



ten square_games

Q1 2022 RESULTS

May 24th, 2022



Q1 2022 HIGHLIGHTS



Q1 2022 HIGHLIGHTS

1 Quarterly performance

Q4'21/Q1'22 Bookings (PLN M)

PLN 167.7M $\xrightarrow{-15\% \text{ q-o-q}}$ PLN 142.6M

Q-o-q decline heavily impacted by market changes (end of lockdowns, war in Ukraine, lower UA)

2 Current portfolio



Performance below expectations, despite the best ever quarter of HC. Efforts to increase revenue in 2022. Each game has a robust roadmap

3 New games



Soft launched



In testing phase



Early testing phase



Advanced production phase

Strong focus on our development pipeline to launch all games in production in 2022

4 Acquired portfolio



Uplift of 20% in bookings (Mar-22/Apr-22)



Strong early performance so far, +30% D1 retention



Strong performance (+20% in bookings Mar-22/Apr-22)



Launched a few days ago, with already promising KPIs

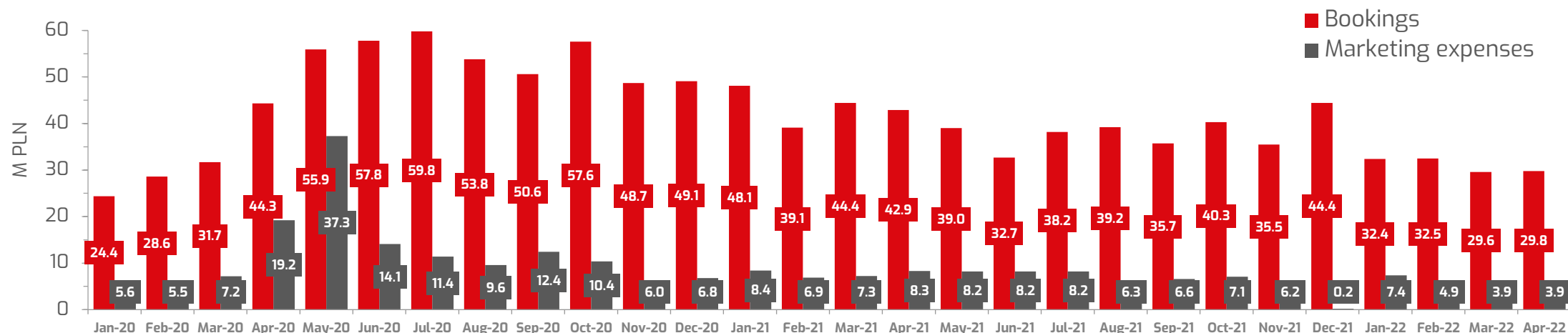
Encouraging early performance of acquired portfolio, with another pipeline game to be launched by Gamesture soon

PERFORMANCE UPDATE

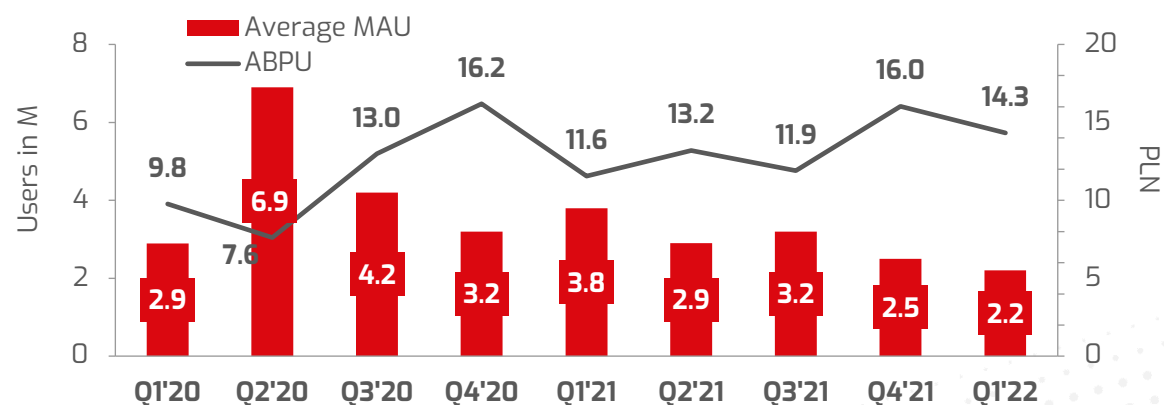


FISHING CLASH PERFORMANCE (EXCL. FC CHINA)

Bookings and marketing expenses (PLN M)



Average MAU (M) and monthly ABPU* (PLN)



- **Decrease of bookings in Q1 2022** due to multiple factors: Russia and Belarus markets' discontinuation, end of lock-downs, market dynamics, consumer sentiment & inflation, lower UA

* Average Bookings Per User





















FISHING CLASH CHINA

Fishing Clash China update

- 1 **Entrance to Huawei store at the end of April** – entrance to the store with over 500m users (MAU). Initial KPIs not great, however it is still too early to infer
- 2 **New stores coming** – three new stores to be entered in Q2 2022, with cumulative user base of over 500m (MAU)
- 3 **Project evaluation after full rollout across all the platforms**

