



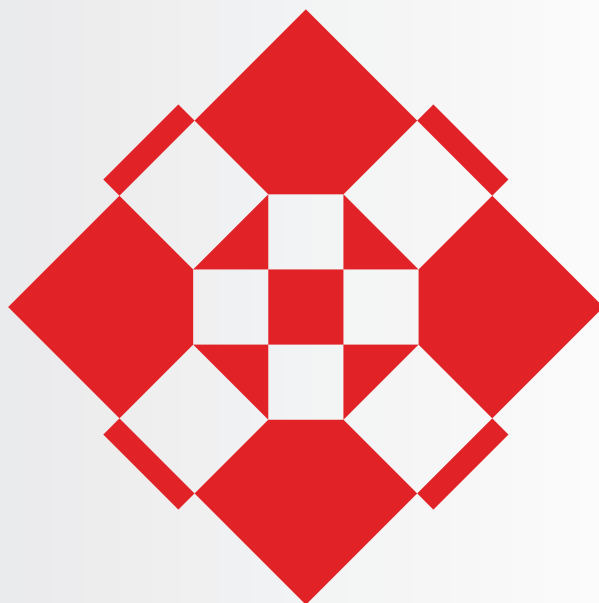
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1Q 2025

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

prepared for the period 01.01.2025 – 31.03.2025

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.



Wroclaw, May 19, 2025

SELECTED FINANCIAL DATA

CONSOLIDATED DATA

STATEMENT OF COMPREHENSIVE INCOME

	PLN		EUR	
	for the period 01.01.2025 – 31.03.2025	for the period 01.01.2024 – 31.03.2024	for the period 01.01.2025 – 31.03.2025	for the period 01.01.2024 – 31.03.2024
Bookings	90,461,427	99,660,700	21,525,110	23,063,734
Revenues	96,652,992	100,118,218	22,998,380	23,169,614
Cost of sales	15,012,917	19,389,790	3,572,293	4,487,235
Operating profit (loss)	30,618,819	19,108,496	7,285,685	4,422,137
Gross profit (loss)	30,279,537	20,719,834	7,204,953	4,795,037
Net profit (loss)	27,485,767	17,939,960	6,540,182	4,151,711
EBITDA	33,792,124	23,614,056	8,040,766	5,464,825
Adjusted EBITDA	30,509,397	27,489,559	7,259,648	6,361,704

CASH FLOW STATEMENT

	PLN		EUR	
	for the period 01.01.2025 – 31.03.2025	for the period 01.01.2024 – 31.03.2024	for the period 01.01.2025 – 31.03.2025	for the period 01.01.2024 – 31.03.2024
Net cash flows from operating activities	29,994,913	32,446,017	7,137,228	7,508,740
Net cash flows from investment activities	-870,402	-1,432,947	-207,110	-331,616
Net cash flows from financial activities	-688,636	-114,391,458	-163,860	-26,472,763

BALANCE SHEET

	PLN		EUR	
	31.03.2025	31.12.2024	31.03.2025	31.12.2024
Fixed assets	198,608,607	206,435,574	47,469,731	48,311,625
Current assets	232,815,565	210,414,131	55,645,585	49,242,717
Equity	266,574,880	243,263,256	63,714,448	56,930,320
Long-term liabilities	23,000,858	25,410,058	5,497,468	5,946,655
Short-term liabilities	141,848,434	148,176,391	33,903,400	34,677,367

EUR/PLN exchange rate	2025	2024
for the balance-sheet data	4.1839	4.2730
for the data from the profit and loss statement and cash flow statement	4.2026	4.3211

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

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

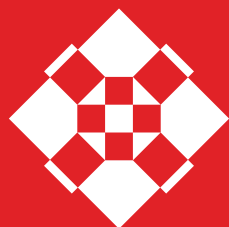
Specification	1Q 2024	2Q 2024	3Q 2024	4Q 2024	TOTAL 2024	1Q 2025
Operating profit (EBIT)	19,108,496	23,278,311	15,606,945	18,247,197	76,240,949	30,618,819
Amortization and depreciation (excluding capitalized portion)	4,505,560	4,428,755	3,953,275	3,873,425	16,761,015	3,173,305
Write-downs for impairment	0	0	0	1,194,285	1,194,285	0
EBITDA	23,614,056	27,707,066	19,560,220	23,314,907	94,196,249	33,792,124
Non-cash impact of incentive scheme (excluding capitalized portion)	2,854,621	311,924	441,425	369,466	3,977,436	495,000
Deferred result (revenue minus commissions) – consumables	2,150,783	1,100,237	1,594,588	1,212,215	6,057,823	-500,670
Deferred result (revenue minus commissions) – durables	-819,647	-1,775,914	4,919,341	3,532,579	5,856,359	-3,267,444
Costs of potential and completed acquisitions (M&A) and review of strategic options	-310,254	0	0	-43,264	-353,518	-9,613
Adjusted EBITDA	27,489,559	27,343,313	26,515,574	28,385,903	109,734,349	30,509,397



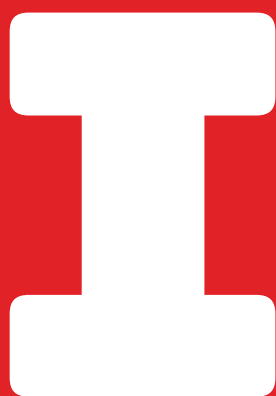
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**GENERAL
INFORMATION**



COMPANY DATA



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

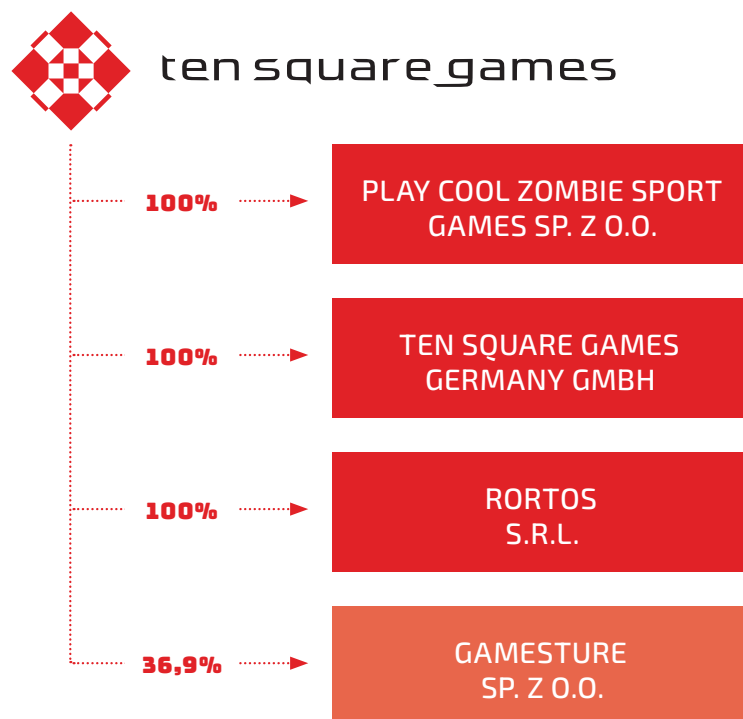
Ten Square Games Sp. z o. o. was registered on 21 October 2011, entry no. 0000399940. Ten Square Games S.A. was established through the transformation of Ten Square Games Sp. z o. o., which was registered by the District Court on 20 November 2017.



TEN SQUARE GAMES CAPITAL GROUP

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

As of 31.12.2024, 31.03.2025 and 19.05.2025:



3.

SHAREHOLDING STRUCTURE

3.1.

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

Shareholder	number of shares as at 19.05.2025 and 31.03.2025	% share in basic capital	number of votes	% share in the number of votes
Shareholders' Arrangement ^[1]	1,969,176	30.4%	1,969,176	30.4%
own shares purchased by the Company	131,280	2.0%	131,280	2.0%
others (of which none holds more than 5% of shares)	4,375,544	67.6%	4,375,544	67.6%
TOTAL	6,476,000	100.0%	6,476,000	100.0%

Shareholder	number of shares as at 31.12.2024	% share in basic capital	number of votes	% share in the number of votes
Shareholders' Arrangement ^[1]	1,969,176	30.4%	1,969,176	30.4%
TFI Allianz S.A.	360,360	5.6%	360,360	5.6%
own shares purchased by the Company	131,280	2.0%	131,280	2.0%
others (of which none holds more than 5% of shares)	4,015,184	62.0%	4,015,184	62.0%
TOTAL	6,476,000	100.0%	6,476,000	100.0%

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

3.2.

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

Shareholder	number of shares as at 19.05.2025, 31.03.2025 & 31.12.2024	% share in basic capital	number of votes	% share in the number of votes
President of the Management Board – Andrzej Ilczuk	14,888	0.23%	14,888	0.23%
Member of the Management Board – Janusz Dziemidowicz	88,249	1.36%	88,249	1.36%
Member of the Management Board – Magdalena Jurewicz	19,424	0.30%	19,424	0.30%
Member of the Supervisory Board – Maciej Marszałek	44,000	0.68%	44,000	0.68%
Member of the Supervisory Board – Rafał Olesiński	669	0.01%	669	0.01%
Member of the Supervisory Board – Kinga Stanisławska	105	0.00%	105	0.00%
TOTAL: MANAGEMENT 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%

3.3.

Series of shares

series of shares	number of shares as at 24.03.2025 & 31.12.2024	nominal value of shares (per one share)	total nominal value of shares
A	6,476,000	0.1 PLN	647,600.00

3.4.

Description of changes in shareholding structure

Changes in the shareholding structure between December 31, 2024 and May 19, 2025 result from a notification received on March 28, 2025 regarding a change in the shareholding of the Company, submitted by TFI Allianz Polska S.A., as reported by the Company in current report no. 6/2025.

4.

COMPOSITION OF THE COMPANY'S BODIES AS AT 19.05.2025

The Management Board:

- » **Andrzej Ilczuk** – President of the Management Board;
- » **Janusz Dziemidowicz** – Member of the Management Board;
- » **Magdalena Jurewicz** – Member of the Management Board.

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

Rada Nadzorcza:

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

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



FORM OF CONDENSED STATEMENT

The basis for the preparation of the financial statement

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

The interim condensed consolidated financial statement does not involve all information and disclosures required in the annual financial statement and it shall be read in conjunction with the consolidated financial statement of the Group for the year ending on 31 December 2024.

Functional currency and presentation currency

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

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

Presented periods

The interim condensed consolidated financial statement has been prepared as at 31.03.2025 and it covers the period of 3 months, i.e. since 01.01.2025 to 31.03.2025.

For the data presented in the interim condensed consolidated statement of financial situation and off-balance sheet items, comparable financial data as at 31.12.2024 and 31.03.2025 were presented.

For the data presented in the interim condensed consolidated statement of comprehensive income and in the interim condensed statement of cash flows, comparable financial data for the period from 01.01.2024 to 31.03.2024 were presented.

Continuity assumption

The interim condensed consolidated financial statement has been prepared assuming that the Company and the Capital Group shall continue their activities for the period of 12 months after the last balance-sheet date, i.e. 31.03.2025. The Management Board of the Parent Entity, as at the date of signing the statement, was not aware of any facts or circumstances which could indicate a threat to the continuation of operations for the period of 12 months after the balance-sheet date due to an intended or forced discontinuance or material limitation of the hitherto activity.

Until the date of preparation of the interim condensed consolidated financial statement for the first quarter of 2025, there were no events which were not and which should have been included in the accounting records of the reporting period. At the same time, no material events relating to previous years in these financial statements are included in the financial statement.

Audit by the independent audit company

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



6.

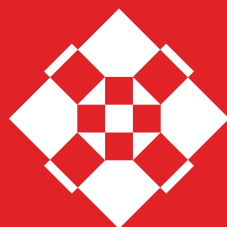
STATEMENT OF THE MANAGEMENT BOARD

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

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

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





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II

**INTERIM CONDENSED
CONSOLIDATED
FINANCIAL STATEMENT**



INTERIM CONDENSED **CONSOLIDATED** COMPREHENSIVE INCOME STATEMENT

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT	for the period 01.01.2025 – 31.03.2025	for the period 01.01.2024 – 31.03.2024
Revenues from the sales of services	96,652,992	100,118,218
Cost of services sold	15,012,917	19,389,790
Gross profit (loss) on sales	81,640,075	80,728,428
Other operating income	206,516	1,136,526
Selling costs	44,823,513	54,950,259
General and administrative costs	6,383,216	7,509,077
Other operating costs	21,043	297,122
Operating profit (loss)	30,618,819	19,108,496
Financial income	1,303,783	2,578,927
Financial expense	1,576,130	725,782
Loss (profit) on associates	66,935	241,807
Profit(loss) before taxation	30,279,537	20,719,834
Income tax	2,793,770	2,779,874
Net profit (loss) on continued activity	27,485,767	17,939,960
Profit (loss) on discontinued activity	0	0
Net profit (loss)	27,485,767	17,939,960
Net profit (loss) attributable to the parent company	27,485,767	17,939,960
Items that may be reclassified subsequently to profit or loss	-14,523,635	-9,361,050
Subject to reclassification to the result – exchange differences from translation of foreign statements	-14,523,635	-9,361,050
Items that will not be reclassified to profit or loss	0	0
Other comprehensive income	-14,523,635	-9,361,050
Total comprehensive income attributable to non-controlling shareholders	12,962,132	8,578,910
Net profit (loss) attributable to the parent company	0	0
Total comprehensive income attributable to non-controlling shareholders	12,962,132	8,578,910

CALCULATION OF EARNINGS PER SHARE

CALCULATION OF EARNINGS PER SHARE	for the period 01.01.2025 – 31.03.2025	for the period 01.01.2024 – 31.03.2024
Number of shares		
The weighted average number of shares for the purpose of calculating the value of basic earnings per share (in units)	6,476,000	7,334,822
The weighted average number of shares for the purpose of calculating the value of diluted earnings per share (in units)	6,342,120	6,342,120
Net profit attributable to Parent Entity	27,485,767	17,939,960
Net earnings per share in PLN		
basic for the financial period	4.24	2.45
diluted for the financial period	4.33	2.83
Net earnings per share on continued operations in PLN		
basic for the financial period	4.24	2.45
diluted for the financial period	4.33	2.83
Net profit per share attributable to discontinued operations in PLN		
basic for the financial period	0.00	0.00
diluted for the financial period	0.00	0.00



