



ten square_games

2024

**CONSOLIDATED
FINANCIAL STATEMENT**

Ten Square Games S.A. Group
as at 31 December 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.

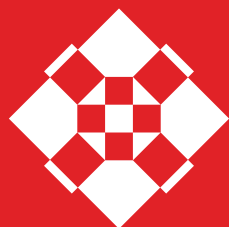


Wrocław, March 24, 2025

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**CONSOLIDATED
FINANCIAL
STATEMENT**



SELECTED FINANCIAL DATA

STATEMENT OF COMPREHENSIVE INCOME

	PLN		EUR	
	for the period 01.01.2024 – 31.12.2024	for the period 01.01.2023 – 31.12.2023	for the period 01.01.2024 – 31.12.2024	for the period 01.01.2023 – 31.12.2023
Bookings	398,136,040	443,682,194	92,499,428	97,977,695
Revenues	386,453,121	436,076,377	89,785,122	96,298,113
Cost of sales	66,321,422	72,717,283	15,408,536	16,058,052
Operating profit (loss)	76,240,949	3,517,848	17,713,152	776,841
Gross profit (loss)	74,101,949	17,047,571	17,216,196	3,764,590
Net profit (loss)	67,077,028	15,207,141	15,584,087	3,358,171
EBITDA	94,196,249	101,530,925	21,884,729	22,420,927
Adjusted EBITDA	109,734,349	118,583,928	25,494,714	26,186,717

CASH FLOW STATEMENT

	PLN		EUR	
	for the period 01.01.2024 – 31.12.2024	for the period 01.01.2023 – 31.12.2023	for the period 01.01.2024 – 31.12.2024	for the period 01.01.2023 – 31.12.2023
Net operating cash flow	113,883,393	121,505,029	26,458,667	26,831,779
Net cash flow from investment activities	-17,595,267	-26,569,103	-4,087,930	-5,867,216
Net cash flow from financial activity	-117,060,919	-58,440,302	-27,196,905	-12,905,287

BALANCE SHEET

	PLN		EUR	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Fixed assets	206,435,574	215,778,681	48,311,625	49,627,112
Current assets	210,414,131	242,324,613	49,242,717	55,732,432
Equity	243,263,256	291,010,934	56,930,320	66,929,838
Long-term liabilities	25,410,058	29,464,924	5,946,655	6,776,661
Short-term liabilities	148,176,391	137,627,436	34,677,367	31,653,045

EUR/PLN exchange rate	2024	2023
for the balance-sheet data	4.2730	4.3480
for the data from the profit and loss statement and cash flow statement	4.3042	4.5284

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

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

SPECIFICATION	1Q 2024	2Q 2024	3Q 2024	4Q 2024	TOTAL 2024
Profit on the operating activity (EBIT)	19,108,496	23,278,311	15,606,945	18,247,197	76,240,949
amortization (excluding capitalized part)	4,505,560	4,428,755	3,953,275	3,873,425	16,761,015
write-downs for impairment of value	0	0	0	1,194,285	1,194,285
EBITDA	23,614,056	27,707,066	19,560,220	23,314,907	94,196,249
non-cash impact of incentive scheme (excluding capitalized portion)	2,854,621	311,924	441,425	369,466	3,977,436
deferred result (revenue minus commissions) – consumables	2,150,783	1,100,237	1,594,588	1,212,215	6,057,823
deferred result (revenue minus commissions) – durable	-819,647	-1,775,914	4,919,341	3,532,579	5,856,359
costs of potential and completed acquisitions (M&A) and review of strategic options	-310,254	0	0	-43,264	-353,518
severance pay – group lay-offs	0	0	0	0	0
other one-offs	0	0	0	0	0
Adjusted EBITDA	27,489,559	27,343,313	26,515,574	28,385,903	109,734,349

SPECIFICATION	1Q 2023	2Q 2023	3Q 2023	4Q 2023	TOTAL 2023
Profit on the operating activity (EBIT)	-14,413,939	9,638,991	25,032,085	-16,739,289	3,517,848
amortization (excluding capitalized part)	4,977,704	5,038,746	4,969,493	4,808,603	19,794,546
write-downs for impairment of value	26,572,925	5,117,065	0	46,528,541	78,218,531
EBITDA	17,136,690	19,794,802	30,001,578	34,597,855	101,530,925
non-cash impact of incentive scheme (excluding capitalized portion)	6,033,168	0	164,217	492,655	6,690,040
deferred result (revenue minus commissions) – consumables	141,218	893,739	396,007	-831,170	599,794
deferred result (revenue minus commissions) – durable	4,159,142	-3,487,857	2,983,207	1,069,780	4,724,272
costs of potential and completed acquisitions (M&A) and review of strategic options	163,381	570,120	0	0	733,501
severance pay – group lay-offs	0	3,146,532	0	0	3,146,532
other one-offs	0	1,022,240	117,035	19,589	1,158,864
Adjusted EBITDA	27,633,599	21,939,576	33,662,044	35,348,709	118,583,928



CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT	Note	for the period 01.01.2024 – 31.12.2024	for the period 01.01.2023 – 31.12.2023
Revenues from the sales of services	1	386,453,121	436,076,377
Costs of services sold	2.1	66,321,422	72,717,282
Gross profit (loss) on sales		320,131,699	363,359,095
Other operating income	3	2,152,011	1,336,334
Selling cost	2.2	215,850,037	239,574,101
General and administrative costs	2.3	27,973,481	38,612,995
Other operating costs	3	2,219,243	82,990,485
Operating profit (loss)		76,240,949	3,517,848
Financial income	4	5,494,448	23,842,322
Financial expense	4	7,565,160	4,533,596
Loss (profit) due to shares in associates	11	68,288	5,779,003
Profit (loss) before taxation		74,101,949	17,047,571
Income tax	5	7,024,921	1,840,430
Net profit (loss) on continued activity		67,077,028	15,207,141
Profit (loss) on discontinued activity		0	0
Net profit (loss)		67,077,028	15,207,141
Net profit (loss) attributable to Parent Entity		67,077,028	15,207,141
Items that may be reclassified subsequently to profit or loss		-10,923,234	-8,035,808
Subject to reclassification to profit or loss – foreign exchange differences on translation of foreign financial statements		-10,923,234	-8,035,808
Items that will not be reclassified to profit or loss		0	0
Other comprehensive income		-10,923,234	-8,035,808
Total comprehensive income		56,153,794	7,171,333
Total comprehensive income attributable to non-controlling shareholders		0	0
Total comprehensive income attributable to Parent Entity		56,153,794	7,171,333

Profit per share

CALCULATION OF PROFIT PER SHARE	for the period 01.01.2024 – 31.12.2024	for the period 01.01.2023 – 31.12.2023
number of shares		
the weighted average number of shares for the purpose of calculating the value of basic profit per share (in units)	6,908,940	7,334,822
the weighted average number of shares for the purpose of calculating the value of diluted profit per share (in units)	6,775,060	7,264,822
net profit attributable to Parent Entity	67,077,028	15,207,141
net earnings per share in PLN		
basic for the financial period	9.71	2.07
diluted for the financial period	9.90	2.09
net earnings per share on continued operations in PLN		
basic for the financial period	9.71	2.07
diluted for the financial period	9.90	2.09
net earnings 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



3. CONSOLIDATED STATEMENT OF FINANCIAL SITUATION

ASSETS	Note	31.12.2024	31.12.2023
Fixed assets		206,435,574	215,778,681
Tangible fixed assets	8	11,758,779	12,652,752
Intangible fixed assets other than goodwill	9	56,330,638	64,470,872
Goodwill	9.10	108,453,418	111,073,584
Other financial assets	11	24,408,483	23,117,182
Deferred tax assets	5	5,484,256	4,464,291
Current assets		210,414,131	242,324,613
Receivables	13	40,864,028	47,050,647
Current income tax receivable	5	1,744,941	8,638,531
Contract assets	1.3	22,630,967	22,870,296
Loans granted		1,399,344	939,421
Cash and cash equivalents	14	143,774,851	162,825,718
TOTAL ASSETS		416,849,705	458,103,294



LIABILITIES	Note	31.12.2024	31.12.2023
Equity		243,263,256	291,010,934
Equity attributable to owners of the Parent Entity		243,263,256	291,010,934
Share capital	15	647,600	733,482
Share premium		490,305	490,305
Capital from the settlement of the incentive scheme	27	99,448,841	95,471,416
Foreign exchange differences on translation of statements of foreign operations		-10,923,234	-8,035,808
Retained earnings		169,365,699	220,987,589
Own shares (negative value)	16	-15,765,955	-18,636,050
Long-term liabilities		25,410,058	29,464,924
Deferred income tax provisions	5	1,143,594	858,101
Provision for employee benefits	22	2,946,201	3,005,714
Lease liabilities	18	5,586,049	1,379,495
Other liabilities	19	15,734,214	24,221,614
Short-term liabilities		148,176,391	137,627,436
Trade liabilities	17	10,543,440	10,422,303
Provision for income tax	5	23,435,773	23,435,773
Current tax liabilities	5	0	0
Lease liabilities	18	2,363,832	3,638,032
Other liabilities	19	16,976,560	16,210,802
Provisions for employee benefits	22	6,966,436	7,686,213
Contract liabilities	1.3	87,890,350	76,234,313
Total liabilities		173,586,449	167,092,360
TOTAL EQUITY & LIABILITIES		416,849,705	458,103,294





CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY	Share capital	Share premium	Capital from the settlement of the incentive scheme	Foreign exchange differences on translation	Retained earnings	Own shares	Equity attributable to owners of the Parent Entity	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	291,010,934
Payment of share capital	0	0	0	0	0	3,406	3,406	3,406
Capital adjustment resulting from a merger of companies	0	0	0	0	0	0	0	0
Share-based payments	0	0	3,977,425	0	0	0	3,977,425	3,977,425
Foreign exchange differences	0	0	0	0	6,707,617	0	6,707,617	6,707,617
Payment of dividends	0	0	0	0	0	0	0	0
Net profit	0	0	0	0	67,077,028	0	67,077,028	67,077,028
Transactions in acquired treasury shares ^[1]	-85,882	0	0	0	-117,370,727	2,866,689	-114,589,920	-114,589,920
Other comprehensive income	0	0	0	-2,887,426	-8,035,808	0	-10,923,234	-10,923,234
Total comprehensive income	0	0	0	-2,887,426	59,041,220	0	56,153,794	56,153,794
Change in equity	-85,882	0	3,977,425	-2,887,426	-51,621,890	2,870,095	-47,747,678	-47,747,678
Equity as at 31.12.2024	647,600	490,305	99,448,841	-10,923,234	169,365,699	-15,765,955	243,263,256	243,263,256

[1] DETAILED BREAKDOWN OF THE ITEM „TRANSACTIONS IN ACQUIRED TREASURY SHARES“:	Share capital	Share premium	Capital from the settlement of the incentive scheme	Foreign exchange differences on translation	Retained earnings	Own shares	Equity attributable to owners of the Parent Entity	Total equity
Purchase of own shares	0	0	0	0	0	-114,589,920	-114,589,920	-114,589,920
Allocation of treasury shares	0	0	0	0	-8,373,492	8,373,492	0	0
Sales of treasury shares	0	0	0	0	-311,985	311,985	0	0
Cancellation of treasury shares	-85,882	0	0	0	-108,685,250	108,771,132	0	0
TOTAL	-85,882	0	0	0	-117,370,727	2,866,689	-114,589,920	-114,589,920

STATEMENT OF CHANGES IN EQUITY	Share capital	Share premium	Capital from the settlement of the incentive scheme	Foreign exchange differences on translation	Retained earnings	Own shares	Equity attributable to owners of the Parent Entity	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	340,075,853
Payment of share capital	0	0	0	0	0	0	0	0
Capital adjustment resulting from a merger of companies	0	-5,795	0	0	0	0	-5,795	-5,795
Share-based payments	0	0	6,690,040	0	0	0	6,690,040	6,690,040
Foreign exchange differences	0	0	0	0	-10,613,779	0	-10,613,779	-10,613,779
Payment of dividends	0	0	0	0	-52,306,718	0	-52,306,718	-52,306,718
Net profit	0	0	0	0	15,207,141	0	15,207,141	15,207,141
Purchase of own shares	0	0	0	0	0	0	0	0
Other comprehensive income	0	0	0	-17,456,485	9,420,677	0	-8,035,808	-8,035,808
Total comprehensive income	0	0	0	-17,456,485	24,627,818	0	7,171,333	7,171,333
Change in equity	0	-5,795	6,690,040	-17,456,485	-38,292,679	0	-49,064,919	-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	291,010,934

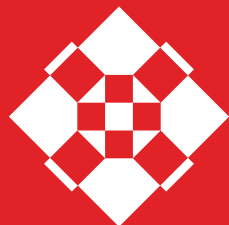


5. CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT	for the period 01.01.2024 – 31.12.2024	for the period 01.01.2023 – 31.12.2023
OPERATING ACTIVITY		
Profit/loss before taxation	74,101,949	17,047,571
Total adjustments:	41,042,651	97,833,163
Depreciation and amortization	16,761,015	20,209,617
Foreign exchange gain/loss	-1,754,288	-1,388,562
Interest paid on lease	636,693	192,402
Interest on deposit	-845,183	993,864
Interest on liabilities (Rortos)	2,270,975	5,203,047
Change in receivables	6,186,619	441,027
Change in liabilities and accrued expenses	1,418,930	-24,020,851
Change in contract liabilities	11,656,037	7,491,266
Change in contract assets	239,329	-2,247,382
Write-offs on intangible assets	1,194,285	78,305,689
Share based payments (part not included in the acquisition of intangible assets)	3,977,425	6,690,040
Loss on associates	68,288	5,779,001
Loss/profit on sale of fixed assets	-767,474	184,005
Cash from operating activity	115,144,600	114,880,734
Income tax (paid) / refunded	-1,261,207	6,624,295
A. Net operating cash flow	113,883,393	121,505,029

