

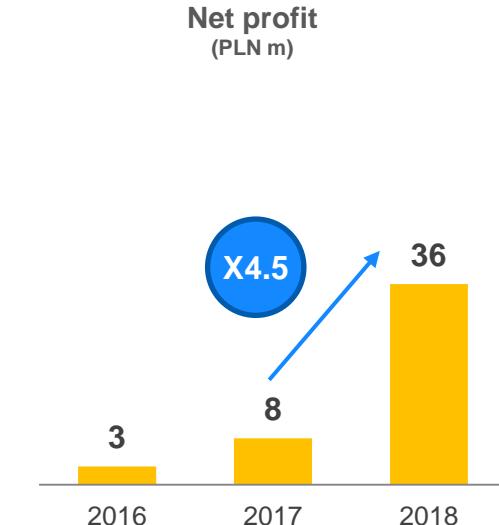
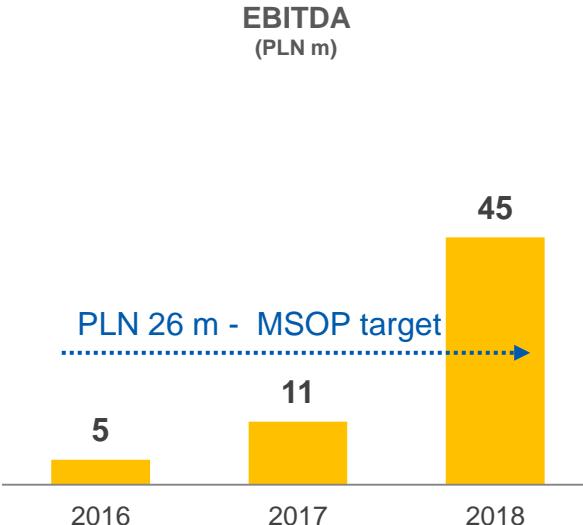
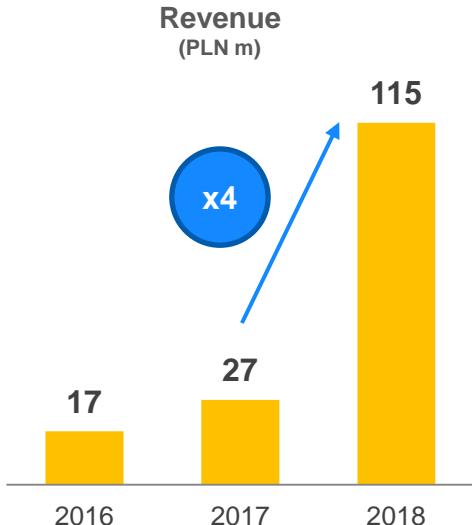


ten square_games

Q4 2018 Results

March 2019

2018 figures – IPO target delivered



- Global success of Fishing Clash
- Development pipeline extended
- EBITDA target exceeded significantly

Ten Square Games – F2P sporting games leader



160 people
EXPERIENCED TEAM



F2P games
WIDE PORTFOLIO



~ 90%
OF SALES OUTSIDE
POLAND



PLN 88.8 m
2018 Revenue



PLN 16.5 m
2018 Revenue



PLN 4.9 m
2018 Revenue

Fishing Clash – the most popular fishing game in 2018

Top Grossing Games – monthly net revenue*

1		CANDY CRUSH SAGA	\$59m
10		GOLF CLASH	\$36m
100		HOME DESIGN MAKEOVER	\$5m
125		FISHING CLASH	\$1.8m
250		FAMILY FARM SEASIDE	\$1.3m
400		MEGAPOLIS	\$0.5m



