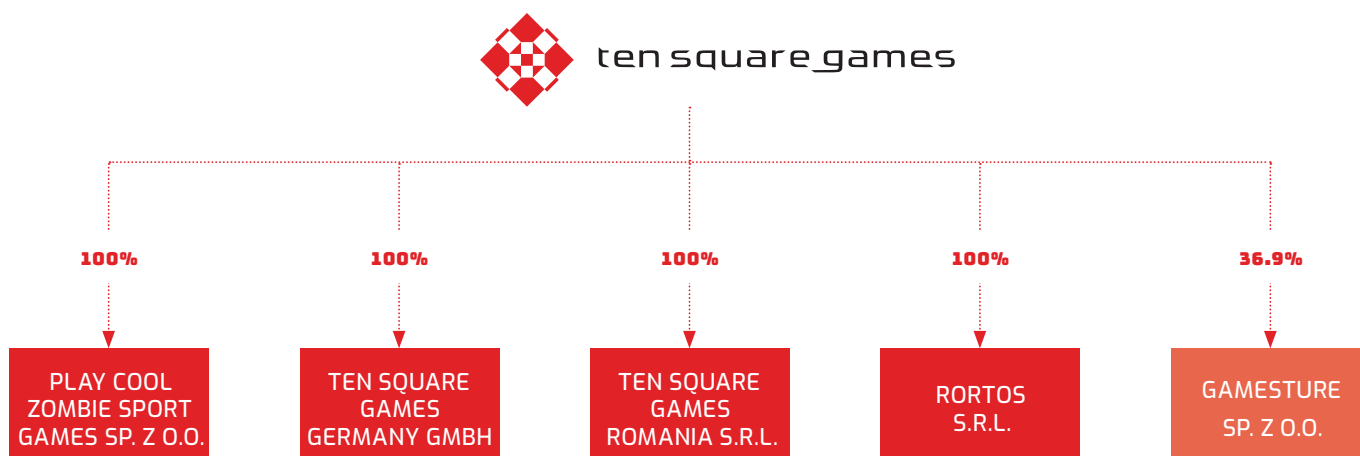
Ten Square Games Sp. z o. o. was registered on 21 October 2011, entry no. 0000399940. Ten Square Games S.A. was established through the transformation of Ten Square Games Sp. z o. o., which was registered by the District Court on 20 November 2017.

2.

CAPITAL GROUP

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

As of 30.06.2024 and 26.08.2024:



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 26.08.2024	% share in basic capital	number of votes at GSM	% share in the number of votes
Shareholders' Arrangement ^[1]	1 969 176	30.41%	1 969 176	30.41%
TFI Allianz S.A.	360 360	5.56%	360 360	5.56%
own shares purchased by the Company	133 880	2.07%	133 880	2.07%
others (of which none holds more than 5% of shares)	4 012 584	61.96%	4 012 584	61.96%
TOTAL	6 476 000	100.00%	6 476 000	100.00%

Shareholder	number of shares as at 27.05.2024 & 30.06.2024	% share in basic capital	number of votes at GSM	% share in the number of votes
Shareholders' Arrangement	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%

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

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	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	100.0%	7 334 822	100.0%



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

Shareholder	number of shares as at 26.08.2024	% share in basic capital	number of votes at GSM	% share in the number of votes
President of the Management Board – Andrzej Ilczuk	14 888	0.23%	14 888	0.23%
Member of the Management Board – Janusz Dziemidowicz	88 249	1.36%	88 249	1.36%
Member of the Management Board – Magdalena Jurewicz	19 424	0.30%	19 424	0.30%
Member of the Supervisory Board – Maciej Marszałek	44 000	0.68%	44 000	0.68%
Member of the Supervisory Board – Rafał Olesiński	669	0.01%	669	0.01%
Member of the Supervisory Board – Kinga Stanisławska	105	0.00%	105	0.00%
MANAGEMENT AND SUPERVISORY BOARD IN TOTAL	167 335	2.58%	167 335	2.58%
others	6 308 665	97.42%	6 308 665	97.42%
TOTAL	6 476 000	100.00%	6 476 000	100.00%

Shareholder	number of shares as at 27.05.2024 & 30.06.2024	% 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%
MANAGEMENT AND SUPERVISORY BOARD IN TOTAL	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 Management Board – Arkadiusz Pernal	661 552	9.02%	661 552	9.02%
Member of the Management Board – Maciej Marszałek	44 000	0.60%	44 000	0.60%
Member of the Management Board – Rafał Olesiński	669	0.01%	669	0.01%
Member of the Management Board – Kinga Stanisławska	105	0.00%	105	0.00%
MANAGEMENT AND SUPERVISORY BOARD IN TOTAL	820 463	11.19%	820 463	11.19%
others	6 514 359	88.81%	6 514 359	88.81%
TOTAL	7 334 822	100.00%	7 334 822	100.00%

3.3. Series of shares

series of shares	number of shares as at 26.08.2024	nominal value of shares (per one share)	total nominal value of shares
A	6 476 000	0,1 PLN	647 600,00

series of shares	number of shares as at 31.12.2023, 27.05.2024, 30.06.2024	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

3.4. Description of changes in shareholding structure

Changes in the shareholding structure between December 31, 2023 and August 26, 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.
5. Redemption of own shares, which the National Court Register registered on July 3, 2024, as the Company reported in current report No. 23/2024.
6. Notifications received on July 4 and July 5, 2024, regarding changes in ownership submitted by the Shareholders' Arrangement and TFI Allianz S.A., which the Company reported in current reports No. 25/2024 and 27/2024. The notifications were related to exceeding the statutory percentage thresholds, and were related to the redemption of shares.

4.

COMPOSITION OF THE COMPANY'S BODIES AS AT 30.06.2024

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 publication 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 publication of these financial statements, there were no changes in the composition of the Supervisory Board.

5.

FORM OF CONDENSED FINANCIAL STATEMENT

The basis for the preparation of the financial statement

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

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

Functional currency and presentation currency

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

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

Presented periods

The interim condensed consolidated financial statement has been prepared as at 30.06.2023 and it covers the period of 6 months, i.e. since 01.01.2024 to 30.06.2024.

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 30.06.2023 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 30.06.2023 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. 30.06.2024. 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 six months 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.

Auditing company

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

UHY ECA Audyt Spółka z o.o.
ul. Potczyńska 31A, 01-377 Warszawa

entered into a register of auditing companies under the number 3886.



6.

STATEMENT OF THE MANAGEMENT BOARD

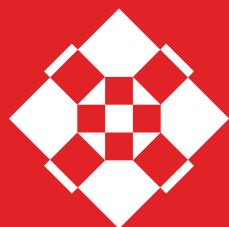
The Management Board of the Parent Entity declares that, to the best of its knowledge, this interim condensed consolidated financial statement and the comparative data have been prepared in accordance with the accounting provisions of the Capital Group Ten Square Games S.A. and that they reflect a true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

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

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

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





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III

**INTERIM CONDENSED
CONSOLIDATED FINANCIAL
STATEMENT**



INTERIM CONDENSED **CONSOLIDATED** COMPREHENSIVE INCOME STATEMENT

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT	for the period 01.01.2024 – 30.06.2024	for the period 01.01.2023 – 30.06.2023
Revenues from the sales of services	198 117 155	222 382 118
Cost of services sold	35 253 141	38 228 369
Gross profit (loss) on sales	162 864 014	184 153 749
Other operating income	1 588 853	296 616
Selling costs	106 904 381	128 818 797
General and administrative costs	14 567 352	24 853 217
Other operating costs	594 327	35 553 299
Operating profit (loss)	42 386 807	-4 774 948
Financial income	3 341 429	3 650 658
Financial expense	1 545 837	3 020 177
Loss (profit) on associates	195 610	1 828 414
Profit(loss) before taxation	43 986 789	-5 972 881
Income tax	4 023 602	-691 754
Net profit (loss) on continued activity	39 963 187	-5 281 127
Profit (loss) on discontinued activity	0	0
Net profit (loss)	39 963 187	-5 281 127
Net profit (loss) attributable to the parent company	39 963 187	-5 281 127
Items that may be reclassified subsequently to profit or loss	-8 575 998	-2 521 640
Subject to reclassification to the result - exchange differences from translation of foreign statements	-8 575 998	-2 521 640
Items that will not be reclassified to profit or loss	0	0
Other comprehensive income	-8 575 998	-2 521 640
Total comprehensive income	31 387 189	-7 802 767
Total comprehensive income attributable to non-controlling shareholders	0	0
Total comprehensive income attributable to Parent company	31 387 189	-7 802 767

CALCULATION OF EARNINGS PER SHARE	for the period 01.01.2024 – 30.06.2024	for the period 01.01.2023 – 30.06.2023
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	39 963 187	-5 281 127
Net earnings per share in PLN		
basic for the financial period	5.45	-0.72
diluted for the financial period	6.30	-0.72
Net earnings per share on continued operations in PLN		
basic for the financial period	5.45	-0.72
diluted for the financial period	6.30	-0.72
Net profit per share attributable to discontinued operations in PLN		
basic for the financial period	0,00	0,00
diluted for the financial period	0,00	0,00



2.