Successful Launch and Performance

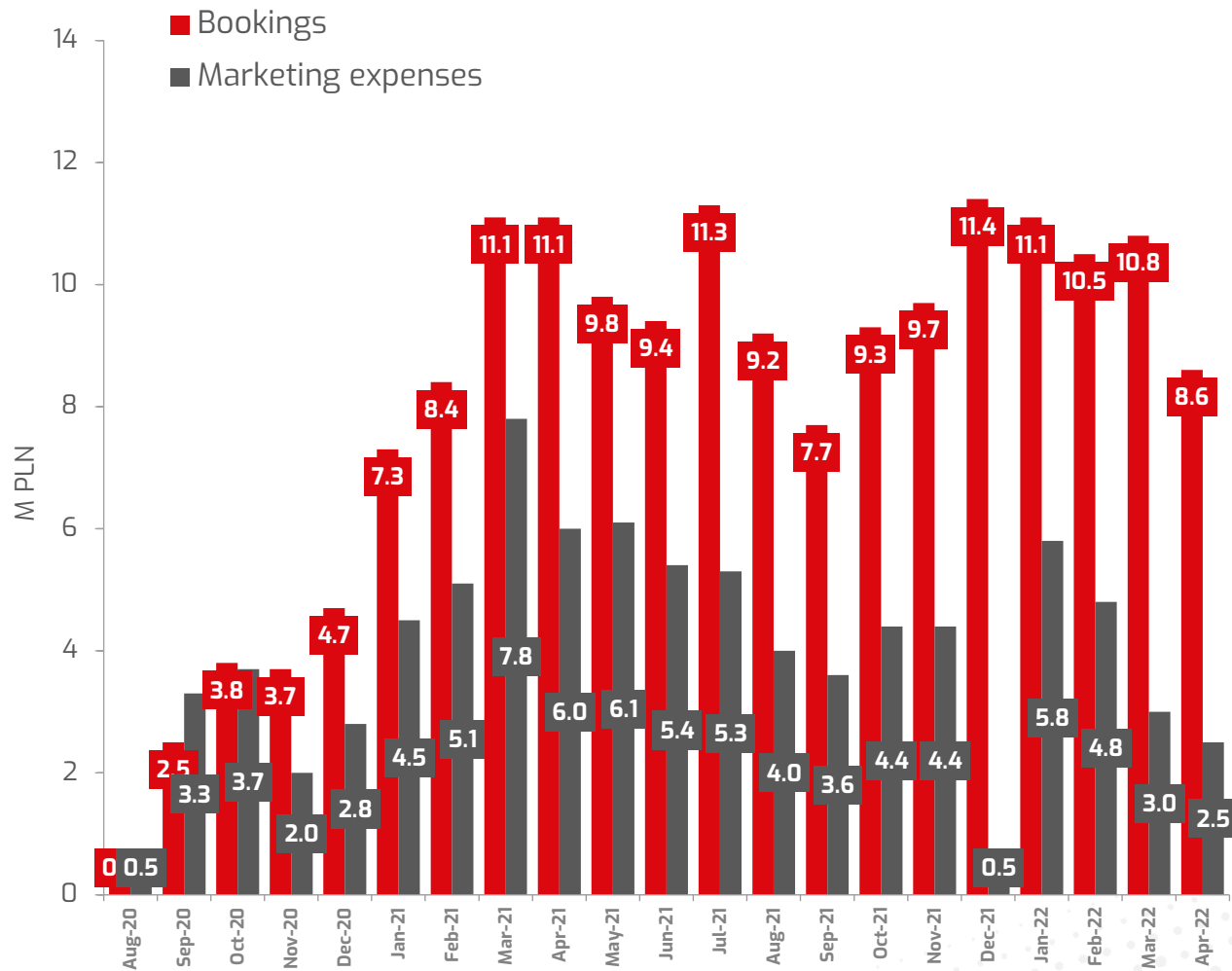
APP STORE TOP SPORT GAMES IN CHINA (JUL 21' – APR 22', APP ANNIE)

#	Unified App
1	 Pool Empire  Hangzhou Mention
2	 T-BALL  Tencent
3	 Fishing Clash  Ten Square Games
4	 最强NBA  Tencent
5	 eFootball PES 2021  KONAMI
6	 FIFA Soccer  Electronic Arts
7	 台球游戏  Happy Bubble Information Te
8	 Real Pool 3D: Online Pool Game  Feamber
9	 天天台球s  鲜趣互娱
10	 球场风云  Baiyi Sports

- +4M downloads since launch
- TOP 3 in terms of downloads on App Store in Sport Games category (Jul 21' – Apr 22')
- TOP 5 in terms of grossing on App Store in Sport Games category (Jul 21' – Apr 22')

HUNTING CLASH PERFORMANCE

Bookings and marketing expenses (PLN M)



- **Bookings in Q1 2022** – the best quarter in the game's history
- **Recent performance decline** – related to market conditions, low content production during April and lower UA in Q1 2022
- **Current focus** – testing the product to make it more comparable feature-wise to Fishing Clash