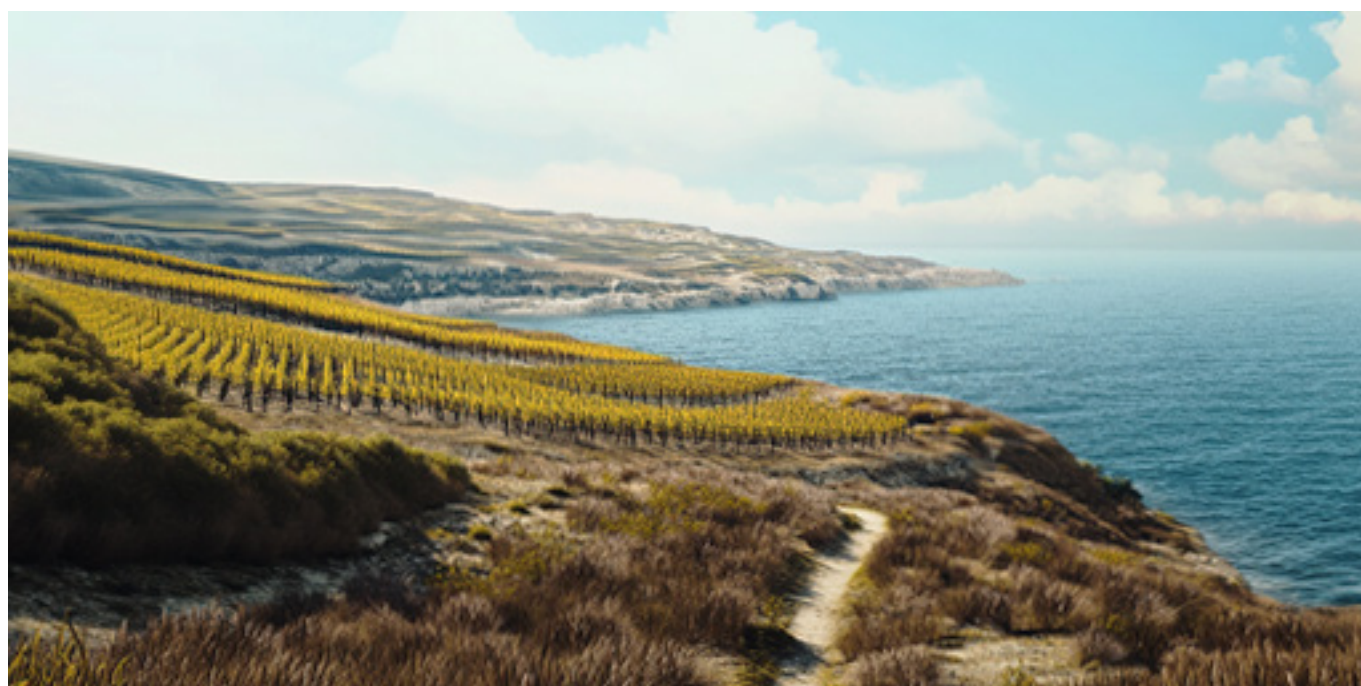
2.

INTERIM CONDENSED **CONSOLIDATED** STATEMENT OF FINANCIAL SITUATION

ASSETS	31.03.2025	31.12.2024	31.03.2024
Fixed assets	198,608,607	206,435,574	214,233,932
Tangible fixed assets	10,764,330	11,758,779	16,561,827
Intangible fixed assets other than Goodwill	53,893,921	56,330,638	61,249,665
Goodwill	105,340,661	108,453,418	109,428,120
Other financial assets	23,707,904	24,408,483	23,002,153
Deferred income tax assets	4,901,791	5,484,256	3,992,167
Current assets	232,815,565	210,414,131	152,186,118
Receivables	38,084,077	40,864,028	44,445,869
Current income tax receivable	730,550	1,744,941	8,562,817
Contract assets	20,197,738	22,630,967	21,076,644
Loans granted	1,426,345	1,399,344	1,316,842
Cash and cash equivalents	172,376,855	143,774,851	76,783,946
TOTAL ASSETS	431,424,172	416,849,705	366,420,050



EQUITY & LIABILITIES	31.03.2025	31.12.2024	31.03.2024
Equity	266,574,880	243,263,256	194,688,951
Equity attributable to owners of the Parent Entity	266,574,880	243,263,256	194,688,951
Share capital	647,600	647,600	733,482
Reserve capital from the sale of shares above the nominal price	490,305	490,305	490,305
Capital from the settlement of the incentive scheme	99,943,841	99,448,841	98,326,034
Foreign exchange differences on translation of statements of foreign operations	-14,523,635	-10,923,234	-9,361,050
Retained earnings	195,782,724	169,365,699	229,349,512
Own shares (negative value)	-15,765,955	-15,765,955	-124,849,332
Long-term liabilities	23,000,858	25,410,058	34,881,384
Deferred income tax provisions	1,052,026	1,143,594	1,083,427
Provisions for employee benefits	1,401,733	2,946,201	1,868,970
Lease liabilities	4,874,508	5,586,049	7,419,939
Other liabilities	15,672,591	15,734,214	24,509,048
Short-term liabilities	141,848,434	148,176,391	136,849,715
Trade liabilities	12,417,422	10,543,440	16,093,297
Income tax provisions	23,435,773	23,435,773	23,435,773
Lease liabilities	2,353,110	2,363,832	2,230,576
Other liabilities	16,698,319	16,976,560	13,180,153
Provisions for employee benefits	5,277,621	6,966,436	6,149,781
Contract liabilities	81,666,189	87,890,350	75,760,135
Total liabilities	164,849,292	173,586,449	171,731,099
TOTAL EQUITY & LIABILITIES	431,424,172	416,849,705	366,420,050



3.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in equity	Share capital	Reserve capital from the sale of shares above the nominal price	Capital from the settlement of the incentive scheme	Foreign exchange differences on translation	Retained earnings	Own shares	Equity attributable to equity holders of the parent company	Total equity
Equity as at 01.01.2025	647,600	490,305	99,448,841	-10,923,234	169,365,699	-15,765,955	243,263,256	243,263,256
Payment of share capital	0	0	0	0	0	0	0	0
Share-based payments	0	0	495,000	0	0	0	495,000	495,000
Foreign exchange differences	0	0	0	0	9,854,492	0	9,854,492	9,854,492
Dividend payment	0	0	0	0	0	0	0	0
Net profit	0	0	0	0	27,485,767	0	27,485,767	27,485,767
Purchase of own shares	0	0	0	0	0	0	0	0
Distribution of own shares	0	0	0	0	0	0	0	0
Sale of own shares	0	0	0	0	0	0	0	0
Redemption of own shares	0	0	0	0	0	0	0	0
Other comprehensive income	0	0	0	-3,600,401	-10,923,234	0	-14,523,635	-14,523,635
Total comprehensive income	0	0	0	-3,600,401	16,562,533	0	-14,523,635	-14,523,635
Change in equity	0	0	495,000	-3,600,401	26,417,025	0	23,311,624	23,311,624
Equity as at 31.03.2025	647,600	490,305	99,943,841	-14,523,635	195,782,724	-15,765,955	266,574,880	266,574,880

Consolidated statement of changes in equity	Share capital	Reserve capital from the sale of shares above the nominal price	Capital from the settlement of the incentive scheme	Foreign exchange differences on translation	Retained earnings	Own shares	Equity attributable to equity holders of the parent company	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
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
Dividend payment	0	0	0	0	0	0	0	0
Net profit	0	0	0	0	67,077,028	0	67,077,028	67,077,028
Purchase of own shares	0	0	0	0	0	-114,589,920	-114,589,920	-114,589,920
Distribution of own shares	0	0	0	0	-8,373,492	8,373,492	0	0
Sale of own shares	0	0	0	0	-311,985	311,985	0	0
Redemption of own shares	-85,882	0	0	0	-108,685,250	108,771,132	0	0
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

Consolidated statement of changes in equity	Share capital	Reserve capital from the sale of shares above the nominal price	Capital from the settlement of the incentive scheme	Foreign exchange differences on translation	Retained earnings	Own shares	Equity attributable to equity holders of the parent company	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	3,146	3,146	3,146
Share-based payments	0	0	2,854,618	0	0	0	2,854,618	2,854,618
Foreign exchange differences	0	0	0	0	6,831,263	0	6,831,263	6,831,263
Division of net profit	0	0	0	0	0	0	0	0
Dividend payment	0	0	0	0	0	0	0	0
Net profit	0	0	0	0	17,939,960	0	17,939,960	17,939,960
Purchase of own shares	0	0	0	0	0	-114,589,920	-114,589,920	-114,589,920
Distribution of own shares	0	0	0	0	-8,373,492	8,373,492	0	0
Other comprehensive income	0	0	0	-1,325,242	-8,035,808	0	-9,361,050	-9,361,050
Total comprehensive income	0	0	0	-1,325,242	9,904,152	0	8,578,910	8,578,910
Change in equity	0	0	2,854,618	-1,325,242	8,361,923	0	9,885,504	9,885,504
Equity as at 31.03.2024	733,482	490,305	98,326,034	-9,361,050	229,349,512	-124,849,332	194,688,951	194,688,951



INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT	for the period 01.01.2025 – 31.03.2025	for the period 01.01.2024 – 31.03.2024
OPERATING ACTIVITY		
Profit/loss before taxation	30,279,537	20,719,834
Total adjustments:	886,086	13,803,259
Depreciation and amortization	3,173,305	4,505,560
Gain/loss on foreign exchange rate conversion	-662,809	683,980
Interest paid on lease	130,185	175,332
Interest on bank deposits	398,964	1,643,766
Interest on liabilities (Rortos)	266,338	549,815
Change in receivables	2,779,951	2,604,778
Change in liabilities and accrued expenses	-1,960,079	-43,910
Change in liabilities due to contracts with customers	-6,224,161	-474,178
Change in assets due to contracts with customers	2,433,229	1,793,652
Share-based payments (part not included in the acquisition of intangible assets)	495,000	2,854,618
Loss on associates	66,935	241,807
Loss/Profit from the sale of fixed assets	-10,772	-731,961
Cash from operating activity	31,165,623	34,523,093
Income tax (paid) / reimbursed	-1,170,710	-2,077,076
A. Net operating cash flow	29,994,913	32,446,017

CONSOLIDATED CASH FLOW STATEMENT	for the period 01.01.2025 – 31.03.2025	for the period 01.01.2024 – 31.03.2024
INVESTMENT ACTIVITY		
Purchase of intangible and tangible fixed assets	-881,174	-173,882
Sale of intangible and tangible fixed assets	10,772	306,000
Earn-Out payment	0	0
Loans granted	0	-353,275
Acquisition of stockholding	0	-1,211,790
B. Net cash flow from investment activities	-870,402	-1,432,947
FINANCIAL ACTIVITY		
Net proceeds from the issue of shares	0	3,146
Other financial inflows	0	1,181,008
Payment of finance lease liabilities	-558,451	-810,360
Purchase of own shares	0	-114,589,920
Interest on lease	-130,185	-175,332
C. Net cash flow from financing activity	-688,636	-114,391,458
D. Total net cash flow	28,435,875	-83,378,388
– change in cash due to exchange rate losses/gains	166,129	-2,663,384
E. Increase in cash and cash equivalents (with exchange rate differences)	28,602,004	-86,041,772
F. Cash at the beginning of the period	143,774,851	162,825,718
G. Cash at the end of the period	172,376,855	76,783,946



5.

COMMENTS ON THE RESULTS

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

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

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

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

5.1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

THE BREAKDOWN OF CONSOLIDATED REVENUE PER GAME BY QUARTERS

GAME	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025
Fishing Clash	61,219,111	59,597,431	62,158,791	59,644,358	52,643,140
Hunting Clash	23,732,405	22,109,844	22,979,316	21,353,423	18,637,608
Wings of Heroes	2,922,235	3,494,706	5,638,924	7,086,439	7,291,234
Real Flight Simulator	4,959,726	4,760,818	5,468,430	5,238,091	5,297,592
Let's Fish	1,732,040	1,763,927	1,609,632	2,227,217	2,024,803
Airline Commander	2,204,710	1,900,010	1,894,589	1,590,837	2,018,051
Wild Hunt	2,209,336	2,033,024	1,898,167	2,258,507	1,999,937
Others	681,137	570,234	658,639	539,986	549,062
TOTAL BOOKINGS	99,660,700	96,229,994	102,306,488	99,938,858	90,461,427
Deferred revenues (virtual currency)	-2,725,192	-1,355,271	-2,093,391	-1,518,240	1,000,827
Deferred revenues (durables)	3,182,710	3,124,214	-6,234,054	-4,063,695	5,190,738
TOTAL REVENUES	100,118,218	97,998,937	93,979,043	94,356,923	96,652,992

* under the term „bookings,” the Group reports revenues not reduced by deferred revenue (i.e. in the case of microtransactions, these are payments made by users during the specified period). The amount of deferred revenue is estimated based on the unused portion of virtual currency and durable virtual goods by active players as of the balance sheet date. This deferred revenue is presented in the financial statements under the balance sheet item “contract liabilities.”