INTERIM CONDENSED **CONSOLIDATED** STATEMENT OF FINANCIAL SITUATION

ASSETS	30.06.2024	31.12.2023	30.06.2023
Fixed assets	212 420 191	215 778 681	279 861 069
Tangible fixed assets	15 062 155	12 652 752	16 881 216
Intangible fixed assets	60 054 605	64 470 872	71 166 623
Goodwill	109 850 840	111 073 584	155 829 686
Other financial assets	22 886 470	23 117 182	31 709 908
Deferred income tax assets	4 566 121	4 464 291	4 273 636
Current assets	158 747 862	242 324 613	180 652 515
Receivables	40 651 716	47 050 647	41 196 543
Current income tax receivable	1 796 189	8 638 531	12 745 572
Contract assets	19 984 684	22 870 296	21 331 522
Loans granted	1 344 143	939 421	0
Cash and cash equivalents	94 971 130	162 825 718	105 378 878
TOTAL ASSETS	371 168 053	458 103 294	460 513 584



EQUITY & LIABILITIES	30.06.2024	31.12.2022	30.06.2023 (restated data*)
Equity	217 607 423	291 010 934	275 602 503
Equity attributable to owners of the Parent Entity	217 607 423	291 010 934	275 602 503
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	98 637 955	95 471 416	94 814 544
Foreign exchange differences on translation of statements of foreign operations	-8 575 998	-8 035 808	-2 521 640
Retained earnings	251 171 011	220 987 589	200 716 067
Own shares (negative value)	-124 849 332	-18 636 050	-18 636 050
Long-term liabilities	24 222 240	29 464 924	46 659 137
Deferred income tax provisions	1 075 271	858 101	1 501 742
Provisions for employee benefits	2 061 321	3 005 714	2 562 680
Lease liabilities	6 862 783	1 379 495	3 356 569
Other liabilities	14 222 865	24 221 614	39 238 146
Short-term liabilities	129 338 390	137 627 436	138 251 944
Trade liabilities	10 250 622	10 422 303	12 855 575
Income tax provisions	23 435 773	23 435 773	23 435 773
Current income tax liabilities	0	0	0
Lease liabilities	2 275 864	3 638 032	3 582 754
Other liabilities	13 148 913	16 210 802	19 664 598
Provisions for employee benefits	6 231 670	7 686 213	7 608 173
Contract liabilities	73 995 548	76 234 313	71 105 071
Total liabilities	153 560 630	167 092 360	184 911 081
TOTAL EQUITY & LIABILITIES	371 168 053	458 103 294	460 513 584

* 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

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
Contribution to the share capital	0	0	0	0	0	3 146	3 146
Capital adjustment resulting from the merger of companies	0	0	0	0	0	0	0
Share-based payments	0	0	3 166 539	0	0	0	3 166 539
Foreign exchange differences	0	0	0	0	-1 743 957	0	-1 743 957
Dividend payment	0	0	0	0	0	0	0
Net profit	0	0	0	0	39 963 187	0	39 963 187
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	-540 190	-8 035 808	0	-8 575 998
Total comprehensive income	0	0	0	-540 190	31 927 379	0	31 387 189
Change in equity	0	0	3 166 539	-540 190	30 183 422	106 213 282	73 403 511
Equity as at 30.06.2024	733 482	490 305	98 637 955	-8 575 998	251 171 011	-124 849 332	217 607 423

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
Contribution to the share capital	0	0	0	0	0	0	0
Capital adjustment resulting from the merger of companies		-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	0	0	0	0
Other comprehensive income	0	0	0	-17 456 485	9 420 677	0	-8 035 808
Total comprehensive income	0	0	0	-17 456 485	24 627 818	0	7 171 333
Change in equity		-5 795	6 690 040	-17 456 485	-38 292 679	0	-49 064 919
Equity as at 31.12.2023	733 482	490 305	95 471 416	-8 035 808	220 987 589	-18 636 050	291 010 934

(*restated data)

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
Contribution to the share capital	0	0	0	0	0	0	0
Share-based payments	0	0	6 033 168	0	0	0	6 033 168
Foreign exchange differences	0	0	0	0	-10 397 033	0	-10 397 033
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	-5 281 127	0	-5 281 127
Purchase of own shares	0	0	0	0	0	0	0
Other comprehensive income	0	0	0	-11 942 317	9 420 677	0	-2 521 640
Total comprehensive income	0	0	0	-11 942 317	4 139 550	0	-7 802 767
Change in equity	0	0	6 033 168	-11 942 317	-58 564 201	0	-64 473 350
Equity as at 30.06.2023	733 482	496 100	94 814 544	-2 521 640	200 716 067	-18 636 050	275 602 503

4.

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

CONDENSED CONSOLIDATED CASH FLOW STATEMENT	for the period 01.01.2024 – 30.06.2024	for the period 01.01.2023 – 30.06.2023
OPERATING ACTIVITY		
Profit/loss before taxation	43 986 789	-5 972 881
Total adjustments:	12 018 305	58 475 512
Depreciation and amortization	8 934 315	10 431 521
Gain/loss on foreign exchange rate conversion	-1 013 949	-604 171
Interest paid on lease	343 855	118 176
Interest accrued on deposits	-1 260 528	0
Interest on liabilities (Rortos)	1 113 829	2 561 319
Change in receivables	6 398 931	6 427 573
Change in liabilities and accrued expenses	-5 762 644	-1 846 598
Change in liabilities due to contracts with customers	-2 238 765	2 362 024
Change in assets due to contracts with customers	2 885 612	-708 608
Impairment of intangible assets and goodwill	0	31 689 990
Share-based payments (part not included in the acquisition of intangible assets)	3 166 539	6 033 168
Loss on associates	195 610	1 828 414
Loss / profit from the sale of fixed assets	-744 500	182 704
Other adjustments	0	0
Cash from operating activity	56 005 094	52 502 632
Income tax (paid) / reimbursed	3 268 633	6 017 061
A. Net operating cash flow	59 273 727	58 519 693

	for the period 01.01.2024 – 30.06.2024	for the period 01.01.2023 – 30.06.2023
INVESTMENT ACTIVITY		
Repayment of loans granted	0	2 200 000
Purchase of intangible and tangible fixed assets	-1 743 271	-10 261 390
Disposal of intangible and tangible fixed assets	319 279	8 867
Earn-Out payment	-10 957 715	-4 350 094
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	-13 946 772	-24 227 780
FINANCIAL ACTIVITY		
Net proceeds from the issue of shares	3 146	0
Dividend and other payments to the owners	0	-52 306 718
Other financial inflows	1 445 951	0
Payment of finance lease liabilities	-1 608 940	-2 859 582
Purchase of own shares	-114 589 920	0
Interest on lease	-343 855	-118 176
Other financial expenditure	0	-459 718
C. Net cash flow from financing activity	-115 093 618	-55 744 195
D. Total net cash flow	-69 766 663	-21 452 283
- change in cash due to exchange rate losses/gains	1 912 075	236 278
E. Increase in cash and cash equivalents (incl. exchange rate differences)	-67 854 588	-21 216 005
F. Cash at the beginning of the period	162 825 718	126 594 883
G. Cash at the end of the period	94 971 130	105 378 878



5.

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

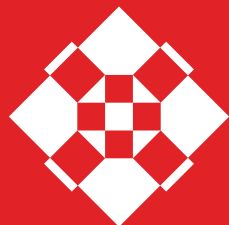
Based on the audit of tax liabilities, the Company decided to correct the historical settlement of sales tax outside the country in 2020-2022. For this reason, the Company was obliged to show a tax payment liability in the amount of approximately PLN 2.4 million as at 1.01.2023. Comparable data for 2023 will therefore include an adjustment in the field of liabilities: capital - liabilities.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

LIABILITIES	30.06.2023 (published data)	Foreign taxes effect	30.06.2023 (restated data)
Equity	277 992 019	-2 389 516	275 602 503
Equity attributable to owners of the Parent Entity	277 992 019	-2 389 516	275 602 503
Retained earnings	203 105 583	-2 389 516	200 716 067
Short-term liabilities	135 862 428	2 389 516	138 251 944
Other liabilities	17 275 082	2 389 516	19 664 598
Total liabilities	182 521 565	2 389 516	184 911 081

STANDALONE STATEMENT OF FINANCIAL POSITION

LIABILITIES	30.06.2023 (published data)	Foreign taxes effect	30.06.2023 (restated data)
Equity	288 193 396	-2 389 516	285 803 880
Retained earnings	210 785 320	-2 389 516	208 395 804
Short-term liabilities	119 365 346	2 389 516	121 754 862
Other liabilities	3 752 575	2 389 516	6 142 091



ten square_games

III

**ACCOUNTING
PRINCIPLES**



COMPLIANCE WITH THE INTERNATIONAL ACCOUNTING STANDARDS

This interim condensed financial statement has been prepared in accordance with the International Accounting Standard No. 34 „Interim Financial Reporting“. The accounting principles (policy) applied to prepare this report are consistent with those applied in the preparation of the financial statements for the year ended December 31, 2023, except for the application of changes in standards and new interpretations applicable to annual periods beginning on or after 1st of January 2024:

- a.** Amendments to IFRS 9 „Financial Instruments“ and IFRS 7 „Financial Instruments: Disclosures“ – changes in the classification and measurement of financial instruments;
- b.** Amendments to IFRS 16 „Leases“ – lease liabilities in sale and leaseback transactions;
- c.** IFRS 18 „Presentation and Disclosures in Financial Statements“;
- d.** IFRS 19 „Subsidiaries Without Public Accountability: Disclosures“;
- e.** Amendments to IAS 1 „Presentation of Financial Statements“ – classification of liabilities as current or non-current;
- f.** Amendments to IAS 7 „Statement of Cash Flows“ and IFRS 7 „Financial Instruments: Disclosures“ – supplier financing arrangements;
- g.** Amendments to IAS 21 „The Effects of Changes in Foreign Exchange Rates“ – lack of exchangeability.

The aforementioned changes have been analyzed by the Group's Management Board and do not have a material impact on the Group's financial position, results of operations, or the scope of information presented in these interim condensed financial statements.

2.

CHANGES IN THE ACCOUNTING POLICY

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



3.

DESCRIPTION OF THE ADOPTED ACCOUNTING PRINCIPLES (POLICY)

3.1. Consolidation – subsidiaries

Consolidated financial statement

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

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

Standalone financial statement

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

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

3.2. Revenues and costs of operating activity

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

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

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

THE GROUP DISTINGUISHES THREE MAIN SOURCES OF REVENUES

REVENUES

MICRO-PAYMENTS

- » revenues from additional functionalities purchased by the players



ADVERTISEMENTS

- » revenues from advertisements displayed in games



LICENSES

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



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

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

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

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

Revenues from advertisements displayed in games (advertisements)

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

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

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

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

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

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

3.3. Revenues and costs of financial activity

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

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

3.4. Income tax

Income tax includes: current tax payable and deferred tax.

Current tax

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

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

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

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

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

Deferred tax

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

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

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

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

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

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

Uncertainty related to the recognition of income tax

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

3.5. Tangible fixed assets

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

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

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

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

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

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

3.6. Intangible assets

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

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

The write-downs shall be recognized as other costs relevant for the property functions of intangible assets in the period during which the impairment was determined, no later than at the end of the financial year. If it has been established, with sufficient certainty, that the reasons for which a write-down on the value of assets had been made have stopped, the Company shall introduce the reversal of the 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. 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 Company shall recognize prepaid expenses if they concern future reporting periods. Accrued expenses shall be recognized in the amount of probable liabilities for a given reporting period.

3.11. **Equity**

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

3.12. **Share-based payments**

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

3.13. **Payment of dividends**

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

3.14. **Provisions**

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

3.15.