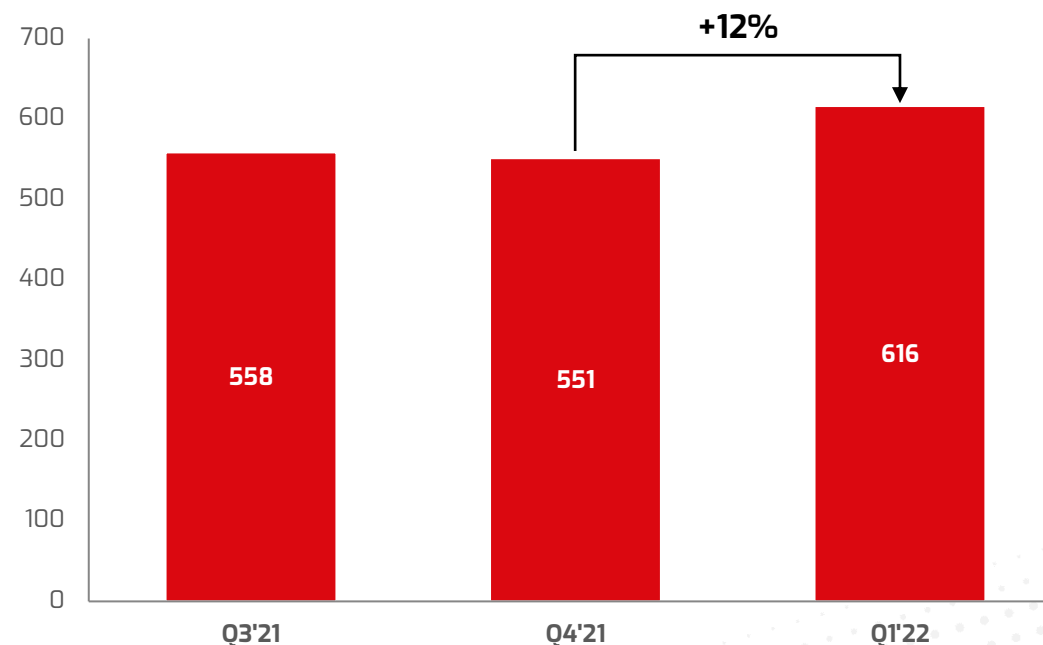


ACQUIRED PORTFOLIO UPDATE – RORTOS

RORTOS



Airline Commander gross revenue (EUR k)



- 1 **Performance in line with our investment case** – Q1'22 performance of Rortos was in line with our assumptions, Apr-22 revenue increased ca. 9% m-o-m
- 2 **Promising soft launch of Wings of Heroes** – the game is available in the United States, Poland and India, generating satisfactory early KPIs (+30% D1 retention)
- 3 **Constant development of Airline Commander** – implementation of monetization and engagement features. Our key executed initiatives presented below:

Q3 2021	Q4 2021	Q1 2022	Q2 2022
<ul style="list-style-type: none"> Heavy integration process Team recruitment and roadmap development Game data gathering 	<ul style="list-style-type: none"> Further integration and team recruitment Game design process started Players' profiling started 	<ul style="list-style-type: none"> Full team completed Tutorial improvements First UA campaigns to build an LTV predicting model 	<ul style="list-style-type: none"> Heavy development of new features and modes AB tests

ACQUIRED PORTFOLIO UPDATE – GAMESTURE



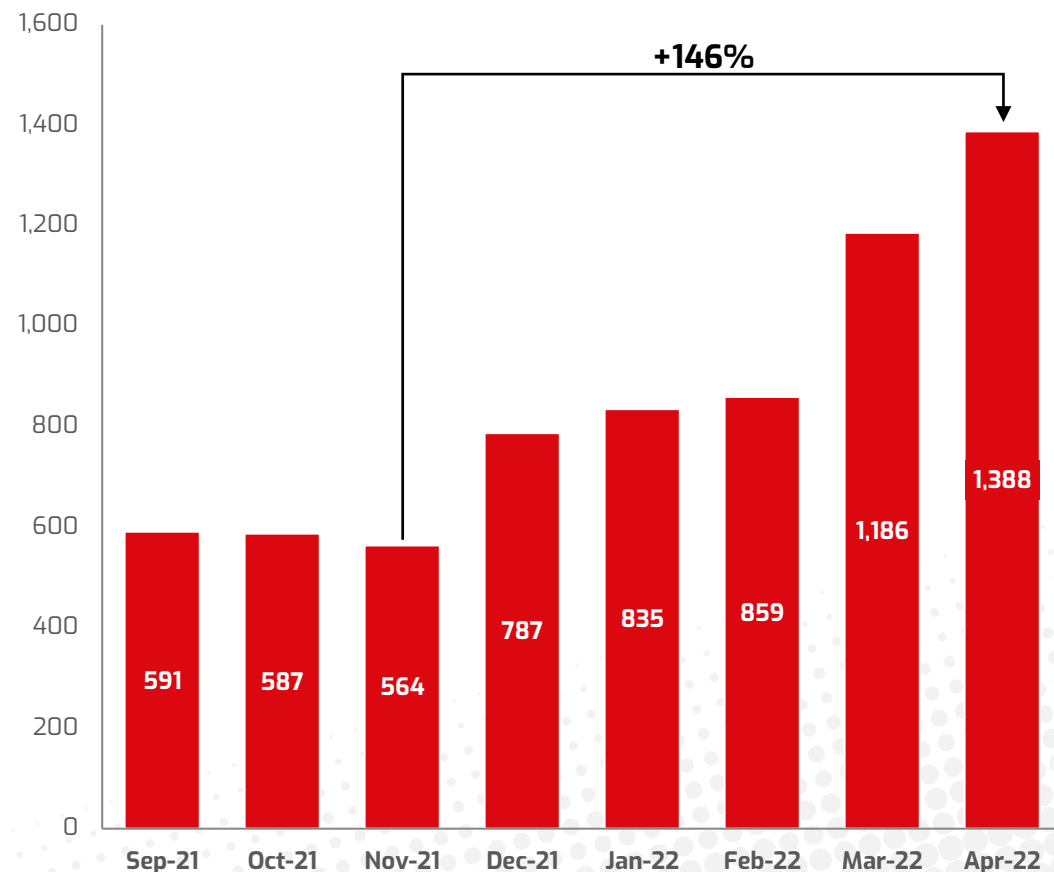
GAMESTURE

QUESTLAND


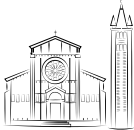














- 1 **Performance above our investment case** – April 22' net revenue 12% above the budget, strongly driven by Slash & Roll
- 2 **Promising soft launch of the new game ,The Gang'** – the game is available in Poland, Germany and France, generating satisfactory early KPIs (+30% D1 retention)
- 3 **Cooperation between Ten Square Games and Gamesture started** – Growth and Business Intelligence initiatives and exchange of product know-how
- 4 **Preparation for the technical launch of ,Hero Legacy'** – the new game is tested internally and will appear soon in Google and Apple stores

Gamesture gross bookings (PLN k)



