



ten square_games

REPORT OF THE MANAGEMENT BOARD ON THE ACTIVITIES

of the Ten Square Games S.A. Capital
Group and Ten Square Games S.A.
Company for the first half of 2024

Wrocław, 26 August 2024

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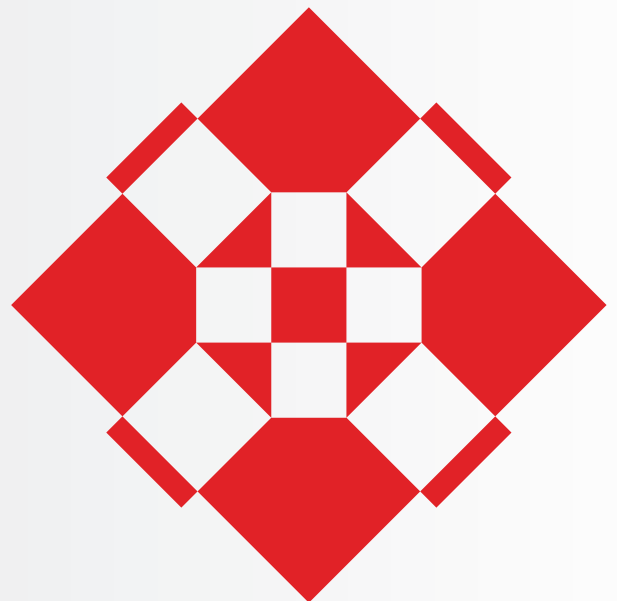


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GENERAL INFORMATION



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 S.A. capital group consists of the parent company and subsidiaries. Ten Square Games S.A. (hereinafter also referred to as the „Parent Company“, „TSG“) was established as a result of the transformation of Ten Square Games Sp. z o. o., which was registered by the District Court on November 20, 2017.

Composition of the Company's governing bodies 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 the financial statements, there were no changes in the composition of the Supervisory Board.

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 and 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%

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	100.00%	7 334 822	100.00%

(1) Arrangement of the Company's shareholders 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' agreement include, among others: Family Foundations (Fundacje Rodzinne) related to Maciej Popowicz and Arkadiusz Pernal, founders of the Company.



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 Management Board – Maciej Marszałek	44 000	0.68%	44 000	0.68%
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%
TOTAL: MANAGEMENT BOARD + SUPERVISORY BOARD	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 And 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 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%
TOTAL: MANAGEMENT BOARD + SUPERVISORY BOARD	167 335	2.28%	167 335	2.28%
others	7 167 487	97.72%	7 167 487	97.72%
TOTAL	7 334 822	100.00%	7 334 822	100.00%

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

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

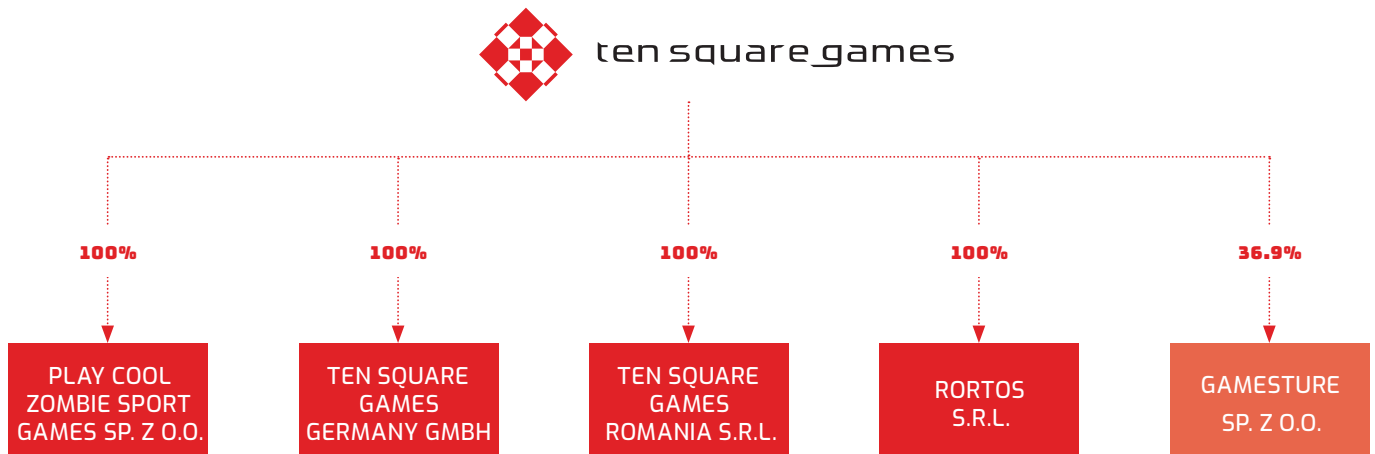
Series of shares	number of shares as at 31.12.2023. 27.05.2024. 30.06.2024	nominal value of shares (per one share)	total nominal value of shares
A	7 225 000	0.1 PLN	722 500.00
B	109 822	0.1 PLN	10 982.20

Description of changes in the 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. people to family foundations.
3. The purchase of own shares, which took place on February 12-22, 2024, and which was settled on February 27, 2024. During the purchase, the Company purchased 954,166 of its own shares, which the Company informed about in current report No. 9/2024.
4. Notifications received 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, as the Company informed about in current reports No. 10/2024 and 11/2024. The notifications were related to the settlement of the Company's share buyback program.
5. Cancellation of own shares, which was registered by the National Court Register on July 3, 2024, as the Company informed about in current report No. 23/2024.
6. Notifications received on July 4 and 5, 2024 regarding changes in ownership, submitted by the Shareholders' Agreement and TFI Allianz S.A., about which the Company informed in current reports No. 25/2024 and 27/2024. The notifications concerned exceeding statutory percentage thresholds and were related to the cancellation of shares.

Composition of Capital Group as at 30.06.2024 and 26.08.2024:



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

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

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

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

Ten Square Games S.A. acquired 24.8% of shares in Gamesture Sp. z o. o. on March 11, 2022. On January 31, 2023, the Parent company acquired another 12% of shares in the share capital of Gamesture Sp. z o. o. The total share of Ten Square Games S.A. in the capital of Gamesture Sp. z o. o. is currently 36.9%.

2.

SELECTED FINANCIAL DATA

The Management Board of the Parent Entity performs a joint analysis based on consolidated data, due to the fact that individual and consolidated data for Ten Square Games S.A. and for the Ten Square Games S.A. Capital Group, are similar to each other (preserved trends for individual balance sheet and result items). In 2021, the Rortos subsidiary was acquired, which significantly changed the value of shares in the separate statements and the value of intangible assets in the consolidated statements in the line with an increase in the liability for the purchase and outflow of cash. However, this transaction did not have such a significant impact on the statement of comprehensive income, hence the Parent Entity decided to further describe the consolidated data.

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.