Liabilities

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

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

3.16.

Significant values based on professional judgement and estimates

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

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

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

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

PROFESSIONAL JUDGEMENT

Moment of activation of development costs

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

Depreciation period of activated intangible assets

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

Deferred income tax assets and liabilities

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

Fair value of share-based payments

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

Recognition of revenue from the provision of durable virtual goods

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

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

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

UNCERTAINTY OF ESTIMATES

Impairment of assets

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

The use of consumables over time

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

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

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

» before the balance sheet date and/or

» after the balance sheet date.

The use of durables over time

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

* 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.

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

Contingent earn-out payments

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

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

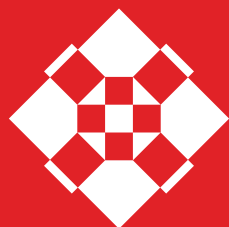
In order to reflect the current market assessment of the time value of money and the risk inherent in the liability, future payments have been estimated taking into account the change in the value of money over time and discounted to the present value.

In the calculation of acquisition liabilities, there is primarily uncertainty regarding the achievement of the assumed financial results of the related party. The results in subsequent years may assume a value higher or lower than assumed, resulting in a deviation of the actual liability from the estimated amount as at 30 June 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 1.0 million as the materiality level in the preparation of the financial statement (in accordance with the accounting policy, not more than 5% of the gross result after taking into account a one-off event, i.e. write-offs of the value of games).





ten square_games

IV

**ADDITIONAL NOTES
TO THE CONSOLIDATED
FINANCIAL STATEMENT**



REVENUES

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

SPECIFICATION	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023
Sales of services	198 117 155	222 382 118
TOTAL revenues from sales of services	198 117 155	222 382 118
Other operating revenues	1 588 853	296 616
Financial revenues	3 341 429	3 650 658
TOTAL revenues from continuing operations	203 047 437	226 329 392
TOTAL revenues	203 047 437	226 329 392

Revenues from discontinued operations did not occur.

1.1. Information on operating segments and key performance indicators

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

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

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

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 2Q 2024	share in bookings in 2Q 2024	bookings 2Q 2023	share in bookings in 2Q 2023
Micro-payments	193 526 939	98.8%	220 520 657	98.1%
Advertisements	2 176 575	1.1%	3 833 611	1.7%
Licenses	187 180	0.1%	465 340	0.2%
BOOKINGS TOTAL	195 890 694	100.0%	224 819 608	100.0%
Deferred income (consumable)	-4 080 463	N/A	-1 478 512	N/A
Deferred income (durable)	6 306 924	N/A	-958 978	N/A
REVENUES TOTAL	198 117 155	N/A	222 382 118	N/A

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

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

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

1.3. Revenues – games

GAME	bookings 2Q 2024	share in bookings in 2Q 2024	bookings 2Q 2023	share in bookings in 2Q 2023
Fishing Clash	120 816 542	61.7%	135 751 520	60.4%
Hunting Clash	45 842 249	23.4%	56 808 062	25.3%
Let's Fish	3 495 967	1.8%	4 024 485	1.8%
Wild Hunt	4 242 360	2.2%	4 350 927	1.9%
Airline Commander	4 104 720	2.1%	4 938 538	2.2%
Real Flight Simulator	9 720 544	5.0%	8 606 610	3.8%
Wings of Heroes	6 416 941	3.3%	7 841 129	3.5%
Other	1 251 371	0.6%	2 498 337	1.1%
TOTAL BOOKINGS	195 890 694	100.0%	224 819 608	100.0%
Deferred income (consumable)	-4 080 463	N/A	-1 478 512	N/A
Deferred income (durable)	6 306 924	N/A	-958 978	N/A
TOTAL REVENUES	198 117 155	N/A	222 382 118	N/A

REVENUE BREAKDOWN BY QUARTER FOR MAIN TITLES:

GAME	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024
Fishing Clash	72 557 817	63 193 703	69 737 485	68 742 753	61 219 111	59 597 431
Hunting Clash	32 395 570	24 412 492	27 311 328	26 377 409	23 732 405	22 109 844
Let's Fish	2 172 122	1 852 363	1 614 321	1 890 369	1 732 040	1 763 927
Wild Hunt	2 352 751	1 998 176	1 812 965	1 966 785	2 209 336	2 033 024
Airline Commander	2 627 214	2 311 324	2 502 013	2 024 181	2 204 710	1 900 010
Real Flight Simulator	4 321 619	4 284 991	4 741 534	4 831 211	4 959 726	4 760 818
Wings of Heroes	5 769 225	2 071 904	1 757 393	1 927 802	2 922 235	3 494 706
Other	1 396 720	1 101 617	922 288	702 749	681 137	570 234
TOTAL BOOKINGS	123 593 038	101 226 570	110 399 327	108 463 259	99 660 700	96 229 994
Deferred income (consumable)	-201 742	-1 276 770	-565 728	1 187 383	-2 725 192	-1 355 271
Deferred income (durable)	-5 941 631	4 982 653	-4 261 715	-1 528 267	3 182 710	3 124 214
TOTAL REVENUES	117 449 665	104 932 453	105 571 884	108 122 375	100 118 218	97 998 937

Deferred revenue by game and quarters in 2023 and 2024, and the balance sheet balance as at 01.01.2023, 01.01.2024 and 30.06.2024 (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	Change of deferral ⁽¹⁾	Valuation	Balance sheet item
	31.12.2023	Q1 2024	Q1 2024	Q2 2024	Q2 2024	30.06.2024
Fishing Clash						
deferred revenues	-6 064 690	-1 743 726		-1 407 391		-9 215 807
deferred costs	1 819 407	308 583		291 844		2 419 834
Hunting Clash						
deferred revenues	-2 064 054	-914 130		160 550		-2 817 634
deferred costs	619 216	245 624		-69 339		795 501
Let's Fish						
deferred revenues	-166 339	-16 788		-104 081		-287 208
deferred costs	49 900	5 038		31 224		86 162
Wild Hunt						
deferred revenues	-205 651	-48 365		-63 752		-317 768
deferred costs	61 695	14 510		19 125		95 330
Real Flight Simulator						
deferred revenues	-1 536 400	-2 183	16 660	59 403	-4 356	-1 466 876
deferred costs	460 921	654	-4 998	-17 820	1 306	440 063
TOTAL						
deferred revenues	-10 037 134	-2 725 192	16 660	-1 355 271	-4 356	-14 105 293
deferred costs	3 011 139	574 409	-4 998	255 034	1 306	3 836 890
DURABLE						
Fishing Clash						
deferred revenues	-49 459 504	1 715 546		2 386 381		-45 357 577
deferred costs	14 837 854	-1 785 799		-1 024 933		12 027 122
Hunting Clash						
deferred revenues	-16 737 675	1 467 164		737 833		-14 532 678
deferred costs	5 021 303	-577 264		-323 367		4 120 672
TOTAL						
deferred revenues	-66 197 179	3 182 710	0	3 124 214		-59 890 255
deferred costs	19 859 157	-2 363 063	0	-1 348 300		16 147 794
CONSUMABLE +DURABLE						
deferred revenues	-76 234 313	457 518	16 660	1 768 943	-4 356	-73 995 548
deferred costs	22 870 296	-1 788 654	-4 998	-1 093 266	1 306	19 984 684
impact on result	-53 364 017	-1 331 136	11 662	675 677	-3 050	-54 010 864

[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. The update of the method of calculating deferred revenue and cost resulted in a disproportionate effect of the share of deferred cost in revenue as of 31.03.2024 and partly as of 30.06.2024 compared to previous periods. In the following quarters, the share of costs in deferred revenues should normalize.

2023

CONSUMABLE	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	-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
DURABLE										
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
CONSUMABLE +DURABLE										
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

1.4. Revenues by business partner

BUSINESS PARTNER	bookings 2Q 2024	share in bookings in 2Q 2024	bookings 2Q 2023	share in bookings in 2Q 2023
Google Inc.	101 369 474	51.7%	128 083 675	57.0%
Apple Distribution International	65 290 864	33.3%	84 049 482	37.4%
Xsolla Inc.	20 636 826	10.5%	1 831 027	0.8%
Other	8 593 530	4.4%	10 855 424	4.8%
TOTAL BOOKINGS	195 890 694	100.0%	224 819 608	100.0%
Deferred income (consumable)	-4 080 463	N/A	-1 478 512	N/A
Deferred income (durable)	6 306 924	N/A	-958 978	N/A
TOTAL REVENUES	198 117 155	N/A	222 382 118	N/A

1.5. Revenues – distribution channel

DISTRIBUTION CHANNEL	bookings 2Q 2024	share in bookings in 2Q 2024	bookings 2Q 2023	share in bookings in 2Q 2023
Mobile	189 965 953	97.0%	218 517 489	97.2%
Browsers	5 924 741	3.0%	6 302 119	2.8%
TOTAL BOOKINGS	195 890 694	100.0%	224 819 608	100.0%
Deferred income (consumable)	-4 080 463	N/A	-1 478 512	N/A
Deferred income (durable)	6 306 924	N/A	-958 978	N/A
TOTAL REVENUES	198 117 155	N/A	222 382 118	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 2Q 2024	share in bookings in 2Q 2024	bookings 2Q 2023	share in bookings in 2Q 2023
North America	84 707 000	43.2%	102 535 906	45.6%
Europe	82 288 156	42.0%	86 323 207	38.4%
<i>including Poland</i>	<i>11 341 044</i>	<i>5.8%</i>	<i>9 801 151</i>	<i>4.4%</i>
Asia	18 357 075	9.4%	23 071 759	10.3%
South America	5 288 540	2.7%	6 180 850	2.7%
Australia and Oceania	3 841 543	2.0%	5 007 339	2.2%
Africa	1 408 380	0.7%	1 700 547	0.8%
TOTAL BOOKINGS	195 890 694	100.0%	224 819 608	100.0%
Deferred income (consumable)	-4 080 463	N/A	-1 478 512	N/A
Deferred income (durable)	6 306 924	N/A	-958 978	N/A
TOTAL REVENUES	198 117 155	N/A	222 382 118	N/A