CONSOLIDATED CASH FLOW STATEMENT	for the period 01.01.2024 – 31.12.2024	for the period 01.01.2023 – 31.12.2023
INVESTMENT ACTIVITY		
Repayment of loans granted	0	2,200,000
Purchase of intangible and tangible fixed assets	-4,271,718	-10,733,300
Sale of intangible assets and tangible fixed assets	356,498	192,723
Purchase of shares	-2,369,057	-12,980,401
Earn-Out payment	-10,957,715	-4,350,095
Loans granted	-353,275	-917,275
Interest on loans	0	19,244
B. Net cash flow from investment activities	-17,595,267	-26,569,104
FINANCIAL ACTIVITY		
Net proceeds from issue of shares and other capital instruments and additional payments to capital	3,406	0
Dividends and other payments to owners	0	-52,306,718
Payments of finance lease liabilities	-3,283,663	-5,475,669
Purchase of own shares	-114,589,920	0
Interest on lease	-636,693	-192,402
Other financial inflows and outflows	1,445,951	-465,513
C. Net cash flow from financing activity	-117,060,919	-58,440,302
D. Total net cash flow	-20,772,793	36,495,623
– change in cash due to exchange rate losses/gains	1,721,926	-264,789
E. Balance-sheet change in cash, including foreign exchange	-19,050,867	36,230,834
F. Cash at the beginning of the period	162,825,718	126,594,883
G. Cash at the end of the period	143,774,851	162,825,718





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II

**GENERAL
INFORMATION**



REPORTING ENTITY'S DATA



Name	Ten Square Games
Name of higher level entity	N/A
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
Name of the reporting entity	Ten Square Games
Name of the ultimate parent company of the group	none
Principal place of business	Poland

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. There were no changes in the name or other identification data in later periods.

2. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

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

3. PRESENTED PERIODS

The consolidated financial statement includes data for the period from 1 January 2024 to 31 December 2024. Comparative data are presented as at 31 December 2023 for the consolidated statement of financial situation and for the period from 1 January 2023 to 31 December 2023 for the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity.

4. GOING CONCERN ASSUMPTION

The consolidated financial statement has been prepared assuming that the Group (including the Issuer) shall continue their activities for the period of at least 12 months after the last balance-sheet date, i.e. 31.12.2024. 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 activity for the period of at least 12 months after the balance-sheet date due to an intended or forced discontinuance or material limitation of the activity.



COMPOSITION OF THE COMPANY'S BODIES AS AT 31.12.2024

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 thereafter, up to the date of preparation of this financial statement, there were no changes in the composition of the governing body.

Supervisory Board:

- » **Rafał Olesinski** – Chairman of the Supervisory Board;
- » **Wiktor Schmidt** – Vice Chairman of the Supervisory Board;
- » **Marcin Bilos** – Member of the Supervisory Board;
- » **Maciej Marszalek** – Member of the Supervisory Board;
- » **Arkadiusz Pernal** – Member of the Supervisory Board;
- » **Kinga Stanislawska** – Member of the Supervisory Board.

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

6. SHAREHOLDERS' STRUCTURE

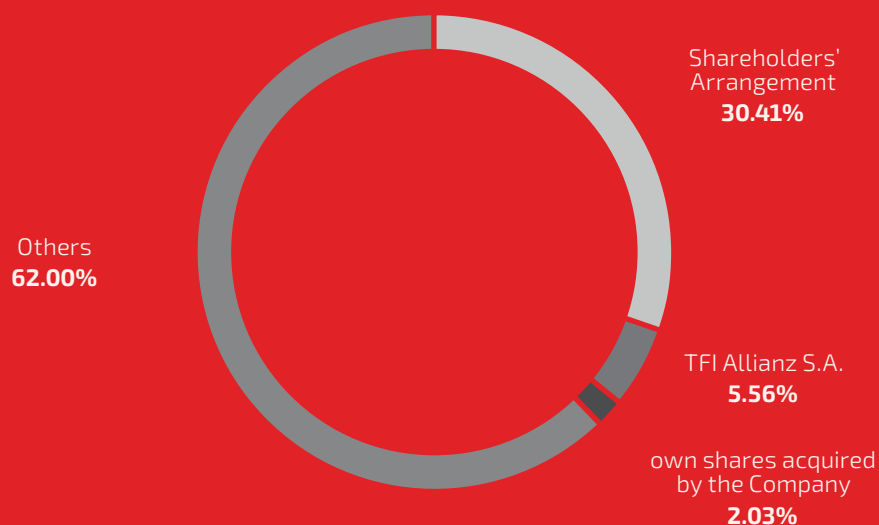
6.1. List of shareholders holding directly or indirectly through subsidiaries at least 5% of the total number of votes at the issuer's general meeting

SHAREHOLDER	number of shares as of 24.03.2025 and 31.12.2024	% share in the share capital	number of votes at GMS	% 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 acquired by the Company	131,280	2.03%	131,280	2.03%
others (including no entity holding more than 5% of shares)	4,015,184	62.00%	4,015,184	62.00%
TOTAL	6,476,000	100.00%	6,476,000	100.00%

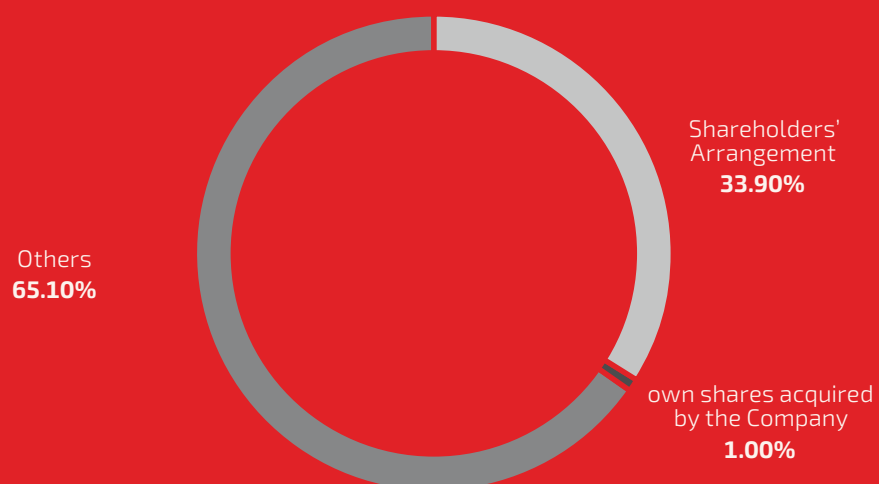
SHAREHOLDER	number of shares as of 31.12.2023	% share in the share capital	number of votes at GMS	% share in the number of votes
Shareholders' Arrangement ^[1]	2,487,288	33.90%	2,487,288	33.90%
own shares acquired by the Company	70,000	1.00%	70,000	1.00%
others (including no entity holding more than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

[1] The shareholders' agreement of the Company dated October 21, 2019, regarding the implementation of a stable policy towards the Company and the coordinated exercise of voting rights from the Company's shares (Current Report No. 30/2019). The parties to the shareholders' agreement include, among others, Family Foundations associated with Maciej Popowicz and Arkadiusz Pernal, the founders of the Company.

number of shares as of 24.03.2025 and 31.12.2024



number of shares as of 31.12.2023



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

SHAREHOLDER	number of shares as of 24.03.2025 and 31.12.2024	% share in the share capital	number of votes at GMS	% share in the number of votes
President of the Management Board – Andrzej Ilczuk	14,888	0.23%	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 Marszatek	44,000	0.68%	44,000	0.68%
Member of the Supervisory Board – Rafat Olesiński	669	0.01%	669	0.01%
Member of the Supervisory Board – Kinga Stanisławska	105	0.00%	105	0.00%
TOTAL: MANAGEMENT BOARD AND 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 of 31.12.2023	% share in the share capital	number of votes at GMS	% share in the number of votes
President of the Management Board – Andrzej Ilczuk	10,388	0.14%	10,388	0.14%
Member of the Management Board – Janusz Dziemidowicz	84,249	1.15%	84,249	1.15%
Member of the Management Board – Magdalena Jurewicz	19,500	0.27%	19,500	0.27%
Member of the Supervisory Board – Arkadiusz Pernal	661,552	9.02%	661,552	9.02%
Member of the Supervisory Board – Maciej Marszatek	44,000	0.60%	44,000	0.60%
Member of the Supervisory Board – Rafat Olesiński	669	0.01%	669	0.01%
Member of the Supervisory Board – Kinga Stanisławska	105	0.00%	105	0.00%
TOTAL: MANAGEMENT BOARD AND SUPERVISORY BOARD	820,463	11.19%	820,463	11.19%
others	6,514,359	88.81%	6,514,359	88.81%
TOTAL	7,334,822	100.00%	7,334,822	100.00%

6.3. Series of shares

SERIES OF SHARES	number of shares as of 25.03.2025 and 31.12.2024	nominal value of shares (per one share)	nominal value of shares
A	6,476,000	0.1 PLN	647,600.00

SERIES OF SHARES	number of shares as of 31.12.2023	nominal value of shares (per one share)	nominal value of shares
A	7,225,000	0.1 PLN	722,500.00
B	109,822	0.1 PLN	10,982.20

6.4. Description of changes in shareholding structure

Changes in the shareholding structure between December 31, 2023 and March 24, 2025 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. the cancellation of treasury shares and the liquidation of Series B shares, which was registered by the National Court Register on July 3, 2024, as announced by the Company in current report no. 23/2024.
6. the notifications received on July 4 and 5, 2024, regarding changes in shareholding, submitted by the Shareholders' Arrangement and TFI Allianz S.A., as announced by the Company in current reports no. 25/2024 and 27/2024. The notifications concerned the crossing of statutory percentage thresholds and were related to the cancellation of shares.
7. the allocation of 2,600 treasury shares of the Company to key collaborators on December 6, 2024, as further described in the note 'Share-Based Incentive Programs'.

TEN SQUARE GAMES CAPITAL GROUP

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

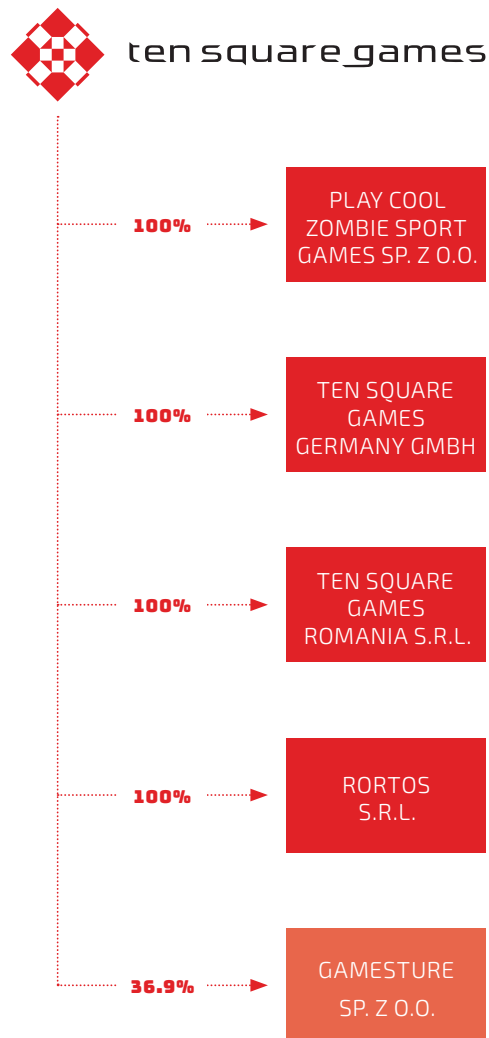
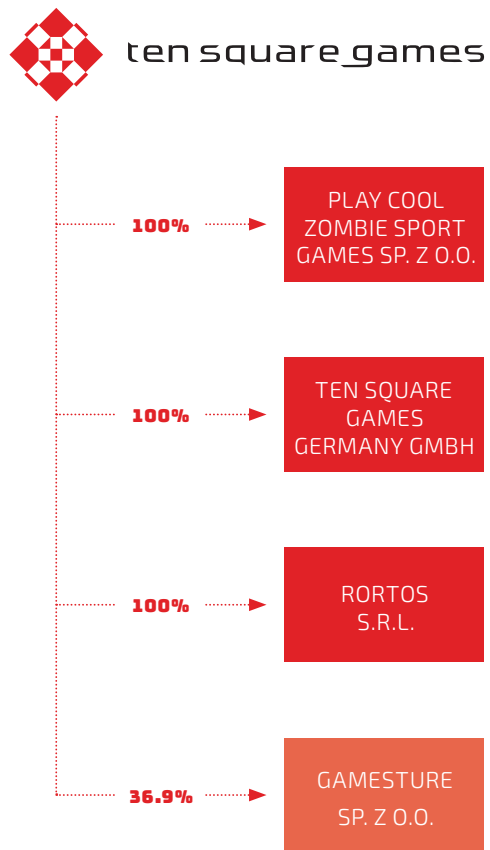
Changes in 2024:

On September 30, 2024, the Company submitted a resolution to the local Registry Court for the liquidation of Ten Square Games Romania S.r.l., which was officially registered on November 7, 2024. The liquidation was carried out at the initiative of the Parent Entity and in accordance with applicable local regulations. The Group had not conducted operational activities in Romania for over a year; therefore, the closure of the company had no impact on the Group's operations.