3.5 bn FISHES CAUGHT
140 m DUELS
21 m PLAYERS
70 m LURE PACKS
100 000 CLANS



4,8
out of 5

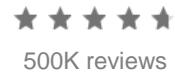


26K ratings

„Very interesting game and excellent graphics!! Best in class!!“



4,8
out of 5



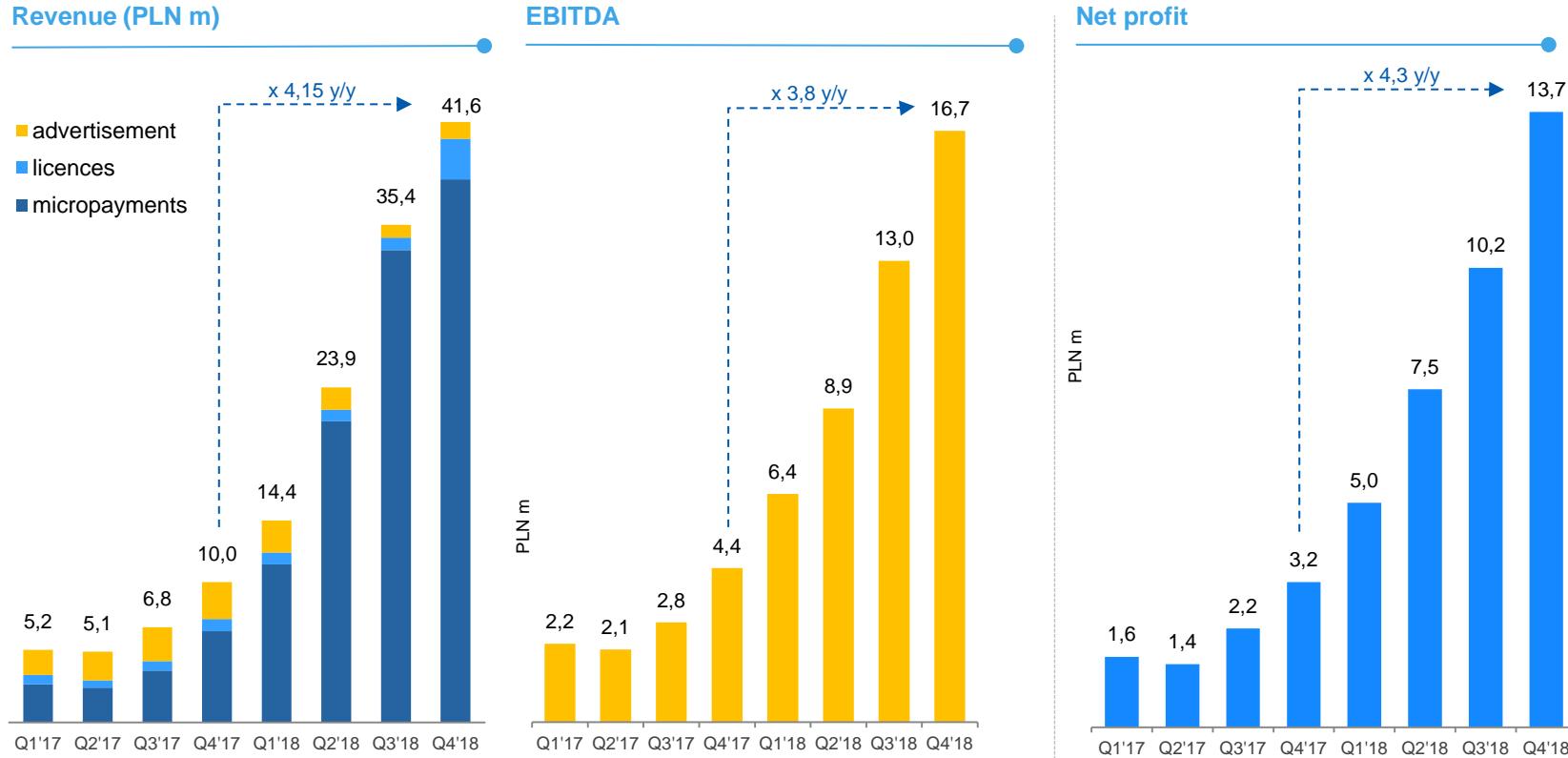
500K reviews

„Best fishing game ever!!“

* TOP Grossing Google USA, Sensor Tower revenue estimates

Q4 2018 Results

2017-2018 Quarterly results



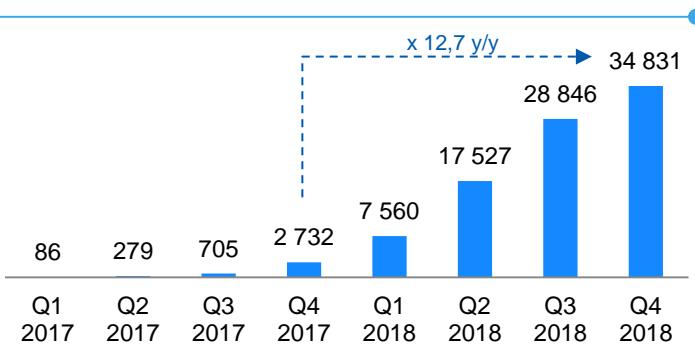
Q4 2018 Executive summary



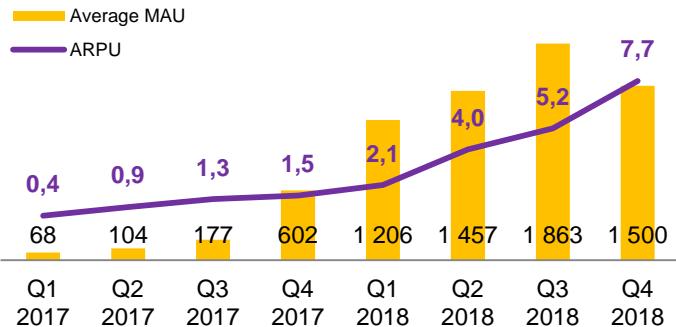
- Another quarter of good financial results
 - Fishing Clash was the main driver of revenue growth in Q4 2018
 - Let's Fish benefits from Fishing Clash know-how; Historic high revenue both in Q4 2018 and throughout 2018
- **PLN 41.6 m** in revenue in Q4 2018 – increase by **315%** y/y and **17%** q/q
- **PLN 13.7 m** in net profit in Q4 2018 – increase by **324%** y/y and **34%** q/q
- **PLN 45.0 m** EBITDA in 2018 – MSOP target for 2018 (**PLN 26 m** EBITDA) delivered