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
Cost of sales	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	
	za okres 01.01.2024 – 30.06.2024	za okres 01.01.2023 – 30.06.2023	za okres 01.01.2024 – 30.06.2024	za okres 01.01.2023 – 30.06.2023
Net cash flows from operating activities	59 273 727	58 519 693	13 749 734	12 685 821
Net cash flows from investment activities	-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

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

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

COMMENTARY TO THE STATEMENT OF COMPREHENSIVE INCOME

The first half of 2024 saw declines in the level of bookings for the Group's two main titles - Fishing Clash and Hunting Clash, with an increase in revenues from Wings of Heroes. As a result, the total level of the Group's bookings amounted to PLN 195.6 million and was lower by 12.9% compared to the same period of the previous year and by 10.5% compared to the second half of 2023. Among the main factors that influenced the Group's activities, the Management Board of Ten Square Games identifies the following:

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



THE BREAKDOWN OF CONSOLIDATED BOOKINGS PER GAME BY QUARTERS

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 revenues (virtual currency)	-201 742	-1 276 770	-565 728	1 187 383	-2 725 192	-1 355 271
Deferred revenues (durables)	-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

The cost of producing sold services incurred in the first half of 2024 is 7.8% lower than the costs in the first half of 2023. In this line, the largest cost component is depreciation and the current cost of development teams. In April 2023, the Group reduced the number of employees, which also partially resulted in a decrease in production costs. Additionally, a large part of the depreciation cost is originally expressed in EUR, hence, with the decline in the EUR/PLN exchange rate - which has been happening since the turn of 2023 and 2024, the cost of producing products converted into PLN also decreases.

THE BREAKDOWN OF CONSOLIDATED SELLING COSTS BY QUARTERS

SPECIFICATION	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024
Cost of sales	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, subcontracting services	6 131 380	5 531 739	5 379 572	3 831 549	4 599 678	4 165 443
mobile games 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

The level of sales costs is mainly influenced by the level of marketing expenditure (including, to the greatest extent, marketing for the Fishing Clash and Hunting Clash games) and the level of commissions, which are fully dependent on the level of bookings. However, through:

- » addition of the TSG Store, which has on average lower commission costs than the leading Google and Apple stores;
- » changes in commissions in the EU on the Apple platform forced by the European DMA (Digital Markets Act);

the share of commission in bookings is gradually decreasing. Historically, the standard commission rate has been 30% of the payment amount.

SPECIFICATION	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024
Recurring general and administrative costs, including:	10 573 057	7 510 342	6 454 144	6 860 043	6 287 713	6 905 113
– payroll + third party services (TSG S.A.)	4 535 148	3 682 599	3 206 869	3 070 118	3 039 408	3 011 205
– cost of subsidiaries	1 612 988	1 134 552	1 074 407	972 177	926 234	1 023 526
– rent and maintenance of office (TSG S.A.)	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
MSOP	6 033 168	0	111 135	333 406	1 531 618	153 162
M&A	164 781	571 870	1 050	0	-310 254	0
TOTAL GENERAL AND ADMINISTRATIVE COSTS	16 771 005	8 082 212	6 566 329	7 193 449	7 509 077	7 058 275

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

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

In the first half of 2024, the Parent Entity recognized the non-cash cost of two share-based incentive programs. These programs are addressed to the Company's Management Board and several key leaders. The cost of PLN 1.2 million concerns the actual allocation of the first tranche of shares, which took place in January 2024. The remaining cost, i.e. PLN 0.5 million, concerns the potential award of shares for the EBITDA result achieved in 2024. Therefore, this cost is estimated during 2024, and its final value will be known at the end of 2024.

RECONCILIATION OF OPERATING RESULT TO ADJUSTED EBITDA PARAMETER BY QUARTERS

SPECIFICATION	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024
Operating profit (EBIT)	-14 413 939	9 638 991	25 032 085	-16 739 289	19 108 496	23 278 311
Amortization and depreciation (excluding capitalized portion)	4 977 704	5 038 746	4 969 493	4 808 603	4 505 560	4 428 755
Write-downs for impairment	26 572 925	5 117 065	0	46 528 541	0	0
EBITDA	17 136 690	19 794 802	30 001 578	34 597 855	23 614 056	27 707 066
non-cash impact of incentive scheme (excluding capitalized portion)	6 033 168	0	164 217	492 655	2 854 621	311 924
deferred result (revenue minus commissions) – consumables	141 218	893 739	396 007	-831 170	2 150 783	1 100 237
deferred result (revenue minus commissions) – durable	4 159 142	-3 487 857	2 983 207	1 069 780	-819 647	-1 775 914
costs of potential and completed acquisitions (M&A) and review of strategic options	163 381	570 120	0	0	-310 254	0
severance pay – group lay-offs	0	3 146 532	0	0	0	0
Other one-off events	0	1 022 240	117 035	19 589	0	0
Adjusted EBITDA	27 633 599	21 939 576	33 662 044	35 348 709	27 489 559	27 343 313

During 2023, the Parent Entity made several write-downs on assets, which significantly impaired the level of operating profit; in the first half of 2024, no such transactions took place. For 6 months of 2024, the Group achieved an operating profit of PLN 42.4 million, and adjusted EBITDA amounted to PLN 54.8 million. This weaker reading compared to previous periods is mainly due to a decline in bookings. On the cost side, the Group has already achieved almost all cost efficiencies that were recognized with the change in strategy in 2023. The Group is working intensively to improve the level of bookings, which is described in more detail in the subsequent notes of this report.

Additionally, thanks to the restructuring of operations carried out in 2023 in the associated company Gamesture Sp. z o. o., it also improves its results. In the first quarter of 2024, the share of Ten Square Games in the net loss of Gamesture Sp. z o. o. amounted to approx. 242 thousand PLN, and in the second quarter of 2024, the Group recorded a share in the profit of PLN 46,000. PLN. For comparison, in the first half of 2023 the assigned loss amounted to PLN 1.8 million, and in the second half of 2023 - PLN 4 million.

In the first half of 2023, an unusual impact on tax (negative amount shown) had a decrease in the provision for deferred tax, resulting mainly from a decrease in the temporary tax difference on capitalized game costs (tax cost at the time of payment of remuneration, balance sheet cost at the time of showing the depreciation of the completed game). Once the costs of producing these games were written down, this difference ceased to exist. No such events occurred in 2024, hence the income tax shown in the report amounted to PLN 4 million (9% of the tax base), which corresponds to the standard level of the effective tax rate for the Group.

The Group closes the first half of 2024 with a net profit of almost PLN 40 million compared to a net loss of PLN 5.3 million in the comparable period of 2023. This result was positively influenced by the lack of one-off events, which in the corresponding period of 2023 burdened the Group's result with the amount of write-offs in the amount of PLN 31.7 million.

COMMENTARY TO THE CONSOLIDATED STATEMENT OF FINANCIAL SITUATION

On the assets side, the largest change between June 30, 2024 and December 31, 2023, accounting for 78% of the decline in the balance sheet total, is a decrease in the value of cash from PLN 162.8 million to PLN 95 million. The decrease in cash is strictly related to the purchase of own shares carried out in February for the amount of PLN 114.6 million, which has already been partially rebuilt from current operating cash flows. Other changes affecting the decline in the balance sheet total include a decline in receivables (PLN -6.4 million), which is related to a decline in bookings, and a decline in receivables due to CIT (-PLN 6.8 million), which results from the fact that an overpayment of tax for 2023 was received in the second quarter of 2024.