MAU* FOR THE MAIN GAMES

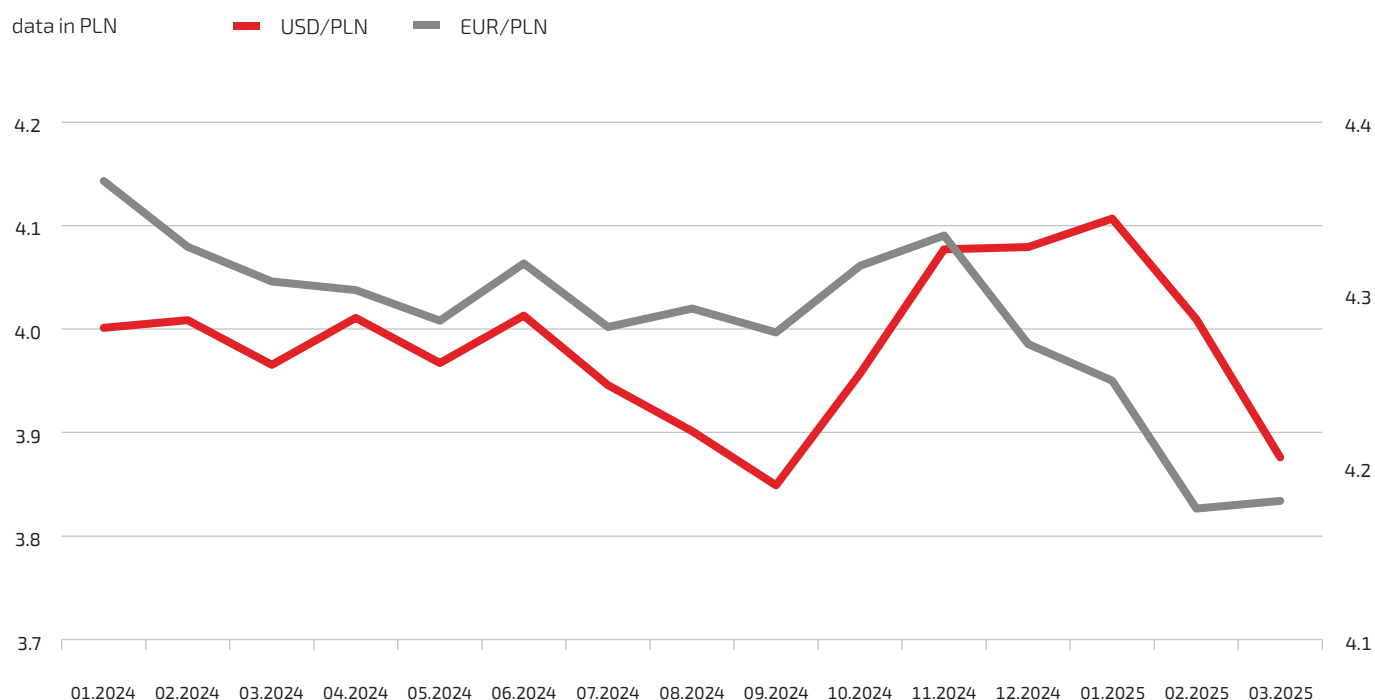
PERIOD	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025
Fishing Clash	2,425,073	2,901,837	3,403,986	2,605,102	2,396,660
Hunting Clash	3,529,644	2,937,882	2,008,982	1,795,672	1,664,310
Wings of Heroes	341,010	250,631	294,502	284,703	279,340
Evergreen	922,365	789,687	726,737	680,426	609,349

* Monthly average number of active players

The beginning of 2025 continued the negative trends observed in previous quarters. Significant economic, currency, and geopolitical uncertainty has had a strong impact on consumer behavior, and consequently on the Group and the bookings recorded in its games. As a result, the Group's total bookings in Q1 2025 amounted to PLN 90.5 million, down 9.5% compared to the previous quarter and 9.2% yoy.

It is also worth noting that both the USD/PLN and EUR/PLN exchange rates in Q1 2025 were significantly lower than at the end of 2024. As an exporter of services, the Group thus reports lower revenues than it would have if 2024 exchange rates had applied.

AVERAGE MONTHLY EXCHANGE RATE



A detailed description of the activities related to the Group's main games can be found in the note: "Description of significant achievements or failures of the issuer in the reporting period, along with a list of key events concerning the Issuer."

BREAKDOWN OF CONSOLIDATED COSTS OF GOODS AND SERVICES SOLD BY QUARTERS

SPECIFICATION	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025
Depreciation – completed development work (mainly games)	2,599,617	2,622,130	2,172,943	2,138,220	2,063,508
Depreciation – other assets	1,256,589	975,024	950,256	954,225	596,355
Salaries and subcontractor services	13,365,280	11,065,615	11,801,284	11,200,038	11,191,466
Translations	573,512	498,240	457,376	345,224	317,254
Outsourcing of 3D models	289,639	430,986	203,963	133,912	93,338
Other	1,402,657	1,583,504	1,505,483	1,521,211	1,499,932
Cost of producing products for internal use (capitalization)	-97,504	-1,312,148	-1,305,363	-1,010,491	-748,935
TOTAL COSTS OF GOODS AND SERVICES SOLD	19,389,790	15,863,351	15,785,942	15,282,339	15,012,917

The cost of goods and services sold in the first quarter of 2025 remained at a similar level to the last quarters of the previous year. The significantly higher cost reported in Q1 2024 under the remuneration line was primarily due to the recognition of expenses related to the share-based incentive program (1st tranche) – no similar event occurred in 2025.

Additionally, as part of operational optimization, the Group is actively working on improvements in translation processes (using in-house tools supported by artificial intelligence) and 3D model production, which is now largely handled internally.

It is also worth noting that since Q3 2024, the Group has discontinued amortization of certain legacy games developed by Rortos, which contributed to the decrease in this cost item.



THE BREAKDOWN OF CONSOLIDATED SELLING COSTS BY QUARTERS

SPECIFICATION	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025
Selling cost	54,950,259	51,954,122	55,896,498	53,049,158	44,823,513
marketing:	19,807,135	19,357,945	24,714,879	22,658,472	15,602,094
– Fishing Clash	11,245,527	10,498,662	15,322,183	11,386,040	8,151,812
– Hunting Clash	7,728,250	7,716,786	6,284,059	7,938,295	4,402,922
– Wings of Heroes	833,358	1,130,706	3,013,752	3,254,840	2,992,203
– other titles	0	11,791	94,885	79,297	55,156
provisions	28,370,749	26,426,711	24,978,911	24,605,279	23,804,627
revenue share	337,715	344,101	287,231	346,821	362,608
remuneration, subcontracting services	4,599,678	4,165,443	4,606,542	4,214,237	4,117,114
mobile games market research services	187,284	156,227	74,907	68,842	69,453
other	1,647,698	1,503,695	1,234,028	1,155,507	867,617

Selling costs are primarily driven by the level of marketing expenditures (mainly for Fishing Clash and Hunting Clash) and the amount of platform commissions, which are fully dependent on the volume of in-game payments. However, thanks to:

- » promotion of the direct-to-consumer channel, TSG Store, which on average generates lower commission costs than leading app stores like Google and Apple;
- » changes in Apple's commission policies within the EU, resulting from the Digital Markets Act (DMA);

the commission-to-payment ratio has been gradually decreasing. Historically, the standard commission rate was 30% of payments. Currently, the average is approximately 26%, and for titles offering the in-game store, it stands at 22.8% for Fishing Clash and 24.9% for Hunting Clash (Q1 2025).

A more detailed description of activities related to the promotion of TSG Store is available in the note "Description of significant achievements or failures of the issuer during the reporting period, along with a list of key events".

In terms of marketing expenditures, in Q1 2025 the Group significantly reduced user acquisition investments for its two largest titles – Fishing Clash and Hunting Clash. At the beginning of the year, new experts joined the company, and together a long-term product development plan was created. It includes a redesign of key gameplay elements, which requires time, testing, and technical preparations.

During the first quarter, both teams focused on improving retention and engagement of existing players – at the expense of short-term monetization. At this stage of transformation, investing in new user acquisition would not have generated expected returns. While this decision negatively impacted short-term payments, it is expected to enhance the effectiveness of future marketing investments in the longer term.

BREAKDOWN OF CONSOLIDATED GENERAL AND ADMINISTRATIVE COSTS BY QUARTERS

SPECIFICATION	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025
Recurring costs, including:	6,287,713	6,905,113	6,453,532	6,554,225	6,086,580
payroll + third party services (TSG S.A.)	3,039,408	3,011,205	3,081,199	2,749,388	2,826,448
cost of subsidiaries	926,234	1,023,526	1,000,437	1,205,538	949,065
rent and maintenance of office (TSG S.A.)	560,856	704,560	674,137	749,190	677,914
other	1,761,214	2,165,822	1,697,760	1,850,109	1,633,153
One-off costs, including:	1,221,364	153,162	229,743	168,629	296,636
MSOP	1,531,618	153,162	229,743	211,893	306,249
M&A	-310,254	0	0	-43,264	-9,613
TOTAL GENERAL AND ADMINISTRATIVE COSTS	7,509,077	7,058,275	6,683,275	6,722,854	6,383,216

General and administrative expenses have remained stable for another consecutive quarter. In terms of salaries, this is the result of the significant restructuring carried out in 2023. Another component of general administrative costs relates to subsidiary expenses, which currently mainly include the cost of maintaining the office of the Italian subsidiary, Rortos. In 2023, the Group reduced the number of offices in other locations (Bucharest, Berlin). Additionally, starting from January 2024, the Parent Company operates its Wroctaw office under a renegotiated lease agreement and has also reduced the leased office space, which contributed to the stable office maintenance costs observed in the reporting period.



RECONCILIATION OF OPERATING RESULT TO ADJUSTED EBITDA PARAMETER IN QUARTERS

SPECIFICATION	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025
Operating profit (EBIT)	19,108,496	23,278,311	15,606,945	18,247,197	30,618,819
amortization and depreciation (excluding capitalized portion)	4,505,560	4,428,755	3,953,275	3,873,425	3,173,305
write-downs for impairment	0	0	0	1,194,285	0
EBITDA	23,614,056	27,707,066	19,560,220	23,314,907	33,792,124
non-cash impact of incentive scheme (excluding capitalized portion)	2,854,621	311,924	441,425	369,466	495,000
deferred result (revenue minus commissions) – consumables	2,150,783	1,100,237	1,594,588	1,212,215	-500,670
deferred result (revenue minus commissions) – durable	-819,647	-1,775,914	4,919,341	3,532,579	-3,267,444
costs of potential and completed acquisitions (M&A) and review of strategic options	-310,254	0	0	-43,264	-9,613
Adjusted EBITDA	27,489,559	27,343,313	26,515,574	28,385,903	30,509,397

The year 2024 was marked by stable results without significant fluctuations between quarters. The improved adjusted EBITDA in Q1 2025 is mainly the result of lower marketing expenditures and the continued impact of cost-efficiency initiatives such as TSG Store. The Group is actively working on improving bookings levels, which is discussed in more detail in the following notes to this report.

The Group closed the first quarter of 2025 with a net profit of nearly PLN 27.5 million, compared to PLN 17.9 million in the corresponding period of 2024. This positive result was significantly supported by non-cash accounting effects, including the revenue deferral mechanism, which reduced the result in 2024 but increased it in 2025, as well as the accounting treatment of share-based incentive programs.



5.2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

On the non-current assets side, the most significant change between March 31, 2025 and December 31, 2024 is related to the balance sheet valuation of assets associated with the Italian subsidiary, Rortos.

In the case of current assets, the Group recorded an 11% increase in total value, mainly due to cash accumulation (+PLN 28.6 million, or +20%). The Group continues to generate positive operating cash flow, and declines in cash position typically occur only in connection with distributions to shareholders.

Regarding the structure of liabilities, the first quarter of 2025 saw an increase in equity as a result of the net profit generated. At the same time, the "Contract liabilities" position declined, reflecting a greater realization of deferred revenues compared to previous quarters. Other balance sheet items fluctuated only slightly, with no unusual or one-off events recorded during the period.

The Group (including the Parent Company) maintains a strong liquidity position, settles all liabilities on time, and does not experience any material issues with receivables collection.

5.3. CONSOLIDATED CASH FLOW STATEMENT

The Group demonstrates a strong cash-generating ability. Operating cash flows in the first quarter of 2025 amounted to nearly PLN 30 million – almost equal to the Adjusted EBITDA for the same period. The Group is able to finance its operations on an ongoing basis and plan for future investments.

In terms of investing activities, during Q1 2025 the Group incurred expenditures related to the development of two new games – totaling PLN 0.9 million.

Within financing activities, the cash outflows include lease payments (plus interest) related to the rented office space.



ten square_games

III

**INTERIM CONDENSED
STANDALONE
FINANCIAL STATEMENT**



INTERIM CONDENSED **STANDALONE** STATEMENT OF COMPREHENSIVE INCOME

STANDALONE STATEMENT OF COMPREHENSIVE INCOME	for the period 01.01.2025 – 31.03.2025	for the period 01.01.2024 – 31.03.2024
Sales revenues	81,590,500	89,437,508
Costs of goods and services sold	10,647,763	14,639,476
Gross profit (loss)	70,942,737	74,798,032
Other operating income	141,618	1,135,745
Selling costs	37,848,200	51,231,786
General and administrative costs	5,433,908	6,608,643
Other operating costs	1,311	285,998
Operating profit (loss)	27,800,936	17,807,350
Financial income	1,200,869	4,545,333
Financial expense	1,570,799	723,123
Loss (profit) on associates	66,935	241,807
Profit (loss) before taxation	27,364,071	21,387,753
Income tax	1,407,027	1,715,231
Net profit (loss) on continued activity	25,957,044	19,672,522
Items to be reclassified to the profit and loss account in subsequent periods	0	0
Items that will not be reclassified to the profit and loss account in subsequent periods	0	0
Total comprehensive income	25,957,044	19,672,522

EARNINGS PER SHARE

CALCULATION OF EARNINGS PER ONE SHARE	for the period 01.01.2025 – 31.03.2025	for the period 01.01.2024 – 31.03.2024
Number of shares		
The weighted average number of shares for the purpose of calculating the value of basic earnings per share (in units)	6,476,000	7,334,822
The weighted average number of shares for the purpose of calculating the value of diluted earnings per share (in units)	6,342,120	6,342,120
Net profit assigned to the Parent Entity	25,957,044	19,672,522
Net earnings per one share on continued operations in PLN		
basic for the reporting period	4.01	2.68
diluted for the reporting period	4.09	3.10
Net profit per one share attributable to discontinued operations in PLN		
basic for the reporting period	0.00	0.00
diluted for the reporting period	0.00	0.00





INTERIM CONDENSED **STANDALONE** STATEMENT OF FINANCIAL SITUATION

ASSETS	31.03.2025	31.12.2024	31.03.2024
Fixed assets	243,343,188	245,043,741	245,427,225
Tangible fixed assets	9,743,948	10,672,451	15,377,006
Intangible fixed assets	2,710,742	2,205,420	791,093
Investments in affiliates	202,284,550	202,284,550	202,307,550
Other financial assets	23,707,903	24,408,483	23,002,153
Deferred tax asset	4,896,045	5,472,837	3,949,423
Current assets	200,643,116	181,631,338	125,893,048
Receivables	34,566,305	37,896,492	41,043,637
Current income tax receivables	2,338,288	2,046,925	7,094,764
Contract assets	19,732,537	22,163,492	20,620,067
Loans granted	1,426,345	1,399,344	1,507,074
Cash and cash equivalents	142,579,641	118,125,085	55,627,506
TOTAL ASSETS	443,986,304	426,675,079	371,320,273



EQUITY AND LIABILITIES	31.03.2025	31.12.2024	31.03.2024
Equity	286,140,876	259,688,832	205,543,513
Share capital	647,600	647,600	733,482
Reserve capital from the sale of shares above the nominal price	496,100	496,100	496,100
Capital from the settlement of the incentive scheme	99,943,841	99,448,841	98,326,034
Retained earnings	200,819,290	174,862,246	230,837,229
Own shares (negative value)	-15,765,955	-15,765,955	-124,849,332
Long-term liabilities	21,856,402	24,178,857	33,444,859
Deferred tax liability	551,518	600,631	441,559
Lease liabilities	4,230,560	4,897,812	6,635,280
Provisions for employee benefits	1,401,733	2,946,201	1,858,973
Other liabilities	15,672,591	15,734,213	24,509,047
Short-term liabilities	135,989,026	142,807,390	132,331,901
Trade liabilities	11,025,127	9,839,272	15,756,056
Provision for income tax	23,435,773	23,435,773	23,435,773
Lease liabilities	2,233,745	2,242,188	2,108,932
Other liabilities	15,711,179	15,724,548	12,265,823
Provisions for employee benefits	3,467,682	5,233,509	4,527,105
Contract liabilities	80,115,520	86,332,100	74,238,212
TOTAL EQUITY AND LIABILITIES	443,986,304	426,675,079	371,320,273



3.