Fishing Clash – dynamic increase in payments

Payments (PLN k)



Average MAU (k) and monthly ARPU (PLN)

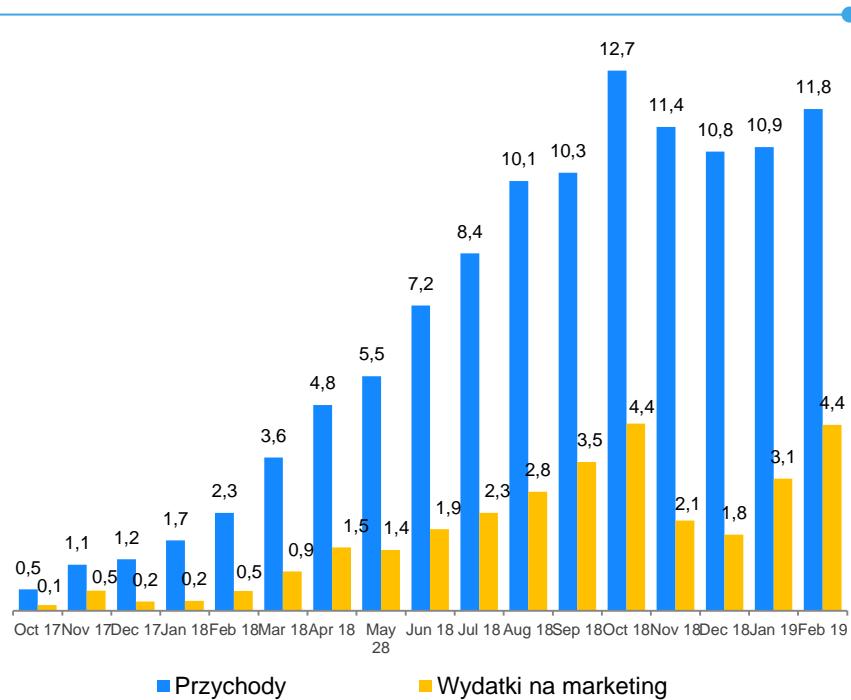


- **21%** increase in payments q/q in Q4 2018 as a result of game development
- MAU stabilization in Q4 2018 and simultaneous ARPU increase
- Game development (new fish, new fisheries) and active game management through live-ops



Fishing Clash – marketing that works

Payments and marketing expenses (PLN m)



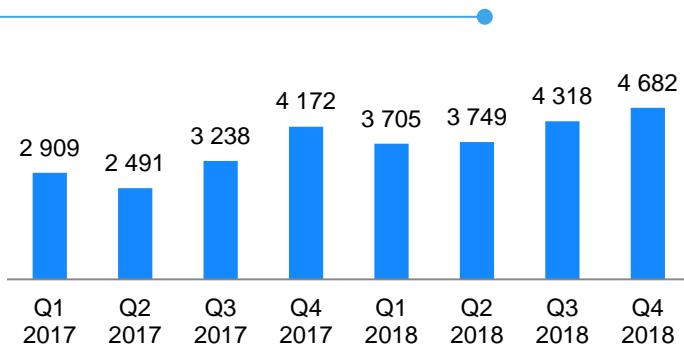
- Payments growth along with marketing expenses
- Reduced marketing expenses in November and December due to seasonally higher prices of marketing campaigns
- Marketing budgets increased in Q1 2019 – „We invest if it pays” principle
- Work on improving game KPIs and effectiveness of marketing techniques



Let's Fish benefits from Know-How development

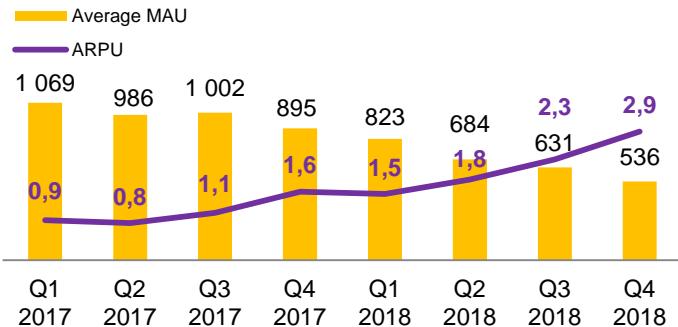
Very strong revenues in the 7th year of the game.

Payments (PLN k)



- Record high quarter and year in Let's Fish history
- **PLN 16.5 m** of revenue in 2018 compared to **PLN 12.8 m** in 2017 – increase by **28% y/y**
- **12%** increase in revenue in Q4 2018 y/y, despite decrease in MAU
- Flow of knowledge between the titles that allows continuous improvement of the game (eg. live-ops)

Average MAU (k) and monthly ARPU (PLN)



Wild Hunt – another good game with longevity potential

Payments (PLN k)



- Dynamic **420%** increase in revenue in Q4 2018 y/y related to the improvement of game mechanics based on experience from Fishing Clash
- **PLN 4.9 m** in revenue in 2018 compared to **PLN 0.9 m** in 2017
- Change in Google Play algorithms in mid-2018 increased popularity of the title and resulted in revenue increase (new users, sporting theme)