As of 31.12.2024 and 24.03.2025:

As of 31.12.2023:



8

INFORMATION ON CONSOLIDATION

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

Information on subsidiaries as at 24.03.2025:

POLAND

NAME	PLAY COOL ZOMBIE SPORT GAMES SP. Z O.O.	GAMESTURE SP. Z O.O.
Legal form	Limited liability company	Limited liability company
Registered seat	45 Traugutta Street, 50-416 Wrocław	8 Grodziska Street, 60-363 Poznań
Registration country	Poland	Poland
Core business activity	publishing activity with regard to computer games (58.21.Z)	Computer consultancy activities (62.02.Z)
Authority keeping the register	District Court. VI Commercial Division of the National Court Register in Wrocław	District Court. VIII Commercial Division of the National Court Register in Poznań
Registry no.	0000580667	0000531228
Statistical REGON no	362748821	360207363
Tax identification number	8982214450	7811902941
Company duration	indefinite	indefinite
% of capital held by the Parent Company	100%	36.9%



ABROAD

NAME	TEN SQUARE GAMES GERMANY GMBH	RORTOS S.R.L.
Legal form	Limited liability company	Limited liability company
Registered seat	c/o AMI Steuerberatungsgesellschaft GmbH, Kurfürstendamm 193, 10707 Berlin	Via del Pontiere 11, 37122 Verona
Registration country	Germany	Italy
Core business activity	Development, production, distribution, licensing and support of computer software, computer games, console games, online or mobile games and the provision of online platforms for computer games	Design, development, installation, maintenance and management of software
Authority keeping the register	Amtsgericht Charlottenburg, Berlin, Niemcy	Companies' Register of Verona
Registry no.	HRB 225333	4132300239
Statistical REGON no	N/A	Economic and Administrative Index No. VR 394801
Tax identification number	DE341097971	4132300239 (same as register number)
Company duration	indefinite	Indefinite
% of capital held by the Parent Company	100%	100%



UHY ECA Audyt Spółka z o.o.
31A Potczyńska Street, 01-377 Warsaw
registered on the list of audit firms under number 3886.

10.

STATEMENT OF THE MANAGEMENT BOARD

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

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

11.

MANAGEMENT BOARD INFORMATION

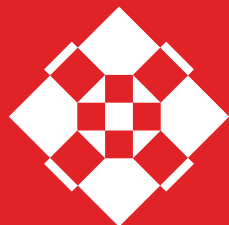
The Management Board of the Company announces that the selection of the audit firm to conduct the audit of the annual standalone and consolidated financial statements for the financial year 2024 was made by the Supervisory Board of the Company through a resolution adopted on March 20, 2024, following a recommendation presented by the Audit Committee.

The Supervisory Board selected the audit firm UHY ECA Audyt Spółka z o.o. to conduct the reviews of the semi-annual financial statements of Ten Square Games S.A. and the semi-annual consolidated financial statements of the Ten Square Games S.A. Capital Group for the periods from January 1, 2024, to June 30, 2024, and from January 1, 2025, to June 30, 2025. Additionally, the firm was appointed to audit the annual standalone financial statements of Ten Square Games S.A. and the annual consolidated financial statements of the Ten Square Games S.A. Capital Group for the years 2024 and 2025.

The audit firm and the members of the team conducting the audit of the annual standalone and consolidated financial statements for the financial year 2024 met the conditions necessary to prepare an impartial and independent audit report in accordance with applicable regulations, professional standards, and ethical principles.

Ten Square Games S.A. complies with the applicable legal regulations regarding the rotation of the audit firm and the key statutory auditor, as well as the mandatory cooling-off periods.

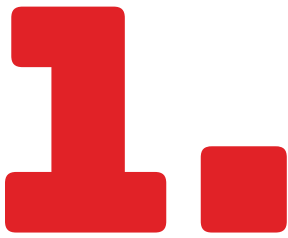
Ten Square Games S.A. (the Parent Entity) has a policy for the selection of the audit firm and a policy governing the provision of non-audit services to the issuer by the audit firm, an entity affiliated with the audit firm, or a member of its network, including services that are conditionally exempt from the prohibition on being provided by the audit firm.



ten square_games

III

**BASIS OF PREPARATION
AND ACCOUNTING
POLICY**



COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated financial statement prepared as at 31 December 2024 has been prepared in accordance with International Accounting Standards, International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board approved by the European Union, hereinafter referred to as "EU IFRS".

In preparing the consolidated financial statements as at 31 December 2024, the Company adopted all new and approved standards and interpretations issued by the International Accounting Standards Board and the International Accounting Standards Interpretation Committee and approved for application in the EU, applicable to its operations.

Standards, interpretations and amendments to published EU-endorsed Standards that were adopted as of March 24, 2025, but have not yet entered into force for annual periods beginning on January 1, 2024, include:

1. Amendments to IAS 21 The Effects of changes in foreign exchange rates: lack of exchangeability;
2. Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures: Changes in Classification and Measurement of Financial Instruments;
3. Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures: Contracts Based on Electricity Dependent on Natural Factors;
4. Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments – Disclosures, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, and IAS 7 Statement of Cash Flows – Annual Improvements to IFRS Standards – Edition 11;
5. Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture with later modifications;
6. IFRS 18 Presentation and Disclosures in Financial Statements;
7. IFRS 19 Subsidiaries Without Public Accountability: Disclosures.

In preparing the financial statements as at 31.12.2024, the Group has not opted for early application of any standard, interpretation or amendment that has been published but has not yet become effective under European Union legislation. According to the Company's estimates, the early application by the Company of these standards, interpretations and amendments to standards would not have a material impact on these financial statements.

2. CHANGES IN ACCOUNTING PRINCIPLES (POLICY)

There were no changes in accounting policies during 2024.

3. DESCRIPTION OF THE ADOPTED ACCOUNTING PRINCIPLES (POLICY)

3.1. Consolidation – subsidiaries, associates

Subsidiaries are all economic entities over which the Group has control. The Group has control over 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 subject to full consolidation from the date of transferring control to the group. The consolidation is discontinued at the date of discontinuation of exercising control. 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.

In accordance with IAS 28, the Group measures investments in associates using the equity method. An investment in an associate is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the investee's profits or losses 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 each time considers the existence of a significant influence and dependence of the company in which the shares are purchased.

3.2. Earnings per share

Net profit/loss per share for each period is determined as the quotient of the net profit/loss for the given period attributable to the Company's shareholders and the weighted average number of shares outstanding during that period. The weighted average number of shares outstanding includes any treasury shares, if applicable.

For the purpose of calculating diluted earnings per share, the profit or loss attributable to ordinary shareholders of the parent entity and the weighted average number of outstanding shares are adjusted for the effect of all potentially dilutive ordinary shares.

3.3. Cash flows

The statement of cash flows is prepared in accordance with the key requirements of IAS 7 Statement of Cash Flows.

Cash flows from operating activities

Cash flows from operating activities are presented using the indirect method, where the net result is adjusted for the effects of non-cash transactions, any settlements related to past or future cash inflows or outflows, and income or expense items associated with cash flows from investing or financing activities.

Cash flows from investing and financing activities

The main categories of cash inflows and outflows arising from investing and financing activities are presented separately.



3.4. 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 and receivable by 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 activity of Group's companies is based mainly on retail sales 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)

With regard to the games, premium packages, including, for instance, notes and pearls (virtual currency), are available to users. Players can convert their virtual game currency into virtual durables, such as rods, lures or other accessories, to improve the performance of the equipment and thus the results achieved in the game, or into consumables – e.g. amplifiers (+x% of fish weight) or another chance to draw a card. The Group 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 recognised as an accrued income settlement (balance sheet item).

In the course of 2020, the Group has made changes to its IT systems, whereby it has started to collect data to analyse the usage of durable goods over time. Accordingly, the Group estimates the amount of the liability (customer contract liability) for the provision of the durable goods in the game – the revenue relating to the purchase of durable virtual goods (and the commission of digital distribution platforms such as Google Play and App Store relating to this revenue) is recognized by the estimated average playing 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 games made available via Facebook and on digital distribution platforms such as Google Play and the App Store, payments received from users for additional functionalities are reduced by the distributors by their commissions. 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 Group in the costs of sales.

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 goods and 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 launch, 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.

3.5. Revenues and costs of financial activity

Financial revenues include mainly interest on free resources on bank accounts, commissions and interest on granted loans, interest due to delay in settling receivables, the amount of released provisions concerning financial activity, revenues on sales of securities, exchange gains, restoration of lost value of investments, the value of cancelled credits and loans as well as profits from settlement of derivative instruments.

Financial costs include mainly interest on credits and loans, interest for 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.

3.6. 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.

For other sources of income, the Company utilizes the research and development (R&D) tax relief, which reduces taxable income. Since 2022, the Company has also applied the R&D tax relief to income derived from qualified intellectual property rights.

Deferred tax

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

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

Basic temporary differences concern different depreciation of the games created by the Company and balance sheet valuation of settlements as well as the time allocation of revenues from users.

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 connected with 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 will recognize 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 that better reflects the resolution of the uncertainty, using the single most probable result or the expected value method (the probability-weighted amounts of possible solutions). In the assessment of the probability of acceptance, the Company assumes that the tax authorities will verify the uncertain tax treatment and have full knowledge of this issue.

3.7. 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 PLN 3.500 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.

3.8. 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.



Development works

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 on acquisition of an entity is initially recognized at cost, which is the excess of the sum of: (i) the consideration transferred, (ii) the amount of any non-controlling interest in the acquiree, and (iii) in the case of a business combination achieved in stages, the fair value at the acquisition date of the interest in capital of the acquiree, previously owned by the acquirer, over the net amount determined as at the acquisition date of the value of the 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 arising from the merger. After initial recognition, goodwill is carried at cost less any accumulated impairment losses. The impairment test is carried out as at 31 December or more frequently if there are indications for it. Goodwill is not amortized. An impairment loss is determined by estimating the recoverable amount of the cash-generating unit to which the goodwill has been allocated. If the recoverable value of the cash-generating unit is lower than the carrying amount, an impairment loss is recognized. Goodwill is derecognized in the event of loss of control over the center to which it was allocated.

3.9. Lease

In accordance with IFRS 16 on recognition, valuation, 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 recognises an asset under the right of use and a liability under the lease. An asset under the right of use is valued based on the 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 values an asset by virtue of the right of use, using the cost model, while the liability is valued through:

- a. increasing the balance sheet value to reflect interest on the lease liability,
- b. reducing in the carrying amount to reflect the lease payments made; and
- c. revaluing the carrying amount 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.



3.10. Financial instruments

The Group shall recognize a financial asset or financial liability in the statement of financial situation only when it becomes bound by the provisions of the instrument agreement. Unconditional receivables and liabilities shall be recognized as assets or liabilities when the Group becomes a party to the agreement, and, as a consequence, has a legal right to receive or a legal obligation to pay cash. With the exception of trade receivables, which shall be valued on the basis of the amortized costs, on initial recognition, the Group shall value a financial asset or financial liability at its fair value, which in the case of financial assets or financial liabilities not valued at fair value by financial result shall be increased or decreased by transaction costs that are directly attributable to the acquisition or issue of such financial assets or financial liabilities.

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

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

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

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

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

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

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

As at each reporting date, the Group shall value a write-down on expected credit losses due to financial instrument, in the amount equal to the expected credit losses during a life cycle if credit risk connected with a given financial instrument has significantly increased since initial recognition. In order to conduct the analysis of statistical receivables, the Group shall apply the division into the following categories of recipients:

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



3.11. 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.



3.12. Receivables

Accruals

The Company recognizes prepaid expenses when they relate to future reporting periods. Accrued expenses are recognized at the amount of probable liabilities attributable to the current reporting period.

Trade and other receivables

Loans and receivables are classified as financial assets. Granted loans are measured at amortized cost using the interest rate specified in the loan agreement. Trade and other receivables are recorded at transaction price adjusted for appropriate impairment allowances under the expected credit loss model.

3.13. Equity

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

3.14. 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.

3.15. Payment of dividends

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

3.16.

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.

3.17.

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.

3.18.

Transactions with related parties

The accounting principles, as well as key estimates and assumptions presented in the section on receivables and liabilities, apply to transactions conducted with related parties.

3.19.

Significant values based on professional judgement and estimates

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

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

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

PROFESSIONAL JUDGEMENT:

Moment of activation of development costs

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

Depreciation period of activated intangible assets

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

Deferred income tax assets and liabilities

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

Fair value of share-based payments

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

Recognition of revenue from the provision of durable virtual goods

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

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

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

UNCERTAINTY OF ESTIMATES

Impairment of assets

As at each balance-sheet date, the Group shall verify the assets for impairment and evaluate a necessity of preparing impairment write-downs. This takes place when the Group is sufficiently assured that a given asset shall not generate the expected economic benefits or the achieved benefits shall be significantly lower. In the case of completed development works (the Group's games), the estimate shall be based on the verification of several quality parameters of a game, which, in the Management Board's opinion, can influence the ability to generate future economic benefits for the Group. However, taking into account the changes on the market, the Management Board's estimates are subject to uncertainty. When tests are carried out on another group of assets (e.g. investment value, value of shares), the estimate is based on the ability of the cash generating unit (CGU) to generate cash, and the value of the generated cash is discounted in accordance with mathematical models. The final test result is largely influenced by the discount rate used and the long-term growth rate, and both of these parameters are characterized by high market volatility. As for the estimated revenues, they are also subject to uncertainty due to the forecasting of gaming revenues, and as indicated above, the gaming market is changing rapidly and dynamically.