OPERATING COSTS

SPECIFICATION	01.01.2024 – 30.06.2024	1.01.2023 – 30.06.2023
Amortization and depreciation	8 934 315	10 431 521
Materials and Energy	317 422	404 623
Third-party services	122 685 152	154 904 144
Taxes and fees	834 410	1 199 816
Remuneration	20 849 930	26 126 969
Social insurance and other benefits	4 043 871	5 360 395
Other	259 352	412 037
Total costs by type, including:	157 924 452	198 839 505
Cost of products and services sold	35 253 141	38 228 369
Selling costs	106 904 381	128 818 797
General and administrative costs	14 567 352	24 853 216
Cost of manufacturing products for the entity's own needs (capitalization)	1 199 578	6 939 123

BREAKDOWN OF SELLING COSTS:

SPECIFICATION	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023
Selling costs	106 904 381	128 818 797
marketing:	39 165 080	48 393 256
– Fishing Clash	21 744 189	22 756 328
– Hunting Clash	15 445 036	20 410 751
– Airline Commander	0	22 751
– Wings of Heroes	1 964 064	4 950 075
– other titles	11 791	253 351
provisions	54 797 460	64 133 398
revenue share	681 816	663 259
remuneration, subcontractor services	8 765 121	11 663 119
mobile market research services	343 511	589 410
other	3 151 393	3 376 355

SPECIFICATION	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024
Selling costs	69 004 470	59 814 327	56 408 680	54 346 624	54 950 259	51 954 122
marketing:	27 154 208	21 239 048	19 844 010	18 636 326	19 807 135	19 357 945
– Fishing Clash	11 180 883	11 575 445	10 919 991	10 088 652	11 245 527	10 498 662
– Hunting Clash	11 236 075	9 174 676	8 551 009	7 858 634	7 728 250	7 716 786
– Airline Commander	0	22 751	0	0	0	0
– Wings of Heroes	4 587 053	363 022	373 010	689 040	833 358	1 130 706
– other titles	150 197	103 154	0	0	0	11 791
provisions	33 624 212	30 509 186	29 578 780	29 923 776	28 370 749	26 426 711
revenue share	351 645	311 614	266 734	340 298	337 715	344 101
remuneration, subcontractor services	6 131 380	5 531 739	5 379 572	3 831 549	4 599 678	4 165 443
mobile market research services	291 446	297 964	262 054	223 063	187 284	156 227
other	1 451 579	1 924 776	1 077 530	1 391 612	1 647 698	1 503 695

BREAKDOWN OF GENERAL AND ADMINISTRATIVE COSTS BY QUARTERS:

SPECIFICATION	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024
recurring costs, including:	10 573 057	7 510 342	6 454 144	6 860 043	6 287 713	6 905 113
salaries, subcontractor services of Parent Company	4 535 148	3 682 599	3 206 869	3 070 118	3 039 408	3 011 205
maintenance costs of subsidiaries	1 612 988	1 134 552	1 074 407	972 177	926 234	1 023 526
rental and maintenance of office – Parent Company	1 099 129	986 223	749 439	789 251	560 856	704 560
other	3 325 791	1 706 968	1 423 429	2 028 497	1 761 214	2 165 822
non-recurring costs, including:	6 197 949	571 870	112 185	333 406	1 221 364	153 162
motivation scheme cost	6 033 168	0	111 135	333 406	1 531 618	153 162
M&A cost	164 781	571 870	1 050	0	-310 254	0
TOTAL GENERAL AND ADMINISTRATIVE COST	16 771 005	8 082 212	6 566 329	7 193 449	7 509 077	7 058 275

3.

OTHER OPERATING COSTS AND REVENUES

OTHER OPERATING REVENUES	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023
sponsorship cooperation (barter)	215 650	0
profit from the settlement of leasing contracts	710 243	0
other	662 960	296 616
Total	1 588 853	296 616

OTHER OPERATING COSTS	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023
write-downs on intangible assets	0	31 689 990
donations	0	381 779
writing off uncollectible receivables	51 823	35 327
severance payments	0	3 146 532
sponsorship cooperation (barter)	215 650	0
other	326 854	299 672
Total	594 327	35 553 299

The write-downs of intangible assets and severance costs reported in the first half of 2023 are related to a change in strategy, resulting in, among other things, group layoffs.

4.

FINANCIAL INCOME AND EXPENSE

FINANCIAL INCOME	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023
Interest income	1 357 250	2 345 788
Surplus of positive exchange rate differences	1 984 179	1 304 870
Total	3 341 429	3 650 658

FINANCIAL COSTS	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023
Interest – unwinding of the discount on the liability for the purchase of Rortos	1 113 829	2 561 319
Interest on lease	429 961	415 748
Other	2 047	43 110
Total	1 545 837	3 020 177



5.

CURRENT AND DEFERRED TAX

SPECIFICATION	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023
Taxable income	38 327 336	28 376 805
Current income tax	3 903 091	3 262 893
Deferred income tax	120 511	-3 954 647
Income tax disclosed in the statement of comprehensive income	4 023 602	-691 754

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

SPECIFICATION	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023
Gross profit	43 986 789	-5 972 881
Exchange differences	-1 890 808	-2 336 261
Write off of receivables (non-tax-deductible)	44 432	33 384
Movement on holiday accrual	264 529	-996 635
Accrual for other costs	-682 894	2 207 467
Donations	2 000	381 779
Amortization of intangible assets	366 763	842 573
Depreciation of right of use (lease)	870 286	2 186 718
Depreciation of fixed assets	1 001 302	1 329 423
Capitalization of development costs	-1 199 578	-10 207 072
Other costs that are not tax deductible	1 784 353	-40 977
Write-off of intangible assets (capitalized development costs)	0	31 689 990
Loss (profit) on associates	195 610	1 828 414
Unwinding of the discount on the liability for the purchase of Rortos	1 113 829	2 561 319
Share based payments	3 166 545	6 033 168
Revenue (and related cost) deferred in the balance sheet in time	695 513	1 686 862
R&D relief	-9 579 254	0
Other tax deductible costs not included in the balance sheet costs	-1 812 081	-2 850 466
Taxable income	38 327 336	28 376 805

Structure of a deferred income tax asset:

SPECIFICATION	30.06.2024	31.12.2023	30.06.2023
Accounting for consumables over time	462 080	297 519	325 127
Accounting for durables over time	2 327 836	2 506 266	2 287 212
Provision for holiday leave	311 461	261 200	278 196
Accrual for audit costs	6 460	18 810	9 652
Lease - IFRS 16 valuation	642 103	63 193	76 447
Revaluation of settlements	0	179 829	0
Remuneration provision	704 570	981 813	1 186 305
Other provisions	111 611	155 661	110 696
TOTAL	4 566 121	4 464 291	4 273 636

Structure of deferred income tax provision:

SPECIFICATION	30.06.2024	31.12.2023	30.06.2023
Depreciation of games	945 091	858 101	979 379
Revaluation of settlements	130 180	0	522 363
Total	1 075 271	858 101	1 501 742



6.

DIVISION OF PROFIT FOR 2023

The Company's General Meeting of Shareholders on May 23, 2024 passed a resolution to allocate the Company's net profit for 2023 in the amount of PLN 16,662,194 to reserve capital.





CHANGES IN TANGIBLE FIXED ASSETS

Changes in fixed assets (by type) in the period of 1.01.2024 – 30.06.2024

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:	240 999	6 727 834	94 811	7 063 644
– purchase of tangible fixed assets	235 692	0	94 811	330 503
– changes in lease contracts	0	6 727 834	0	6 727 834
– balance sheet valuation	5 307	0	0	5 307
Decreases due to:	158 061	754 889	321 732	1 234 682
– sales of tangible fixed assets	158 061	0	317 974	476 035
– termination of lease agreements	0	747 223	0	747 223
– balance sheet valuation	0	7 666	3 758	11 424
Gross carrying amount as at 30.06.2024	5 731 623	26 839 279	5 036 022	37 606 924
Depreciation as at 01.01.2024	3 984 661	13 267 783	1 872 766	19 125 210
Increases due to amortization	451 248	2 633 704	525 621	3 610 573
Decreases due to sales	90 323	0	100 691	191 014
Depreciation as at 30.06.2024	4 345 586	15 901 487	2 297 696	22 544 769
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 30.06.2024	0	0	0	0
Gross carrying amount as at 30.06.2024	1 386 037	10 937 792	2 738 326	15 062 155

Changes in fixed assets (by type) in the period of 1.01.2023 – 31.12.2023

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:	142 904	0	60 446	203 350
– purchase of tangible fixed assets	142 904	0	33 743	176 647
– balance sheet valuation	0	0	26 703	26 703
Decreases due to:	789 404	54 618	187 204	1 031 226
– sales of tangible fixed assets	789 404	0	118 800	908 204
– liquidation	0	0	68 404	68 404
– balance sheet valuation		54 618	0	54 618
Gross carrying amount as at 31.12.2023	5 648 685	20 866 334	5 262 943	31 777 962
Depreciation as at 01.01.2023	3 513 545	6 933 072	749 885	11 196 502
Increases due to amortization	1 039 316	6 334 711	1 154 561	8 528 588
Decreases due to sales	568 200	0	31 680	599 880
Depreciation as at 31.12.2023	3 984 661	13 267 783	1 872 766	19 125 210
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 31.12.2023	0	0	0	0
Gross carrying amount as at 31.12.2023	1 664 024	7 598 551	3 390 177	12 652 752



Changes in fixed assets (by type) in the period of 1.01.2023 – 30.06.2023

SPECIFICATION	Machinery and equipment	Buildings and premises	Other fixed assets	TOTAL
Gross carrying amount as at 01.01.2023	6 295 185	20 920 952	5 389 701	32 605 838
Increases due to:	14 124	0	18 795	32 919
– purchase of tangible fixed assets	14 124		18 795	32 919
Decreases due to:	512 972	0	0	512 972
– sales of tangible fixed assets	439 351	0	0	439 351
– balance sheet valuation	73 621	0	0	73 621
Gross carrying amount as at 31.03.2023	5 796 337	20 920 952	5 408 496	32 125 785
Depreciation as at 01.01.2023	3 513 545	6 933 072	749 885	11 196 502
Increases due to amortization	551 306	3 168 597	575 944	4 295 847
Decreases due to sales	247 780	0	0	247 780
Depreciation as at 30.06.2023	3 817 071	10 101 669	1 325 829	15 244 569
Write-downs as at 01.01.2023	0	0	0	0
Increases	0	0	0	0
Decreases	0	0	0	0
Write-downs as at 30.06.2023	0	0	0	0
Gross carrying amount as at 30.06.2023	1 979 266	10 819 283	4 082 667	16 881 216

Tangible fixed assets – ownership structure (net value):

SPECIFICATION	30.06.2024	31.12.2023
Own	4 124 363	5 054 201
Used under a lease, tenancy or other agreement, including a lease agreement	10 937 792	7 598 551
Total	15 062 155	12 652 752

8.