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

STANDALONE STATEMENT OF CHANGES IN EQUITY	Share capital	Reserve capital from the sale of shares above the nominal price	Capital from the settlement of the incentive scheme	Retained earnings	Own shares	Total equity
Equity as at 01.01.2025	647,600	496,100	99,448,841	174,862,246	-15,765,955	259,688,832
Share capital contribution	0	0	0	0	0	0
Share-based payments	0	0	495,000	0	0	495,000
Dividend payment	0	0	0	0	0	0
Purchase of own shares	0	0	0	0	0	0
Distribution of own shares	0	0	0	0	0	0
Sales of own shares	0	0	0	0	0	0
Redemption of own shares	0	0	0	0	0	0
Net profit	0	0	0	25,957,044	0	25,957,044
Total comprehensive income	0	0	0	25,957,044	0	25,957,044
Equity as at 31.03.2025	647,600	496,100	99,943,841	200,819,290	-15,765,955	286,140,876



STANDALONE STATEMENT OF CHANGES IN EQUITY	Share capital	Reserve capital from the sale of shares above the nominal price	Capital from the settlement of the incentive scheme	Retained earnings	Own shares	Total equity
Equity as at 01.01.2024	733,482	496,100	95,471,416	219,538,199	-18,636,050	297,603,147
Share capital contribution	0	0	0	0	3,406	3,406
Share-based payments	0	0	3,977,425	0	0	3,977,425
Dividend payment	0	0	0	0	0	0
Purchase of own shares	0	0	0	0	-114,589,920	-114,589,920
Distribution of own shares	0	0	0	-8,373,492	8,373,492	0
Sales of own shares	0	0	0	-311,985	311,985	0
Redemption of own shares	-85,882	0	0	-108,685,250	108,771,132	0
Net profit	0	0	0	72,694,774	0	72,694,774
Total comprehensive income	0	0	0	0	0	0
Equity as at 31.12.2024	647,600	496,100	99,448,841	174,862,246	-15,765,955	259,688,832

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

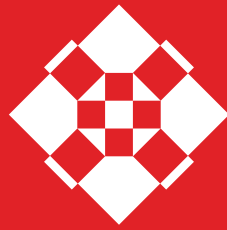


INTERIM CONDENSED **STANDALONE** CASH FLOW STATEMENT

STANDALONE CASH FLOW STATEMENT	for the period 01.01.2025 – 31.03.2025	for the period 01.01.2024 – 31.03.2024
OPERATING ACTIVITY		
Profit/loss before taxation	27,364,071	21,387,753
Total adjustments:	-521,108	10,390,527
Depreciation and amortization	1,155,965	2,011,250
Foreign exchange rate gain/loss	-224,005	877,573
Interest paid on lease	128,478	173,308
Interest on bank deposits	398,964	1,643,766
Interest on liabilities (Rortos)	266,338	549,815
Interest and share in profits (dividends)	0	-2,000,000
Change in receivables	3,330,187	3,158,540
Change in liabilities and accrued expenses	-2,342,573	282,203
Change in contract liabilities	-6,216,580	-459,701
Change in contract assets	2,430,955	1,789,309
Share-based payments (part not included in capitalization of intangible assets)	495,000	2,854,618
Loss on associates	66,935	241,807
Loss/Profit from the sale of fixed assets	-10,772	-731,961
Cash from operating activity	26,842,963	31,778,280
Income tax (paid) / refunded	-1,170,710	-1,830,359
A. Net operating cash flow	25,672,253	29,947,921

STANDALONE CASH FLOW STATEMENT	for the period 01.01.2025 – 31.03.2025	for the period 01.01.2024 – 31.03.2024
INVESTMENT ACTIVITY		
Purchase of intangible and tangible fixed assets	-732,784	-66,068
Sale of intangible assets and tangible fixed assets	10,772	306,000
Share purchase	0	-1,211,790
Loans granted	0	-353,275
Earn-out payments	0	0
B. Net cash flow from investment activities	-722,012	-1,325,133
FINANCIAL ACTIVITY		
Net proceeds from issuance of shares and other equity instruments and capital contributions	0	3,146
Dividends from subsidiaries	0	2,000,000
Other financial inflows	0	1,181,008
Payment of finance lease liabilities	-530,354	-760,968
Purchase of own shares	0	-114,589,920
Interest on lease	-128,478	-173,308
C. Net cash flow from financing activities	-658,832	-112,340,042
D. Total net cash flow	24,291,409	-83,717,254
– change in cash due to exchange rate losses/gains	163,147	-2,660,722
E. Increase in cash, including foreign exchange	24,454,556	-86,377,976
F. Cash at the beginning of the period	118,125,085	142,005,482
G. Cash at the end of the period	142,579,641	55,627,506





ten square_games

IV

**ACCOUNTING
PRINCIPLES**

1.

COMPLIANCE WITH THE INTERNATIONAL ACCOUNTING STANDARDS

This interim condensed consolidated financial statement has been prepared in accordance with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board as approved by the European Union, under the IFRS Regulation (European Commission 1606/2002), hereinafter referred to as „EU IFRS” as applicable at 31.03.2025.

2.

CHANGES IN ACCOUNTING PRINCIPLES (POLICY)

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

3.

DESCRIPTION OF THE ADOPTED ACCOUNTING PRINCIPLES (POLICY)

3.1. Consolidation – subsidiaries, associates

Consolidated financial statement

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

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

Standalone financial statement

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

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

3.2. **Earnings per share**

Earnings/loss per share for each period is calculated as the profit/loss attributable to the Company's shareholders for the given period divided by the weighted average number of shares outstanding during that period. The weighted average number of shares outstanding during the period includes any treasury shares (own shares), if applicable.

For the purposes of calculating diluted earnings per share, the profit or loss attributable to the ordinary shareholders of the parent company and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential 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, under which the profit is adjusted for the effects of non-cash transactions, changes in past or future cash inflows or outflows, and items of income or expense associated with investing or financing cash flows.

Cash flows from investing and financing activities

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

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

THE GROUP DISTINGUISHES THREE MAIN SOURCES OF REVENUES:

REVENUES

MICRO-PAYMENTS

- » revenues from additional functionalities purchased by the players



ADVERTISEMENTS

- » revenues from advertisements displayed in games



LICENSES

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



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

As part of the games, premium packages are available to users, which include banknotes and pearls (the virtual currency of the game). Players can convert the virtual currency of the game into durable virtual goods such as fishing rods or lures or other accessories to improve the parameters of the equipment and thus the results achieved in the game, or into consumables – e.g. amplifiers (+ x% fish weight) or another possibility to draw a card.

The Company verifies an average estimated conversion period of virtual currency into goods in a game for a group of paying users and subsequently estimates the amount of potential liability due to the realization of premium packages. The amount of such a liability reduces the revenue of a given period and is recognized as an accrued income settlement (balance sheet item).

During the course of 2020, the Company made changes to its information systems so that it began collecting data to analyze the use of durable goods over time. As a result, the Company estimates the amount of the liability (customer contract liability) for the provision of the durable goods in the game – revenues related to the purchase of durable virtual goods (and the commission of digital distribution platforms such as Google Play and the App Store related to these revenues) are recognized by the estimated average play period of paying users. Estimating the average length of time a paying user remains in the game requires a sufficiently long history of player behavior. In the case of the games shared through Facebook and shared on digital distribution platforms, such as Google Play and App Store, the payments for additional functionalities received from users are decreased by commissions due for distributors. In the case of games shared through own website, the payments for additional functionalities received from users are decreased by commissions due for payment aggregators. Both the commissions of distributors and aggregators shall be recognized by the Company in the selling costs.

Revenues from advertisements displayed in games (advertisements)

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

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

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

Costs of 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 premiere, i.e. after the so-called soft launch. In this item, the following positions shall be recognized: costs of server maintenance, personnel costs of design departments as well as the depreciation of (games) development costs and depreciation of IT equipment.

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

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

3.5.

Revenues and costs of financial activity

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

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

3.6.

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.

Deferred tax

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

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

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

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

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

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

Uncertainty related to the recognition of income tax

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

3.7. 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 3.500 PLN undergo one-off amortization and they are recognized as costs in the month of purchase.

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

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

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

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

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

3.8. 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.



Software development activities

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

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

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

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

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

Goodwill

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

3.9. Lease

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

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

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

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

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

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

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



3.10.

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

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

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

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



3.11.

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

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 recognized in the books at the transaction price adjusted for appropriate impairment allowances under the expected credit loss model.

Accruals

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

3.13. Equity

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

3.14. 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

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

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

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

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

PROFESSIONAL JUDGEMENT:

Moment of activation of development costs

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

Depreciation period of activated intangible assets

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

Deferred income tax assets and liabilities

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

Fair value of share-based payments

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

Recognition of revenue from the provision of durable virtual goods

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

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

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

UNCERTAINTY OF ESTIMATES

Impairment of assets

At each balance sheet date, the Group reviews its assets for impairment and the need for write-downs for this reason. This occurs when the Group gains sufficient certainty that a particular asset will not bring the expected future economic benefits or will bring significantly lower benefits.

For completed development projects (Group games), the estimate is based on the review of several qualitative game parameters, which, in the opinion of the Management Board, affect the ability to generate future economic benefits for the Group. However, with market changes, these estimates are subject to uncertainty.

When testing other asset groups (e.g., investment value, share value), the estimate is based on the cash-generating ability of the cash-generating unit (CGU), and the value of generated cash is discounted according to mathematical models. The final test result is largely influenced by the discount rate used and the long-term growth rate, both of which are highly volatile in the market. Regarding revenue estimates, they are also uncertain due to revenue forecasting from games, and as mentioned 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*. The basis for determining a number of unused packages shall be their turnover rate (average period of using a package by active users*) and average revenues from sales of premium packages. The average period of using a package amounts to up to 7 days, according to the analysis.

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

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

The use of durables over time

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

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

* The Company defines an active user as one who has made at least one payment at any time up to the balance sheet date and has been active in the game (i.e., logged in at least once) within 30 days prior to 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 analyze the use of durable goods over time. As a result, the Group has estimated the amount of the liability (customer contract liability) for the provision of durable goods in the game as of 31 December 2020 – revenue relating to the purchase of durable virtual goods is recognized by the estimated average playing period of paying users. Estimating the average period of time a paying user remains in the game requires a sufficiently long history of player behavior. Accordingly, as at 31 December 2020, the Company deferred revenue from durable goods over time only for Fishing Clash, and as at 31 December 2021, the Company deferred revenue from durable goods over time for the first time for its second leading title – Hunting Clash.

Contingent earn-out payments

In connection with the acquisition of Rortos in July 2021, the parent company recognized the purchase of shares and calculated the related liability. The consideration for the acquisition consists of a cash portion paid immediately upon the transaction and future contingent payments dependent on Rortos achieving certain financial targets, as stipulated in the agreement. The liability for the earn-out was calculated based on forecasted Rortos performance and the resulting estimated amount of earn-out to be paid for the years 2021–2025.

The performance forecasts were developed based on the Company's estimates of revenues, direct costs—including user acquisition spending—and indirect costs. The projections include the expected financial performance of Rortos' main game titles, in particular Wings of Heroes, RFS, and Airline Commander.

As of December 31, 2024, the Company updated the valuation of the earn-out liability by incorporating actual results achieved during the period from July 1, 2021, to December 31, 2024, and revising the financial model to reflect updated future cash flow projections.

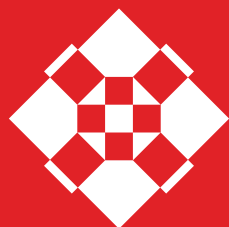
To reflect the current market assessment of the time value of money and risks specific to the liability, the expected future payments were discounted to present value.

The main area of uncertainty in the calculation of the earn-out liability lies in the achievement of assumed financial performance by the related entity. Future results may be higher or lower than projected, resulting in deviations from the estimated liability as of March 31, 2025.

The amount reported in the balance sheet under liabilities represents the most reliable estimate based on the best available information as of the date of preparation of the financial statements.

Determination of materiality

When preparing financial statements, the Group applies the materiality principle. The materiality principle introduces the possibility to apply simplifications, if it does not have a materially negative impact on the reliable and clear presentation of the property, financial situation and financial result. The Group has adopted the amount of PLN 1.0 million as the materiality level in the preparation of the financial statement (in accordance with the accounting policy, not more than 5% of the gross result after taking into account a one-off event, i.e. write-offs of the value of games).



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



REVENUES

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

SPECIFICATION	01.01.2025 – 31.03.2025	01.01.2024 – 31.03.2024
Sales of services	96,652,992	100,118,218
TOTAL revenues from sales of services	96,652,992	100,118,218
Other operating revenues	206,516	1,136,526
Financial revenues	1,303,783	2,578,927
TOTAL revenues from continuing operations	98,163,291	103,833,671
TOTAL revenues	99,673,590	103,833,671

Revenues from discontinued operations did not occur.