Discussing the structure of liabilities, the biggest change is the above-mentioned purchase of own shares, which, combined with the issuance of own shares, resulted in a movement in capital (item „own shares“) in the amount of PLN -106.2 million. During the second quarter of 2024, the Group also paid an earnout on the purchase of Rortos for 2023, which significantly resulted in a decrease in the „other liabilities“ item (total short- and long-term liabilities decreased by PLN 13 million, of which PLN 11 million relates to earnout payments).

On the other hand, the value of long-term leasing liabilities increased, which is related to the annexation of contracts for the next 3 years (+PLN 5.5 million).

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

COMMENTARY TO THE CONSOLIDATED CASH FLOW STATEMENT

The Group has a high ability to generate cash. The level of operating cash flows generated in the first half of 2024 amounted to PLN 59.3 million, while adjusted EBITDA for the same period amounted to PLN 54.8 million. The Group is able to finance its operations on an ongoing basis and plan further investments.

On the investment activity side, during the first half of 2024, the Parent Company paid additional funds (USD 300.000) to the Sisu Game Ventures investment fund - item „purchase of shares“ and paid an earnout on the purchase of Rortos in the amount of PLN 11 million.

In financial activities, the largest cash outflow is related to the purchase of own shares for a record amount of PLN 114.6 million. The item „other financial inflows“ (PLN 1.4 million) is the refund of part of the deposit related to the annexation of leasing agreements.

3.

BUSINESS PROFILE

The activities of the Group and the Parent Company focus on the design, production, distribution and development of mobile games. The Group's products are offered through the most important mobile platforms – most of all iOS and Android – and through Internet portals.

The Group's game portfolio is developed in the F2P model – downloading a game is free of charge and revenue comes from the following sources:

REVENUE

MICROPAYMENTS

- » 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.



4.

KEY PRODUCTS



MOBILE GAME **FISHING CLASH**

LAUNCH DATE
soft launch: 06.2016
global launch: 10.2017

A mobile fishing game. Players have the opportunity to take part in a sports competition between anglers in excellent 3D graphics. Since its premiere in October 2017, Fishing Clash has built the position of the most important mobile fishing game in the world, generating PLN 120.8 million in bookings in the first half of 2024. Fishing Clash is the Group's biggest game, and during 2020 the title hit the top 50 highest-grossing games in the Google Play store.



MOBILE GAME **HUNTING CLASH**

LAUNCH DATE
soft launch: 11.2019
global launch: 08.2020

A product aimed at a wide range of players, focusing on collecting and competing. The game is characterized by advanced 3D graphics and realistically animated animals. The Hunting Clash player has the opportunity to become the best hunter in the world by hunting many famous species of animals and collecting various types of weapons, while exploring the beautiful scenery of hunting grounds inspired by real places. Since its premiere in the third quarter of 2020, the game has been among the 200 highest-grossing games on the Android platform in the US, generating nearly PLN 45.8 million in bookings in the first half of 2024.



MOBILE GAME **WINGS OF HEROES**

LAUNCH DATE
soft launch: 05.2022
global launch: 10.2022

An airplane game set in World War II where players get the chance to engage in 5v5 real-time battles. Players use the most iconic aircraft of the era and discover locations inspired by real places where historical battles took place. Wings of Heroes players can feel the real action as they compete against each other. The game is in the early stages of development and was released in October 2022. The initial results of the game are promising and Wings of Heroes is being intensively developed to become the best game in its category available on the market. In the first half of 2024 the game generated PLN 6.4 million in bookings.

5.

BRIEF DESCRIPTION OF THE ISSUER'S SIGNIFICANT ACHIEVEMENTS AND FAILURES IN THE REPORTING PERIOD, TOGETHER WITH THE SPECIFICATION OF THE MOST IMPORTANT EVENTS RELATING TO THE ISSUER

The first half of 2024 saw declines in the level of bookings of the Group's two main titles - Fishing Clash and Hunting Clash. This is mainly the result of weaker results recorded in the first quarter of 2024. In the second quarter of 2024, the dynamics of revenue decline recorded in the Group's main games decreased significantly. This is the result of intensive remedial actions carried out since the beginning of 2024. At the same time, bookings from Wings of Heroes and Real Flight Simulator had a positive impact on this position. As a result, the total level of the Group's bookings in the period January - June 2024 amounted to PLN 198.1 million and was lower by 10.9% compared to the same period in 2023. Among the main factors that influenced the Group's operations, the Management Board of Ten Square Games identifies the following factors:

1. Economic situation, which affects the level of consumer spending on entertainment;
2. USD/PLN exchange rate remaining lower than in the previous year;
3. Reduced player activity in the reporting period (in particular in the first quarter of 2024) after an intense fourth quarter of 2023;
4. Reducing expenditure on marketing activities and their intensity during 2023, which has a short-term impact on the quantity and quality of acquired traffic, and in the long-term translates into a decline in revenues in subsequent periods;
5. Major changes introduced to the competition system in Hunting Clash, which in the long run should improve the monetization of this product;
6. Competition for the player's attention and time with other entities offering attractive ways of spending free time;
7. New competitors on the market.

The Management Board of Ten Square Games S.A. in the first half of 2024 focused on activities aimed at reversing the downward trend observed in the Group's revenues. During this time, the product teams concentrated on improving the performance and refreshing the technological systems responsible for the game's functionality and user experience.

In the Group's main project, the game Fishing Clash, initiatives were undertaken to reduce the game's loading time and the number of bugs affecting the player experience. Additionally, the team worked on a new gameplay mode (Arena), which was introduced to the game in the early days of August 2024.

At the same time, the Group's second-largest project – Hunting Clash – underwent the most significant update since the game's launch. This involved an overhaul of the system responsible for in-game competition. This change was well received by players, with initial results showing a positive impact on both the product's monetization and player engagement levels. A tangible effect of this is the increase in the average number of hunts per player and the number of buffs used by players. Additionally, the introduction of the trophy collection feature in June 2024 positively influenced the game's metrics.

The Group's third project – Wings of Heroes – has been steadily improving its performance. The level of bookings has increased for the third consecutive quarter. In the second quarter of 2024, bookings reached PLN 3.5 million, and in the first half of 2024, PLN 6.4 million. The Management Board of the Parent Company is pleased with the progress in the development of this title and plans to further scale it in the coming months of 2024. The biggest challenge for the team remains accelerating the growth dynamics of bookings.

Additionally, it is worth noting the continued improvement in the performance of the game Real Flight Simulator from Rortos' portfolio for another consecutive quarter. In the first half of 2024, the game generated PLN 9.7 million, an increase of 12.9% compared to the first half of 2023. The results recorded by the game during this period were the best in its history.

The Management Board of the Parent Company is also pleased with the development of the TSG Store, whose growing share in the Group's bookings is helping to improve the Group's financial efficiency and reduce commission costs. In July 2024, the TSG Store's share of the Group's total bookings reached 12.7%.

In the first half of 2024, Ten Square Games S.A. also carried out intensive work on developing prototypes for new projects. The first of these, named Trophy Hunter (prototypically known as Hunting Next), after the initial market tests in June 2024, has already been enriched with new content and is undergoing further gameplay testing before the planned monetization potential test.

The second prototype, with the project name Fishing Next, is still undergoing internal testing. It currently has a more developed format, with more content and fishing locations, than Trophy Hunter had at the time of its 'technical launch.' Its market test has been postponed to allow for the incorporation of insights gathered from the initial market tests of the hunting prototype, Trophy Hunter, into the game's development.