CHANGES IN INTANGIBLE ASSETS AND GOODWILL

Change of value in the period of 1.01.2024 – 30.06.2024:

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	1 409 416	0	1 412 768
Decreases due to balance sheet valuation	504 872	421		1 222 744	1 728 037
Gross carrying amount as at 30.06.2024	94 055 961	1 456 974	60 470 735	151 052 204	307 035 874
Depreciation as at 01.01.2024	30 243 112	1 300 892	0	0	31 544 004
Increases due to amortization	5 221 748	101 994	0	0	5 323 742
Depreciation as at 30.06.2024	35 464 860	1 402 886	0	0	36 867 746
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 30.06.2024	0	0	59 061 319	41 201 364	100 262 683
Gross carrying amount as at 30.06.2024	58 591 101	54 088	1 409 416	109 850 840	169 905 445



The net value as at 30.06.2024 shown in the item „completed development work” consists of the Group's games:

1. 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 21,447,795, remaining amortization period: 84 months;
 - Real Flight Simulator – net value: PLN 20,383,935, remaining amortization period: 84 months;
 - Wings of Heroes – net value: PLN 16,205,072, remaining amortization period: 94 months;
2. Tools – in total PLN 554.299.

The item "Intangible assets under construction" as of 30.06.2024 consists of capitalized costs of three titles (games) at an early stage of development.



Changes in value in the period of 1.01.2023 – 31.12.2023:

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:	729 438	15 619	10 541 034	0	11 286 091
– purchase	0	15 619	10 541 034	0	10 556 653
– reclassification	729 438	0	0	0	729 438
Decreases due to:	5 311 249	4 017	729 438	11 944 463	17 989 167
– reclassification	0	0	729 438	0	729 438
– balance sheet valuation	5 311 249	4 017		11 944 463	17 259 729
Gross carrying amount as at 31.12.2023	94 560 833	1 454 043	59 061 319	152 274 948	307 351 143
Depreciation as at 01.01.2023	18 804 918	1 058 057	0	0	19 862 975
Increases due to amortization	11 438 194	242 835	0	0	11 681 029
Decreases	0	0	0	0	0
Depreciation as at 31.12.2023	30 243 112	1 300 892	0	0	31 544 004
Write-downs as at 31.12.2023	0	0	27 371 329	0	27 371 329
Increases	0	0	31 689 990	41 201 364	72 891 354
Decreases	0	0	0	0	0
Write-downs as at 31.12.2023	0	0	59 061 319	41 201 364	100 262 683
Gross carrying amount as at 31.12.2023	64 317 721	153 151	0	111 073 584	175 544 456



Changes in value in the period of 1.01.2023 – 30.06.2023:

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



9.

OTHER FINANCIAL ASSETS

SPECIFICATION	30.06.2024	31.12.2023	30.06.2023
Other financial assets:	22 886 470	23 117 182	31 709 908
– Gamesture investment	12 030 240	12 225 850	21 590 774
– gross value	26 164 795	26 164 795	23 419 188
– share in Gamesture's loss	-8 720 220	-8 524 610	-1 828 414
– write-down of the investment value (Gamesture)	-5 414 335	-5 414 335	0
– participation units in the investment fund Sisu Game Ventures	9 574 927	8 164 078	7 391 880
– office rental deposit	1 281 303	2 727 254	2 727 254



10.

RECEIVABLES

Currency structure of trade receivables:

SPECIFICATION	30.06.2024	31.12.2023	30.06.2023
Trade receivables	33 741 846	38 936 754	31 605 707
Other receivables	2 784 569	4 184 007	5 396 481
Accruals	4 125 300	3 929 886	4 194 355
TOTAL	40 651 716	47 050 647	41 196 543

10.1. Trade receivables

CURRENCY	30.06.2024			31.12.2023			30.06.2023		
	amount in currency	valuation	% share	amount in currency	valuation	% share	amount in currency	valuation	% share
USD	4 380 095	17 235 672	51.08%	5 388 512	21 203 796	54.46%	11 124 561	11 124 560	35.20%
PLN	10 458 145	10 458 145	30.99%	13 306 660	13 306 660	34.18%	4 031 549	16 555 961	52.38%
EUR	1 369 096	5 952 828	17.64%	968 698	4 211 901	10.82%	829 163	3 690 024	11.68%
Other currencies	–	95 201	0.29%	–	214 397	0.50%	–	235 162	0.74%
TOTAL	33 741 846	100.0%	100.0%	0 38 936 754	100.0%	100.0%	31 605 707	100.0%	100.0%

Age structure:

AGE STRUCTURE – OVERDUE	30.06.2024 value of receivables	31.12.2023 value of receivables	31.12.2022 value of receivables
not overdue	33 627 531	36 105 921	31 504 905
up to 1 month	91 034	2 828 531	4 614
1-3 months	22 990	1 052	1 467
3-6 months	291	1 250	31 849
6-12 months	0	0	23
over a year	0	0	62 850
Total receivables	33 741 846	38 936 754	31 605 707

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

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

- » Apple Distribution International – 38.28% as of June 30, 2024 compared to 39.42% as of December 31, 2023;
- » Google Inc. – 33.90% as of June 30, 2024 compared to 35.02% as of December 31, 2023;
- » Xsolla Inc. – 21.12 % as of June 30, 2024 compared to 16.05% as of 31.12.2023.

No other entity exceeded a 10% share in total receivables as at June 30, 2024.



10.2. Other receivables

SPECIFICATION	30.06.2024	31.12.2023	30.06.2023
Other short-term receivables, including:	2 784 569	4 184 007	5 396 481
– tax related (mainly VAT)	2 740 625	4 116 395	5 130 564
– deposit for office rental	43 944	67 612	265 917

10.3. Accruals

SPECIFICATION	30.06.2024	31.12.2023	30.06.2023
Maintenance of software technical service/program subscriptions	3 005 009	3 209 401	2 698 877
Annual fee – marketing campaign tracking tool	358 513	355 385	476 943
Registration fees for filing trademarks	0	94 950	309 347
Insurance	136 673	87 472	171 416
Promotional services	366 078	0	0
Other accruals	259 027	182 678	537 771
Active cost accruals	4 125 300	3 929 886	4 194 355





TRADE LIABILITIES

SPECIFICATION	30.06.2024	31.12.2023	30.06.2023
Trade liabilities	10 250 622	10 422 303	12 855 575
towards related parties	358 454	174 531	150 491
towards other parties	9 892 168	10 247 772	12 705 084

Age structure of liabilities towards parties not related to the Parent company:

SPECIFICATION	TOTAL	due date					
		overdue:				not expired, due to:	
		0 – 30 days	30 – 90 days	90 – 180 days	180 – 360 days	0 – 30 days	31 – 60 days
30.06.2024	10 250 622	5 640	0	0	0	10 244 982	0
towards related parties	358 454	0	0	0	0	358 454	0
towards other parties	9 892 168	5 640	0	0	0	9 886 528	0
31.12.2023	10 422 303	713	19 463	0	0	10 402 127	0
towards related parties	174 531	0	0	0	0	174 531	0
towards other parties	10 247 772	713	19 463	0	0	10 227 596	0
30.06.2023	12 855 574	150	0	0	0	12 855 424	0
towards related parties	150 491	0	0	0	0	150 491	0
towards other parties	12 705 083	150	0	0	0	12 704 933	0

12.

OTHER LIABILITIES

SPECIFICATION	30.06.2024	31.12.2023	30.06.2023 (restated data*)
Liabilities due to the acquisition of Rortos (earn-out payments)	25 142 014	35 359 254	54 144 271
– long – term	14 222 865	24 221 614	39 238 146
– short – term	10 919 149	11 137 640	14 906 125
Other liabilities	2 229 764	5 073 162	2 368 957
– long – term	0	0	0
– short – term, including:	2 229 764	5 073 162	4 758 473
Foreign tax (VAT)	0	2 924 921	2 389 516
Tax at source	360	27 429	15 248
Personal Income Tax	171 075	214 101	152 428
Social insurance contributions (ZUS)	1 334 690	1 271 574	1 258 248
State Fund for Rehabilitation of Disabled People (Polish: PFRON)	31 368	27 632	29 861
Other	692 271	607 505	913 172
TOTAL OTHER LIABILITIES	27 371 778	40 432 416	58 902 744
– long – term	14 222 865	24 221 614	39 238 146
– short – term	13 148 913	16 210 802	19 664 598



13.

PROVISIONS FOR EMPLOYEE BENEFITS

SPECIFICATION	As at 1.01.2024	Changes during the year			As at 30.06.2024
		Plan	Reclassification from long-term to short-term	Usage	
Holiday provision	1 884 874	2 208 728	0	-1 884 874	2 208 729
Severance provision (Rortos)	928 026	93 439	0	0	1 021 465
Provision for bonuses (short-term)	4 873 313	1 269 525	1 731 952	-4 873 313	3 001 476
Provision for bonuses (long-term)	3 005 714	787 559	-1 731 952	0	2 061 321
TOTAL PROVISIONS	10 691 927	4 359 251	0	-6 758 187	8 292 991



14.

INFORMATION ON FINANCIAL INSTRUMENTS

FINANCIAL ASSETS	30.06.2024	31.12.2023	30.06.2023	Category of financial instruments
Other financial assets (long-term), including:	22 886 470	23 117 182	31 709 908	financial assets valued at amortized costs
<i>deposit</i>	<i>1 281 302</i>	<i>2 727 253</i>	<i>2 727 254</i>	<i>financial assets valued at amortized costs</i>
<i>participation units of the Sisu Game Ventures investment fund</i>	<i>9 574 927</i>	<i>8 164 078</i>	<i>7 391 880</i>	<i>financial assets valued at amortized costs</i>
<i>shares in Gamesture sp. z o.o.</i>	<i>12 030 241</i>	<i>12 225 851</i>	<i>21 590 774</i>	<i>financial assets valued at amortized costs</i>
Trade receivables and other receivables, including:	36 526 415	40 320 982	41 196 543	financial assets valued at amortized costs
<i>unrealized exchange differences from valuation</i>	<i>264 700</i>	<i>38 369</i>	<i>-178 563</i>	<i>financial assets measured at fair value</i>
Cash and cash equivalents, including:	94 971 130	142 005 482	105 378 878	financial assets measured at fair value
<i>unrealized exchange differences from valuation</i>	<i>1 912 075</i>	<i>-276 456</i>	<i>238 348</i>	<i>financial assets measured at fair value</i>

FINANCIAL LIABILITIES	30.06.2024	31.12.2023	30.06.2023	Category of financial instruments
Trade liabilities and other liabilities, including:	10 250 622	10 422 303	12 855 575	financial liabilities valued at amortized cost
<i>unrealized exchange differences on valuation</i>	<i>8 960</i>	<i>-1496</i>	<i>-3 229</i>	<i>financial liabilities valued at amortized cost</i>

15.