PRODUCTION PIPELINE UPDATE

Game	Description / Current status	Expected soft launch*
 	<ul style="list-style-type: none"> Military flight simulator The game is in the soft launch phase in the United States, Poland and India, generating very promising early KPIs 	Soft launched
 	<ul style="list-style-type: none"> Social based competitive game The game is in testing phase in Mexico and the United States. We are working to improve KPIs and prepare the game for the next iteration 	Testing phase
 	<ul style="list-style-type: none"> Zombie shooter with „clash” metagame Further development of metagame and monetization features, with the goal to soft launch the game as soon as possible 	Q4 2022
 	<ul style="list-style-type: none"> Production of the third game in the fishing segment, where we see our strong competences Finished game prototype 	Q4 2022 – Q1 2023
 	<ul style="list-style-type: none"> After the release of the first playable version of the game in Q1 2022 and internal discussions, we decided to freeze the development of the game 	On hold
   	<ul style="list-style-type: none"> Robust development pipeline of our recent investment – Gamesture 	Ongoing

*Dates subject to change

STABILIZATION IN PRODUCTION CAPACITY

Headcount per team

	Dec 2020	Dec 2021	Mar 2022
Game Development	202	297	319
Game Support	31	38	39
BI, R&D, Technology	14	41	51
Growth, Consumer Insight	26	43	46
Back-office	45	64	66
TOTAL	318	483*	521*

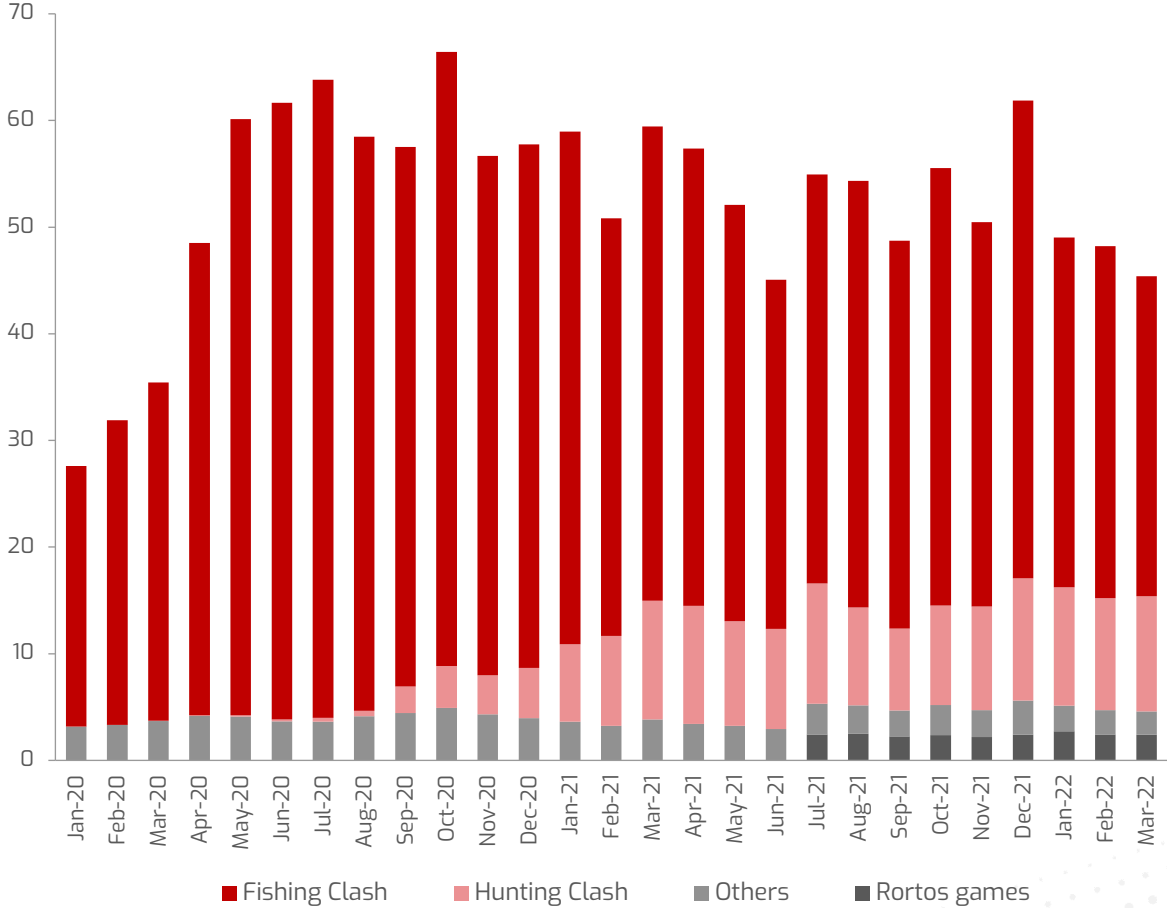
- Headcount growth stabilization with a strong focus on a delivery of current development pipeline
- Strong growth in data-driven positions