In the first half of 2024, adjusted EBITDA amounted to PLN 54.8 million, representing an increase of 10.6% compared to the same period in 2023. The most significant impact on this result was the increase in EBITDA to PLN 27.3 million in the second quarter of 2024, marking a substantial improvement compared to the second quarter of 2023. This result was also close to that recorded in the first quarter of 2024 (PLN 27.5 million).

In the second quarter of 2024, for the first time since investing in Gamesture Sp. z o.o., Ten Square Games S.A. recorded a share in the profit of Gamesture Sp. z o.o. amounting to PLN 46,000. This is the result of restructuring efforts carried out in 2023. In the first quarter of 2024, Ten Square Games' share in the net loss of Gamesture Sp. z o.o. was approximately PLN 242,000. For comparison, in the first half of 2023, the attributed loss was PLN 1.8 million, and in the second half of 2023, it was PLN 4 million.

Between February 12-22, 2024, Ten Square Games S.A., in accordance with the authorization of the General Meeting of Shareholders from December 19, 2023, purchased 954,166 of its own shares at a uniform price of PLN 120 per share. On May 23, 2024, the General Meeting decided to cancel 90% of the acquired shares and to introduce relevant changes to the Company's Articles of Association. On July 3, 2024, the court registered the changes to the Articles of Association, and the Company's share capital was reduced by 858,822 canceled shares. The current share capital of the Company is PLN 647,600, divided into 6,476,000 series A ordinary bearer shares, each with a nominal value of PLN 0.10, entitling the holder to 6,476,000 votes at the General Meeting.

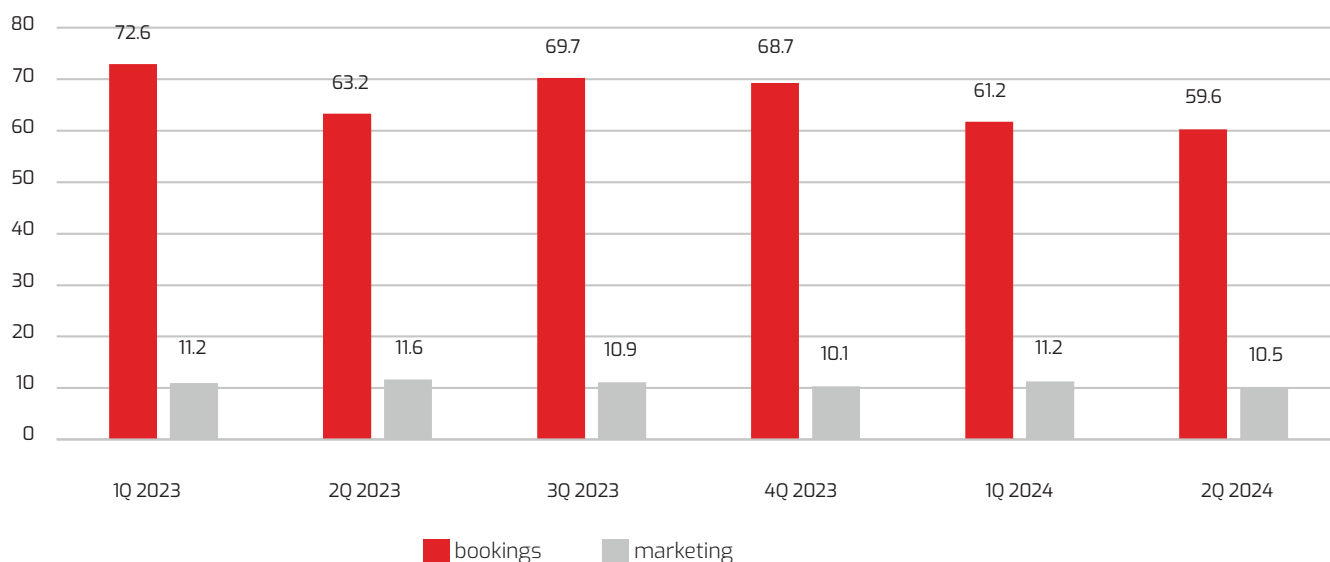


QUARTERLY ANALYSIS OF BOOKINGS AND MARKETING COSTS OF KEY GAMES:

FISHING CLASH



data in PLN million

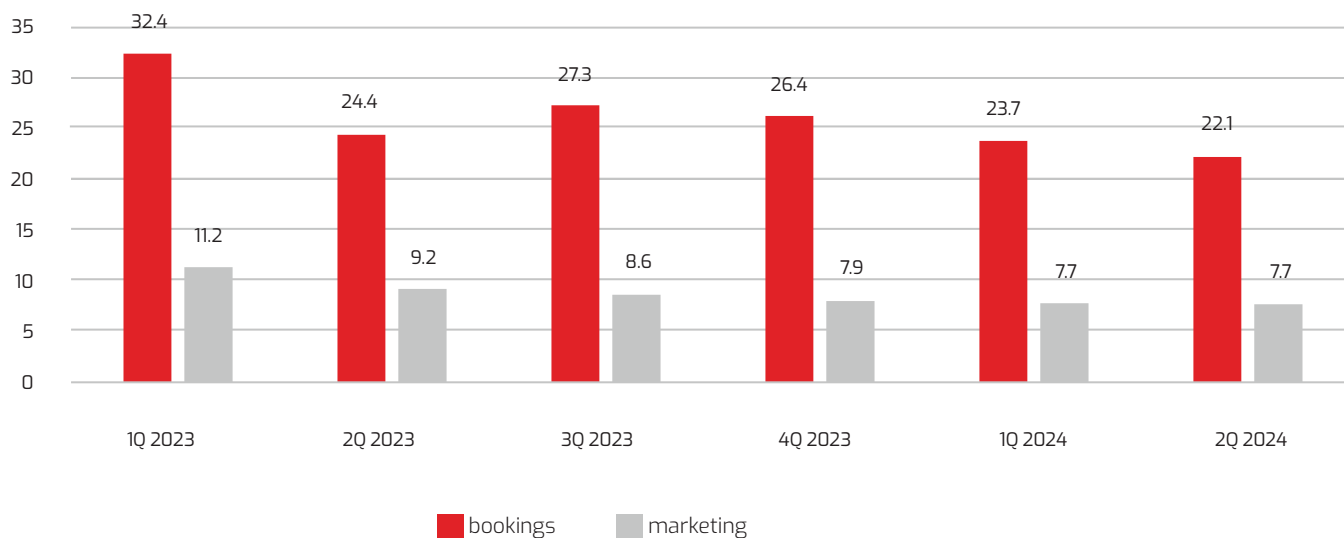


The level of bookings in Fishing Clash in the first half of 2024 amounted to PLN 120.8 million, which was 11% lower compared to the same period in 2023. In the second quarter of 2024, bookings in the game reached PLN 59.6 million, a decrease of 2.6% compared to the first quarter of 2024. The slower decline in bookings is the result of efforts aimed at reversing the negative trend in the game's bookings. At the core of these efforts is a strategy focused on reducing player churn and attracting new players to the game (anti-churn strategy). In the first half of 2024, as part of this strategy, dozens of technical improvements were made to the game, and changes were implemented based on feedback collected from players. Additionally, in the first quarter of 2024, a new gameplay mode, 'Clan Games,' was introduced. Work on further developing this mode continued throughout the second quarter of 2024. As a result, at the beginning of August 2024, another mode, Arena, was introduced to the game, bringing a new level of excitement to clan competitions. In the second quarter of 2024 alone, three new fishing locations were added to the game: Victoria Falls, the Andaman Islands, and Dubai. In the following quarters of 2024, the Fishing Clash team will focus on improving the user experience in the game in line with the anti-churn strategy. Planned updates aim to enhance competition-related functionalities and place even greater emphasis on the social aspects of Fishing Clash. In July 2024, bookings amounted to PLN 19.8 million.