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

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

15.1. Managerial personnel

AFFILIATED PERSON PERIOD	Remuneration		Net dividend	
	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023
Management Board (total due remuneration)	3 043 019	7 992 527	0	665 647
Andrzej Ilczuk	1 329 019	366 840	–	60 583
– cash fixed remuneration	417 000	334 935	–	–
– cash variable remuneration due	305 644	31 905	–	–
– cash variable remuneration due, paid	349 902	–	–	–
– share-based incentive program	606 375	–	–	–
Janusz Dziemidowicz	857 000	318 000	–	491 340
– cash fixed remuneration	318 000	318 000	–	–
– share-based incentive program	539 000	–	–	–
Magdalena Jurewicz	857 000	318 000	–	113 724
– cash fixed remuneration	318 000	318 000	–	–
– share-based incentive program	539 000	–	–	–
Maciej Zużalek (until 22.05.2023)	0	6 375 362	–	n/a
– cash fixed remuneration	–	342 194	–	–
– share-based incentive program	–	6 033 168	–	–

AFFILIATED PERSON PERIOD	Remuneration		Net dividend	
	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023
Anna Idzikowska (until 28.02.2023)	0	111 139	–	n/a
– cash fixed remuneration	–	106 000	–	–
– cash variable remuneration due, paid	–	5 139	–	–
Wojciech Gattner (until 22.05.2023)	0	503 186	–	n/a
– cash fixed remuneration, paid	–	264 129	–	–
– cash variable remuneration, paid	–	306 334	–	–
– cash variable remuneration due	–	239 057	–	–
Supervisory Board	186 000	186 000	–	4 119 293
Rafał Olesiński	51 000	51 000	–	3 902
Maciej Marszałek	30 000	30 000	–	256 608
Wiktor Schmidt	24 000	24 000	–	–
Marcin Bitos	27 000	27 000	–	–
Kinga Stanisławska	27 000	27 000	–	612
Arkadiusz Pernal	27 000	27 000	–	3 858 171
Affiliates (Ten Square Games S.A.)	34 000	13 000	–	7 715 392
Maciej Popowicz (from 1.04.2023)	34 000	13 000	–	7 715 392
Key personnel (Ten Square Games S.A.)	0	0	–	n/a
Family members of key personnel / Management Board (Ten Square Games)	0	0	–	n/a

AFFILIATED PERSON	AS AT	Liabilities/provisions		Receivables	
		30.06.2024	31.12.2023	30.06.2024	31.12.2023
Management Board		482 835	332 134	1 221	1 511
Andrzej Ilczuk		421 335	270 634	1 221	1 511
Janusz Dziemidowicz		61 500	61 500	0	0
Magdalena Jurewicz		0	0	0	0
Supervisory Board		0	0	0	0
Affiliated persons (Ten Square Games S.A.)		6 150	5 535	0	0
Key personnel (Ten Square Games S.A.)		0	0	0	0
Family members of key personnel / Management Board (Ten Square Games S.A.)		0	0	0	0

15.2. Other affiliated persons

AFFILIATED PARTY	Net sales		Net purchase		Dividend		Earn-out payment		
	PERIOD	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023
Subsidiaries:		2 891 457	4 834 245	466 900	3 015 663	7 358 024	8 161 057	0	0
Play Cool Zombie Sport Games Sp. z o.o.		8 700	16 808	0	0	2 000 000	0	0	0
Tiny Dragon Adventure Games Sp. z o.o. ⁽¹⁾		-	212 797	0	0	0	0	0	0
Fat Lion Games Sp. z o.o. ⁽¹⁾		-	102 974	0	0	0	0	0	0
Ten Square Games Germany GmbH		0	0	434 754	1 997 416	0	0	0	0
Ten Square Games S.R.L.		0	0	32 146	1 018 247	0	0	0	0
RORTOS S.R.L.		2 882 757	4 501 666	0	0	5 358 024	8 161 057	0	0
Personally affiliated entities:		0	0	14 350	45 450	0	0	10 521 483	4 176 915
Olesiński i Wspólnicy Spółka komandytowa		0	0	14 350	45 450	0	0	0	0
Roberto Simonetto		0	0	0	0	0	0	6 288 630	2 513 984
Antonio Farina		0	0	0	0	0	0	4 232 853	1 662 931
Associates:		83 862	0	29 138	0	0	0	0	0
Gamesture Sp. z o.o.		83 862	0	29 138	0	0	0	0	0

(1) On 14.12.2023, the merger of Fat Lion Games Sp. z o.o. and Tiny Dragon Adventure Games Sp. z o.o. with Play Cool Zombie Sport Games Sp. z o.o. was registered. The merger of the companies was a technical step to facilitate reporting of the subsidiaries and does not affect the Group's business operations. As of 2024, all transactions that previously took place between the designated entities are now carried out between Ten Square Games S.A. and Play Cool Zombie Sp. z o.o.



AFFILIATED PERSON	Gross liabilities		Gross receivables		Loans		
	AS AT:	30.06.2024	30.06.2023	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Subsidiaries:		1 785 391	2 226 017	468 411	706 821	0	703 798
Play Cool Zombie Sport Games Sp. z o.o.		1 784	2 292	0	0	0	0
Tiny Dragon Adventure Games Sp. z o.o. ^[1]		-	16 600	0	0	0	0
Fat Lion Games Sp. z o.o. ^[1]		-	9 138	0	0	0	0
Ten Square Games Germany GmbH		4 950	0	435 951	566 092	0	0
Ten Square Games S.R.L.		0	27 161	32 461	140 729	0	703 798
RORTOS S.R.L.		1 778 657	2 170 826	0	0	0	0
Personally affiliated entities:		0	0	25 143 243	54 153 312	0	0
Olesiński i Wspólnicy Spółka komandytowa		0	0	1 230	9 041	0	0
Roberto Simonetto		0	0	15 027 237	32 481 148	0	0
Antonio Farina		0	0	10 114 776	21 663 123	0	0
Associates:		93 693	0	21 310	0	1 344 143	0
Gamesture Sp. z o.o.		93 693	0	21 310	0	1 344 143	0

[1] On 14.12.2023, the merger of Fat Lion Games Sp. z o.o. and Tiny Dragon Adventure Games Sp. z o.o. with Play Cool Zombie Sport Games Sp. z o.o. was registered. The merger of the companies was a technical step to facilitate reporting of the subsidiaries and does not affect the Group's business operations. As of 2024, all transactions that previously took place between the designated entities are now carried out between Ten Square Games S.A. and Play Cool Zombie Sp. z o.o.

The Parent company in previous years sold games produced in-house to Polish subsidiaries and in return received remuneration for this on a revenue share basis. On the other hand, Ten Square Games Germany GmbH and Ten Square Games S.R.L. were established to attract human capital (gaming industry talent) in the local markets. Employees of these companies worked for games produced by the Parent Company, and their cost was then invoiced to the Parent Company. Transactions between the Parent Company and Rortos S.r.l. consist of production/maintenance support for Rortos' games, for which the Parent Company receives compensation.

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

Transactions between related parties took place on terms equivalent to those of arm's length transactions.

The liability to Mr. Roberto Simonetto and Antonio Farina results from the purchase of 100% of the shares of Rortos and the so-called earnout payment, which is disclosed in the note "Other liabilities."

16.

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 1.5 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 & 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 half of 2024 was PLN 1.7 million.



17.

BUYBACK AND CANCELLATION 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 of the date of issuing of this report, the Company distributed 31,464 shares in settlement of incentive programs and cancelled 858,822 shares (registration in the National Court Register on July 3, 2024), which means that the Company currently holds 133,880 own shares representing 2.07% in the Company's capital and the same % in the Company's votes.

18.

LAW SUITS/COURT CASES

The Group had no pending lawsuits in either 2024 or 2023.

19.

OTHER IMPORTANT EVENTS

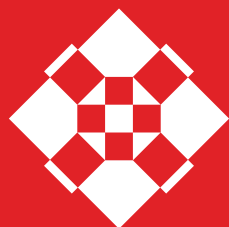
There were no other significant events not described above that could affect the financial data included in the report for the period ended June 30, 2024.

20.

EVENTS AFTER BALANCE SHEET DATE

On July 3, 2024, the National Court Register registered the cancellation of the Company's shares, as further described in the note above "Buyback and cancellation of own shares." Other than the redemption of shares, there were no material events after the balance sheet date.





ten square_games



**INTERIM CONDENSED
STANDALONE FINANCIAL
STATEMENT**



INTERIM CONDENSED **STANDALONE** FINANCIAL STATEMENT

INTERIM CONDENSED STANDALONE STATEMENT OF COMPREHENSIVE INCOME	for the period 01.01.2024 – 30.06.2024	for the period 01.01.2023 – 30.06.2023
Revenues from the sales of services	176 717 519	199 148 485
Costs of services sold	25 793 150	26 239 265
Gross profit (loss) on sales	150 924 369	172 909 221
Other operating revenues	1 587 792	240 872
Selling costs	99 238 829	117 592 210
General and administrative costs	12 640 128	23 120 435
Other operating costs	571 102	35 523 726
Operating profit (loss)	40 062 102	-3 086 278
Financial revenues	10 580 800	11 723 313
Financial costs	1 539 272	2 978 689
Loss /profit on associates	195 610	1 828 414
Profit /loss before taxation	48 908 020	3 829 932
Income tax	1 932 691	-1 689 867
Net profit on continued activity	46 975 329	5 519 799
Items for requalification for the profit and loss statement in the subsequent periods	0	0
Items which will not be subject to requalification for the profit and loss statement in the subsequent periods	0	0
TOTAL COMPREHENSIVE INCOME	46 975 329	5 519 799