FINANCIAL RESULTS

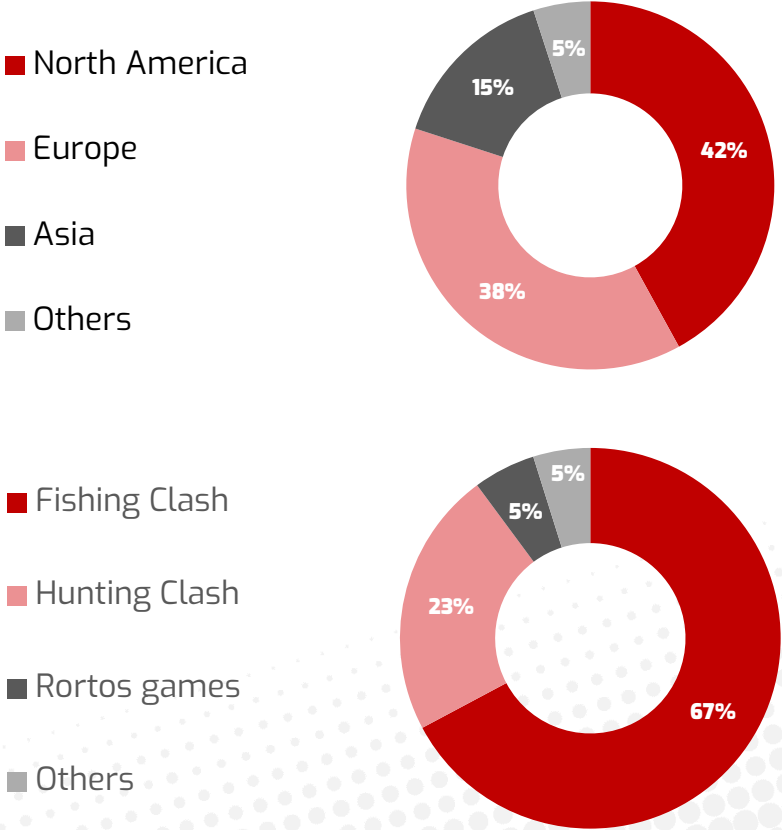


BOOKINGS BREAKDOWN AND DYNAMICS

Bookings (PLN M)