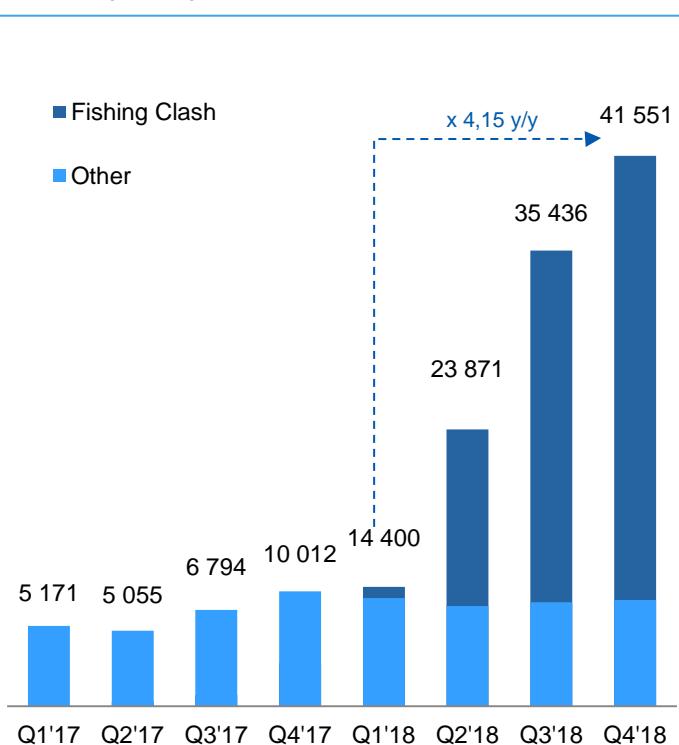
Average MAU (k) and monthly ARPU (PLN)



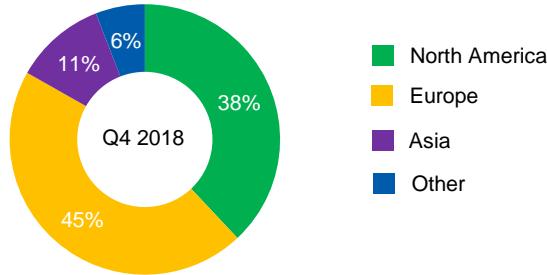
High dynamic of revenue growth

High dynamic of revenue growth thanks to high monetization of mobile games, mainly Fishing Clash

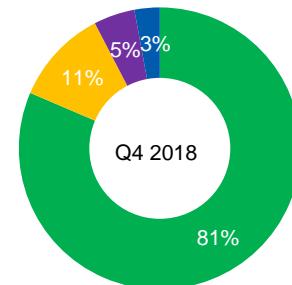
Revenue (PLN k)



Geographical and product structure of revenue



Fishing Clash
Let's Fish
Wild Hunt
Other



- The game portfolio excluding Fishing Clash generated **PLN 27.7 m** in 2018 compared to **PLN 23.2 m** in 2017, this confirms the strategy of building portfolio that is maintained for years.

Operating costs under control

Operating costs without selling costs

■ COGS ■ G&A expenses



Selling cost

■ Marketing

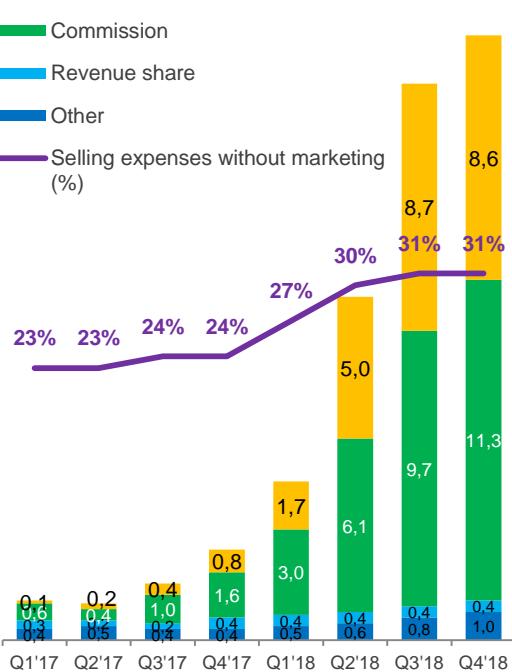
■ Commission

■ Revenue share

■ Other

— Selling expenses without marketing (%)

PLN m



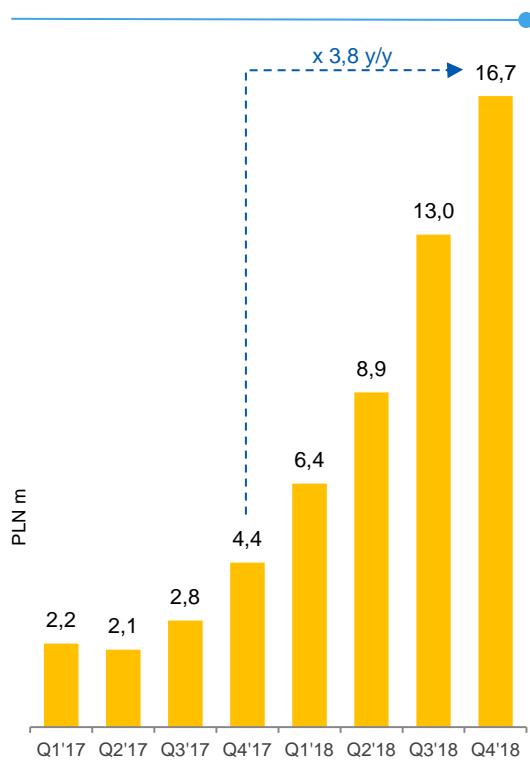
- Stable COGS (mainly team remuneration and depreciation of active titles) and G&A