HUNTING CLASH



data in PLN million



In the first half of 2024, Hunting Clash recorded bookings of PLN 45.8 million. This amount is lower than in the same period of 2023. However, it is important to note that during this time, the Hunting Clash team implemented the largest update to the game since its launch, changing the main system responsible for in-game competition. In the second quarter of 2024 alone, bookings amounted to PLN 22.1 million, which was 6.8% lower than in the first quarter of 2024. The changes implemented in the game have enabled the introduction of new monetization systems, which will be developed in the future. Additionally, the team worked on improving the game's technological performance and enhancing the player experience. The first positive effects of the changes introduced in LiveOps for Hunting Clash are already visible. In the coming months, the team plans further changes to support improving the gameplay experience. The first of these were introduced in July 2024, involving a new visualization of player progress in the game and the introduction of time limited leaderboards.

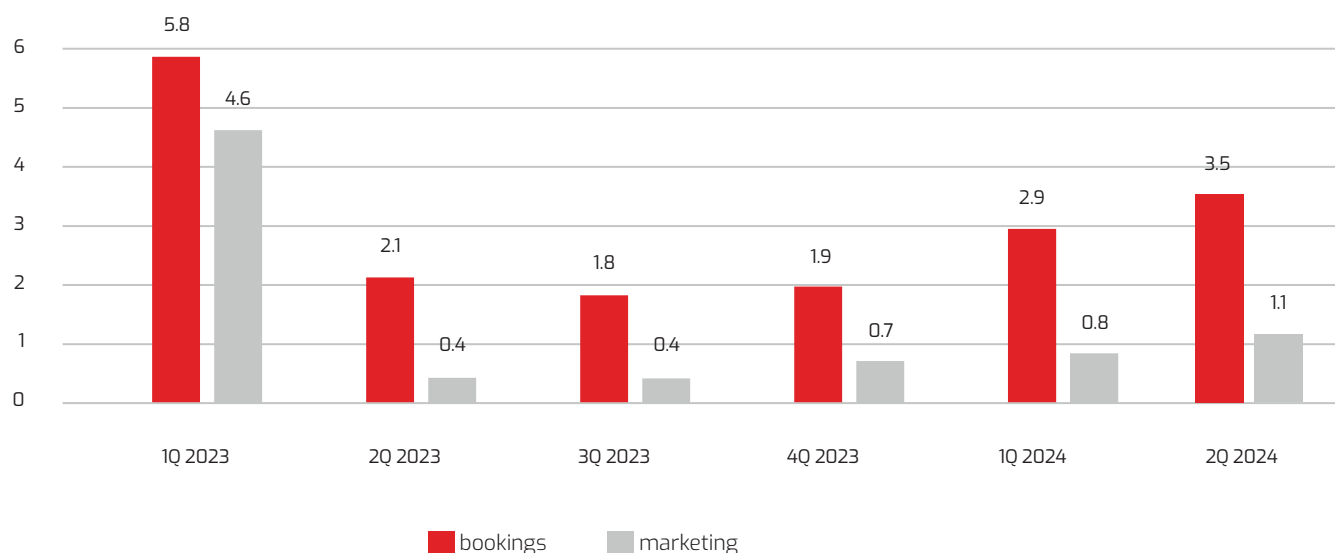
In the first quarter of 2024, the game saw the introduction of the 'power score' feature and a new mode called 'mini-monopoly.' In the second quarter of 2024, the game was enhanced with a feature related to collecting materials that will eventually be converted into trophies. This feature quickly gained popularity among players, leading to greater engagement. Additionally, players were introduced to three new locations: Rajasthan, Córdoba, and Bayanaul National Park.

In July 2024, bookings in the game amounted to PLN 8.3 million, an increase of 12.5% m-o-m. This was the second-best month in terms of bookings for Hunting Clash in 2024.

WINGS OF HEROES



data in PLN million



In the first half of 2024, bookings for Wings of Heroes amounted to PLN 6.4 million, with PLN 3.5 million in the second quarter of 2024 alone. This marked the third consecutive quarter of increasing bookings in the game. This growth is the result of the systematic development of the title following a thorough overhaul of selected mechanics in the second quarter of 2023, which enabled the introduction of the game's main monetization tool – events (LiveOps).

In the first half of 2024, leagues were introduced to the game, enhancing the social aspect and motivating players to engage in more competition. Additionally, a power-up system and new content, including planes and maps, were added. With the next game update, a major feature was introduced – squadrons, known as clans in other games. Their introduction improved player engagement, leading to more frequent and longer play sessions. Players also gained the ability to customize the color of their planes, a feature that quickly became popular.

The team responsible for the development of Wings of Heroes worked in the second quarter of 2024 on improving the matchmaking system for battles, including the introduction of a promoted gameplay mode. Another change introduced was the ability to exchange unnecessary spare parts for planes for other useful items for players. Additionally, various technical improvements were made, and the appearance of in-game offers was enhanced. To increase revenue, three new ads locations were added to the game.

The plans for the coming months are focused on enhancing the social aspect of the game. This includes further development based on squadrons and the introduction of competition between them. Work on this functionality is already underway. Among other planned changes are the introduction of a 'wheel of fortune' (scheduled for late August to early September this year) and new gameplay modes.

In July 2024, bookings in Wings of Heroes amounted to PLN 1.6 million, an increase of 27.1% compared to June this year. This was also the highest result achieved by the game in 2024.

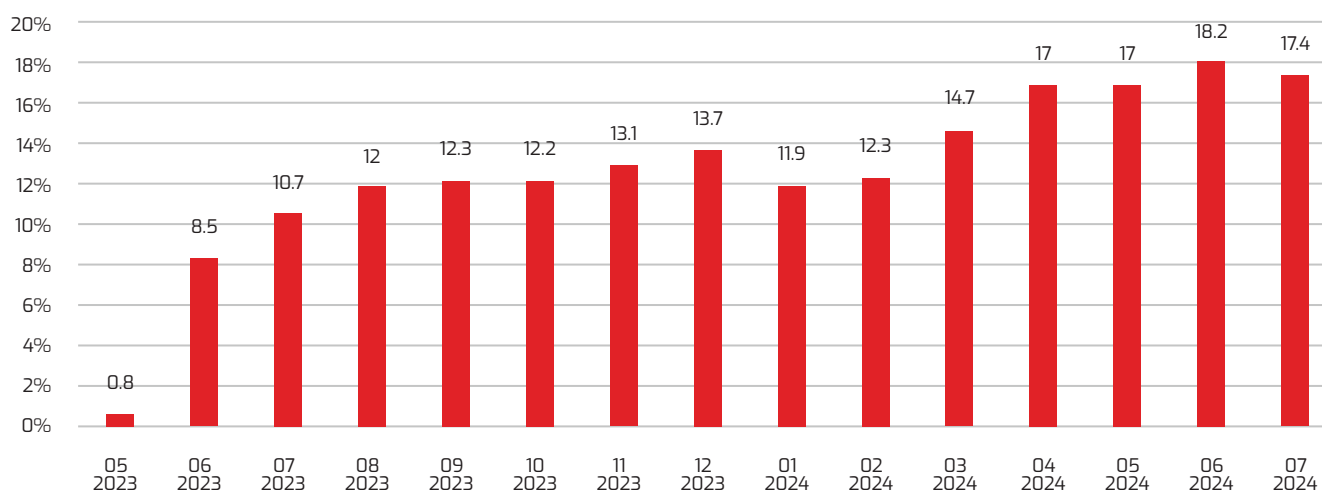
As a result of these efforts, Ten Square Games Group's bookings in July 2024 increased by 8.4% month-over-month, reaching PLN 33.4 million. This was driven by higher revenue from the Group's two main titles, as well as the consistent growth in bookings for Wings of Heroes and Real Flight Simulator.