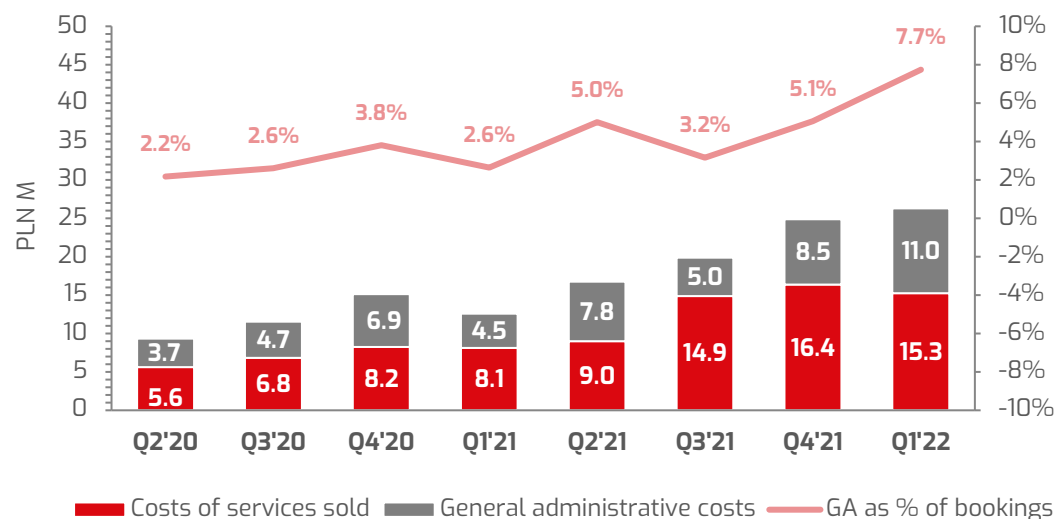


Bookings breakdown – geographies and products in Q1 2022

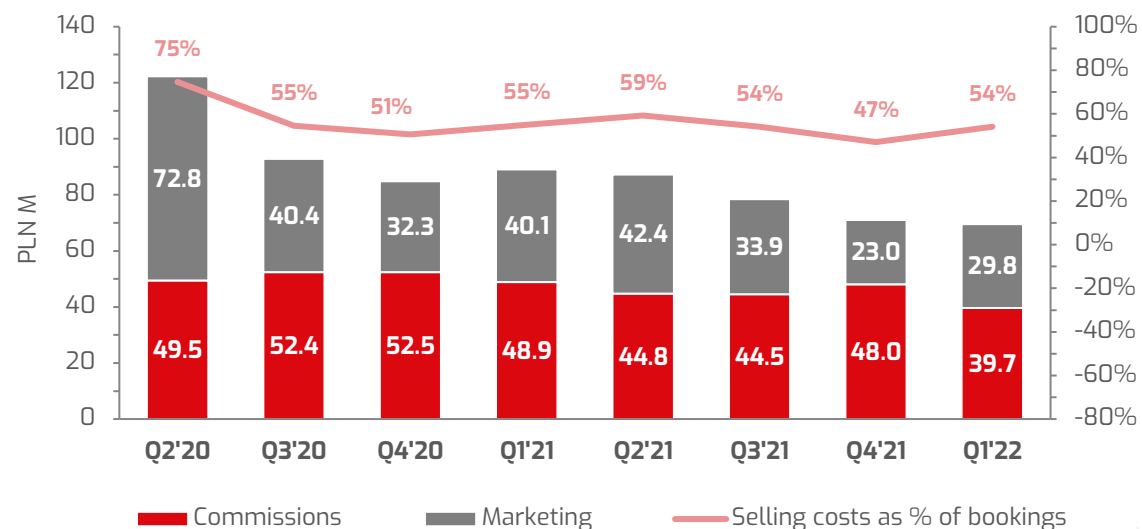


OPERATING EXPENSES ANALYSIS

Operating expenses excluding selling costs¹



Main selling costs¹

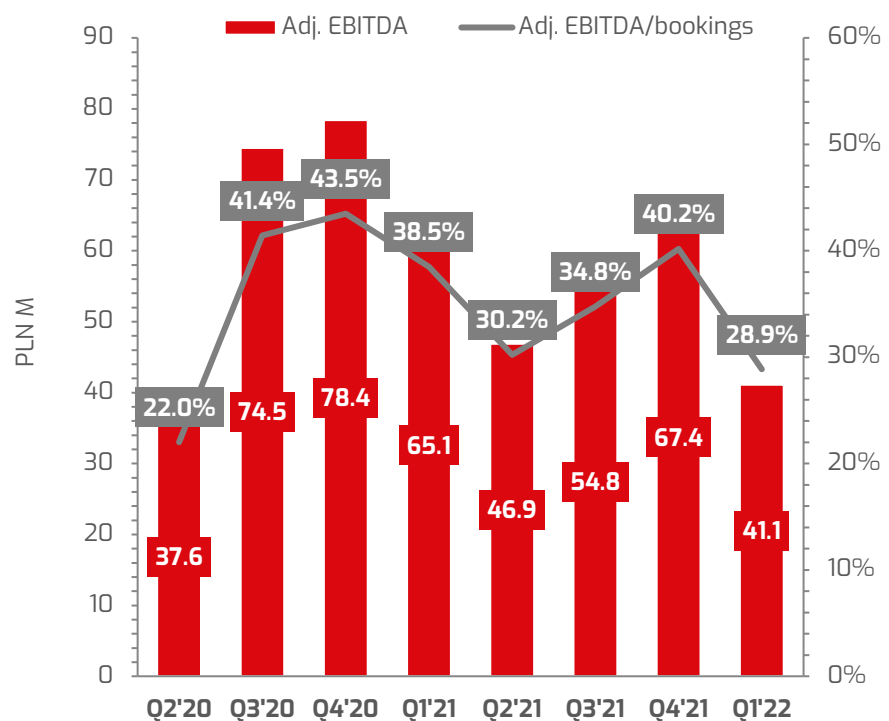


- Operating expenses excluding selling costs in Q1 2022 increased mostly due to higher employment and greater infrastructure costs, including costs of subsidiaries in Germany, Romania and Italy
- Decreased level of marketing costs in Q4 2021 and Q1 2022, due to post Covid normalization of marketing environment and closing of the opportunity to acquire traffic on a preferential conditions
- Due to first consolidation of Rortos in 3Q 2021 and audited consolidation for 2021, 3Q' and 4Q'21 costs should be analysed together due to some adjustments between periods

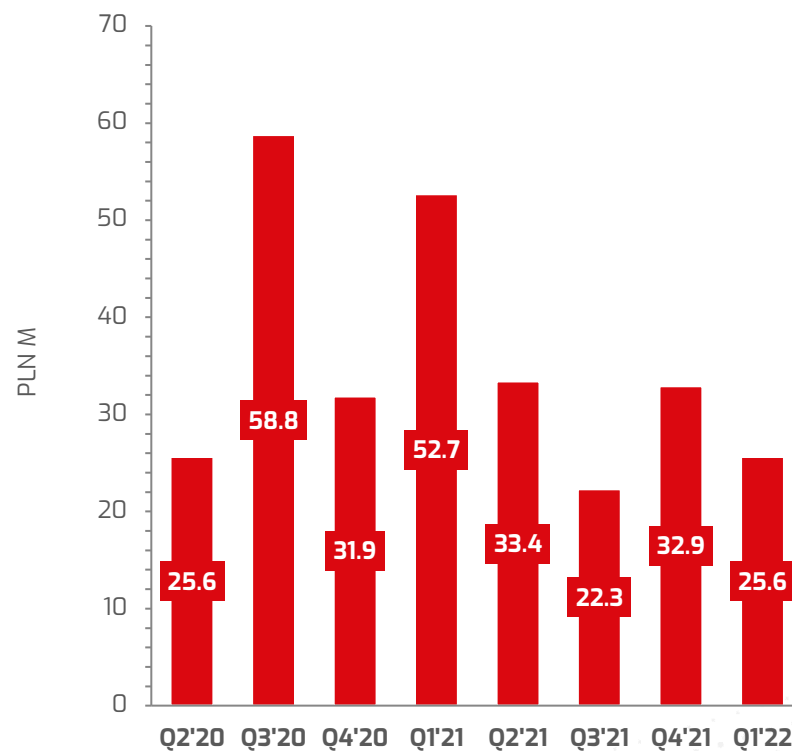
¹ Results normalized by deducting non-cash expenses for share-based incentive schemes the impact of booking deferred revenues and other one-off items – for details please refer to the backup