- Stable level of selling costs excluding marketing (about 30% as a % of total revenue) - fees related to the digital distribution of games

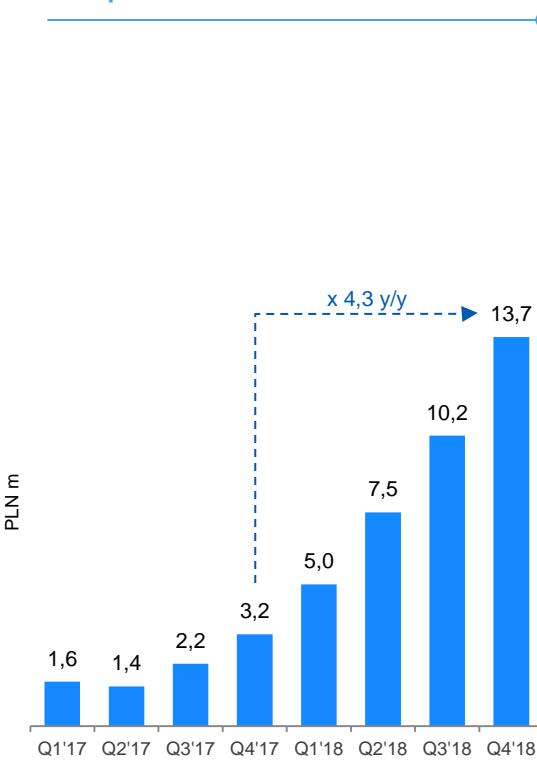
- Marketing expenses in 2018 amounted to PLN 24 m (Advertising of Fishing Clash accounts for 98% of marketing expenses)

Financial performance resulting from revenue growth

EBITDA



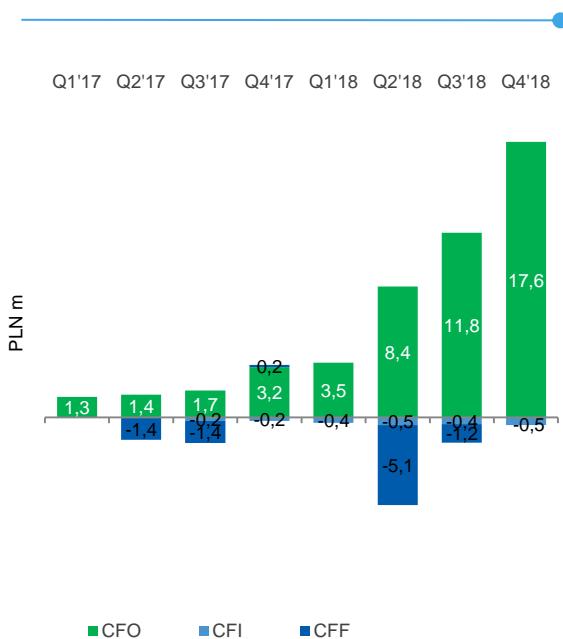
Net profit



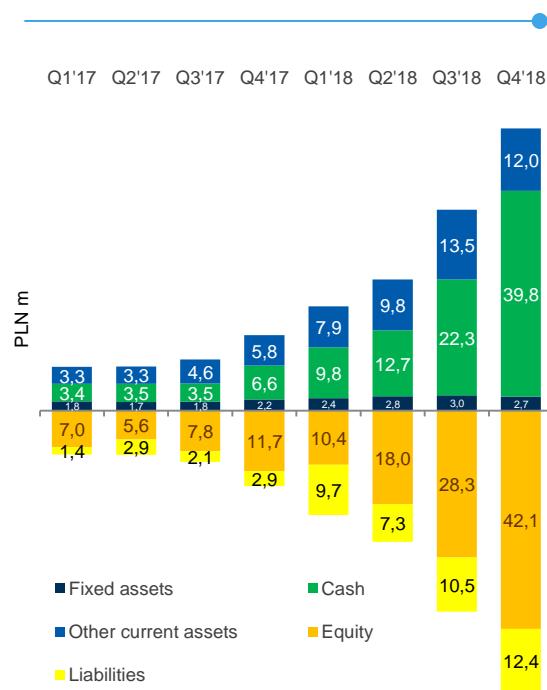
- Dynamic increase in financial performance due to sales increase and maintaining discipline on the cost side
- Increase in EBITDA by **28%** q/q and **280%** y/y
- Increase in net profit by **34%** q/q and **328%** y/y