The launch of TSG Store in 2023 – company's own online store where players can purchase products without the intermediation of the major platforms—has also been crucial for improving the Group's business efficiency and financial results. Sales generated through TSG Store are subject to a lower commission than the fees incurred by the Group when players make purchases through Google or Apple platforms.

Fishing Clash was the first title for which the option to purchase items through TSG Store was launched. Since the introduction of this feature, the share of bookings generated through TSG Store has been steadily increasing, currently reaching nearly 17.5%. The team responsible for the development of TSG Store is testing new solutions to make it easier for players to make purchases in the store and use them during gameplay. However, a challenge for the growth of this sales channel remains the restrictive practices of major platforms, which impose limitations on gaming studios in terms of promoting their own sales channels.

The chart below shows the share of bookings generated by the store in the total amount of bookings for the game Fishing Clash since the store's launch in 2023.

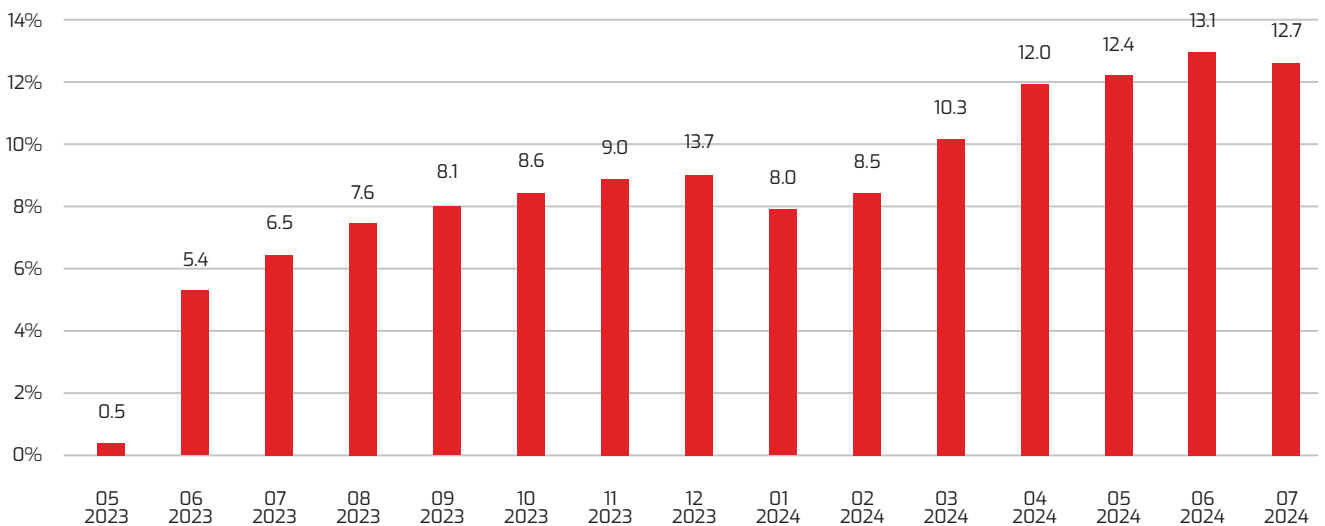
TSG Store share in Fishing Clash bookings



Currently, only two of the Group's titles—Fishing Clash and Hunting Clash—are included in the TSG Store's offerings. The inclusion of Hunting Clash occurred later, and work is still ongoing to improve the integration of offerings and the marketing strategy. The effects of these efforts are already visible, as the value of purchases made by Hunting Clash players has been steadily increasing each month since the beginning of 2024. In July of this year, special coupons were introduced to make it easier for Hunting Clash players to use the TSG Store offerings, which can be easily exchanged for in-game items. The team responsible for the development of TSG Store is also testing a dedicated solution for Fishing Clash players, which will further simplify the use of purchases in TSG Store. Currently, there are no plans to include other titles in the TSG Store's offerings.

Below, the Group presents the TSG Store's share in the total bookings of the Group since the launch of TSG Store in 2023.

TSG Store's share in Group's total bookings



6.

KPI's OF GAMES

	1Q 2023	2Q 023	3Q 023	4Q 023	1Q 2024	2Q 2024
Fishing Clash – MAU ⁽¹⁾ (average in the period)	2 488 370	2 336 456	2 652 322	2 610 637	2 425 073	2 901 837
Hunting Clash – MAU (average in the period)	1 374 262	1 097 983	2 045 553	2 626 980	3 529 644	2 937 882
Wings of Heroes – MAU (average in the period)	647 832	326 576	286 786	275 390	341 010	250 631
Evergreen ⁽²⁾ – MAU (average in the period)	788 326	808 083	926 249	1 008 430	922 365	789 687

[1] MAU – average monthly active players

[2] Evergreen – Let's Fish and Wild Hunt





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

In February 2024, the Parent Company conducted a share buyback, which is described in more detail in the note 'Buyback and cancellation of own shares' as part of the interim consolidated financial statements. From January 1, 2024, to June 30, 2024, no other unusual events occurred.



8.

MAJOR ACHIEVEMENTS IN RESEARCH AND DEVELOPMENT

The Group continuously engages in development work aimed at improving the performance of its games. One of the projects in this area is the introduction of its own platform for selling products within the games published by Ten Square Games Group. This allows the Company to reduce commission costs and increase player loyalty and engagement by creating attractive, dedicated offers, despite the challenges associated with promoting these offers.

Similar to previous years, the Group also continually works on enhancing its business infrastructure, with a particular focus on Business Development. This includes the ongoing refinement of predictive and analytical models, which are crucial for planning and verifying the effectiveness of undertaken actions, including in the area of marketing. The latest analytical system introduced within Ten Square Games Group aims to support decision-making regarding product development and provide a better understanding of the impact of changes implemented in the game on its future revenue levels.

Additionally, the Ten Square Games team has developed an in-house tool based on artificial intelligence solutions, which is used in the game localization department. This tool is already helping to reduce localization costs by approximately 10% per month.

The Group is also currently working on development projects related to new games. A more detailed description of these projects is provided in Note 5.

In the opinion of the Management Board, the development projects currently underway are focused on the consistent implementation of the strategy and hold the potential to improve the key metrics of the Group's main titles, ultimately leading to an increase in the Group's overall bookings and an improvement in the Group's financial efficiency.