STANDARDIZED OPERATING RESULTS

Adjusted EBITDA



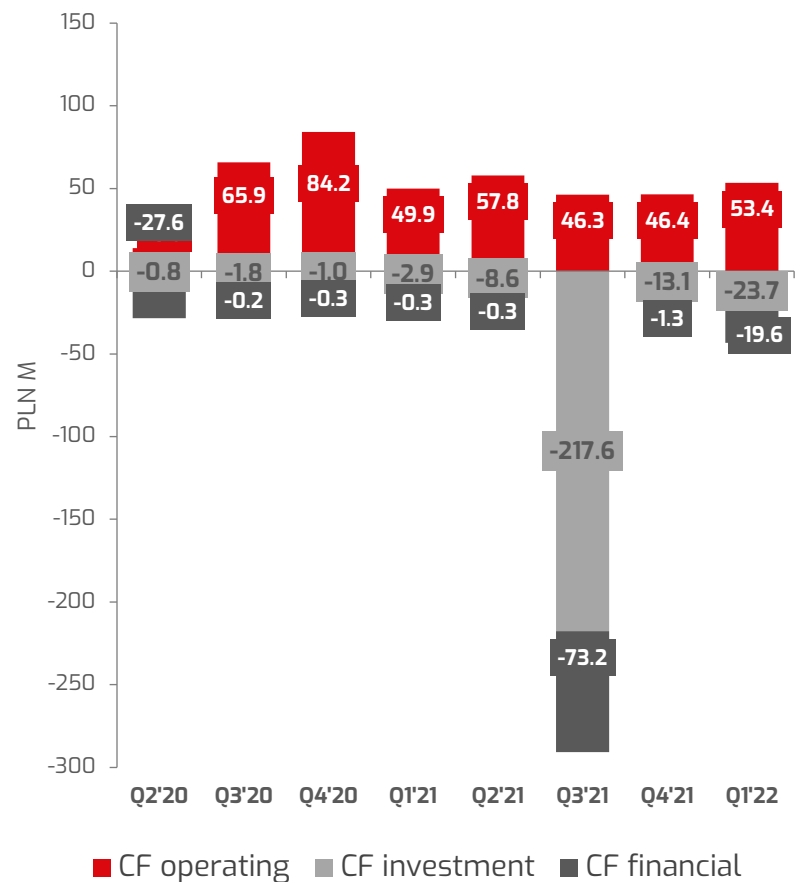
Net profit IFRS



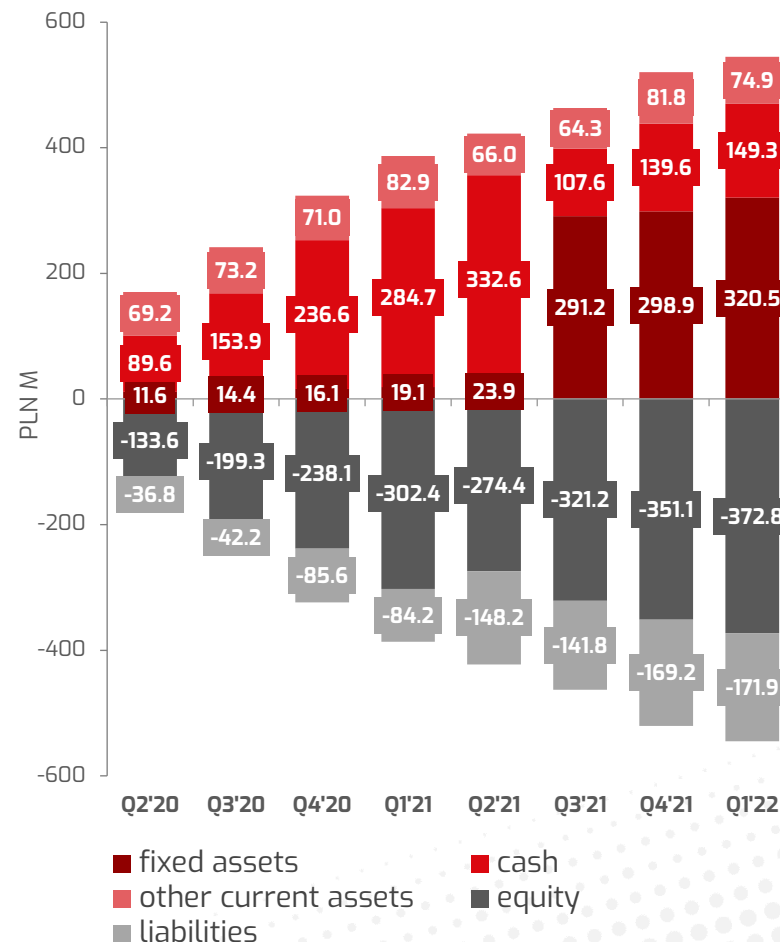
- Adjusted EBITDA amounted to PLN 41.1M in Q1 2022 (-39% q-o-q)
- Adjusted EBITDA and net profit in Q1 2022 has been strongly affected by difficult market / external conditions and worse than anticipated performance of our titles

STRONG BALANCE SHEET WITH SIGNIFICANT CASH POOL

Cash flow (M PLN)



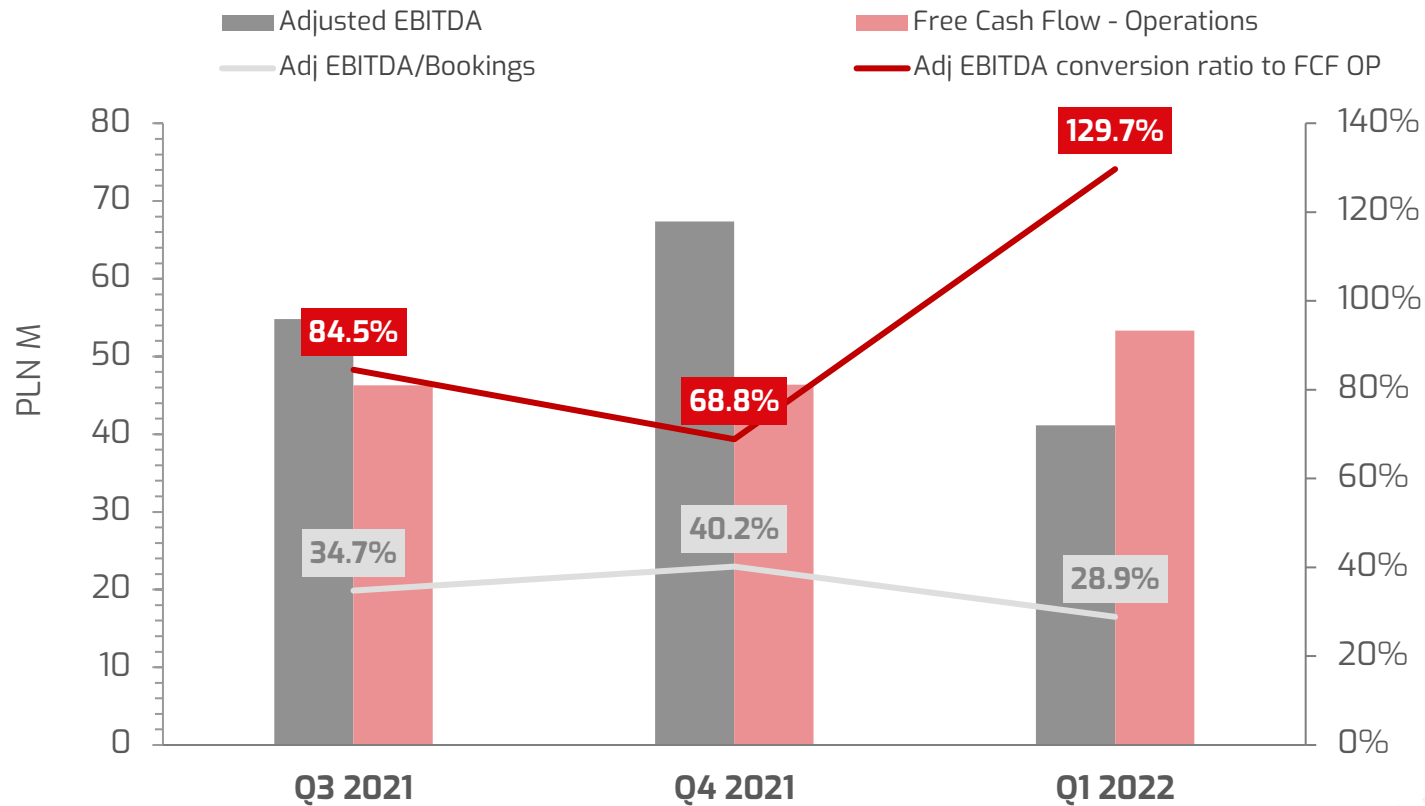
Balance sheet (M PLN)