The use of consumables over time

As at the reporting date, the Group shall estimate a number of unused premium packages (notes and pearls) for active players^[1]. The basis for determining a number of unused packages shall be their turnover rate (average period of using a package by active users) and average revenues from sales of premium packages. The average period of using a package amounts to up to 7 days, according to the analysis.

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

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

The use of durables over time

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

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

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

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 analyse 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 2021-2025 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 Wings of Heroes, RFS and Airline Commander.

As at 31 December 2024, 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 2024 and updating the financial model with future cash flows.

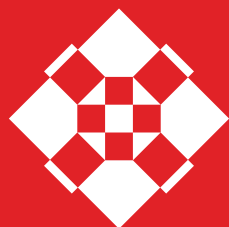
In order to reflect the current market assessment of the time value of money and the risk inherent in the liability, future payments have been estimated taking into account the change in the value of money over time and discounted to the present value.

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

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

Determination of materiality

When preparing financial statements, the Group applies the materiality principle. The materiality principle introduces the possibility to apply simplifications, if it does not have a materially negative impact on the reliable and clear presentation of the property, financial situation and financial result. The Group has adopted the amount of PLN 1.0 million as the materiality level in the preparation of the financial statement (according to the accounting policy, not more than 5% of the gross result, after accounting for one-off events, such as asset write-downs).



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IV

**ADDITIONAL NOTES
AND EXPLANATIONS
TO THE CONSOLIDATED
FINANCIAL STATEMENTS**



REVENUES

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

SPECIFICATION	for the period 01.01.2024 – 31.12.2024	for the period 01.01.2023 – 31.12.2023
Sales of services	386,453,121	436,076,377
TOTAL revenues from sales of services	386,453,121	436,076,377
Other operating revenues	2,152,011	1,336,334
Financial revenues	5,494,448	23,842,322
TOTAL revenues from continuing operations	394,099,580	461,255,033
TOTAL revenues	394,099,580	461,255,033

Revenues from discontinued operations did not occur.



1.1. Information on operating segments and result performance indicators

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

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

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

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

extraordinary and one-off events;

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

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

1.2. Revenues – source

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

TYPE OF REVENUES	bookings 01-12.2024	share in bookings 01-12.2024	bookings 01-12.2023	share in bookings 01-12.2023
micro-payments	392,984,270	98.7%	436,872,965	98.5%
advertisement	4,745,187	1.2%	6,109,855	1.3%
Licenses	406,583	0.1%	699,373	0.2%
TOTAL BOOKINGS	398,136,040	100.0%	443,682,194	100.0%
deferred income (consumable)	-7,692,094	N/A	-856,857	N/A
deferred income (durable)	-3,990,825	N/A	-6,748,960	N/A
TOTAL REVENUES	386,453,121	N/A	436,076,377	N/A

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

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

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

1.3. Revenues – games

GAME	bookings 01-12.2024	share in bookings 01-12.2024	bookings 01-12.2023	share in bookings 01-12.2023
Fishing Clash	242,619,691	60.9%	274,231,758	61.8%
Hunting Clash	90,174,988	22.6%	110,496,799	24.9%
Let's Fish	7,332,816	1.8%	7,529,175	1.7%
Wild Hunt	8,399,034	2.1%	8,130,677	1.8%
Airline Commander	7,590,146	1.9%	9,464,732	2.1%
Real Flight Simulator	20,427,065	5.1%	18,179,355	4.1%
Wings of Heroes	19,142,304	4.8%	11,526,324	2.7%
other	2,449,996	0.8%	4,123,374	0.9%
TOTAL BOOKINGS	398,136,040	100.0%	443,682,194	100.0%
Deferred income (consumable)	-7,692,094	N/A	-856,857	N/A
Deferred income (durable)	-3,990,825	N/A	-6,748,960	N/A
TOTAL REVENUES	386,453,121	N/A	436,076,377	N/A



QUARTERLY BREAKDOWN OF BOOKINGS FOR MAJOR TITLES

GAME	1Q 2024	2Q 2024	3Q 2024	4Q 2024
Fishing Clash	61,219,111	59,597,431	62,158,791	59,644,358
Hunting Clash	23,732,405	22,109,844	22,979,316	21,353,423
Let's Fish	1,732,040	1,763,927	1,609,632	2,227,217
Wild Hunt	2,209,336	2,033,024	1,898,167	2,258,507
Airline Commander	2,204,710	1,900,010	1,894,589	1,590,837
Real Flight Simulator	4,959,726	4,760,818	5,468,430	5,238,091
Wings of Heroes	2,922,235	3,494,706	5,638,924	7,086,439
Other	681,137	570,234	658,639	539,986
TOTAL BOOKINGS	99,660,700	96,229,994	102,306,488	99,938,858
Deferred income (consumable)	-2,725,192	-1,355,271	-2,093,391	-1,518,240
Deferred income (durable)	3,182,710	3,124,214	-6,234,054	-4,063,695
TOTAL BOOKINGS	100,118,218	97,998,937	93,979,043	94,356,923

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

Deferred revenue by game and quarter and the balance sheet balance (balance sheet item "contract liabilities" for deferred revenue and balance sheet item "contract assets" for deferred commission costs):

2024

CONSUMABLE	Balance sheet	Change of deferral ^[1]	Balance sheet valuation	Change of deferral ^[1]	Balance sheet valuation	Change of deferral ^[1]	Balance sheet valuation	Change of deferral ^[1]	Balance sheet valuation	Balance sheet
	01.01.2024	1Q 2024	1Q 2024	2Q 2024	2Q 2024	3Q 2024	3Q 2024	4Q 2024	4Q 2024	31.12.2024
Fishing Clash										
deferred revenues	-6,064,690	-1,743,726		-1,407,391		-1,653,556		-268,253		-11,137,616
deferred costs	1,819,407	308,583		291,844		399,030		-21,786		2,797,078
Hunting Clash										
deferred revenues	-2,064,054	-914,130		160,550		-351,124		-937,616		-4,106,374
deferred costs	619,216	245,624		-69,339		73,159		234,099		1,102,759
Let's Fish										
deferred revenues	-166,339	-16,788		-104,081		3,684		-170,935		-454,459
deferred costs	49,900	5,038		31,224		-1,105		51,281		136,338
Wild Hunt										
deferred revenues	-205,651	-48,365		-63,752		-24,902		-102,977		-445,647
deferred costs	61,695	14,510		19,125		7,471		30,893		133,694
Real Flight Simulator										
deferred revenues	-1,536,400	-2,183	16,660	59,403	-4,356	-67,492	12,107	-38,459	2,470	-1,558,250
deferred costs	460,921	654	-4,998	-17,820	1,306	20,247	-3,631	11,538	-742	467,475
TOTAL										
deferred revenues	-10,037,134	-2,725,192	16,660	-1,355,271	-4,356	-2,093,390	12,107	-1,518,240	2,470	-17,702,346
deferred costs	3,011,139	574,409	-4,998	255,034	1,306	498,802	-3,631	306,025	-742	4,637,344
DURABLE										
Fishing Clash										
deferred revenues	-49,459,504	1,715,546		2,386,381		-5,252,443		-3,369,323		-53,979,343
deferred costs	14,837,854	-1,785,799		-1,024,933		1,156,873		443,093		13,627,088
Hunting Clash										
deferred revenues	-16,737,675	1,467,164		737,833		-981,611		-694,372		-16,208,661
deferred costs	5,021,303	-577,264		-323,367		157,840		88,023		4,366,535
TOTAL										
deferred revenues	-66,197,179	3,182,710		3,124,214		-6,234,054		-4,063,695		-70,188,004
deferred costs	19,859,157	-2,363,063		-1,348,300		1,314,713		531,116		17,993,623
CONSUMABLE +DURABLE										
deferred revenues	-76,234,313	457,518	16,660	1,768,943	-4,356	-8,327,444	12,107	-5,581,935	2,470	-87,890,350
deferred costs	22,870,296	-1,788,654	-4,998	-1,093,266	1,306	1,813,515	-3,631	837,141	-742	22,630,967
impact on result	-53,364,017	-1,331,136	11,662	675,677	-3,050	-6,513,929	8,476	-4,744,794	1,728	-65,259,383

[1] For the games Fishing Clash and Hunting Clash, until the end of 2023, costs were deferred at a rate of 30% of revenue (equivalent to the commission level on Google Play and the App Store). Starting from the first quarter of 2024, due to the increasing share of TSG Store in the Company's revenue, the Company decided to defer commission costs based on the average level from the past three months. The update in the calculation method for deferred revenue and costs resulted in a disproportionate impact on the ratio of deferred costs to revenue as of March 31, 2024, and partially on subsequent balance sheet dates, i.e., June 30, 2024, September 30, 2024, and December 31, 2024, compared to previous periods. In the following quarters, the ratio of costs to deferred revenue is expected to gradually normalize.

2023

CONSUMABLE	Balance sheet	Change of deferral	Balance sheet valuation	Change of deferral	Balance sheet valuation	Change of deferral	Balance sheet valuation	Change of deferral	Balance sheet valuation	Balance sheet
	31.12.2022	1Q 2023	1Q 2023	2Q 2023	2Q 2023	3Q 2023	3Q 2023	4Q 2023	4Q 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 01-12.2024	share in bookings 01-12.2024	bookings 01-12.2023	share in bookings 01-12.2023
Google Inc.	205,757,018	51.7%	243,360,341	54.9%
Apple Distribution International	127,199,268	31.9%	161,347,931	36.4%
Xsolla Inc.	46,087,764	11.6%	19,641,601	4.4%
Others	19,091,990	4.8%	19,332,321	4.3%
TOTAL BOOKINGS	398,136,040	100.0%	443,682,194	100.0%
deferred revenues (consumable)	-7,692,094	N/A	-856,857	N/A
deferred revenues (durable)	-3,990,825	N/A	-6,748,960	N/A
TOTAL REVENUES	386,453,121	N/A	436,076,377	N/A

1.5. Revenues – distribution channel

DISTRIBUTION CHANNEL	bookings 01-12.2024	share in bookings 01-12.2024	bookings 01-12.2023	share in bookings 01-12.2023
Mobile	386,259,765	97.0%	431,361,265	97.2%
Browsers	11,876,275	3.0%	12,320,929	2.8%
TOTAL BOOKINGS	398,136,040	100.0%	443,682,194	100.0%
deferred revenues (consumable)	-7,692,094	N/A	-856,857	N/A
deferred revenues (durable)	-3,990,825	N/A	-6,748,960	N/A
TOTAL REVENUES	386,453,121	N/A	436,076,377	N/A

1.6. Revenues – geographical breakdown

The Group assigns user payments to a country (and subsequently to a continent) based on available sales reports from selected distribution platforms.

REGION	bookings 01–12.2024	share in bookings 01–12.2024	bookings 01–12.2023	share in bookings 01–12.2023
North America	162,720,517	40.9%	195,649,736	44.1%
Europe	177,469,470	44.6%	178,022,246	40.1%
<i>including Poland</i>	24,277,855	6.1%	23,175,641	5.2%
Asia	36,227,233	9.1%	44,115,765	9.9%
South America	11,320,392	2.8%	12,845,136	2.9%
Australia and Oceania	7,463,586	1.9%	9,171,990	2.1%
Africa	2,934,842	0.7%	3,877,320	0.9%
TOTAL BOOKINGS	398,136,040	100.0%	443,682,194	100%
Deferred income (consumable)	-7,692,094	N/A	-856,857	N/A
Deferred income (durable)	-3,990,825	N/A	-6,748,960	N/A
TOTAL REVENUES	386,453,121	N/A	436,076,377	N/A



2.