1.1. Information on operating segments and result performance indicators

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

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

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

Recurring EBITDA is defined as the operating profit reported in the Group's consolidated financial statements for a given financial year, increased by depreciation of property, plant and equipment and amortization of intangible assets, and adjusted for the following:

- » extraordinary and one-off events;
- » costs of implementing the Incentive Program, in accordance with the accounting standards applicable to the Company;
- » the impact of non-cash revenue adjustments (and related distributor commission costs), such as deferral of revenue from virtual currency or durable virtual goods;
- » the impact of any one-time impairment charges.



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 01-03.2025	share in bookings 01-03.2025	bookings 01-03.2024	share in bookings 01-03.2024
Micro-payments	88,996,707	98.4%	98,395,186	98.7%
Advertisements	1,359,021	1.5%	1,173,174	1.2%
Licenses	105,699	0.1%	92,340	0.1%
BOOKINGS TOTAL	90,461,427	100.0%	99,660,700	100.0%
Deferred income (consumable)	1,000,827	N/A	-2,725,192	N/A
Deferred income (durable)	5,190,738	N/A	3,182,710	N/A
REVENUES TOTAL	96,652,992	N/A	100,118,218	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 01-03.2025	share in bookings 01-03.2025	bookings 01-03.2024	share in bookings 01-03.2024
Fishing Clash	52,643,140	58.2%	61,219,111	61.4%
Hunting Clash	18,637,608	20.6%	23,732,405	23.8%
Wings of Heroes	7,291,234	8.1%	2,922,235	2.9%
Real Flight Simulator	5,297,592	5.9%	4,959,726	5.0%
Let's Fish	2,024,803	2.2%	1,732,040	1.7%
Airline Commander	2,018,051	2.2%	2,204,710	2.2%
Wild Hunt	1,999,937	2.2%	2,209,336	2.2%
Other	549,062	0.6%	681,137	0.7%
BOOKINGS TOTAL	90,461,427	100.0%	99,660,700	100.0%
Deferred income (consumable)	1,000,827	N/A	-2,725,192	N/A
Deferred income (durable)	5,190,738	N/A	3,182,710	N/A
REVENUES TOTAL	96,652,992	N/A	100,118,218	N/A

QUARTERLY DIVISION OF BOOKINGS FOR MAIN TITLES

GAME	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025
Fishing Clash	61,219,111	59,597,431	62,158,791	59,644,358	52,643,140
Hunting Clash	23,732,405	22,109,844	22,979,316	21,353,423	18,637,608
Wings of Heroes	2,922,235	3,494,706	5,638,924	7,086,439	7,291,234
Real Flight Simulator	4,959,726	4,760,818	5,468,430	5,238,091	5,297,592
Let's Fish	1,732,040	1,763,927	1,609,632	2,227,217	2,024,803
Airline Commander	2,204,710	1,900,010	1,894,589	1,590,837	2,018,051
Wild Hunt	2,209,336	2,033,024	1,898,167	2,258,507	1,999,937
Other	681,137	570,234	658,639	539,986	549,062
BOOKINGS TOTAL	99,660,700	96,229,994	102,306,488	99,938,858	90,461,427
Deferred income (consumable)	-2,725,192	-1,355,271	-2,093,391	-1,518,240	1,000,827
Deferred income (durable)	3,182,710	3,124,214	-6,234,054	-4,063,695	5,190,738
REVENUES TOTAL	100,118,218	97,998,937	93,979,043	94,356,923	96,652,992

Deferred revenue broken down by games and quarters in 2024 and 2025, as well as the balance sheet as of January 1, 2024, December 31, 2024, and March 31, 2025 (balance sheet item ,liabilities from contracts with customers' for deferred revenue and balance sheet item ,assets from contracts with customers' for deferred commission costs):

2025

CONSUMABLE	Balance sheet item	Change of deferral ^[1]	Valuation	Balance sheet item
	31.12.2024	Q1 2025	Q1 2025	31.03.2025
Fishing Clash				
deferred revenues	-11,137,616	205,217		-10,932,399
deferred costs	2,797,078	-234,016		2,563,062
Hunting Clash				
deferred revenues	-4,106,374	716,040		-3,390,334
deferred costs	1,102,759	-242,270		860,489
Let's Fish				
deferred revenues	-454,459	63,127		-391,332
deferred costs	136,338	-18,938		117,400
Wild Hunt				
deferred revenues	-445,647	41,458		-404,189
deferred costs	133,694	-12,437		121,257
Real Flight Simulator				
deferred revenues	-1,558,250	-25,016	32,597	-1,550,669
deferred costs	467,475	7,505	-9,779	465,201
TOTAL				
deferred revenues	-17,702,346	1,000,826	32,597	-16,668,923
deferred costs	4,637,344	-500,156	-9,779	4,127,409
DURABLE				
Fishing Clash				
deferred revenues	-53,979,343	3,166,906		-50,812,437
deferred costs	13,627,088	-1,229,467		12,397,621
Hunting Clash				
deferred revenues	-16,208,661	2,023,832		-14,184,829
deferred costs	4,366,535	-693,827		3,672,708
TOTAL				
deferred revenues	-70,188,004	5,190,738		-64,997,266
deferred costs	17,993,623	-1,923,294		16,070,329
CONSUMABLE + DURABLE				
deferred revenues	-87,890,350	6,191,564	32,597	-81,666,189
deferred costs	22,630,967	-2,423,450	-9,779	20,197,738
IMPACT ON RESULT	-65,259,383	3,768,114	22,818	-61,468,451

[1] For the games Fishing Clash and Hunting Clash, until the end of 2023, costs were deferred at a fixed rate of 30% of revenue (the average commission level for Google Play and the App Store). Starting from the first quarter of 2024, due to the growing share of TSG Store in the Group's revenues, the Group decided to defer commissions based on the average rate from the last three months. The update of the method for calculating deferred revenue and related costs resulted in a disproportionate relationship between deferred cost and revenue as of March 31, 2024, and partially on subsequent balance sheet dates: June 30, 2024; September 30, 2024; December 31, 2024; and March 31, 2025, compared to previous periods. In the coming quarters, the ratio of deferred costs to deferred revenue is expected to gradually normalize.

2024

CONSUMABLE	Balance sheet item	Change of deferral	Valuation	Change of deferral	Valuation	Change of deferral	Valuation	Change of deferral	Valuation	Balance sheet item
	01.01.2024	Q1 2024	Q1 2024	Q2 2024	Q2 2024	Q3 2024	Q3 2024	Q4 2024	Q4 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

1.4. Revenues by business partner

BUSINESS PARTNER	bookings 01-03.2025	share in bookings 01-03.2025	bookings 01-03.2024	share in bookings 01-03.2024
Google Inc.	43,009,191	47.5%	52,469,318	52.6%
Apple Distribution International	27,174,450	30.0%	33,989,988	34.1%
Xsolla Inc.	7,089,141	7.8%	8,950,658	9.0%
Other	13,188,645	14.7%	4,250,736	4.3%
TOTAL BOOKINGS	90,461,427	100.0%	99,660,700	100.0%
Deferred income (consumable)	1,000,827	N/A	-2,725,192	N/A
Deferred income (durable)	5,190,738	N/A	3,182,710	N/A
TOTAL REVENUES	96,652,992	N/A	100,118,218	N/A

1.5. Revenues – distribution channels

DISTRIBUTION CHANNEL	bookings 01-03.2025	share in bookings 01-03.2025	bookings 01-03.2024	share in bookings 01-03.2024
Mobile	87,226,951	96.4%	96,853,552	97.2%
Browsers	3,234,476	3.6%	2,807,148	2.8%
TOTAL BOOKINGS	90,461,427	100.0%	99,660,700	100.0%
Deferred income (consumable)	1,000,827	N/A	-2,725,192	N/A
Deferred income (durable)	5,190,738	N/A	3,182,710	N/A
TOTAL REVENUES	96,652,992	N/A	100,118,218	N/A



1.6. Revenues – geographical breakdown

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

REGION	bookings 01-03.2025	share in bookings 01-03.2025	bookings 01-03.2024	share in bookings 01-03.2024
North America	38,967,641	43.1%	41,553,860	41.7%
Europe	37,903,580	41.9%	43,425,054	43.6%
<i>including Poland</i>	<i>5,764,338</i>	<i>6.4%</i>	<i>5,599,595</i>	<i>5.6%</i>
Asia	8,327,710	9.2%	9,317,153	9.3%
South America	2,577,385	2.8%	2,760,709	2.8%
Australia and Oceania	2,008,185	2.2%	1,878,094	1.9%
Africa	676,926	0.8%	725,830	0.7%
TOTAL BOOKINGS	90,461,427	100.0%	99,660,700	100.0%
Deferred income (consumable)	1,000,827	N/A	-2,725,192	N/A
Deferred income (durable)	5,190,738	N/A	3,182,710	N/A
TOTAL REVENUES	96,652,992	N/A	100,118,218	N/A





OPERATING COSTS

SPECIFICATION	for the period 01.01.2025 – 31.03.2025	for the period 01.01.2024 – 31.03.2024
Amortization and depreciation	3,173,305	4,505,560
Materials and Energy	214,906	124,397
Third-party services	51,875,795	62,956,737
Taxes and fees	232,623	373,269
Remuneration	9,039,888	11,707,702
Social insurance and other benefits	2,223,782	2,084,573
Other	208,282	96,888
Total costs by type, including:	66,968,581	81,849,126
Cost of products and services sold	15,012,917	19,389,790
Selling costs	44,823,513	54,950,259
General and administrative costs	6,383,216	7,509,077
Cost of manufacturing products for the entity's own needs (capitalization)	748,935	0

DETAILED BREAKDOWN OF COSTS OF GOODS AND SERVICES SOLD BY QUARTERS:

SPECIFICATION	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025
Depreciation – completed development work (mainly games)	2,599,617	2,622,130	2,172,943	2,138,220	2,063,508
Depreciation – other assets	1,256,589	975,024	950,256	954,225	596,355
Salaries and subcontractor services	13,365,280	11,065,615	11,801,284	11,200,038	11,191,466
Translations	573,512	498,240	457,376	345,224	317,254
Outsourcing of 3D models	289,639	430,986	203,963	133,912	93,338
Other	1,402,657	1,583,504	1,505,483	1,521,211	1,499,931
Cost of producing products for internal use – entity's own needs (capitalization)	-97,504	-1,312,148	-1,305,363	-1,010,491	-748,935
TOTAL COST OF GOODS AND SERVICES SOLD	19,389,790	15,863,351	15,785,942	15,282,339	15,012,917

DETAILED BREAKDOWN OF SELLING COSTS BY QUARTERS:

SPECIFICATION	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025
Selling costs	54,950,259	51,954,122	55,896,498	53,049,158	44,823,513
marketing:	19,807,135	19,357,945	24,714,879	22,658,472	15,602,094
– Fishing Clash	11,245,527	10,498,662	15,322,183	11,386,040	8,151,812
– Hunting Clash	7,728,250	7,716,786	6,284,059	7,938,295	4,402,922
– Wings of Heroes	833,358	1,130,706	3,013,752	3,254,840	2,992,203
– other titles	0	11,791	94,885	79,297	55,157
commissions	28,370,749	26,426,711	24,978,911	24,605,279	23,804,627
revenue share	337,715	344,101	287,231	346,821	362,608
remuneration, cost of third party services	4,599,678	4,165,443	4,606,542	4,214,237	4,117,114
mobile gaming market research	187,284	156,227	74,907	68,842	69,453
other	1,647,698	1,503,695	1,234,028	1,155,507	867,617

DETAILED BREAKDOWN OF GENERAL & ADMINISTRATIVE COSTS BY QUARTERS:

SPECIFICATION	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025
recurring costs, including:	6,287,713	6,905,113	6,453,532	6,554,225	6,086,580
salaries, subcontractor services of Parent Company	3,039,408	3,011,205	3,081,199	2,749,388	2,826,448
maintenance costs of subsidiaries	926,234	1,023,526	1,000,437	1,205,538	949,065
rental and maintenance of office – Parent Company	560,856	704,560	674,137	749,190	677,914
other	1,761,214	2,165,822	1,697,760	1,850,109	1,633,153
non-recurring costs/non-cash cost, including:	1,221,364	153,162	229,743	168,629	296,636
motivation plans cost	1,531,618	153,162	229,743	211,893	306,249
M&A cost	-310,254	0	0	-43,264	-9,613
TOTAL GENERAL AND ADMINISTRATIVE COST	7,509,077	7,058,275	6,683,275	6,722,854	6,383,216

3.

OTHER OPERATING REVENUE AND COSTS

OTHER OPERATING REVENUE	for the period 01.01.2025 – 31.03.2025	for the period 01.01.2024 – 31.03.2024
Other	107,351	426,283
Re-invoicing of operating costs (markup)	99,165	0
Gain on settlement of lease agreements	0	710,243
Total	206,516	1,136,526

OTHER OPERATING REVENUE	for the period 01.01.2025 – 31.03.2025	for the period 01.01.2024 – 31.03.2024
Writing off uncollectible receivables	1,311	1,717
Other	19,732	295,405
Total	21,043	297,122



4.