9.

EXPECTED DEVELOPMENT OF THE ENTITY AND THE GROUP

In the upcoming quarters of 2024, the Group intends to continue developing its operations in key areas and focus on improving the performance of its games. The action plan developed for the remainder of 2024 aims to eliminate the major obstacles that, in the Management Board's opinion, are preventing the full potential of the Group's main games from being realized and to strengthen its competitive advantages, which should lead to a reversal of the negative trend in the Group's bookings. The actions undertaken by the working teams will be based on data and insights from tests conducted on the Group's products, and they will involve a much higher degree of automation in the operational activities of individual product teams and product support teams, utilizing the latest technologies. Their primary goal is to improve the monetization and quality of the Group's main products. Therefore, many internal projects are focused on enhancing the player experience in in-game events (LiveOps). The strategic shift in this area has been supported by organizational changes. To enhance the quality of key projects, new solutions will be tested on a larger scale than before, and efforts will be made to eliminate technical errors and speed up game loading times.

The most important development project from the Group's perspective is the market testing of two game prototypes being developed by Ten Square Games. One of them—Trophy Hunter—has already completed the first stage of market testing and is continuously being expanded with new content. In the next stage, the monetization potential of this prototype will be tested.

The second prototype, code-named Fishing Next, is still in the internal testing phase. In this case, the market test has been delayed to allow for a more developed project to be tested compared to the first prototype. The team is currently finalizing internal tests, and the so-called 'technical launch' is expected to take place within the next few weeks. The mechanics of this prototype will already incorporate insights from the initial market tests of Trophy Hunter. Both prototypes feature different gameplay dynamics compared to the Group's current projects, and they also differ in their underlying business models. Both prototypes are aimed at a broader audience than the current projects being developed within the Group. The Group anticipates that if the prototypes' test results are satisfactory, they could enter an intensive production phase as early as the end of 2024. Quickly testing the market potential of new project prototypes without incurring significant costs or building large new teams during the conceptual phase also helps maintain cost discipline.

Rortos, a subsidiary of Ten Square Games, has also begun work on a new game. Currently, these efforts are in a very early stage, with the goal of assessing whether there is a market for this type of product.

Ten Square Games intends to continue developing its own store—TSG Store—and to increase the share of bookings generated through this platform. The Management Board of the Parent Company is pleased with the store's progress and expects further growth in the share of bookings from this sales channel in the Group's total bookings in the future.

10.

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

On July 3, 2024, the National Court Register registered the redemption of the Company's shares, which was described in more detail in the note „Purchase and redemption of shares" which is part of the interim consolidated financial statements. Apart from the redemption of shares, no significant events occurred after the balance sheet date.





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

In the upcoming quarters of 2024, the Group intends to continue developing its operations in its existing areas.

The most significant factor influencing the results in the coming quarters of this year will be the reversal of the declining trend in the Group's bookings. Maintaining growth in its largest titles and increasing the scale of revenue from Wings of Heroes are crucial for improving the Group's results.

The Group's results could be significantly impacted by sudden changes in the advertising market—such as increased user acquisition costs or changes in the terms of cooperation with major online platforms—which could negatively affect the Group's cost structure and/or its ability to acquire new users. Additionally, the emergence of competitive titles in the market could also negatively impact the Group's performance.

The increasing share of sales through the proprietary online store (TSG Store) may contribute to lowering the Group's sales costs (lower commission fees) and improving financial results. However, the pace of development for this sales channel is dependent on the policies of the largest sales platforms. The Group also ensures its ability to quickly adapt its operations to the current market situation and financial results to maintain a competitive edge in the rapidly changing mobile gaming market. Therefore, the Group continues to operate under strict cost discipline and develops internal projects that add value to its operations.

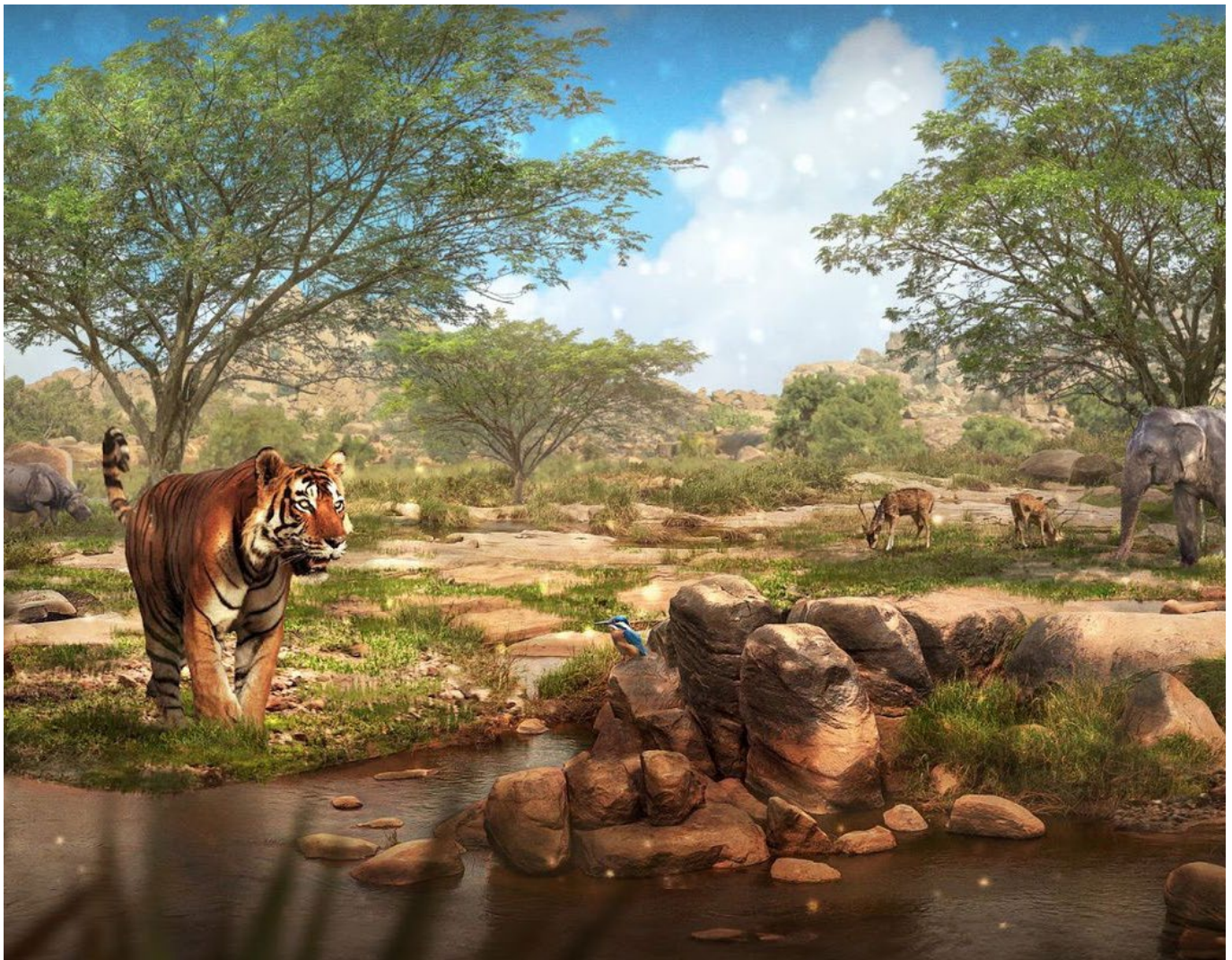
A factor that may influence the Group's results in the coming years will be the outcomes of testing new game prototypes and the decision whether to further develop them or discontinue work on them. The long-term development of new projects provides the Group with opportunities to expand its scale of operations.