OPERATING COSTS

SPECIFICATION	for the period 01.01.2024 – 31.12.2024	for the period 01.01.2023 – 31.12.2023
Amortization and depreciation	16,761,015	20,209,617
Materials and energy	579,603	738,967
Third-party services	247,168,239	281,277,953
Taxes and fees	1,425,220	2,438,834
Remuneration	39,269,380	43,513,573
Social insurance and other benefits	7,839,997	9,209,183
Other operating costs by type	826,992	775,335
Total costs by type, including:	313,870,446	358,163,462
Cost of products and services sold	66,321,422	72,717,283
Selling costs	215,850,037	239,574,101
General and administrative costs	27,973,481	38,612,995
Cost of manufacturing products for the entity's own needs (capitalization)	3,725,506	7,259,083



2.1. Cost of goods and services sold

SPECIFICATION	for the period 01.01.2024 – 31.12.2024	for the period 01.01.2023 – 31.12.2023
Cost of goods and services sold	66,321,422	72,717,282
Depreciation – costs of completed development work (mainly games)	9,532,910	11,438,194
Depreciation – other assets	4,136,094	5,198,459
Salaries and subcontractor services	47,432,217	52,681,184
Translations	1,874,352	2,279,894
Outsourcing of 3D models	1,058,500	2,388,896
Other	6,012,855	5,989,739
Cost of producing assets for internal use (capitalization)	-3,725,506	-7,259,084

SPECIFICATION	1Q 2024	2Q 2024	3Q 2024	4Q 2024
Depreciation – costs of completed development work (mainly games)	2,599,617	2,622,130	2,172,943	2,138,220
Depreciation – other assets	1,256,589	975,024	950,256	954,225
Salaries and subcontractor services	13,365,280	11,065,615	11,801,284	11,200,038
Translations	573,512	498,240	457,376	345,224
Outsourcing of 3D models	289,639	430,986	203,963	133,912
Other	1,402,657	1,583,504	1,505,483	1,521,211
Cost of producing assets for internal use (capitalization)	-97,504	-1,312,148	-1,305,363	-1,010,491
TOTAL COST OF GOODS AND SERVICES SOLD	19,389,790	15,863,351	15,785,942	15,282,339

SPECIFICATION	1Q 2023	2Q 2023	3Q 2023	4Q 2023
Depreciation – costs of completed development work (mainly games)	3,038,448	2,964,564	2,795,568	2,639,614
Depreciation – other assets	1,386,572	1,283,227	1,257,023	1,271,637
Salaries and subcontractor services	16,941,281	13,665,530	11,516,694	10,557,679
Translations	527,224	661,813	480,724	610,133
Outsourcing of 3D models	781,358	783,528	505,547	318,463
Other	1,621,422	1,512,525	1,505,240	1,350,552
Cost of producing assets for internal use (capitalization)	-4,968,519	-1,970,604	-251,342	-68,619
TOTAL COST OF GOODS AND SERVICES SOLD	19,327,786	18,900,583	17,809,454	16,679,459

2.2. Selling costs

SPECIFICATION	for the period 01.01.2024 – 31.12.2024	for the period 01.01.2023 – 31.12.2023
Selling costs	215,850,037	239,574,101
marketing:	86,538,431	86,873,592
– <i>Fishing Clash</i>	48,452,412	43,764,971
– <i>Hunting Clash</i>	29,667,390	36,820,394
– <i>Airline Commander</i>	0	22,751
– <i>Wings of Heroes</i>	8,232,656	6,012,125
– <i>other titles</i>	185,973	253,351
Provisions	104,381,650	123,635,954
revenue share	1,315,868	1,270,291
salaries, subcontractor services	17,585,900	20,874,240
mobile games market research services	487,260	1,074,527
Other	5,540,928	5,845,497

SPECIFICATION	1Q 2024	2Q 2024	3Q 2024	4Q 2024
Selling costs	54,950,259	51,954,122	55,896,498	53,049,158
marketing:	19,807,135	19,357,945	24,714,879	22,658,472
– <i>Fishing Clash</i>	11,245,527	10,498,662	15,322,183	11,386,040
– <i>Hunting Clash</i>	7,728,250	7,716,786	6,284,059	7,938,295
– <i>Airline Commander</i>	0	0	0	0
– <i>Wings of Heroes</i>	833,358	1,130,706	3,013,752	3,254,840
– <i>other titles</i>	0	11,791	94,885	79,297
Provisions	28,370,749	26,426,711	24,978,911	24,605,279
revenue share	337,715	344,101	287,231	346,821
salaries, subcontractor services	4,599,678	4,165,443	4,606,542	4,214,237
mobile games market research services	187,284	156,227	74,907	68,842
Other	1,647,698	1,503,695	1,234,028	1,155,507

SPECIFICATION	1Q 2023	2Q 2023	3Q 2023	4Q 2023
Selling costs	69,004,470	59,814,327	56,408,680	54,346,624
marketing:	27,154,208	21,239,048	19,844,010	18,636,326
– <i>Fishing Clash</i>	11,180,883	11,575,445	10,919,991	10,088,652
– <i>Hunting Clash</i>	11,236,075	9,174,676	8,551,009	7,858,634
– <i>Airline Commander</i>	0	22,751	0	0
– <i>Wings of Heroes</i>	4,587,053	363,022	373,010	689,040
– <i>other titles</i>	150,197	103,154	0	0
Provisions	33,624,212	30,509,186	29,578,780	29,923,776
revenue share	351,645	311,614	266,734	340,298
salaries, subcontractor services	6,131,380	5,531,739	5,379,572	3,831,549
mobile games market research services	291,446	297,964	262,054	223,063
Other	1,451,579	1,924,776	1,077,530	1,391,612

2.3. General and administrative costs

SPECIFICATION	for the period 01.01.2024 – 31.12.2024	for the period 01.01.2023 – 31.12.2023
recurring costs, including:	26,200,583	31,397,586
salaries, subcontractor services of Parent Company	11,881,200	14,494,734
maintenance costs of subsidiaries	4,155,735	4,794,124
rental and maintenance of office – Parent Company	2,688,743	3,624,042
Other	7,474,905	8,484,685
non-recurring costs / non-cash costs, including:	1,772,898	7,215,410
motivation scheme cost	2,126,416	6,477,709
M&A cost	-353,518	737,701
TOTAL GENERAL AND ADMINISTRATIVE COST	27,973,481	38,612,995

SPECIFICATION	1Q 2024	2Q 2024	3Q 2024	4Q 2024
recurring costs, including:	6,287,713	6,905,113	6,453,532	6,554,225
salaries, subcontractor services of Parent Company	3,039,408	3,011,205	3,081,199	2,749,388
maintenance costs of subsidiaries	926,234	1,023,526	1,000,437	1,205,538
rental and maintenance of office – Parent Company	560,856	704,560	674,137	749,190
Other	1,761,214	2,165,822	1,697,760	1,850,109
non-recurring costs / non-cash costs, including:	1,221,364	153,162	229,743	168,629
motivation scheme cost	1,531,618	153,162	229,743	211,893
M&A cost	-310,254	0	0	-43,264
TOTAL GENERAL AND ADMINISTRATIVE COST	7,509,077	7,058,275	6,683,275	6,722,854

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

3.

OTHER OPERATING REVENUES AND COSTS

OTHER OPERATING REVENUES	for the period 01.01.2024 – 31.12.2024	for the period 01.01.2023 – 31.12.2023
Sponsorship cooperation (barter)	429,340	634,735
Profit on lease agreement settlements	710,243	0
Rebiling of operating costs (markup)	419,391	0
Other	593,037	701,599
Total	2,152,011	1,336,334

OTHER OPERATING COSTS	for the period 01.01.2024 – 31.12.2024	for the period 01.01.2023 – 31.12.2023
Impairment write-offs for intangible assets	1,194,285	31,689,990
Impairment write-off for goodwill (Rortos)	0	41,201,364
Impairment write-off for investments (Gamesture)	0	5,414,334
Donations	156,398	445,211
Write-off of uncollectible receivables	49,845	54,303
Severance payments	0	3,161,266
Sponsorship cooperation (barter)	429,340	634,735
Other	389,375	389,282
Total	2,219,243	82,990,485

The impairment write-off created in 2024 in the amount of PLN 1.2 million relates entirely to the write-off of production-in-progress costs for the game Fishing Champions.





FINANCIAL INCOME AND EXPENSE

FINANCIAL INCOME	for the period 01.01.2024 – 31.12.2024	for the period 01.01.2023 – 31.12.2023
Interest income	3,248,833	4,693,365
Surplus of positive exchange rate differences	2,084,119	0
Revaluation of liability related to the purchase of Rortos	0	24,286,569
Interest –unwinding of the discount on the liability related to the purchase of Rortos	0	-5,203,047
Revenue from the liquidation of a subsidiary	161,496	0
Other	0	65,435
Total	5,494,448	23,842,322

FINANCIAL COSTS	for the period 01.01.2024 – 31.12.2024	for the period 01.01.2023 – 31.12.2023
Interest –unwinding of the discount on the liability related to the purchase of Rortos	2,270,975	0
Revaluation of the acquisition liability due to purchase of Rortos	4,434,343	0
Other interest cost	809,831	964,903
Excess of negative exchange rate differences	0	3,568,693
Other	50,011	0
Total	7,565,160	4,533,596

The unwinding of the discount related to the liability for the acquisition of Rortos is a standard, recurring accounting entry associated with the mathematical recognition of the present value of future cash flows. The value of this unwinding depends on both the amount of future payments and the discount rate applied to discount the cash flows. In 2023, due to the revaluation of this liability resulting from an update of the entire financial model, the cost of unwinding the discount reduced financial income.

5.

INCOME TAX AND DEFERRED TAX

Parent Entity

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

Due to the fact that the relief is relatively new in Polish law, for 2019 and 2020 the Company settled and paid tax using only part of the preferences. The partial application of the preferences consisted in calculating the Nexus index in a way that limited the possibility of taxing the Company's income at a tax rate of 5%. As the practice developed, in 2022 the Company decided to apply the tax relief more broadly. Starting with the CIT declaration for the 2021 tax year, the Company has been calculating tax with the full application of the relief. Additionally, at the beginning of 2023, the Company submitted a CIT correction for 2019 and 2020, also taking into account the broader application of the relief, enabling the Company to tax a larger part of its income at a tax rate of 5%. No further adjustments are planned.

The submission of corrections to the tax declaration resulted in the initiation of a customs and tax audit for 2020. Simultaneously with the customs and tax audit, the Company was subject to tax proceedings regarding the finding of an overpayment of corporate income tax for 2019 and 2020. After the positive completion of the tax proceedings (audit activities), in May 2023, the Company received a tax refund for 2019-2020 in the total amount of PLN 12.5 million (PLN 3.6 million for 2019 and PLN 8.9 million for 2020). Therefore, write-offs for tax receivables relating to the financial years 2019 and 2020 were reversed. However, due to the fact that the customs and tax audit for 2020 has not been completed (the audit as at the date of issuing this report was extended until April 2025), the Company showed a tax provision in the amount of the refunds received. This solution is a continuation of the Company's approach to the prudential reporting of tax settlements – i.e. showing the amounts resulting from adjustments to declarations in the net carrying amount of PLN 0 as at December 31, 2024.

The Company believes that the tax for 2021 was settled in the correct amount and there is no need to pay additional tax, but due to the need to consistently recognize tax liabilities/receivables for previous years, the Company recognizes a tax provision in the financial statements (PLN 10.9 million). CIT calculation for 2022-2024, using a narrower scope of tax reliefs related to IP BOX, would result in a reduction of the tax amount by PLN 0.7 million. Given that the amount is not material, the Company has not created a provision for the potential tax adjustment.

Subsidiary company

Subsidiary of Rortos S.r.l. also benefits from relief for research and development work (the so-called patent box), which allows for a reduction of the tax base and settlement of up to 110% (and in subsequent years up to 190%) of the costs related to research and development work.

INCOME TAX DISCLOSED IN THE STATEMENT OF COMPREHENSIVE INCOME	for the period 01.01.2024 – 31.12.2024	for the period 01.01.2023 – 31.12.2023
Current income tax for the period	7,748,918	6,614,769
Deferred income tax related to the recognition and reversal of exchange rate differences	-723,997	-4,774,339
Tax expense reported in the statement of comprehensive income	7,024,921	1,840,430

CIT TAX SETTLEMENTS	for the period 01.01.2024 – 31.12.2024	for the period 01.01.2023 – 31.12.2023
Current CIT tax settlements	-21,690,832	-14,797,242
Receivable related to the financial year 2024	1,744,941	0
Receivable related to the financial year 2023	0	8,638,531
Provision related to the financial year 2021	-10,894,769	-10,894,769
Provision related to the financial year 2020	-8,941,882	-8,941,882
Provision related to the financial year 2019	-3,599,122	-3,599,122

THE RECONCILIATION OF GROSS PROFIT TO THE TAX BASE	for the period 01.01.2024 – 31.12.2024	for the period 01.01.2023 – 31.12.2023
Gross profit (loss)	74,101,949	17,047,571
Exchange rate differences – balance sheet, no-taxable, non-deductible expenses for tax purposes	-1,820,263	1,635,672
Write-down of receivables (non-deductible expenses for tax purposes)	49,845	54,303
Creation and dissolution of the holiday reserve	181,753	-710,294
Provision for other costs	-711,649	2,352,661
Donations	-19,398	445,211
Amortization of intangible assets	685,206	1,305,304
Depreciation – lease	2,319,232	4,402,985
Amortization of tangible assets	2,002,604	2,002,604
Capitalization of game production costs	-2,972,809	-10,527,033
Capitalization of other costs	-191,039	0
Other non-deductible expenses	2,217,322	227,200
Write-off capitalized game costs	1,194,285	31,689,990
Profit (loss) on investment in associates	68,288	5,779,003
Unwinding of the discount, revaluation of investment	6,705,318	36,916,665
Share-based payments	3,977,436	6,690,040
Revenue (and related cost) deferred in time in balance sheet	11,880,070	5,187,824
R&D relief	-16,254,287	-13,664,433
Other tax deductible costs not constituting costs in the balance sheet	-3,365,571	-3,918,200
Taxable income	80,048,292	86,917,073

Structure of a deferred income tax asset:

SPECIFICATION	as at 31.12.2024	as at 31.12.2023
accounting for consumables over time	598,965	297,519
accounting for durables over time	2,735,435	2,506,266
provision for holiday leave	255,107	261,200
accrual for audit costs	25,270	18,810
lease – IFRS 16 valuation	839,874	63,193
revaluation of settlements	0	179,829
renumeration provision	968,710	981,813
other provisions	60,895	155,661
Total	5,484,256	4,464,291

Structure of deferred income tax provision:

SPECIFICATION	as at 31.12.2024	as at 31.12.2023
Depreciation of games	961,993	858,101
Revaluation of settlements	181,601	0
Total	1,143,594	858,101

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



6.

DISCONTINUED ACTIVITY

The Group did not discontinue any activities during the financial year.

7.