EARNINGS PER SHARE

CALCULATION OF EARNINGS PER SHARE	for the period 01.01.2024 – 30.06.2024	for the period 01.01.2023 – 30.06.2023
Number of shares		
the weighted average number of shares for the purpose of calculating the value basic of earnings per share (in units)	7 334 822	7 334 822
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	46 975 329	5 519 799
Net earnings per share on continued operations in PLN		
basic for the financial period	6.40	0.75
diluted for the financial period	7.41	0.75
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 **STANDALONE** STATEMENT OF FINANCIAL SITUATION

ASSETS	30.06.2024	31.12.2023	30.06.2023
Fixed assets	245 340 940	242 263 113	305 529 564
Tangible fixed assets	13 864 006	11 395 016	15 432 676
Intangible assets	1 759 989	1 021 935	1 263 000
Investments in associates	202 307 550	202 307 550	252 892 820
Other financial assets	22 886 470	23 117 182	31 709 907
Deferred income tax assets	4 522 925	4 421 430	4 231 161
Current assets	135 529 239	215 985 365	158 849 308
Receivables	38 028 717	44 202 177	38 878 847
Current income tax receivable	1 226 668	6 241 070	10 056 212
Contract liabilities	19 544 621	22 409 376	20 908 962
Loans granted	1 344 143	1 127 260	703 798
Cash and cash equivalents	75 385 090	142 005 482	88 301 489
TOTAL ASSETS	380 870 179	458 248 478	464 378 872



EQUITY & LIABILITIES	30.06.2024	31.12.2023	30.06.2023 (restated data*)
Equity	233 158 241	297 603 147	285 803 880
Share capital	733 482	733 482	733 482
Share premium	496 100	496 100	496 100
Capital from the settlement of the incentive scheme	98 637 955	95 471 416	94 814 544
Retained earnings	258 140 036	219 538 199	208 395 804
Own shares (negative value)	-124 849 332	-18 636 050	-18 636 050
Long-term liabilities	22 854 182	27 952 511	44 726 419
Deferred income tax provisions	463 417	175 002	724 491
Lease liabilities	6 106 579	555 399	2 450 149
Provisions for employee benefits	2 061 321	3 000 496	2 313 633
Other liabilities	14 222 865	24 221 614	39 238 146
Short-term liabilities	124 857 756	132 692 820	133 848 573
Trade liabilities	10 209 311	9 827 339	13 074 586
Income tax provision	23 435 773	23 435 773	23 435 773
Current income tax liabilities	0	0	0
Lease liabilities	2 153 614	3 515 323	3 457 701
Other liabilities	11 899 668	14 968 420	18 235 802
Provisions for employee benefits	4 630 718	6 248 052	5 948 173
Contract liabilities	72 528 672	74 697 913	69 696 538
TOTAL EQUITY & LIABILITIES	380 870 179	458 248 478	464 378 872

* The restatement of comparative figures is presented in Item 5 of the section "Interim Condensed Consolidated Financial Statements".



3.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Changes in the equity	Equity	Share premium	Capital from settlement of incentive program	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
Equity contribution	0	0	0	0	3 146	3 146
Share-based payments	0	0	3 166 539	0	0	3 166 539
Dividend payment	0	0	0	0	0	0
Purchase of own shares	0	0	0	0	-114 589 920	-114 589 920
Issuance of own shares	0	0	0	-8 373 492	8 373 492	0
Net profit	0	0	0	46 975 329	0	46 975 329
Total comprehensive income	0	0	0	46 975 329	0	46 975 329
Equity as at 30.06.2024	733 482	496 100	98 637 955	258 140 036	-124 849 332	233 158 241

Statement of changes in equity

Equity as at 01.01.2023	733 482	496 100	88 781 376	255 182 723	-18 636 050	326 557 631
Equity contribution	0	0	0	0	0	0
Share-based payments	0	0	6 690 040	0	0	6 690 040
Dividend payment	0	0	0	-52 306 718	0	-52 306 718
Purchase of own shares	0	0	0	0	0	0
Net profit	0	0	0	16 662 194	0	16 662 194
Total comprehensive income	0	0	0	16 662 194	0	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

[*restated data]

Statement of changes in equity	Equity	Share premium	Capital from settlement of incentive program	Retained earnings	Own shares	TOTAL EQUITY
Equity as at 01.01.2023	733 482	496 100	88 781 376	257 572 239	-18 636 050	328 947 147
Equity contribution	0	0	0	0	0	0
Share-based payments	0	0	6 033 168	0	0	6 033 168
Dividend payment	0	0	0	-52 306 718	0	-52 306 718
Purchase of own shares	0	0	0	0	0	0
Issuance of own shares	0	0	0	0	0	0
Net profit	0	0	0	3 130 283	0	3 130 283
Total comprehensive income	0	0	0	3 130 283	0	3 130 283
Equity as at 30.06.2023	733 482	496 100	94 814 544	208 395 804	-18 636 050	285 803 880

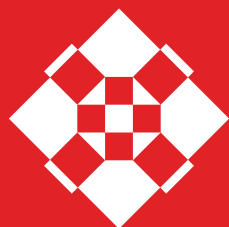


4.

INTERIM CONDENSED **STANDALONE** CASH FLOW STATEMENT

STANDALONE CASH FLOW STATEMENT	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023
OPERATING ACTIVITY		
Profit/loss before taxation	48 908 020	3 829 932
Total corrections:	428 802	48 023 995
Amortization	3 927 168	5 079 955
Profit/loss on exchange differences	-759 129	71 709
Interest paid on lease	339 884	105 317
Interest on deposits	-1 282 675	0
Interest on liabilities (Rortos)	1 113 829	2 561 319
Interest and share in profits (dividends)	-7 358 024	-8 161 057
Change in receivables	6 173 460	5 503 900
Change in liabilities and accrued expenses	-5 038 874	1 441 714
Change in contract liabilities	-2 169 241	2 409 803
Change in contract assets	2 864 755	-722 941
Write-off of intangible assets	0	31 689 990
Share-based payments (part not included in capitalization of intangible assets)	3 166 539	6 033 168
Write -off value of shares	0	0
Loss on associates	195 610	1 828 414
Profit/loss on sales of fixed assets	-744 500	182 704
Other adjustments	0	0
Cash on operating activity	49 336 822	51 853 927
Income tax (paid) / refunded	3 268 633	7 010 179
A. Net operating cash flow	52 605 455	58 864 106

	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023
INVESTMENT ACTIVITY		
Repayment of loans granted	178 793	2 200 000
Purchase of intangible and tangible fixed assets	-1 438 622	-10 242 596
Disposal of intangible and fixed assets	319 279	8 867
Purchase of shares	-1 211 790	-11 844 407
Loans granted	-353 275	0
Interest on loans	11 768	19 244
Earn-Out payment	-10 957 715	-4 350 094
B. Net cash flow from investment activities	-13 451 562	-24 208 986
FINANCIAL ACTIVITY		
Net proceeds from issuance of shares and other equity instruments and capital contributions	3 146	0
Dividends from subsidiaries	7 358 024	8 161 057
Other financial inflows	1 445 951	0
Dividends and other payments to shareholders	0	-52 306 718
Payments of financial lease liabilities	-1 548 142	-2 794 984
Purchase of own shares	-114 589 920	0
Interest on lease	-339 884	-105 317
Other financial expenditure	0	-459 719
C. Net cash flow from financing activity	-107 670 825	-47 505 681
D. Total net cash flow	-68 516 932	-12 850 561
– change in cash due to exchange losses/gains	-1 896 540	238 348
E. Balance-sheet change in cash, including foreign exchange	-66 620 392	-12 612 213
F. Cash at the beginning of the period	142 005 482	100 913 702
G. Cash at the end of the period	75 385 090	88 301 489



ten square_games

VI

**ADDITIONAL NOTES TO THE
STANDALONE FINANCIAL
STATEMENT**



SALES REVENUES

SPECIFICATION	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023
Sales of services	176 717 519	199 148 485
TOTAL revenues from sales of services	176 717 519	199 148 485
Other operating revenues	1 587 792	240 872
Financial revenues	10 580 800	11 723 313
TOTAL revenues from continuing operations	188 886 111	211 112 670
TOTAL revenues	188 886 111	211 112 670

There were no revenues from discontinued operations.

1.1. Revenues by source

TYPE OF REVENUES	bookings 2Q 2024	share in bookings in 2Q 2024	bookings 2Q 2023	share in bookings in 2Q 2023
micro-payments	174 320 259	99.9%	200 694 836	99.6%
advertisements	32 139	0.0%	65 535	0.0%
licenses	195 880	0.1%	797 918	0.4%
TOTAL BOOKINGS	174 548 278	100.0%	201 558 289	100.0%
Deferred income (consumable)	-4 137 683	N/A	-1 450 826	N/A
Deferred income (durable)	6 306 924	N/A	-958 978	N/A
TOTAL REVENUES	176 717 519	N/A	199 148 485	N/A

1.2. Revenues by games

GAME	bookings 2Q 2024	share in bookings in 2Q 2024	bookings 2Q 2023	share in bookings in 2Q 2023
Fishing Clash	120 816 542.00	69.2%	135 751 520	67.4%
Hunting Clash	45 842 249.00	26.3%	56 808 062	28.2%
Let's Fish	3 495 967.00	2.0%	4 024 485	2.0%
Wild Hunt	4 242 360.00	2.4%	4 350 927	2.2%
Other	151 160.00	0.1%	623 295	0.3%
TOTAL BOOKINGS	174 548 278,00	100.0%	201 558 289	100.0%
Deferred income (consumable)	-4 137 683.00	N/A	-1 450 826	N/A
Deferred income (durable)	6 306 924.00	N/A	-958 978	N/A
TOTAL REVENUES	176 717 519,00	N/A	199 148 485	N/A

1.3. Revenues by business partners

BUSINESS PARTNER	bookings 2Q 2024	share in bookings in 2Q 2024	bookings 2Q 2023	share in bookings in 2Q 2023
Google Inc.	92 801 170	53.2%	119 236 995	59.2%
Apple Distribution International	54 749 559	31.4%	73 183 450	36.3%
Xsolla Inc.	20 636 826	11.8%	1 831 027	0.8%
Others (none exceeding 10% share in revenues)	6 360 723	3.6%	7 306 817	3.3%
TOTAL BOOKINGS	174 548 278	100.0%	201 558 289	100.0%
Deferred income (consumable)	-4 137 683	N/A	-1 450 826	N/A
Deferred income (durable)	6 306 924	N/A	-958 978	N/A
TOTAL REVENUES	176 717 519	N/A	199 148 485	N/A