FINANCIAL INCOME AND EXPENSE

FINANCIAL INCOME	for the period 01.01.2025 – 31.03.2025	for the period 01.01.2024 – 31.03.2024
Interest income	1,303,783	915,388
Surplus of positive exchange rate differences	0	1,663,539
Total	1,303,783	2,578,927

FINANCIAL COSTS	for the period 01.01.2025 – 31.03.2025	for the period 01.01.2024 – 31.03.2024
Excess of negative exchange differences	1,179,316	0
Interest – unwinding of discount on liability for the purchase of Rortos	266,338	549,815
Costs from other interest	128,541	175,967
Other	1,935	0
Total	1,576,130	725,782





CHANGES IN PROPERTY, PLANT, AND EQUIPMENT

SPECIFICATION	Machinery and equipment	Buildings and premises	Other fixed assets	TOTAL
Gross carrying amount as at 01.01.2025	5,720,328	26,831,355	5,069,229	37,620,912
Increases due to:	117,734	0	19,201	136,935
– purchase of fixed assets	117,734	0	15,060	132,794
– balance sheet valuation	0	0	4,141	4,141
Decreases, due to:	29,329	17,071	267,059	313,459
– sales of fixed assets	23,748	0	0	23,748
– liquidation	0	0	267,059	267,059
– balance sheet valuation	5,581	17,071	0	22,652
Gross carrying amount as at 31.03.2025	5,808,733	26,814,284	4,821,371	37,444,388
Depreciation as at 01.01.2025	4,608,216	18,454,004	2,799,913	25,862,133
Increases due to amortization	164,857	691,266	252,609	1,108,732
Decreases, due to:	23,748	0	267,059	290,807
– sales	23,748	0	0	23,748
– liquidation	0	0	267,059	267,059
Depreciation as at 31.03.2025	4,749,325	19,145,270	2,785,463	26,680,058
Write-downs as at 01.01.2025	0	0	0	0
Increases	0	0	0	0
Decreases	0	0	0	0
Write-downs as at 31.03.2025	0	0	0	0
Net carrying amount as at 31.03.2025	1,059,408	7,669,014	2,035,908	10,764,330

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

OWNERSHIP STRUCTURE – NET VALUE:

SPECIFICATION	31.03.2025	31.12.2024
Own	3,095,316	3,381,428
Used under a lease, tenancy or other agreement, including a lease agreement	7,669,014	8,377,351
Total	10,764,330	11,758,779

SPECIFICATION	31.03.2025	31.12.2024
Depreciation of own fixed assets	498,004	4,588,707
Depreciation of right-of-use assets (leasing)	610,728	2,527,374
Total	1,108,732	7,116,081



CHANGES IN INTANGIBLE ASSETS AND GOODWILL

SPECIFICATION	Development costs	Computer software	Intangible assets under construction	Goodwill	TOTAL
Gross carrying amount as at 01.01.2025	93,727,214	1,456,554	3,530,093	149,654,782	248,368,643
Increases due to:	678,994	0	748,380	0	1,427,374
– purchase	0	0	748,380	0	748,380
– reclassification	678,994	0	0	0	678,994
Decreases due to:	1,107,994	910	690,614	3,112,757	4,912,275
– reclassification	0	0	678,994	0	678,994
– balance sheet valuation	1,107,994	910	11,620	3,112,757	4,233,281
Gross carrying amount as at 31.03.2025	93,298,214	1,455,644	3,587,859	146,542,025	244,883,742
Depreciation as at 01.01.2025	39,776,022	1,412,916	0	0	41,188,938
Increases due to amortization	2,063,508	1,065	0	0	2,064,573
Depreciation as at 31.03.2025	41,839,530	1,413,981	0	0	43,253,511
Write-downs as at 01.01.2025	0	0	1,194,285	41,201,364	42,395,649
Increases	0	0	0	0	0
Decreases	0	0	0	0	0
Write-downs as at 31.03.2025	0	0	1,194,285	41,201,364	42,395,649
Net carrying amount as at 31.03.2025	51,458,684	41,663	2,393,574	105,340,661	159,234,582

The net value as at March 31, 2025 shown in the item „Cost of completed development work” consists of:

- games of the acquired company Rortos S.r.l – games valued at fair value using the DCF method in the course of the acquisition settlement and valued on an ongoing basis as at the balance sheet date according to the EUR/ PLN exchange rate:
 - Airline Commander – net value: PLN 18,576,610; remaining amortization period: 75 months;
 - Real Flight Simulator – net value: PLN 17,655,169; remaining amortization period: 75 months;
 - Wings of Heroes – net value: PLN 14,230,744; remaining amortization period: 87 months.
- The new game developed by the Italian subsidiary Rortos – Real Combat Simulator – was recognized as „completed development work” as of March 31, 2025. Net book value: PLN 678,994; remaining amortization period: 60 months.
- Tools – in total PLN 317,167.

The line item „Intangible assets under development” as of March 31, 2025, includes capitalized costs related to the game Trophy Hunter.

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





RECEIVABLES

SPECIFICATION	31.03.2025	31.12.2024
Trade receivables	31,787,807	33,155,474
Other receivables	2,445,074	3,898,039
Accruals	3,851,196	3,810,515
Total receivables	38,084,077	40,864,028

Trade receivables

CURRENCY	31.03.2025			31.12.2024		
	amount in currency	valuation	% share	amount in currency	valuation	% share
USD	3,367,758	13,014,026	40.9%	3,581,158	14,687,044	44.3%
PLN	10,345,497	10,345,497	32.5%	11,414,741	11,414,741	34.4%
EUR	2,004,461	8,386,463	26.4%	1,641,310	7,013,316	21.2%
other currencies	—	41,821	0.2%	—	40,373	0.1%
TOTAL		31,787,807	100.0%		33,155,474	100.0%

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

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

- » Google Inc. (PLN) – 47.70 % as at 31.03.2025 in comparison to 37.79% as at 31.12.2024.
- » Apple Distribution International (USD) – 50.93 % as at 31.03.2025 in comparison to 40.55 % as at 31.12.2024.
- » Xsolla Inc. (PLN, USD, EUR) – 6.06 % as at 31.03.2025 in comparison to 10.29 % as at 31.12.2024.

No other entity exceeded 10% of the total receivables as at 31.03.2025.

Other receivables

SPECIFICATION	31.03.2025	31.12.2024
Other short-term receivables, including:	2,445,074	3,898,039
– tax related	2,396,130	3,854,095
– deposit for office rental	48,944	43,944

Accruals

SPECIFICATION	31.03.2025	31.12.2024
Maintenance of software technical service /program subscriptions	2,440,907	3,512,053
Annual fee – marketing campaign tracking tool	585,078	136,418
Promotional services	453,791	0
Insurance	24,850	62,124
Other accruals	346,570	99,920
Active cost accruals	3,851,196	3,810,515



8.

OTHER FINANCIAL ASSETS

SPECIFICATION	31.03.2025	31.12.2024
Other financial assets:	23,707,904	24,408,483
– Gamesture investment	12,090,627	12,157,562
– gross value	26,164,795	26,164,795
– share in Gamesture's loss	-8,659,833	-8,592,898
– write-down of the investment value (Gamesture)	-5,414,335	-5,414,335
– participation units in the investment fund Sisu Game Ventures	10,335,975	10,969,619
– office rental deposit	1,281,302	1,281,302



9.

OTHER LIABILITIES

SPECIFICATION	31.03.2025	31.12.2024
Liabilities due to the acquisition of Rortos (earn-out payments)	30,129,192	30,498,681
– long-term	15,672,591	15,734,214
– short-term	14,456,601	14,764,467
Other short-term liabilities	2,241,718	2,212,093
– long-term	0	0
– short-term, including:	2,241,718	2,212,093
Tax at source	0	2,952
Personal Income Tax	208,734	238,571
Social insurance contributions (ZUS)	1,454,766	1,325,684
State Fund for Rehabilitation of Disabled People (pol. PFRON)	30,326	30,043
Other	547,892	614,843
TOTAL OTHER LIABILITIES	32,370,910	32,710,774
– long-term	15,672,591	15,734,214
– short-term	16,698,319	16,976,560



10.

DISTRIBUTION OF PROFIT FOR 2024

On May 14, 2025, the General Meeting of Shareholders of the Company adopted a resolution to allocate the Company's net profit for 2024 in the amount of PLN 72,694,774 to dividend payment. In addition, a portion of the reserve capital created from retained earnings from previous years, in the amount of PLN 27,345,902.45, will also be allocated to dividend payment. In total, this results in a dividend of PLN 100,040,676.45. The dividend record date was set for June 20, 2025, and the dividend payment date for June 27, 2025.



11.

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

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

11.1. Management

RELATED PERSON PERIOD	Remuneration		Net dividend	
	01.01.2025 – 31.03.2025	01.01.2024 – 31.03.2024	01.01.2025 – 31.03.2025	01.01.2024 – 31.03.2024
Management Board (sum of due remuneration)	999,421	2,196,918	0	0
Andrzej Ilczuk	485,421	898,918	0	0
– cash fixed remuneration	208,500	195,000	0	0
– variable cash remuneration due	166,671	152,668	-	-
– variable cash remuneration paid	158,109	196,801	-	-
– share-based incentive program	110,250	551,250	-	-
Janusz Dziemidowicz	257,000	649,000	0	0
– cash fixed remuneration	159,000	159,000	0	0
– share-based incentive program	98,000	490,000	-	-
Magdalena Jurewicz	257,000	649,000	0	0
– cash fixed remuneration	159,000	159,000	0	0
– share-based incentive program	98,000	490,000	-	-

RELATED PERSON	Remuneration		Net dividend	
	01.01.2025 – 31.03.2025	01.01.2024 – 31.03.2024	01.01.2025 – 31.03.2025	01.01.2024 – 31.03.2024
Supervisory Board	93,000	93,000	0	0
Rafał Olesiński	25,500	25,500	0	0
Maciej Marszałek	15,000	15,000	0	0
Wiktor Schmidt	12,000	12,000	0	0
Marcin Bitos	13,500	13,500	0	0
Kinga Stanisławska	13,500	13,500	0	0
Arkadiusz Pernal	13,500	13,500	0	0
Related persons (Ten Square Games S.A.)	14,500	19,500	n/a	n/a
Maciej Popowicz (from 1.04.2023)	14,500	19,500	n/a	n/a
Key personnel (Ten Square Games S.A.)	0	0	n/a	n/a
Family members of key personnel / Management Board (Ten Square Games)	0	0	n/a	n/a

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

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

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

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

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

11.2. Other affiliated parties

AFFILIATED PARTY	Net sales		Net purchase		Dividend	
PERIOD:	01.01.2025 – 31.03.2025	01.01.2024 – 31.03.2024	01.01.2025 – 31.03.2025	01.01.2024 – 31.03.2024	01.01.2025 – 31.03.2025	01.01.2024 – 31.03.2024
Subsidiaries:	2,396,404	1,108,450	0	239,960	0	2,000,000
Play Cool Zombie Sport Games Sp. z o.o. (Ltd.)	4,350	4,350	0	0	0	2,000,000
Ten Square Games Germany GmbH	0	0	0	207,814	0	0
Ten Square Games S.R.L.	0	0	0	32,146	0	0
RORTOS S.R.L.	2,392,054	1,104,100	0	0	0	0
Personally affiliated entities:	0	0	88,352	600	0	0
Olesiński i Wspólnicy Spółka komandytowa (limited partnership)	0	0	88,352	600	0	0
Roberto Simonetto	0	0	0	0	0	0
Antonio Farina	0	0	0	0	0	0
Associates:	265,860	7,688	0	11,813		
Gamesture Sp. z o.o. (Ltd.)	265,860	7,688	0	11,813	0	0

AFFILIATED PARTY	Net sales		Net purchase		Dividend	
AS AT:	31.03.2025	31.03.2024	31.03.2025	31.03.2024	31.03.2025	31.03.2024
Subsidiaries:	2,400,332	2,611,444	0	0	0	0
Play Cool Zombie Sport Games Sp. z o.o. (Ltd.)	7,134	1,784	0	0	0	0
Ten Square Games Germany GmbH	0	0	0	0	0	0
Ten Square Games S.R.L.	0	0	0	0	0	0
RORTOS S.R.L.	2,393,198	2,609,660	0	0	0	0
Personally affiliated entities:	0	0	30,185,815	29,187,703	0	0
Olesiński i Wspólnicy Spółka komandytowa (limited partnership)	0	0	56,623	14,268	0	0
Roberto Simonetto	0	0	18,074,503	17,501,144	0	0
Antonio Farina	0	0	12,054,689	11,672,291	0	0
Associates:	327,008	271,602	0	0	1,426,345	1,399,344
Gamesture Sp. z o.o. (Ltd.)	327,008	271,602	0	0	1,426,345	1,399,344

Transactions between the Parent entity and Rortos S.r.l. consist of production/maintenance support for Rortos' games, for which the Parent entity receives remuneration.

The Parent entity uses legal/tax services offered by the law firm Olesiński i Wspólnicy Sp.k. (limited partnership) as needed, each time basing on the valuation of works for a given project.

Transactions between related parties took place on terms equivalent to those applicable to transactions concluded on market terms.

The liability to Mr. Roberto Simonetto and Antonio Farina (members of the Management Board of the subsidiary Rortos) results from the purchase of 100% shares in Rortos and the remaining part is to be paid in the form of earn-out payments which was described in the note to the financial statements "Other liabilities".

12.

CURRENT AND DEFERRED TAX

SPECIFICATION	for the period 01.01.2025 – 31.03.2025	for the period 01.01.2024 – 31.03.2024
Current income tax	2,297,393	2,075,626
Deferred income tax	496,377	704,248
Income tax disclosed in the statement of comprehensive income	2,793,770	2,779,874

Structure of a deferred income tax asset

SPECIFICATION	na dzień 31.03.2025	na dzień 31.03.2024
Accounting for consumables over time	595,139	598,965
Accounting for durables over time	2,539,159	2,735,435
Provision for holiday leave	307,357	255,107
Accrual for audit costs	1,520	25,270
Lease – IFRS 16 valuation	902,603	839,874
Remuneration provision	483,831	968,710
Other provisions	72,182	60,895
TOTAL	4,901,791	5,484,256

Structure of deferred income tax provision

SPECIFICATION	na dzień 31.03.2025	na dzień 31.03.2024
Depreciation of games	1,015,549	961,993
Revaluation of settlements	36,477	181,601
TOTAL	1,052,026	1,143,594

COMMENT ON THE INCOME TAX OF THE PARENT ENTITY

Since 2019, with the introduction of the so-called IP Box relief into Polish tax law, the Company has benefited from preferential taxation on part of its income. This relief allows the Company to tax income derived from qualified intellectual property rights at a 5% rate instead of the standard 19%. The Parent Entity considers its games to be qualified intellectual property rights and, therefore, applies the IP Box relief to profitable titles. Given that the relief is relatively new in Polish law, for the years 2019 and 2020, the Company calculated and paid taxes using only part of the preference. The partial application involved calculating the Nexus ratio in a way that limited the possibility of applying the 5% tax rate to the Company's income. As industry practice evolved, in 2022, the Company decided to apply the relief more extensively and filed its 2021 annual CIT declaration with the full application of the relief. Additionally, at the beginning of 2023, the Company submitted amended CIT filings for the years 2019 and 2020, also reflecting a broader application of the relief, allowing the Company to tax a larger portion of its income at the 5% rate. No further amendments are planned.