DISTRIBUTION OF PROFIT FOR 2023

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





TANGIBLE FIXED ASSETS

Changes in fixed assets (by group type) for the period of 01.01.2024-31.12.2024	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:	420,855	6,727,834	135,498	7,284,187
– purchase of fixed assets	416,403	0	126,458	542,861
– amendment of lease agreements	0	6,727,834	0	6,727,834
– balance sheet valuation	4,452	0	9,040	13,492
Decreases due to:	349,212	762,813	329,212	1,441,237
– sales of fixed assets	349,212	0	329,212	678,424
– termination of lease agreements	0	747,223	0	747,223
– balance sheet valuation	0	15,590	0	15,590
Gross carrying amount as at 31.12.2024	5,720,328	26,831,355	5,069,229	37,620,912
Depreciation as at 01.01.2024	3,984,661	13,267,783	1,872,766	19,125,210
Increases due to depreciation	894,156	5,186,221	1,035,704	7,116,081
Decreases due to sales	270,601	0	108,557	379,158
Depreciation as at 31.12.2024	4,608,216	18,454,004	2,799,913	25,862,133
Write-downs as at 01.01.2024	0	0	0	0
Increases	0	0	0	0
Decreases	0	0	0	0
Write-downs as at 31.12.2024	0	0	0	0
Net carrying amount as at 31.12.2024	1,112,112	8,377,351	2,269,316	11,758,779

Changes in fixed assets (by group type) for the period of 01.01.2023-31.12.2023	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 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 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 depreciation	1,039,316	6,334,711	1,154,561	8,528,588
Decreases due to sales	568,200	0	31,680	599,880
Depreciation 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
Net carrying amount as at 31.12.2023	1,664,024	7,598,551	3,390,177	12,652,752

TANGIBLE FIXED ASSETS – OWNERSHIP STRUCTURE	as at 31.12.2024	as at 31.12.2023
Own	3,381,428	5,054,201
Used under a lease, tenancy or other agreement, including a lease agreement	8,377,351	7,598,551
Total	11,758,779	12,652,752

The Group does not own land in perpetual usufruct.

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

SPECIFICATION	as at 31.12.2024	as at 31.12.2023
Depreciation of own fixed assets	4,588,707	4,852,724
Amortization of the right of use (lease)	2,527,374	3,675,864
Total	7,116,081	8,528,588



INTANGIBLE ASSETS

Changes in intangible assets (by group type) for the period 01.01.2024-31.12.2024	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:	191,039	3,350	3,725,507	0	3,919,896
- acquisition	0	3,350	3,725,507	0	3,728,857
- reclassification	191,039	0	0	0	191,039
- balance sheet valuation	0	0	0	0	0
Decreases due to:	1,024,658	839	59,256,733	2,620,166	62,902,396
- reclassification	0	0	191,039	0	191,039
- liquidation			59,061,319		59,061,319
- balance sheet valuation	1,024,658	839	4,375	2,620,166	3,650,038
Gross carrying amount as at dzień 31.12.2024	93,727,214	1,456,554	3,530,093	149,654,782	248,368,643
Depreciation as at 01.01.2024	30,243,112	1,300,892	0	0	31,544,004
Increases due to amortization	9,532,910	112,024	0	0	9,644,934
Depreciation as at 31.12.2024	39,776,022	1,412,916	0	0	41,188,938
Write-downs as at 31.01.2024	0	0	59,061,319	41,201,364	100,262,683
Increases	0	0	1,194,285	0	1,194,285
Decreases	0	0	59,061,319	0	59,061,319
Write-downs as at 31.12.2024	0	0	1,194,285	41,201,364	42,395,649
Gross carrying amount as at 31.12.2024	53,951,192	43,638	2,335,808	108,453,418	164,784,056

The net value as at December 31, 2024 shown in the item „cost of finalized development works" consists of games:

1. Games of the acquired company Rortos S.r.l – games valued at fair value using the DCF method during the settlement of the acquisition and valued on an ongoing basis as at the balance sheet date in accordance with the EUR/PLN exchange rate:
 - Airline Commander – net value: PLN 19,731,105, remaining amortization period: 78 months;
 - Real Flight Simulator – net value: PLN 18,752,396, remaining amortization period: 78 months;
 - Wings of Heroes – net value: PLN 15,040,794, remaining amortization period: 90 months.
2. Tools – total PLN 426,895.

The item ‚Intangible assets under development' as of December 31, 2024, consists of two capitalized titles at different stages of advancement:

- » Trophy Hunter – PLN 1,778,525;
- » Flying Next – PLN 557,283;

The impairment write-off created in 2024 relates to the game Fishing Champions, whose production was halted in October 2024.

Goodwill consists of the value arising from the settlement of the acquisition of Rortos. Its value is remeasured at each balance sheet date based on the current EUR/PLN exchange rate; however, it is not subject to amortization. A more detailed description can be found in the note ‚Goodwill'.



Changes in intangible assets (by type group) – for the period 01.01.2023–31.12.2023	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
– acquisition	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
– liquidation	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
Net carrying amount as at 31.12.2023	64,317,721	153,151	0	111,073,584	175,544,456

As at December 31, 2024 and 2023, all intangible assets are the property of the Group.

The Group does not have any intangible assets with limited right of use.

The Group does not have bank loans secured by intangible assets.



10.

GOODWILL

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

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

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

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

Settlement at the acquisition date:

SPECIFICATION	in EUR	in PLN
Paid amount	55,848,669	252,754,322
Airline Commander	7,104,036	32,150,736
Real Flight Simulator	6,751,659	30,555,985
Wings of Heroes	4,272,266	19,334,994
Other games	1,168,030	5,286,159
Equity, net	1,617,130	7,318,646
Goodwill (surplus of value paid over recognized assets)	34,935,546	158,107,803

LIABILITY RELATED TO RORTOS ACQUISITION	Statement of changes
Value at acquisition date (discounted)	252,754,322
Cash payment – July 2021 (FIFO valuation)	-211,102,628
Unwinding of the discount 2021 (finance cost)	2,652,789
Value at the balance sheet date – 31.12.2021	44,304,483
Revaluation of the liability as at 31.12.2022 (cash flow model + balance sheet valuation)	8,534,740
Unwinding of the discount 2022 (finance cost)	5,953,645
Value at the balance sheet date – 31.12.2022	58,792,868
Earnout cash payment – April 2023 (FIFO valuation)	-4,350,094
Unwinding of the discount 2023 (finance cost)	5,203,049
Revaluation of the liability as at 31.12.2023 (cash flow model + balance sheet valuation)	-24,286,569
Value at the balance sheet date – 31.12.2023	35,359,254
Earnout cash payment – April 2024 (FIFO valuation)	-10,957,715
Unwinding of the discount 2024 (finance cost)	2,270,975
Revaluation of the liability as at 31.12.2024 (cash flow model + balance sheet valuation)	3,826,167
Value at the balance sheet date 31.12.2024 – other liabilities including:	30,498,681
– short-term	14,764,467
– long-term	15,734,214

Annual impairment test – Rortos

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

The test conducted at the end of 2024 was based on a comparison of the goodwill related to Rortos SRL with its recoverable amount, determined using the income approach. This approach was based on estimated discounted future cash flows, which, following the prudence principle, incorporated the updated expected future revenue from games, their profitability, and the potential impact of identifiable risks. Assumptions adopted:

- » the determination of the recoverable amount was conducted at the cash-generating unit (CGU) level, i.e., Rortos SRL,
- » the recoverable amount was determined based on the discounted future cash flows of the CGU, derived from the CGU's financial projections for the years 2025-2027 (detailed forecast period). The adoption of a three-year detailed forecast period is justified by the current economic conditions, as there is a lack of sufficiently reliable data for subsequent reporting periods due to the high volatility of various factors,
- » since the assumed economic useful life of the CGU extends beyond 2027, a terminal value for the CGU was also determined and included in the recoverable amount calculation.
- » a post-tax weighted average cost of capital („WACC") of 7.10% was applied during the projection period.

As a result of the calculations, the recoverable amount of the CGU was determined at EUR 90.3 million, while the carrying amount of the assets assigned to the CGU was EUR 38 million, resulting in a surplus of EUR 52.2 million. The test did not indicate any impairment triggers, and therefore, no impairment write-off was recognized.

Key assumptions of the impairment test:

TYPE OF THE ASSUMPTION	APPLIED ASSUMPTIONS
Basis of recoverable amount	Value in use
Source	Internal estimates
Methodology	Discounted cash flows
Discount rate (WACC)	7.10%
Perpetual Growth Rate (PGR)	2.50%

The sensitivity analysis for the probable values of changes in the discount rate and changes in the value of the perpetual growth rate as at December 31, 2024 are presented in the tables below:

Change in the value of the discount rate (WACC) for the residual period

(change given in percentage points)

	-1,0 p.p	-0,5 p.p	-0,25 p.p	0,0 p.p	+0,25 p.p	+0,5 p.p	+1,0 p.p
Current value FCFF (EUR)	115,732,743	101,441,663	95,528,843	90,259,177	85,533,203	81,270,963	73,889,247
Surplus / Deficiency over the book value of the CGU (EUR)	77,660,677	63,369,597	57,456,777	52,187,111	47,461,137	43,198,897	35,817,181

Change in the value of the perpetual growth rate (PGR) for residual period

(change given in percentage points)

	-1,0 p.p	-0,5 p.p	-0,25 p.p	0,0 p.p	+0,25 p.p	+0,5 p.p	+1,0 p.p
Current value FCFF (EUR)	75,249,377	82,018,502	85,926,451	90,259,177	95,089,917	100,509,771	113,607,754
Surplus / Deficiency over the book value of the CGU (EUR)	37,177,311	43,946,436	47,854,385	52,187,111	57,017,851	62,437,705	75,535,688



OTHER FINANCIAL ASSETS

SPECIFICATION	as at 31.12.2024	as at 31.12.2023
Other financial assets:	24,408,483	23,117,182
– investment in Gamesture	12,157,562	12,225,850
– gross value	26,164,795	26,164,795
– share in Gamesture's loss	-8,592,898	-8,524,610
– write-down of value of investment in Gamesture	-5,414,335	-5,414,335
– participation units of the Sisu Game Ventures investment fund	10,969,619	8,164,078
– deposit on the office lease	1,281,302	2,727,254

The change in the value of Sisu investment fund units during 2024 resulted from additional capital contributions (two payments of USD 300,000 each) and balance sheet valuation.

The value of the deposit is a multiple of the paid rent, including operating costs. Each year, these payments are adjusted for inflation or actual service purchase prices. The decrease in this value at the end of 2024 is due to a reduction in leased space during the year.

Gamesture

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

Annual impairment test – Gamesture

In accordance with the provisions of IAS 36 Impairment of Assets, the Company assesses at each reporting period whether there are any indications (internal or external) that an asset may have been impaired. If at least one such indication exists, a formal estimation of the recoverable amount must be performed.

Gamesture Sp. z o.o. generated a net profit ^[1] and positive cash flows in 2024. Based on the conducted analysis, the Management Board determined that there are no indications of asset impairment.

[1] Gamesture Sp. z o.o. recorded a profit in 2024; however, Ten Square Games S.A. recognized a share in the loss of PLN 68 thousand during 2024. This resulted from additional accounting entries made by Gamesture Sp. z o.o. after the publication of Ten Square Games S.A.'s 2023 financial statements, which impacted Gamesture's 2023 results. As a result, Ten Square Games recognized this adjustment in its financial statements in the first quarter of 2024.

12.

INFORMATION ON FINANCIAL INSTRUMENTS

FINANCIAL ASSETS	31.12.2024	31.12.2023	Category of financial instruments
Other financial assets (long-term), including:	24,408,483	23,117,182	
<i>deposit</i>	1,281,302	2,727,253	<i>financial assets evaluated at amortized costs</i>
<i>Participation units in the investment fund Sisu Game Ventures</i>	10,969,619	8,164,078	<i>financial assets evaluated at amortized costs</i>
<i>shares in Gamesture sp. z o.o.</i>	12,157,562	12,225,851	<i>financial assets evaluated at amortized costs</i>
Trade receivables and other receivables, including:	40,864,028	41,691,803	
<i>unrealized exchange rate differences on valuation</i>	44,565	38,369	<i>financial assets measured at fair value</i>
Cash and cash equivalents, including:	143,774,851	162,825,718	
<i>unrealized exchange rate differences on valuation</i>	-2,744	-276,456	<i>financial assets measured at fair value</i>
FINANCIAL LIABILITIES	31.12.2024	31.12.2023	Category of financial instruments
Trade liabilities, including:	10,543,440	10,422,303	
<i>unrealized exchange rate differences on valuation</i>	-5,065	-1,496	<i>financial liabilities evaluated at amortized costs</i>

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

13.

RECEIVABLES

The structure of receivables is presented in table below:

SPECIFICATION	as at 31.12.2024	as at 31.12.2023
Trade receivables	33,155,474	38,936,754
Other receivables	3,898,039	4,184,007
Accruals	3,810,515	3,929,886
Receivables	40,864,028	47,050,647

13.1. Trade receivables

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

1. Google Inc. – 37.79% as of 31 December 2024 compared to 36.54% as of 31 December 2023;
2. Apple Distribution International – 40.55% as of 31 December 2024 compared to 41.36% at 31 December 2023;
3. Xsolla Inc. 10.29% compared to 15.08% as of 31.12.2023.

No other entity exceeded a 10% share of total receivables on 31 December 2024.