Strong CFO results in growing cash on the balance sheet

Cash flow



Balance Sheet

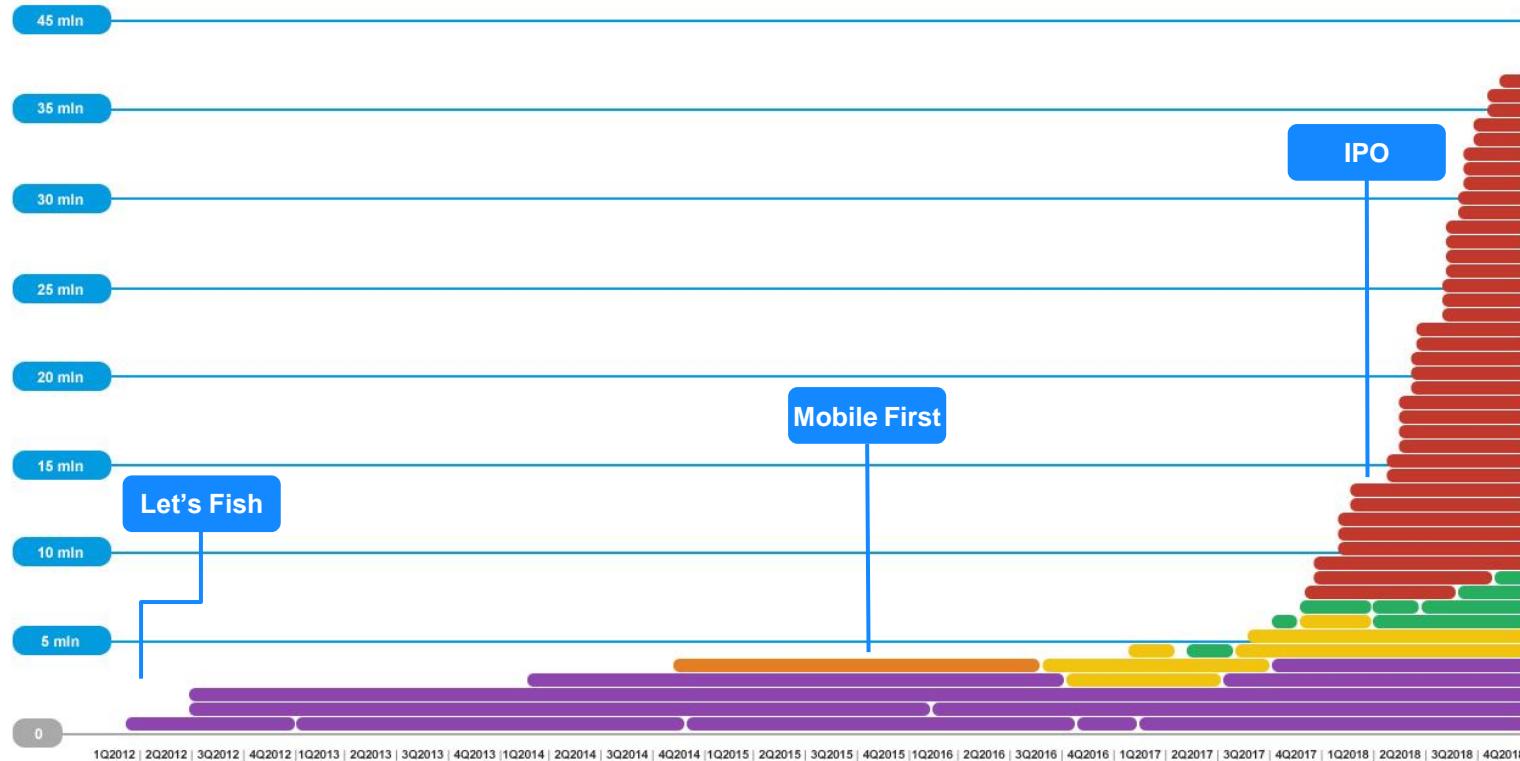


- CFO growth resulting from strong financial performance
- Very good capital situation – cash accounts for **73%** of the balance sheet total
- CFI in 2018 related to expenses on new titles (Fishing Battle, MiniGolf, Hobby game)