The submission of amended tax filings triggered a customs-tax audit for the year 2020. Simultaneously, the Company became subject to a tax proceeding regarding the determination of overpaid corporate income tax for 2019 and 2020. Following the positive conclusion of this tax proceeding, the Company received a tax refund in May 2023 for the years 2019–2020, totaling PLN 12.5 million (PLN 3.6 million for 2019 and PLN 8.9 million for 2020). Consequently, the impairment allowances on tax receivables for the fiscal years 2019 and 2020 were reversed. However, as the customs-tax audit for 2020 has not yet concluded (the audit was extended until the end of July 2025 as of the date of this report), the Company has recorded a tax reserve equal to the amount of the refunds received. This approach aligns with the Company's cautious approach to reporting tax settlements – i.e., showing amounts resulting from the amended filings with a net book value of PLN 0 as at balance sheet date.

The Company believes that the tax for 2021 was settled correctly and that there is no need for additional tax payment. However, to maintain consistency in reporting tax liabilities/receivables for previous years, the Company recognizes a tax reserve (PLN 10.9 million) in its financial statements. The CIT (corporate income tax) calculation for the years 2022–2024, assuming a more limited application of tax relief related to the IP BOX regime, would result in a cumulative additional tax liability of PLN 0.7 million. Given that this amount is not considered material, the Company has not established a provision for the potential tax payment.

CIT SETTLEMENTS AS AT 31.03.2025 – PARENT COMPANY

Amount in PLN

Current CIT settlements	-21,097,485
Receivables regarding 2025	421,386
Receivables regarding 2024	1,916,902
Provision regarding 2021	-10,894,769
Provision regarding 2020	-8,941,882
Provision regarding 2019	-3,599,122

13.

PROVISIONS

SPECIFICATION	As at 1.01.2025	Changes during the year			As at 31.03.2025
		Assumption	Reclassification from long-term to short-term	Use	
Holiday provision	1,914,472	2,250,939	0	-1,914,472	2,250,939
TFR payment provision	1,155,907	20,760	0	0	1,176,667
Provisions for bonuses (short term)	3,890,839	448,282	1,401,733	-3,890,839	1,850,015
Provisions for bonuses (long term)	2,951,419	0	-1,549,686	0	1,401,733
TOTAL PROVISIONS	9,912,637	27,19,981	-147,953	-5,805,311	6,679,354



14.

INCENTIVE PROGRAMS

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 of the date of issuance of this report, the following has been completed or is expected under the settlement of the program:

- » in the first quarter of 2024, 12,500 shares were issued to participants (Tranche 1);
- » the Company estimates that under the settlement of Tranche 2 of the program, 8,125 shares will be issued between May and June 2025 – based on achieving Adjusted EBITDA of PLN 105 – 110 million, which corresponds to 65% of the originally allocated shares;
- » for Tranche 3, in March 2025, the Supervisory Board set a performance target for 2025. The target was defined as achieving a specific level of Adjusted EBITDA (on a consolidated basis), as shown in the table below:

PROGRAM CRITERION – AMOUNT OF ADJUSTED EBITDA (CONSOLIDATED DATA IN PLN)	% of preliminarily allocated shares eligible for acquisition by Management Board Member	Number of shares from the 2025 pool (total for all Management Board Members)
122.500.000 & more	100%	12,500
113.000.000 – 122.499.999	95%	11,875
104.000.000 – 112.999.999	85%	10,625
99.000.000 – 103.999.999	75%	9,375
95.000.000 – 98.999.999	65%	8,125
Below 95.000.000	0	0

In line with the rules of the program, after the financial statements for the given year are finalized, the Supervisory Board will adopt a resolution regarding the final allocation of shares. As of the date of this report, the cost of the program recognized in Q1 2025 corresponds to the target achievement range entitling participants to acquire 100% of the preliminary share allocation, i.e., 12,500 shares.

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 (1 Tranche);
- » the Company estimates that, as part of the settlement of the second tranche of the program, 7,020 shares will be issued between May and June 2025 (Tranche 2);
- » the cost of the program recognized in Q1 2025 corresponds to the target achievement range entitling participants to acquire 100% of the preliminary share allocation for Tranche 3, i.e., 5,500 shares.

PROGRAM MOTYWACYJNY NA LATA 2025 – 2029

On May 14, 2025, the General Meeting of Shareholders of the Company adopted an incentive program for the years 2025 – 2029 aimed at key employees, collaborators, and members of the Company's Management Board. The program consists of three tranches: Tranche I: 2025–2027, Tranche II: 2026–2028, Tranche III: 2027–2029. In total, up to 323,799 entitlements (to Company shares) may be granted under all tranches, representing approximately 5% of the Company's share capital. Participants may acquire entitlements (to Company shares) upon the achievement of:

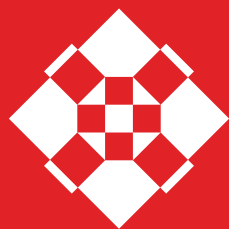
- » a performance condition (80% weight), and
- » a market condition (20% weight). The market condition is defined as the Company's share price outperforming the WIG index by 10 percentage points during the respective tranche period.

Additionally, individual targets may be set for certain participants.

For Tranche I (2025–2027), the performance target has been set at PLN 438 million in cumulative Adjusted EBITDA for the years 2025–2027. Partial achievement of the target entitles participants to acquire shares according to the table below:

% ACHIEVEMENT OF THE PERFORMANCE CONDITION	% OF ENTITLEMENTS UNDER THE PERFORMANCE CONDITION
100%	100%
91%	65%
83%	35%

Upon meeting the conditions of the program, participants will be entitled to acquire shares at the nominal price of PLN 0.10 per share. The shares used in this program will come from either a share buyback or a new share issue. As of the date of this report, 64,760 entitlements have been preliminarily allocated; however, the accounting cost of the program has not yet been recognized.



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VI

**OTHER ADDITIONAL
INFORMATION**



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

In the first quarter of 2025, Ten Square Games Group's bookings amounted to PLN 90.5 million, representing a decrease of 9.2% y/y and 9.5% compared to the fourth quarter of 2024. The main reasons for the decline were lower revenues from the Group's two key titles. The Group's bookings were affected by the continuation of challenging market trends and a deliberate decision to focus on activities aimed at increasing player engagement and improving user experience – at the expense of short-term monetization.

One of the factors contributing to the lower level of bookings in Q1 2025 was also the decision to reduce user acquisition spending. This decision resulted from the broad scope of changes being implemented in the main products, which in the past quarter focused primarily on retention and engagement of existing players. At the same time, work was underway to prepare the products for further changes in monetization. Investments in user acquisition during this period would not have brought the expected returns, which is why the teams focused on redesigning the early gameplay stage – the first 30 days of a player's experience in the game.

The goal is to increase new player retention, build a habit of returning to the game regularly, and better tailor offers to the player's needs at various stages of engagement. Through the introduction of advanced segmentation and personalization of the player experience, the Group expects to improve key monetization metrics over the long term, which will allow for an increase in advertising spend on user acquisition beyond the level seen in the first quarter of 2025.

Despite the lower level of bookings, the Company's Management Board is observing the first positive effects of the actions initiated at the turn of 2024 and 2025. Due to the scale of the changes being introduced, time is needed for their full impact to be reflected in financial results. In most cases, the tests carried out confirm the correct direction of the measures taken. The Company is working intensively to accelerate the implementation of these processes; however, their full impact on results will require time.

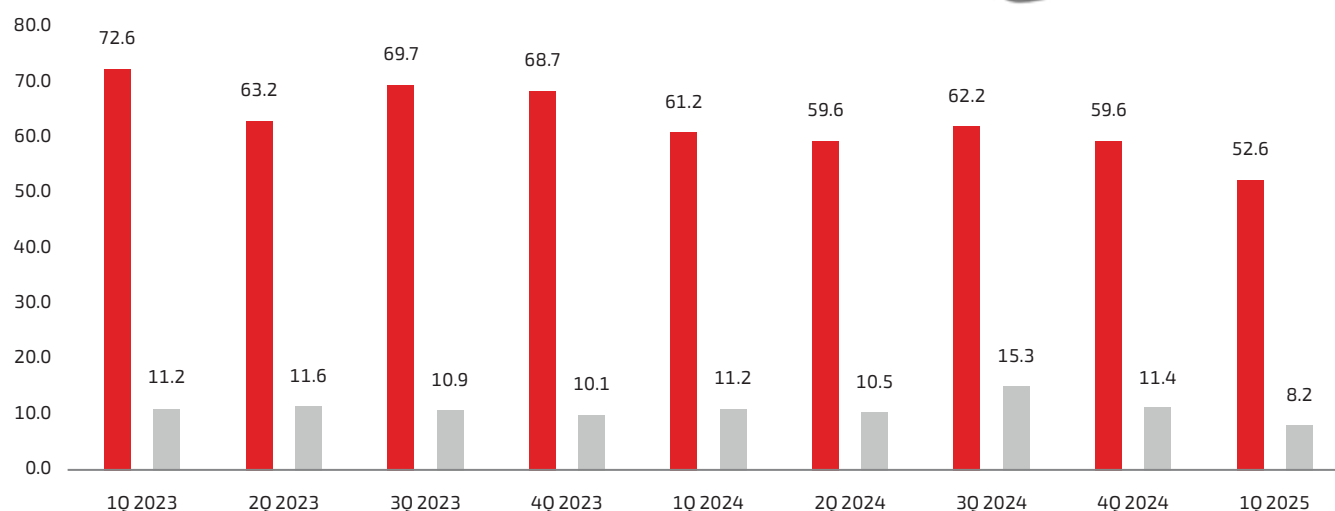
Key titles of TSG Group

FISHING CLASH

data in PLN million

■ bookings

■ marketing



In the first quarter of 2025, the Fishing Clash team – responsible for the Group's largest title – focused primarily on reducing player churn. As a result, the schedule for adding new fisheries to the game was adjusted. In previous periods, new fisheries were introduced every four weeks, while in Q1 2025 the interval was extended to six weeks. Consequently, only two new fisheries were added to the game instead of three, which contributed to a lower level of bookings during the period.

At the same time, a new progression system based on the concept of seasons was introduced in the game. Each season includes four fisheries, including a new one, and offers fresh challenges, stages of competition, and exclusive rewards. The goal is to make better use of existing in-game assets, increase player engagement by enabling more effective use of previously unlocked fisheries, and ultimately reduce player churn and improve monetization in the long term. Alongside the seasonal structure, a new event type – Fishing Quest – was introduced, enriching gameplay with elements of exploration and strategy while providing players with a five-week-long seasonal objective.

In the first quarter, the Fishing Clash team also began working on implementing offer segmentation and improving in-game events in terms of both monetization and player experience. Additionally, efforts were made to enhance technical aspects, primarily the game's loading time.

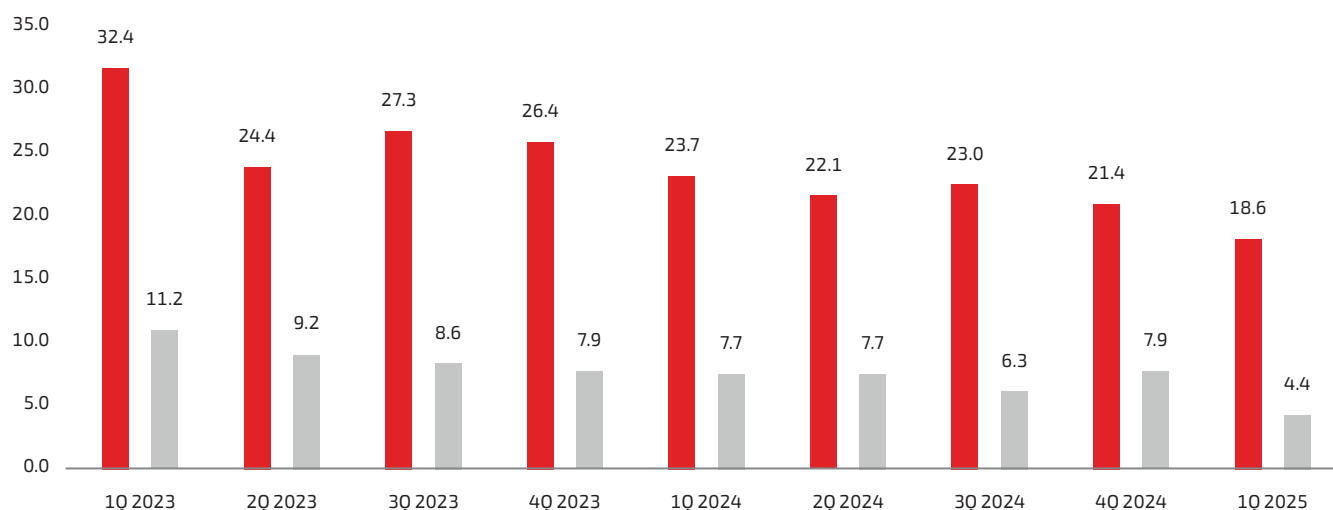
During the period under review, user acquisition spending was significantly reduced. The reasons for this decision have been outlined in detail above. In the following quarters of 2025, marketing expenditures are expected to be higher than in the first quarter of 2025.

In April 2025, bookings in the game amounted to PLN 16.5 million. Alongside the fishery introduced that month, an A/B test of a new feature – monsters – was conducted. It led to improved player engagement metrics but did not have the expected direct impact on monetization in the game.

HUNTING CLASH



data in PLN million ■ bookings ■ marketing



In the first quarter of 2025, bookings in Hunting Clash amounted to PLN 18.6 million, marking a decrease of 12.7% compared to the fourth quarter of 2024 and 21.5% compared to the first quarter of 2024. A smaller number of new locations (two instead of three) were introduced to the game, which contributed to the lower level of bookings. The first location (Provence), released in January 2025, did not deliver the expected results. The second, launched in February, was an extension of the Beast system introduced in November of the previous year. With this location – Abandoned Zone – 40 missions were added to the game, each with three difficulty levels. This structured the progression system and made the gameplay more varied and dynamic. The implemented changes led to increased player engagement.