1.4. Revenues – distribution channels

DISTRIBUTION CHANNEL	bookings 2Q 2024	share in bookings in 2Q 2024	bookings 2Q 2023	share in bookings in 2Q 2023
Mobile	168 953 332	96.8%	195 256 170	96.9%
Browsers	5 594 946	3.2%	6 302 119	3.1%
TOTAL Bookings	174 548 278	100%	201 558 289	100.0%
Deferred income (consumable)	-4 137 683	N/A	-1 450 826	N/A
Deferred income (durable)	6 306 924	N/A	-958 978	N/A
TOTAL REVENUES	176 717 519	N/A	199 148 485	N/A

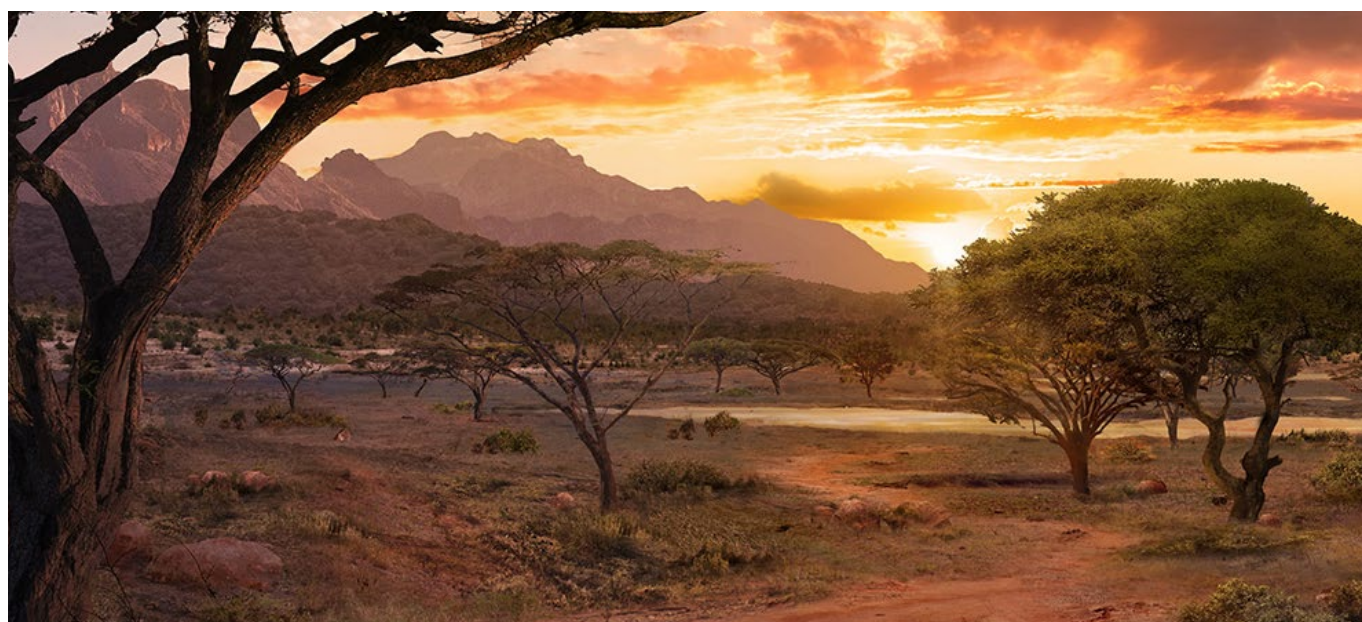
1.5. Revenues – geographical division

REGION	bookings 2Q 2024	share in bookings in 2Q 2024	bookings 2Q 2023	share in bookings in 2Q 2023
North America	76 523 118	43.8%	92 887 251	46.1%
Europe	75 970 655	43.5%	80 237 726	39.8%
<i>i) including Poland</i>	<i>11 063 238</i>	<i>6.3%</i>	<i>9 896 974</i>	<i>4.9%</i>
<i>ii) including revenues from subsidiaries</i>	<i>8 700</i>	<i>0.0%</i>	<i>332 579</i>	<i>0.2%</i>
Asia	13 713 212	7.9%	17 830 921	8.8%
South America	3 965 320	2.3%	4 834 834	2.4%
Australia and Oceania	3 213 008	1.8%	4 311 530	2.1%
Africa	1 162 965	0.7%	1 456 027	0.7%
TOTAL BOOKINGS	174 548 278	100.0%	201 558 289	100.0%
Deferred income (consumable)	-4 137 683	N/A	-1 450 826	N/A
Deferred income (durable)	6 306 924	N/A	-958 978	N/A
TOTAL REVENUES	176 717 519	N/A	199 148 485	N/A

2.

OPERATING COSTS

SPECIFICATION	01.01.2024–30.06.2024	01.01.2023–30.06.2023
Amortization and depreciation	3 927 168	5 079 955
Consumption of materials and energy	268 309	355 295
Third-party services	112 997 636	141 648 017
Taxes and fees	834 410	1 199 755
Remuneration	16 728 593	19 944 110
Social insurance and other benefits	4 043 871	5 360 395
Other costs by type	71 699	303 505
Total costs by type, including:	138 871 686	173 891 032
Costs of goods sold	25 793 150	26 239 265
Selling costs	99 238 829	117 592 210
General and administrative costs	12 640 129	23 120 435
Cost of manufacturing products for the entity's own needs (capitalization)	1 199 578	6 939 123



3.

FINANCIAL REVENUES

SPECIFICATION	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023
Dividends received	7 358 024	8 161 057
Interest income	1 359 447	2 496 778
Surplus of positive exchange differences	1 863 329	1 065 478
Total	10 580 800	11 723 313



4.

INCOME TAX AND DEFERRED TAX

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

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

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

The Company believes that the tax for 2021 has been settled in the correct amount and there is no need to pay additional tax, but due to the need to consistently recognize the tax liability/amount due for previous years, the Company recognizes a tax provision in the financial statements (PLN 10.9 million). Calculation of CIT for 2022, using tax reliefs related to IP BOX to a narrower extent, would reduce the amount of tax by PLN 1.1 million and for 2023 by ca. PLN 126 thousand. The company decided to prudently disclose the tax settlement in a larger amount.

SPECIFICATION	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023
Taxable income	34 086 742	29 245 240
current income tax	1 745 771	2 223 879
deferred income tax	186 920	-3 913 746
Income tax shown in comprehensive income report	1 932 691	-1 689 867

INCOME TAX SHOWN IN COMPREHENSIVE INCOME REPORT	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023
Current income tax	1 745 771	2 223 879
Regarding financial year 2024	1 745 771	0
Regarding financial year 2023	0	2 223 879
Regarding financial year 2022	0	0
Reassessment of tax regarding financial year 2022	0	0
Regarding financial year 2020	-8 941 882	-8 941 882
Write-off regarding financial year 2020 – correction related to reimbursement of tax	8 941 882	8 941 882
Regarding financial year 2019	-3 599 122	-3 599 122
Write-off regarding financial year 2019 – correction related to reimbursement of tax	3 599 122	3 599 122
Deferred income tax	186 920	-3 913 746
associated with incurrence and reversal of temporary differences	186 920	-3 913 746
Tax charge shown in the statement of comprehensive income	1 932 691	-1 689 867

RECONCILIATION OF CIT AS AT 30.06.2024	Amount in PLN
Current CIT settlements	-22 209 105
Receivables regarding 2024	1 226 668
Receivables regarding 2023	0
Receivables regarding 2022	0
Provision regarding 2021	-10 894 769
Provision regarding 2020	-8 941 882
Provision regarding 2019	-3 599 122

Reconciliation of gross profit with taxable income:

INCOME TAX SHOWN IN COMPREHENSIVE INCOME REPORT	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023
Financial gross profit/loss	48 908 020	3 829 932
Exchange rate differences	-1 890 808	-2 336 261
Dividends received	-7 358 024	-8 161 057
Write off of receivables (non-tax-deductible)	44 432	33 384
Movement on holiday accrual	264 529	-996 635
Creation of provision for other costs	-682 894	1 434 147
Donations	2 000	381 779
Amortization of intangible assets	366 763	842 573
Depreciation of right of use (lease)	870 286	2 186 718
Amortization of fixed assets	1 001 302	1 329 423
Capitalization of development costs	-1 199 578	-10 207 072
Other costs that are not tax deductible	-19 448	-40 978
Creation of an impairment loss on capitalized games	0	31 689 990
Loss/profit on associates	195 610	1 828 414
Unwinding of discount, update of valuation	1 113 829	2 561 319
Share based payments	3 166 545	6 033 168
Revenue (and related cost) deferred in the balance sheet in time	695 513	1 686 862
R&D relief	-9 579 254	
Other tax deductible costs not included in the balance sheet costs	-1 812 081	-2 850 466
Taxable income	34 086 742	29 245 240
<i>including income taxed at 5% (IP Box)</i>	<i>34 915 419</i>	<i>35 402 217</i>
<i>including income taxed at 19%</i>	<i>-828 677</i>	<i>-6 156 977</i>

Structure of deferred income tax assets:

SPECIFICATION	30.06.2024	31.12.2023	30.06.2023
result deferred in time - consumable (per balance)	462 080	297 519	325 127
result deferred in time - durable (per balance)	2 327 836	2 506 266	2 287 212
holiday provision	311 461	261 200	278 196
provision for audit costs	6 460	18 810	9 652
lease – IFRS 16 valuation	642 103	63 193	76 447
revaluation of settlements	0	179 829	0
provision for remuneration	704 570	981 813	1 186 305
other provisions	68 415	112 800	68 221
Total	4 522 925	4 421 430	4 231 160

Structure of deferred income tax provision:

SPECIFICATION	30.06.2024	31.12.2023	30.06.2023
amortization of games	333 237	175 002	202 128
revaluation of receivables and payables	130 180	0	522 363
Total	463 417	175 002	724 491

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



APPROVAL OF THE FINANCIAL STATEMENT

This report for the period from January 1 to June 30, 2024 was signed and approved for publication by the Management Board of Ten Square Games S.A. on August 26, 2024.

**PRESIDENT OF THE
MANAGEMENT BOARD**

Andrzej Ilczuk

**MEMBER OF THE
MANAGEMENT BOARD**

Janusz Dziemidowicz

**MEMBER OF THE
MANAGEMENT BOARD**

Magdalena Jurewicz

Wrocław, 26 August 2024