- EBITDA/CFO conversion in Q4'18 – **95%**

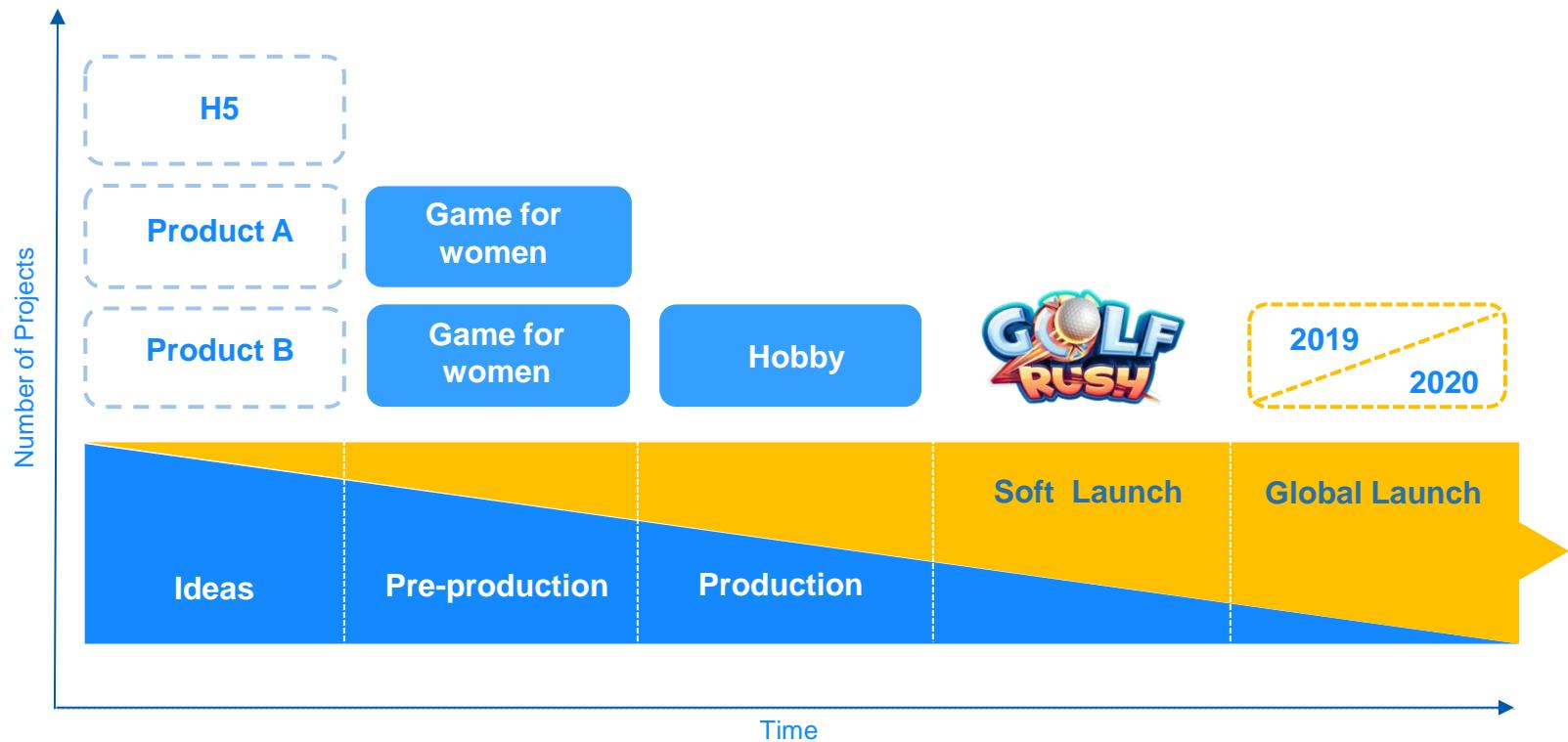
Strategy

Strategy – we are building a portfolio of games maintained for years



Wide, diversified pipeline of new projects

Company has publishing comfort by the end of 2020.



New hobby game

A game based on Fishing Clash experience in the outdoor-simulation theme





IR contact

CC GROUP

Tomasz Pelczar

e-mail: tomasz.pelczar@ccgroup.pl

tel. +48 697 613 011

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Attachments

Results summary

Selected items of P&L (PLN k)	Q1'17	Q1'18	y/y	Q2'17	Q2'18	y/y	Q3'17	Q3'18	y/y	Q4'17	Q4'18	y/y
Revenue	5 171	14 400	178%	5 055	23 871	372%	6 794	35 436	422%	10 012	41 551	315%
Fishing Clash	86	7 560	8 656%	279	17 527	6 189%	705	28 846	3 993%	2 732	34 831	1 175%
Let's Fish	2 909	3 705	27%	2 491	3 749	51%	3 238	4 318	33%	4 172	4 682	12%
Wild Hunt	56	668	1 091%	86	926	973%	332	1 265	280%	389	2 021	419%
Other	2 119	2 467	16%	2 200	1 668	-24%	2 519	1 008	-60%	2 718	1 238	-54%
Deferred revenue	0	0	n/a	0	0	n/a	0	0	n/a	0	-1 221	n/a
COGS	1 398	1 641	17%	1 321	1 836	39%	1 470	1 994	36%	1 653	1 910	16%
Gross profit (loss)	3 773	12 758	238%	3 734	22 034	490%	5 324	33 443	528%	8 358	39 641	374%
gross margin	73%	89%	+16 p.p.	74%	92%	+18 p.p.	78%	94%	+16 p.p.	83%	95%	+12 p.p.
Cost of sales	1 301	5 644	334%	1 325	12 086	812%	2 001	19 599	879%	3 250	21 306	556%
as % of revenue	25%	39%	+14 p.p.	26%	51%	+25 p.p.	29%	55%	+26 p.p.	32%	51%	+19 p.p.
G&A	409	850	108%	497	1 205	143%	647	1 028	59%	891	1 164	31%
EBIT	2 062	6 265	204%	1 914	8 743	357%	2 675	12 815	379%	4 210	16 492	292%
EBITDA	2 214	6 444	191%	2 054	8 857	331%	2 823	13 023	361%	4 350	16 688	284%
EBITDA margin	43%	45%	+2 p.p.	41%	37%	-4 p.p.	42%	37%	-5 p.p.	43%	40%	-3 p.p.
Net profit (loss)	1 570	4 999	218%	1 406	7 528	436%	2 202	10 234	365%	3 235	13 709	324%
net profitability	30%	35%	+5 p.p.	28%	32%	+4 p.p.	32%	29%	-3 p.p.	32%	33%	+1 p.p.