The main project carried out in the game involved testing a new segmentation system for offers and players, which should translate into improved monetization in the future. The second round of tests in this area was conducted in May 2025. Preliminary results from both tests showed positive outcomes and will be extended to additional player groups. The team also worked intensively on initiatives supporting long-term player retention. The developed solutions will be tested in the game in the upcoming quarters.

In the first quarter of 2025, marketing spending in Hunting Clash, similarly to Fishing Clash, was significantly reduced to ensure a proper return on investment. The reasons behind this decision for both titles were outlined at the beginning of this note.

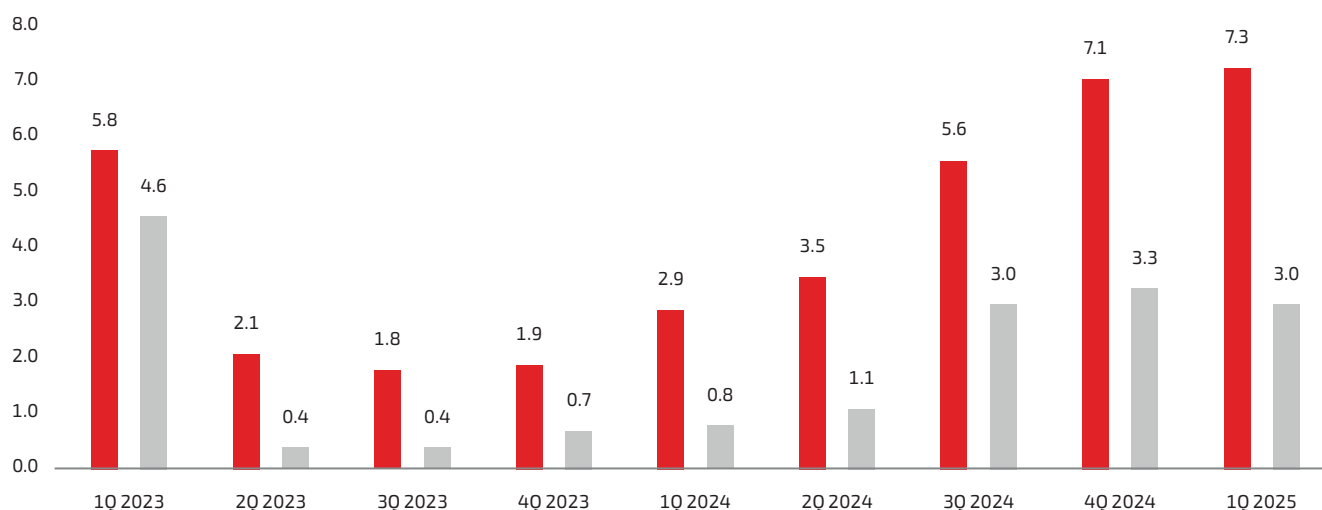
During the same period, the Hunting Clash team worked intensively on improving the game's integration with TSG Store and testing a unique currency. These efforts delivered positive results, leading to the highest share of sales through the proprietary platform since Hunting Clash was added to TSG Store.

In April 2025, bookings in the game amounted to PLN 4.8 million. The low level of bookings was primarily driven by a negative player reaction to the largest A/B test in the game's history, which tested the monetization of ammunition in the Beast Mode. The lower bookings were also partially due to reduced marketing investments in previous months.

WINGS OF HEROES



data in PLN million ■ bookings ■ marketing



In the first quarter of 2025, bookings in Wings of Heroes reached PLN 7.3 million, marking an increase of 2.9% compared to the fourth quarter of 2024 and a growth of 149.5% year-over-year. During this period, the team focused primarily on retention efforts. Key activities concentrated on improving the first-time user experience. More clearly marked progression steps were introduced to guide new players through the early stages of the game. In addition, a content access system was implemented to match content to a player's level of advancement in the game. The matchmaking system for battles was also improved to better reflect player progression. From a visual standpoint, screens for unlocking new planes and stages were redesigned, which was positively received by the community. These updates helped players better understand the upcoming challenges at each stage.

Simultaneously, the team worked on initiatives to optimize the game's economy. Special coupons were introduced to help players speed up the opening of loot crates, enabling more effective long-term resource management. The game also introduced the "Pilot Subscription" – a bundle offering faster access to certain rewards (e.g., faster crate opening) and increased value of rewards obtained. In parallel, the team continued work on implementing the Battle Pass, which officially launched on April 1, 2025. Additionally, the trade shop functionality was optimized, along with multiple technical improvements across the game.

In April 2025, bookings in the game amounted to PLN 2.2 million, lower than in previous months of the year.

The second game from the Rortos portfolio – Real Flight Simulator – maintained a positive bookings trend, recording higher results compared to both the fourth quarter of 2024 and the first quarter of 2024.

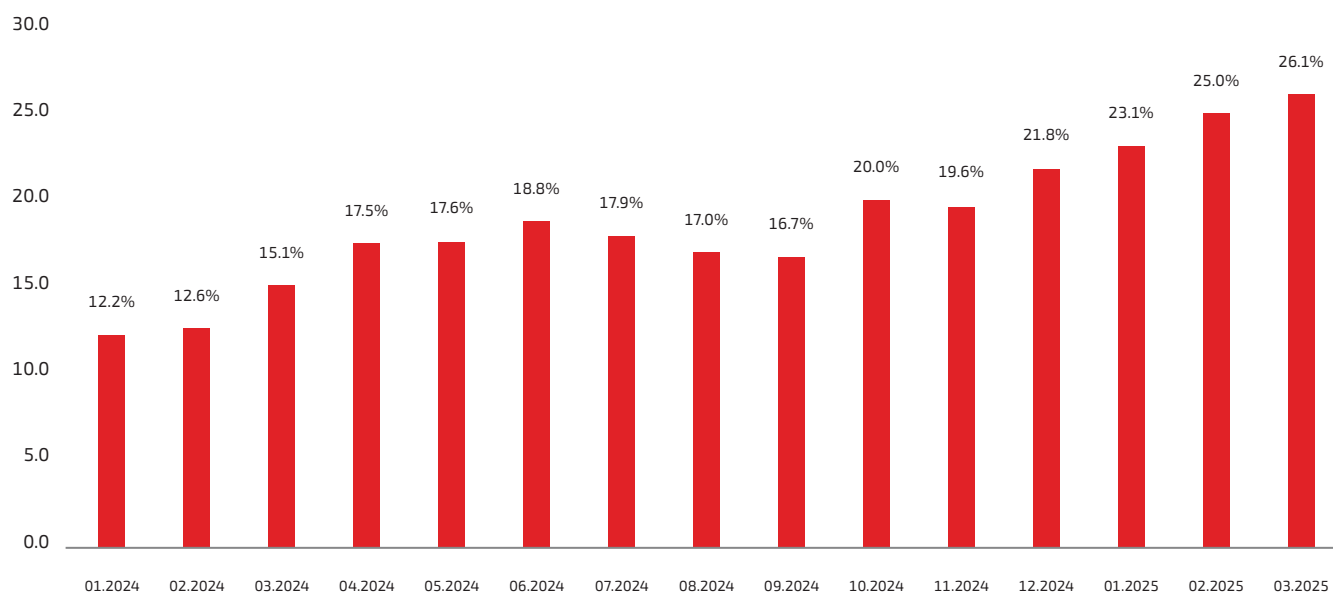
TSG STORE'S SHARE IN GROUP'S BOOKINGS



In the first quarter of 2025, intensive work continued on further developing Ten Square Games' proprietary sales platform. In March 2025, the share of the Group's bookings generated through TSG Store exceeded 19.1%.

In the case of Fishing Clash, not only did the game generate higher bookings via TSG Store, but it also achieved and surpassed the targeted 25% share of sales through the proprietary platform. For Hunting Clash, efforts to strengthen TSG Store performance were intensified from the beginning of the year. As a result, the sales figures achieved through TSG Store were the highest in the platform's history – both at the overall store level and for each of the two titles. This was driven by the standardization of player offers and the introduction of exclusive promotions available only via TSG Store.

TSG STORE'S SHARE IN FISHING CLASH BOOKINGS



In early April 2025, Fishing Clash launched a refreshed version of TSG Store, featuring a visual design more closely aligned with the game, while Hunting Clash began testing a unique currency within the store. Additionally, in early May 2025, a U.S. federal court ruling prohibited Apple from engaging in anti-competitive practices in the country and required the company to allow developers to offer alternative payment methods, bypassing the 30% commission previously charged by Apple. This change potentially has a significant positive impact on developers' ability to grow their own sales platforms. Although Apple has appealed the ruling, it has already introduced service policy updates in line with the court's decision.

TSG STORE'S SHARE IN HUNTING CLASH BOOKINGS



TSG Group teams continued work on two game prototypes.

In the case of Trophy Hunter, the results of testing to date have delivered satisfactory metrics. Following the expansion of the project with additional arenas, the introduction of unique features distinguishing the game from its competitors, and improvements to the visual quality of key screens, the decision was made to launch the game on most important global markets. The planned release date in key markets through Apple and Google platforms is scheduled for the turn of Q2 and Q3 2025. The final launch date will depend on arrangements with the major platforms. The company will support the this release with additional marketing activities. The game's performance on global markets will determine its future development.

Real Combat Simulator – a game developed by the Rortos team – is being expanded with new features and aircraft. Following the addition of the M346 and F18 models, a new aircraft – the A10 – has been introduced. The team is currently working intensively on a multiplayer mode, which is planned for release in June 2025. These ongoing efforts are bringing the team closer to developing a fully-fledged, revenue-generating product.

2.

KPIS OF GAMES

MONTHLY AVERAGE NUMBER OF ACTIVE USERS OF MAIN GAMES

OKRES	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025
Fishing Clash	2,425,073	2,901,837	3,403,986	2,605,102	2,396,660
Hunting Clash	3,529,644	2,937,882	2,008,982	1,795,672	1,664,310
Wings of Heroes	341,010	250,631	294,502	284,703	279,340
Evergreen	922,365	789,687	726,737	680,426	609,349



3.

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

No other significant events, not described above, have occurred that could impact the financial data included in the report for the period ended March 31, 2025.

4.

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

In the period between April 1, 2025 and May 19, 2025 no significant events occurred that would impact the financial statement for the period ended March 31, 2025.

5.

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

In the upcoming quarters of 2025, the pace of change implementation in Ten Square Games Group's key products – Fishing Clash and Hunting Clash – will play a crucial role in the Group's financial performance. The first quarter of the year in both projects was a period of focusing on player engagement and laying the groundwork for initiatives planned for the following quarters. In Q2 2025, both teams will concentrate their efforts on implementing more effective segmentation of players, offers, and events – ultimately enhancing personalization of the player experience. Successful execution in this area may significantly improve the performance of the Group's flagship titles. On the other hand, any mistakes or delays in delivering these changes may have a negative impact on the Group's financial results. An additional factor that may temporarily affect the Group's bookings was the decision to limit user acquisition spending in its main titles.

For Wings of Heroes, the next stages of development include adding new game modes, introducing a revamped offer system, and expanding the game's social features. If executed as planned, these initiatives should support the continued growth of both bookings and player engagement. One of the key elements supporting the game's development was the introduction of the Battle Pass feature on April 1, 2025 – a clear and structured progression system. In Q2 2025, the team has scheduled the rollout of new features aimed at further expanding the game experience.

The Group's performance in the second half of 2025 will also depend on players' reception of Trophy Hunter following its release on major markets. Based on the results of initial testing, the Company decided to launch Trophy Hunter on main markets via major distribution platforms at the turn of Q2 and Q3 2025. The game's future development will depend on its monetization potential at global scale. Development of the second prototype – Real Combat Simulator – is progressing according to plan and is currently undergoing closed testing on one platform.

One of the key factors that may impact the Group's performance in the upcoming quarters of 2025 is the geopolitical situation, including the escalation of international tensions related to ongoing armed conflicts, particularly Russia's invasion of Ukraine. Additionally, disruptions in trade relations between the U.S. and other global economies are negatively affecting market sentiment and the condition of the global economy. These factors may lead to currency fluctuations as well as influence consumer behavior, purchasing power, and willingness to spend on mobile games. As a result, they may directly affect the level of bookings generated by the Group's games.

A key factor for the continued development of the Group's products is the ability to acquire new users. Therefore, changes in the advertising market – including the pricing and availability of ads displayed in the Group's games, as well as the cost of user acquisition through paid marketing campaigns – will have a significant impact on the Company's operations. Changes in the policies of major distribution platforms (Google Play and Apple App Store) may also affect distribution costs and the Group's ability to promote its products.

Expanding opportunities to promote the Group's direct-to-consumer platform (TSG Store) within its game apps may significantly improve the profitability of its operations. Changes initiated by a U.S. federal court ruling regarding App Store applications in the U.S. will allow Ten Square Games to actively direct players to make purchases via TSG Store without incurring the 30% commission. Apple has appealed the ruling, but has already updated its service terms in accordance with the court's decision.

The Group's performance will also be impacted by increasing competition for player attention, both from other gaming companies and from alternative forms of entertainment. Additional challenges include shifting consumer behavior and the evolving competitive landscape.



6.

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

In the Ten Square Games S.A. Capital Group as of March 31, 2025, there is no other significant information of the above nature.

7.

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

The Management Board of Ten Square Games S.A. has not published financial forecasts for 2025.

8.

SEASONALITY OR CYCLICALITY OF ACTIVITIES

There is no seasonality in the Group's operations.

9.

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

Neither Ten Square Games S.A. nor any of its subsidiaries were, as at 31 March 2025 and as at the date of issuing the financial statements, parties to any court proceedings, arbitration proceedings or proceedings before a public administration body.

10.

LOANS, CREDITS, GUARANTEES

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

Ten Square Games S.A., nor any of its subsidiaries, were a party to any other credit or loan agreements as at March 31, 2025 and as at the date of issuance of the financial statements. The Issuer and its subsidiaries did not provide any sureties or guarantees in the period covered by the report.



APPROVAL OF THE FINANCIAL STATEMENT

This report for the period from 1 January to 31 March 2025 was signed and approved for publication by the Management Board of Ten Square Games S.A. on 19 May 2025.

PRESIDENT OF THE MANAGEMENT BOARD

Andrzej Ilczuk

MEMBER OF THE MANAGEMENT BOARD

Janusz Dziemidowicz

MEMBER OF THE MANAGEMENT BOARD

Magdalena Jurewicz

Wroclaw, May 19, 2025