Currency structure:

CURRENCY	31.12.2024			31.12.2023		
	amount in currency	valuation	% share	amount in currency	valuation	% share
USD	3,581,158	14,687,044	44.30%	5,388,512	21,203,796	54.46%
PLN	11,414,741	11,414,741	34.43%	13,306,660	13,306,660	34.18%
EUR	1,641,310	7,013,316	21.15%	968,698	4,211,901	10.82%
Other currencies	—	40,373	0.12%	—	214,397	0.54%
TOTAL	—	33,155,474	100%	—	38,936,754	100%

Age structure:

AGE STRUCTURE – OVERDUE	31.12.2024 value of receivables	31.12.2023 value of receivables
not overdue	33,101,129	36,105,921
up to 1 month	53,866	2,828,531
1-3 months	0	1,052
3-6 months	180	1,250
6-12 months	299	0
over a year	0	0
Total receivables	33,155,474	38,936,754

Receivables from other entities overdue by up to one month as of 31.12.2023 in the full amount of PLN 2,828,531 were repaid at the beginning of 2024.



13.2. Other receivables

SPECIFICATION	as at 31.12.2024	as at 31.12.2023
Other short-term receivables, including:	3,898,039	4,184,007
- tax related	3,854,095	4,116,395
- deposit for office rental	43,944	67,612

13.3. Accruals

SPECIFICATION	as at 31.12.2024	as at 31.12.2023
Maintenance of software technical service/program subscriptions	3 512 053	3 209 401
Annual fee – marketing campaign tracking tool	136 418	355 385
Registration fees for filing trademarks	0	94 950
Insurance	62 124	87 472
Other accruals	99 920	182 678
Active cost accruals	3 810 515	3 929 886



14.

CASH AND CASH EQUIVALENTS

SPECIFICATION	as at 31.12.2024	as at 31.12.2023
Cash at hand and in bank accounts:	143,774,851	162,825,718
cash on hand	18,820	17,096
cash in bank accounts	143,756,031	162,808,622
<i>including deposits up to 3 months</i>	<i>97,164,227</i>	<i>114,322,762</i>

As at December 31, 2024, the Company had cash in the following banks: ING Bank Śląski S.A. and Bank Gospodarstwa Krajowego S.A. The maximum value of credit risk associated with cash equals its carrying value. Cash in current accounts does not bear interest. The fair value of cash and cash equivalents as at December 31, 2024 does not differ significantly from their carrying value.

15.



SHARE CAPITAL

The share capital of Ten Square Games S.A. as at 31/12/2024 amounts to PLN 647,600 and is divided into 6,476,000 bearer shares with a nominal value of PLN 0.10 each.

16.

SHARE BUYBACK AND CANCELLATION OF OWN SHARES

Between February 12 and February 22, 2024, the Company accepted offers for the sale of its shares as part of the share buyback program initiated by the Parent Entity. This buyback was conducted in accordance with Resolution No. 3 of the General Meeting of Shareholders of the Issuer, adopted on December 19, 2023, which authorized the Management Board to acquire treasury shares on behalf of and for the Company, established the rules for acquiring treasury shares, and created a reserve capital.

On February 27, 2024, the off-exchange settlement of the transaction took place, resulting in the Company acquiring 954,166 own shares at a price of PLN 120 per share. The total purchase cost (including fees, intermediary commissions, etc.) amounted to PLN 114,589,920, translating to an average price of PLN 120.09 per share.

The acquired shares represent 13.01% of the Company's share capital and total voting rights at the General Meeting. In accordance with Article 364 § 2 of the Commercial Companies Code, the Company will not exercise ownership rights from own shares, except for the rights to dispose of them or to take actions necessary to preserve those rights.

In accordance with the Share Buyback Resolution:

1. at least 90% of the shares acquired under the Buyback were to be canceled (the General Meeting of Shareholders adopted the relevant resolution to cancel 858,822 shares on May 23, 2024, with the registration in the National Court Register (KRS) completed on July 3, 2024);
2. the remaining shares acquired under the Buyback may be allocated by the Management Board in any legally permissible manner, taking into account the Company's operational needs.

The Company also repurchased own shares in 2022. In total, across both buyback programs (in 2022 and 2024), the Company acquired 1,024,166 treasury shares, representing 13.96% of the share capital. As of the date of issuance of this report, the Company has allocated 34,064 shares as part of the settlement of incentive programs and canceled 858,822 shares (registered in KRS on July 3, 2024). This means that the Company currently holds 131,280 own shares, representing 2.03% of the Company's share capital and voting rights.

17.

TRADE LIABILITIES

SPECIFICATION	as at 31.12.2024	as at 31.12.2023
Trade liabilities	10,543,440	10,422,303
towards related parties	155,718	174,531
towards third parties	10,387,722	10,247,772

SPECIFICATION	TOTAL	due date		
		overdue:		not overdue, payable to:
		0-30 days	30-90 days	0 - 30 days
31.12.2024	10,543,440	5,640	0	10,537,800
towards related parties	155,718	0	0	155,718
towards third parties	10,387,722	5,640	0	10,382,082
31.12.2023	10,422,303	713	19,463	10,402,127
towards related parties	174,531	0	0	174,531
towards third parties	10,247,772	713	19,463	10,227,596



18.

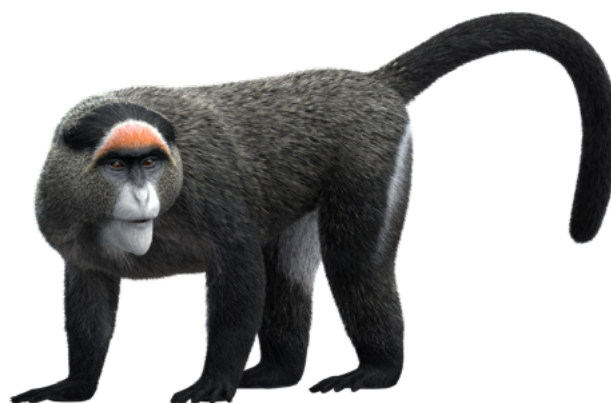
LEASE LIABILITIES

SPECIFICATION	as at 31.12.2024	as at 31.12.2023
Short – term lease liabilities	2,363,832	3,638,032
Long – term lease liabilities	5,586,049	1,379,495
– due within 1 to 2 years	5,020,515	679,178
– due within 2 to 3 years	123,773	124,857
– due within 3 to 4 year	124,851	125,945
– due within 4 to 5 years	316,910	449,515
TOTAL LEASE LIABILITIES	7,949,881	5,017,527

Leasing liabilities result from concluded leasing agreements described in detail in note no. 30.

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

SPECIFICATION	as at 31.12.2024	as at 31.12.2023
Amortization	2,527,374	3,675,864
Interest	636,693	192,402
Realized and unrealized exchange rate differences	347,250	797,509



19.

OTHER LIABILITIES

SPECIFICATION	as at 31.12.2024	as at 31.12.2023
Liabilities due to the acquisition of Rortos (earn-out payments)	30,498,681	35,359,254
– long-term	15,734,214	24,221,614
– short-term	14,764,467	11,137,640
Other liabilities	2,212,093	5,073,162
– long-term	0	0
– short-term, including:	2,212,093	5,073,162
Foreign VAT tax	0	2,924,921
Withholding Tax	2,952	27,429
Personal Income Tax	238,571	214,101
Social insurance contributions (ZUS)	1,325,684	1,271,574
State Fund for Rehabilitation of Disabled People (PFRON)	30,043	27,632
Other liabilities	614,843	607,505
TOTAL OTHER LIABILITIES	32,710,774	40,432,416
– long-term	15,734,214	24,221,614
– short-term	16,976,560	16,210,802

Liability due to earn-out payments are described in more detail in the note „Goodwill“.

The Group did not have any significantly overdue other liabilities as of the balance sheet dates December 31, 2024. As of December 31, 2023, the Company had an overdue foreign VAT liability amounting to PLN 2.4 million. In 2024, the Parent Entity paid the required tax amount along with interest.

20.

SOCIAL ASSETS AND LIABILITIES OF THE COMPANY'S SOCIAL BENEFITS FUND

The Group did not have any company social benefits fund as at the balance sheet date 31.12.2024 and 31.12.2023.

21.

CONTINGENT LIABILITIES

As at December 31, 2023 and as at December 31, 2024 the Group did not have any significant contingent liabilities, including guarantees and sureties, including bills of exchange.



22.

PROVISIONS FOR EMPLOYEES BENEFITS

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

SPECIFICATION	as at 01.01.2024	Changes during the year			as at 31.12.2024
		Assumption	Reclassification from long-term to short-term	Use	
Holiday provision	1,884,874	1,914,472	0	-1,884,874	1,914,472
TFR provision ^[1]	928,026	252,846	0	-24,964	1,155,907
Provisions for bonuses (short term)	4,873,313	2,398,706	1,273,907	-4,649,869	3,896,056
Provisions for bonuses (long term)	3,005,714	1,214,394	-1,273,907	0	2,946,201
TOTAL PROVISIONS	10,691,927	5,780,418	0	-6,559,707	9,912,637

The bonus provision primarily results from the bonus system implemented in the Capital Group in 2021 (a total of PLN 6.4 million, including both long-term and short-term components). The main objective of this system is to strengthen the retention of key employees and collaborators within the TSG Group. These bonuses are linked to financial performance and are payable only if the recipient remains employed in the Capital Group at the time of payout. Depending on the specific case, the deferral period ranges from several months to 2.5 years after the end of the period for which the bonus is awarded.

The remaining portion of the bonus provision (PLN 0.4 million) mainly consists of short-term provisions payable in the first half of 2025. In most cases, these amounts relate to entitlements for Q4 2024.

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

SPECIFICATION	as at 01.01.2023	Changes during the year			as at 31.12.2023
		Assumption	Reclassification from long-term to short-term	Use	
Holiday provision	1,692,431	1,884,874	0	-1,692,431	1,884,874
TFR provision ^[1]	818,387	109,639	0	0	928,026
Provisions for bonuses (short term)	4,282,164	3,604,624	1,268,689	-4,282,164	4,873,313
Provisions for bonuses (long term)	2,983,161	1,663,459	-1,268,689	-372,217	3,005,714
TOTAL PROVISIONS	9,776,143	7,262,596	0	-2,961,950	10,691,927

[1] TFR provision applies to Rortos – it is the remuneration paid to the employee at the time of leaving the company.

23.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES

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

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

Credit risk – this is a risk that arises when one of the parties to a financial instrument causes the Group to incur financial losses, if it fails to meet its obligations towards the Group. Credit risk arises in the case of receivables, cash and cash equivalents, deposits, purchased bonds and deposits.

The Group's core business – generating revenues from games – due to its specific nature, is to a negligible extent exposed to this type of risk. The Group cooperates with a narrow group of customers (including aggregators of payments from individual users) and through long-established relationships and historical absence of problems with the repayment of receivables, exposure to a single credit risk is not high. The vast majority of receivables are repaid within 3 months after the receivables arise. The Group consistently monitors the inflow of receivables and keeps in touch with customers in case of payment delays. The Group invests its cash in reliable financial institutions (banks). Credit risk concerns the Group to an insignificant extent.

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

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

Currency risk refers to the risk that the fair value of a financial instrument or future cash flows associated with it will fluctuate due to changes in exchange rates. Given the global nature of Ten Square Games Group's operations, where most revenue is generated in USD and partially in EUR, the Group is exposed to risks arising from sharp exchange rate fluctuations, particularly the appreciation of the Polish złoty (PLN) against foreign currencies such as USD and EUR.

Most revenue agreements are settled in foreign currencies (USD and EUR) as well as in PLN. Consequently, the appreciation of the złoty relative to USD or EUR is an unfavorable factor for the Group, as it leads to a reduction in sales revenue. To mitigate currency risk, the Group partially offsets exposure by aligning the currency structure of its cost base. However, it is not possible to fully eliminate the foreign exchange risk affecting the Group. The Group does not use (and has not used) any financial instruments to hedge currency risk.

Interest rate risk refers to the risk that the fair value of a financial instrument or future cash flows associated with it will fluctuate due to changes in market interest rates.

The Group invests surplus funds in interest-bearing assets (such as term deposits); however, this does not constitute a significant portion of the Group's revenue, and therefore, changes in interest rates do not pose a material risk.

The primary interest rate risk is related to debt instruments. However, in 2024 and 2023, the Group did not utilize external variable-interest debt instruments (such as loans or bonds). As a result, it was not exposed to cash flow fluctuations due to interest rate changes.

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



24.

ANALYSIS OF EXPOSURE TO CURRENCY RISK

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

31.12.2024 CURRENCY RISK – EXPOSURE TO CURRENCY RISK	USD	EUR	other currencies (excluding PLN)
trade receivables in currency in currency	3,578,554	2,491,754	–
trade receivables valued at PLN	14,676,364	10,647,263	40,373
cash in foreign currency	2,822,973	1,360,751	–
cash and cash equivalents valued at PLN	11,577,578	5,814,490	0
trade liabilities in currency	1,712,585	869,454	–
trade liabilities valued at PLN	7,023,653	3,715,176	0
net exposure in currency	8,114,112	4,721,958	–
net exposure in PLN	33,277,595	20,176,929	40,373

Data for the previous reporting period:

31.12.2023 CURRENCY RISK – EXPOSURE TO CURRENCY RISK	USD	EUR	other currencies (excluding PLN)
trade receivables in currency in currency	5,388,512	968,698	–
trade receivables valued at PLN	21,203,796	4,211,901	214,397
cash in foreign currency	5,790,889	326,399	–
cash and cash equivalents valued at PLN	22,787,147	1,419,182	0
trade liabilities in currency	1,824,663	254,454	–
trade liabilities valued at PLN	7,180,049	1,106,367	2,898
net exposure in currency	9,354,738	1,040,643	–
net exposure in PLN	36,810,894	4,524,716	211,499

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

CURRENCY RISK – SENSITIVITY ANALYSIS	as at 31.12.2024	as at 31.12.2023
Change by +10% / – 10%	+5,349,490, / –5,349,490	+4,148,604, / –4,148,604

25.