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

External factors that could positively impact the Group's performance include improvements in the marketing market, stabilization of player behavior, and a reversal of the negative trend in the gaming industry. An additional positive factor could be the potential end of the war in Ukraine. Furthermore, changes in the online market resulting from the implementation of legal regulations regarding the functioning of large online platforms (Digital Markets Act), which are key partners for Ten Square Games in the sale of in-app items, could reduce commission costs and have a positive impact on the Group's financial results.

The Group is also exposed to exchange rate risk, particularly in relation to USD/PLN (marketing expenses) and EUR/PLN (operating costs in Italy). Any fluctuations in these exchange rates have a direct impact on the Group's financial performance.

Among the risk factors, the Group also identifies potential changes in the policies of major advertising networks, such as Google and Apple, which could affect the way players are acquired. Additionally, the emergence of competing products on the market always poses a challenge for the Group and could lead to a decline in revenue.



12.

CORPORATE SOCIAL RESPONSIBILITY

During the first half of 2024, Ten Square Games finalized the development of a comprehensive ESG strategy aligned with the latest regulatory requirements. The next step will be the adoption of this strategy by the Management Board of the Parent Company and the implementation of the tasks arising from it. In its business activities, the Group considers social interests and environmental protection, as well as relationships with various stakeholder groups. TSG systematically allocates a portion of its revenue to support the resolution of significant global issues, in line with the value 'Be Part of the Change.' The ambition of the Management Board and its team is for the company's business activities to have a positive impact on the environment and to build long-term value for all stakeholders. The Group collaborates with global organizations such as Fair Play Alliance and Tech To The Rescue to implement more sustainable solutions in its products and share resources with non-governmental organizations.

In the first half of 2024, the main activities carried out by the Group included celebrating Earth Day in Fishing Clash and Hunting Clash. As a result of actions taken with the players, Ten Square Games donated EUR 10,000 to the Global Nature Fund (the payment was physically made in July 2024, so it is not reflected in the table below).

The Group's largest product, Fishing Clash, is involved in the 'Make Green Tuesday Moves' initiative. As part of the game, special ecological events are organized every month, and Planet Play marketplace offers in-game product bundles that players can purchase at attractive prices. Ten Square Games shares the profits from these sales equally with Planet Play.

Additionally, as part of the '2 hours for the family, 2 hours for humanity. Be Human' campaign, Ten Square Games donated funds to fulfill the wish of a sick child under the care of the 'Mam Marzenie' Foundation. Thanks to this initiative, the child's room was furnished.

Expenses related to supporting culture, sports, charity institutions, media, social organizations and trade unions incurred in the first half of 2024 and 2023 and described above are presented in the tables below:

TYPE OF EXPENDITURE	01.01.2024 – 30.06.2024	01.01.2023 – 30.06.2023
Supporting environmental initiatives	0	359 135
Sponsoring initiatives	37 500	172 137
Supporting charity initiatives	2 000	39 230
Supporting sports initiatives	4 444	11 944
Supporting educational initiatives	0	5 691
TOTAL	43 944	588 137

13.

AGREEMENTS WHICH MAY RESULT IN FUTURE CHANGES IN THE PROPORTIONS OF SHARES HELD BY SHAREHOLDERS

Historically, agreements that could potentially impact future changes in the proportion of shares held by shareholders were those related to the incentive program for the years 2018-2022, which was based on the issuance of new shares.

The incentive programs in place at the Company in 2023 and 2024 are based on the distribution of own shares repurchased from the market, and therefore do not directly affect the proportion of shares held by shareholders. A more detailed description of the existing incentive programs is provided in the note 'incentive programs,' which is part of the interim consolidated financial statements.

14.

OTHER INFORMATION RELEVANT FOR THE ASSESSMENT OF THE EMPLOYMENT SITUATION, ASSETS, FINANCIAL POSITION, FINANCIAL RESULT AND CHANGES THEREOF, AND INFORMATION RELEVANT FOR THE ASSESSMENT OF THE ISSUER'S POSSIBILITY TO FULFILL ITS OBLIGATIONS

In the Ten Square Games S.A. Capital Group as at June 30, 2024 and as at August 26, 2024, there are no other material information of the above nature.

15.

THE MANAGEMENT BOARD'S STANCE ON THE POSSIBILITY OF FULFILMENT OF PREVIOUSLY PUBLISHED FORECASTS FOR A GIVEN YEAR IN THE LIGHT OF THE RESULTS PRESENTED IN THE QUARTERLY REPORT, COMPARED TO THE FORECASTED RESULTS

The Management Board of Ten Square Games S.A. did not publish forecasts of 2024 financial results.

16.

SEASONALITY OR CYCLICALITY OF OPERATIONS

There is no significant seasonality in the Group's operations.

17.

CREDITS, LOANS, WARRANTIES

Ten Square Games S.A. nor any of its subsidiaries was, as at June 30, 2024 and as at the date of publication of the financial statements, a party to credit or loan agreements (except for agreements concluded between members of the capital group). The Parent Company and its subsidiaries did not grant any sureties or guarantees in the period covered by the report.

18.

ACQUISITION OF OWN SHARES

In February 2024, the Parent Company conducted a share buyback, which is described in more detail in the note 'Buyback and Cancellation of Own Shares,' as part of the interim consolidated financial statements.

19.

BRANCHES (OFFICES) OWNED BY THE PARENT COMPANY

The Parent company and its subsidiaries do not have branches (offices).

20.

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

Neither Ten Square Games S.A. nor any of its subsidiaries were, as at 30 June 2024 and as at the date of issuing the financial statements, parties to any court proceedings, arbitration proceedings or proceedings before a public administration body.

21.

INFORMATION ON THE CONCLUSION BY THE ISSUER OR A SUBSIDIARY OF ONE OR MULTIPLE TRANSACTIONS WITH RELATED ENTITIES, IF THEY ARE CONCLUDED ON TERMS OTHER THAN ARM'S LENGTH TERMS

All transactions with subsidiaries made by the Issuer or its subsidiary are made at arm's length. The list of transactions between related entities was presented in the semi-annual report in the note to the consolidated financial statements.

22.

FINANCIAL INSTRUMENTS IN RISK MANAGEMENT

1. Financial instruments with respect to the following risks: changes in prices, credit risk, material disruption of cash flows and liquidity to which an entity is exposed:

The Group and the Parent Company do not use such financial instruments due to the fact that the expected costs of their use could be higher than the probable benefits.

2. Financial instruments within the scope of the entity's objectives and methods of financial risk management, including methods of hedging material types of planned transactions for which hedge accounting is applied:

The Group and the Parent Company do not use such financial instruments due to the fact that the expected costs of their use could be higher than the probable benefits.

APPROVAL OF THE MANAGEMENT BOARD REPORT ON ACTIVITIES

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