Revenue by regions

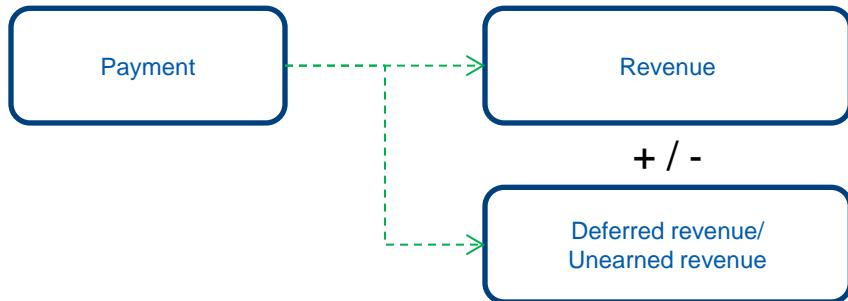
PLN k	Q1'17	Q1'18	y/y	Q2'17	Q2'18	y/y	Q3'17	Q3'18	y/y	Q4'17	Q4'18	y/y
North America	1 162	4 822	315%	1 247	10 938	777%	1 581	15 732	895%	2 672	16 254	508%
Europe	2 962	6 404	116%	2 626	8 818	236%	3 685	14 597	296%	5 222	19 344	270%
Poland	919	1 556	69%	729	1 762	142%	1 028	2 534	147%	1 558	3 598	131%
Other	2 044	4 848	137%	1 897	7 056	272%	2 657	12 063	354%	3 664	15 746	330%
Asia	851	2 195	158%	888	2 635	197%	1 078	3 191	196%	1 599	4 670	192%
South America	119	422	254%	141	615	335%	176	786	347%	235	1 055	349%
Australia and Oceania	59	389	557%	141	579	311%	234	685	192%	214	762	256%
Africa	17	169	901%	12	286	2187%	40	447	1 006%	70	686	886%

share in revenue (%)	Q1'17	Q1'18	y/y	Q2'17	Q2'18	y/y	Q3'17	Q3'18	y/y	Q4'17	Q4'18	y/y
North America	22,5%	33,5%	+11,0 p.p.	24,7%	45,8%	+21,1 p.p.	23,3%	44,4%	+21,1 p.p.	26,7%	39,1%	+12,4 p.p.
Europe	57,3%	44,5%	-12,8 p.p.	51,9%	36,9%	-15,0 p.p.	54,2%	41,2%	-13,0 p.p.	52,2%	46,6%	-5,6 p.p.
Poland	17,8%	10,8%	-7,0 p.p.	14,4%	7,4%	-7,0 p.p.	15,1%	7,2%	-7,9 p.p.	15,6%	8,7%	-6,9 p.p.
Other	39,5%	33,7%	-5,8 p.p.	37,5%	29,6%	-7,9 p.p.	39,1%	34,0%	-5,1 p.p.	36,6%	37,9%	+1,3 p.p.
Asia	16,5%	15,2%	-1,3 p.p.	17,6%	11,0%	-6,6 p.p.	15,9%	9,0%	-6,9 p.p.	16,0%	11,2%	-4,8 p.p.
South America	2,3%	2,9%	+0,6 p.p.	2,8%	2,6%	-0,2 p.p.	2,6%	2,2%	-0,4 p.p.	2,3%	2,5%	+0,2 p.p.
Australia and Oceania	1,1%	2,7%	+1,6 p.p.	2,8%	2,4%	-0,4 p.p.	3,4%	1,9%	-1,5 p.p.	2,1%	1,8%	-0,3 p.p.
Africa	0,3%	1,2%	+0,9 p.p.	0,2%	1,2%	+1,0 p.p.	0,6%	1,3%	+0,7 p.p.	0,7%	1,7%	+1,0 p.p.

Changes in accounting principles

Changes in booking revenues according to IFRS 15

„Revenue is recognized when the customers has received all the benefits associated with the performance obligation”



- Payment -> a player purchases virtual currency
- Revenue -> the player uses the virtual currency to purchase a virtual goods (e.g. rods, lure packs)
- Deferred revenue -> unused balance of virtual currency booked as „Unearned revenue” on the balance sheet

PLN k	2018	2017	y/y
Payments	116 478	27 032	+331%
Deferred revenue	-1 221	0	n/a
Revenue for the period	115 258	27 032	+326%
<i>The share of deferred revenue in payments</i>	<i>1,05%</i>	<i>n/a</i>	<i>n/a</i>

- Deferred revenue in 2018 amounted to PLN 1.2 m
- Average Unearned revenue days amounted to 3,8 days