CAPITAL MANAGEMENT

The main objective of the Group's capital management is to maintain solid credit rating and safe capital ratios that would support the Group's operations and increase the value for its shareholders. At present, the Group finances its operations with operating profits and does not use debt financing. The Group manages its capital structure and may change it as a result of changes in the economic situation. In order to maintain or adjust the capital structure, the Group may change the payment of dividends to shareholders, return capital to shareholders or issue new shares. In the years ended 31 December 2024 and 31 December 2023, no changes were introduced to the objectives, principles and processes applicable in this area.

SPECIFICATION	as at 31.12.2024	as at 31.12.2023
Interest-bearing loans and borrowings	0	0
Trade liabilities and other liabilities	43,254,214	50,854,719
Cash and cash equivalents	143,774,851	162,825,718
Net debt	-100,520,637	-111,970,999
Equity	243,263,256	291,010,934
Total capital	243,263,256	291,010,934
Net equity and debt	343,783,893	402,981,933



26.

EMPLOYEE BENEFIT PLANS

In connection with the introduction of the Employee Capital Plans (PPK) program in Poland, the Company entered into an agreement with Aviva Specjalistyczny Fundusz Inwestycyjny Otwarty PPK for the management of the Employee Capital Plan. As a result, employees of the Parent Entity became participants in the Plan starting in November 2020.

Following the merger of companies, the Aviva brand in Poland was rebranded as Allianz on July 2, 2022. Consequently, the investment company Aviva Investors Poland Towarzystwo Funduszy Inwestycyjnych S.A. changed its name to Towarzystwo Funduszy Inwestycyjnych Allianz Polska S.A.

The total costs of the PPK program (employer contributions) incurred by the Company in 2024 amounted to PLN 224 thousand, compared to PLN 217 thousand in 2023.



27.

SHARE BASED INCENTIVE PROGRAMS

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

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

INCENTIVE PROGRAM FOR KEY PERSONNEL – SEPTEMBER 2023

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

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 Company estimates that as part of the settlement of the second tranche of the program, 7,020 shares will be issued at the beginning of 2025. The accounting cost of executing the program in 2024 amounted to PLN 1.7 million (including both the first and second tranches of the program).

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 performance target for the second tranche of the program, i.e., for 2024. The target was defined as achieving a specified amount of Adjusted EBITDA (consolidated data), as outlined in the table below:

PROGRAM CRITERION – ADJUSTED EBITDA AMOUNT (CONSOLIDATED DATA IN PLN)	% of the initially allocated share pool eligible for acquisition by a Management Board Member	Number of shares in the pool for 2024 (total for all Management Board Members)
135,000,000 & more	100%	12,500
125,000,000 – 134,999,999	95%	11,875
115,000,000 – 124,999,999	85%	10,625
110,000,000 – 114,999,999	75%	9,375
105,000,000 – 109,999,999	65%	8,125
Below 105,000,000	0	0

In accordance with the program rules, after the financial statements for the given year are finalized, the Supervisory Board will adopt a resolution on the final allocation of shares. As of the date of issuance of this report, the program cost recognized for 2024 corresponds to the target achievement range entitling participants to acquire 65% of the initially allocated shares.

The accounting cost of executing the program in 2024 amounted to PLN 2 million (including both the first and second tranches of the program).

ADDITIONAL ONE-TIME COMPENSATION UNDER THE SHARE PROGRAM – NOVEMBER 2024

On November 27, 2024, the Company's Management Board adopted a resolution on additional compensation for key collaborators of the Company. Based on this resolution, in December 2024, the designated collaborators acquired 2,600 shares of the Company at a nominal price of 10 groszy per share.

The accounting cost of executing the program amounted to PLN 0.2 million.

RECONCILIATION OF COSTS

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

SPECIFICATION	for the period 01.01.2024 – 31.12.2024	for the period 01.01.2023 – 31.12.2023
Share-based payments – cost by nature:	3,977,436	6,690,040
Cost of incentive program for the previous President of the Management Board	0	6,033,168
Incentive program for key personnel – September 2023	0	656,872
Incentive program for key personnel – December 2023	1,746,370	0
Incentive program for Management Board – December 2023	2,021,766	0
Additional one-time compensation under the share program – November 2024	209,300	0
Share-based payments – costs by function:	3,977,436	6,690,040
Cost of goods and services sold	1,851,020	145,873
Selling costs	0	66,458
General administrative costs	2,126,416	6,477,709
Capitalization of share-based payment costs (game production)	0	0

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

SPECIFICATION	as at 31.12.2024	as at 31.12.2023
TOTAL Capital from the settlement of the incentive scheme	99,448,841	95,471,416
Incentive program for key personnel – December 2023	1,746,370	0
Incentive program for Management Board – December 2023	2,021,766	0
Additional one-time compensation under the share program – November 2024	209,300	0
Cost of incentive program for the previous President of the Management Board	72,398,011	72,398,022
Incentive program for key personnel – September 2023	656,872	656,872
Including costs of incentive program in 2021	17,079,974	17,079,974
Including costs of incentive program in 2020	3,572,514	3,572,514
Including costs of incentive program in 2019	1,187,441	1,187,441
Including costs of incentive program in 2018	236,328	236,328
Including costs of incentive program in 2017	340,265	340,265

28.

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

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

28.1. Management Board

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

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

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

AFFILIATED PERSON PERIOD	Remuneration		Net dividend	
	01.01.2024 – 31.12.2024	01.01.2023 – 31.12.2023	01.01.2024 – 31.12.2024	01.01.2023 – 31.12.2023
Management Board (total due remuneration)	4,740,472	9,427,589	0	834,775
Andrzej Ilczuk	2,174,872	1,165,902	–	60,583
– cash fixed remuneration	834,000	751,935	–	60,583
– due cash variable remuneration	613,222	413,967	–	–
– paid cash variable remuneration	649,888	223,283	–	–
– share based motivation program	727,650	–	–	–
Janusz Dziemidowicz	1,282,800	636,000	–	491,340
– cash fixed remuneration	636,000	636,000	–	491,340
– share based motivation program	646,800	–	–	–

AFFILIATED PERSON	Remuneration		Net dividend	
	01.01.2024 – 31.12.2024	01.01.2023 – 31.12.2023	01.01.2024 – 31.12.2024	01.01.2023 – 31.12.2023
Magdalena Jurewicz	1,282,800	636,000	–	113,724
– cash fixed remuneration	636,000	636,000	–	113,724
– share based motivation program	646,800	–	–	–
Maciej Zużatek (till 22.05.2023)	0	6,375,362	–	N/A
– cash fixed remuneration	–	342,194	–	N/A
– share based motivation program	–	6,033,168	–	–
Anna Idzikowska (till 28.02.2023)	0	111,139	–	N/A
– cash fixed remuneration	–	106,000	–	N/A
– due paid cash variable remuneration	–	5,139	–	–
Wojciech Gattner (till 22.05.2023)	0	503,186	–	169,128
– paid cash fixed remuneration	–	264,129	–	169,128
– paid cash variable remuneration	–	306,334	–	–
– due cash variable remuneration	–	239,057	–	–
Supervisory Board	372,000	372,000	–	4,119,293
Rafał Olesiński	102,000	102,000	–	3,902
Maciej Marszałek	60,000	60,000	–	256,608
Wiktor Schmidt	48,000	48,000	–	0
Marcin Bitos	54,000	54,000	–	0
Kinga Stanisławska	54,000	54,000	–	612
Arkadiusz Pernal	54,000	54,000	–	3,858,171
Affiliated persons (Ten Square Games S.A.)	59,000	43,500	–	N/A
Maciej Popowicz (since 1.04.2023)	59,000	43,500	–	N/A
Key personnel (Ten Square Games S.A.)	0	0	–	N/A
Family members of key personnel / Management Board (Ten Square Games S.A.)	0	0	–	N/A

AFFILIATED PERSON	Liabilities/provisions		Receivables	
	01.01.2024 – 31.12.2024	01.01.2023 – 31.12.2023	01.01.2024 – 31.12.2024	01.01.2023 – 31.12.2023
Management Board	300,881	332,134	680	1,511
Andrzej Ilczuk	239,381	270,634	680	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.)	5,535	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

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

28.2. Other affiliated entities

AFFILIATED ENTITY	Net sales		Net purchase		Dividend		Earn-out payment		
	PERIOD	01.01.2024 – 31.12.2024	01.01.2023 – 31.12.2023	01.01.2024 – 31.12.2024	01.01.2023 – 31.12.2023	01.01.2024 – 31.12.2024	01.01.2023 – 31.12.2023	01.01.2024 – 31.12.2024	01.01.2023 – 31.12.2023
Subsidiaries:		7,626,361	7,148,052	526,478	3,692,316	7,358,024	8,161,057	–	–
Play Cool Zombie Sport Games Sp. z o.o.		17,400	28,029	0	0	2,000,000	0	–	–
Tiny Dragon Adventure Games Sp. z o.o.		0	253,550	0	0	0	0	–	–
Fat Lion Games Sp. z o.o.		0	125,452	0	0	0	0	–	–
Ten Square Games Germany GmbH		0	0	494,332	2,542,349	0	0	–	–
Ten Square Games S.R.L.		0	0	32,146	1,149,967	0	0	–	–
RORTOS S.R.L.		7,608,961	6,741,021	0	0	5,358,024	8,161,057	–	–
Personally affiliated entities:		0	0	37,993	71,390	–	–	10,521,483	4,176,915
Olesiński i Wspólnicy Spółka komandytowa		0	0	37,993	71,390	–	–	–	–
Roberto Simonetto		0	0	0	0	–	–	6,288,630	2,513,984
Antonio Farina		0	0	0	0	–	–	4,232,853	1,662,931
Associates:		525,492	0	29,138	36,383	–	–	–	–
Gamesture Sp. z o.o.		525,492	0	29,138	36,383	–	–	–	–

AFFILIATED ENTITY	Gross receivables		Gross liabilities		Loans		
	AS AT	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Subsidiaries:		2,611,444	1,370,021	0	31,427	0	187,838
Play Cool Zombie Sport Games Sp. z o.o.		1,784	5,228	0	0	0	0
Tiny Dragon Adventure Games Sp. z o.o.		0	0	0	0	0	0
Fat Lion Games Sp. z o.o.		0	0	0	0	0	0
Ten Square Games Germany GmbH		0	269,338	0	0	0	0
Ten Square Games S.R.L.		0	0	0	31,427	0	187,838
RORTOS S.R.L.		2,609,660	1,095,455	0	0	0	0
Personally affiliated entities:		0	0	29,187,703	35,366,265	0	0
Olesiński i Wspólnicy Spółka komandytowa		0	0	14,268	7,011	0	0
Roberto Simonetto		0	0	17,501,144	21,212,017	0	0
Antonio Farina		0	0	11,672,291	14,147,237	0	0
Associates:		271,602	0	0	20,535	1,399,344	939,421
Gamesture Sp. z o.o.		271,602	0	0	20,535	1,399,344	939,421

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

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

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

29.

EMPLOYMENT

The average of employees in the financial year was 198 persons (222 in 2023). The main group of employees are specialists in information and communication technologies.



30.

LEASE AGREEMENTS

Parent Entity

In January 2024, the Company amended its existing lease agreements from 2019 and 2020, thereby extending the lease of office space in the City One office and service building, located at Traugutta 45 in Wrocław. The agreements have been extended until the end of 2027.

The aforementioned agreements are recognized in the financial statements in accordance with IFRS 16. The initial value of the acquired right-of-use asset is recorded under fixed assets and subsequently amortized over the lease term. Discounted lease payments are recognized under liabilities, classified appropriately into long-term and short-term portions.

Rortos S.r.l

In 2021, the right-of-use asset for office space occupied by Rortos was recognized. The office lease agreement for the premises at Del Pontiere Street in Verona was signed on July 1, 2019, for a period of six years from the date of premises handover, with an option to extend for an additional six years—until 2031.

31.

LITIGATIONS

The Group had no pending court cases in 2024 or in 2023.

32.

EVENTS AFTER THE BALANCE SHEET DATE

No significant events occurred after the balance sheet date that could impact the financial data presented in the report for the period ended December 31, 2024.

33.

SHARE OF SUBSIDIARIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT

Not applicable – all subsidiaries have been included in the consolidated financial statement.

34.

INFORMATION ON TRANSACTIONS WITH THE ENTITY AUDITING THE FINANCIAL STATEMENTS

SPECIFICATION	cost in 2024	cost in 2023
audit of the consolidated and standalone financial statements for 2024 (2023)	117,000	82,600
review of the consolidated and standalone financial statements for the first half of 2024 (2023)	56,000	41,400
attestation service for compliance verification with the ESEF Regulation for the year 2024 (2023)	8,000	7,000
attestation service for the assessment of the remuneration report for the year 2024 (2023)	8,000	9,400
TOTAL	189,000	140,400



35.

APPROVAL OF THE FINANCIAL STATEMENT

This report for the period from January 1 to December 31, 2024 was signed and approved for publication by the Management Board of Ten Square Games S.A. on March 24, 2025.

PRESIDENT OF THE MANAGEMENT BOARD

Andrzej Ilczuk

MEMBER OF THE MANAGEMENT BOARD

Janusz Dziemidowicz

MEMBER OF THE MANAGEMENT BOARD

Magdalena Jurewicz

Person entrusted with keeping the books of accounts

Karolina Hoszowska-Dubaniowska

Wrocław, March 24, 2025