- **Gamesture investment (PLN 14.3M) financed by cash in Q1 2022, resulting in fixed assets increase**
- **Strong cash flow from operations**
- Cash and cash equivalents reached ca. **PLN 149M** at the end of Q1 2022, lower growth of this position due to share buyback programme

HIGH PROFITABILITY AND CASH GENERATION

Profitability and Cash Flow KPIs



- **Profitability decreased q-o-q**, but still is high and amounts to ca. 29% this quarter
- Adjusted EBITDA conversion to free cash flow from operations of **ca. 130%** in Q1 2022

* Results normalized by deducting non-cash expenses for share-based incentive schemes as well as the impact of booking deferred revenues – for details please refer to the backup

CURRENT FOCUS



CURRENT FOCUS



**UNDEAD
CLASH**



PORTFOLIO PERFORMANCE Working on the performance of our current portfolio in order to return to a growth trajectory after a recent slowdown



PIPELINE LAUNCH Focus to deliver by soft launching our development pipeline still in 2022



PLATFORM INVESTMENT AND M&A Focus on integration and value enhancement of our acquired portfolio, with a further lookout for new opportunities

INVESTOR'S CALENDAR



INVESTOR'S CALENDAR

Company news flow:

- **Q2 2022 Sales Update** – early July 2022
- **Q2 2022 Financial Report** – August 22nd 2022 (conference on August 23rd)

Q&A SESSION





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THANK YOU!

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BACKUP



PROFIT AND LOSS REPORT



Selected positions in k PLN	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22
Revenues from sales	95,018	169,622	179,259	134,296	578,195	174,114	164,885	147,951	147,095	634,045	150,335
Fishing Clash	84,678	158,044	164,256	155,357	562,335	131,659	114,983	114,371	121,868	482,882	95,827
Let's Fish	3,869	4,551	3,709	4,349	16,478	4,208	3,711	3,110	3,445	14,474	3,099
Wild Hunt	3,543	4,375	3,709	3,769	15,395	3,666	3,331	2,761	3,312	13,071	2,791
Hunting Clash	66	347	3,361	12,303	16,077	26,841	30,390	28,042	30,493	115,766	32,280
Others	2,768	2,999	4,798	5,060	15,625	2,822	2,561	9,421	8,571	23,376	8,555
Deferred revenues	96	-694	-575	-46,541	-47,714	4,918	9,908	-9,755	-20,595	-15,524	7,783
COGS	4,756	5,605	6,837	8,239	25,438	10,567	11,453	15,248	16,663	53,931	15,855
Gross profit on sales	90,261	164,017	172,421	126,057	552,756	163,547	153,433	132,703	130,432	580,114	134,480
GPS margin	95%	97%	96%	94%	96%	94%	93%	90%	89%	91%	89%
Selling costs	48,545	124,795	95,253	74,976	343,569	95,935	95,800	82,619	72,895	347,249	79,871
As % of revenues	51%	74%	53%	56%	59%	55%	58%	56%	50%	55%	53%
General and administrative costs	3,404	9,722	10,693	12,870	36,689	11,758	15,059	21,125	14,765	62,708	24,096
EBIT	37,555	29,422	66,475	38,322	171,774	55,919	38,696	28,093	43,513	166,221	29,392
EBITDA	38,249	30,159	67,257	39,195	174,860	56,861	43,446	31,386	45,872	177,566	32,134
EBITDA margin	40%	18%	38%	29%	30%	33%	26%	21%	31%	28%	21%
Net profit	35,341	25,622	58,771	31,865	151,599	52,682	33,396	22,316	32,870	141,265	25,585
Net profit margin	37%	15%	33%	24%	26%	30%	20%	15%	22%	22%	17%
EBITDA Adjusted	38,183	36,735	73,832	77,610	229,643	65,124	46,856	54,821	67,379	234,179	41,130
Team size (including Rortos)	231	275	310	318	318	340	386	482	503	503	546

BALANCE SHEET



Selected positions in k PLN	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22
ASSETS												
Fixed assets	4,433	5,176	4,936	11,215	11,604	14,395	16,101	19,091	23,994	291,171	298,866	320,497
Receivables	15,652	24,012	20,738	34,447	58,724	57,205	47,589	57,331	45,946	50,624	62,041	38,709
Cash and cash equivalents	28,745	42,376	75,230.03	105,044	89,587	153,912	236,608	284,687	332,611	107,632	139,553	149,281
Current assets	47,861	71,021	101,109	144,958	158,751	227,103	307,583	367,559	398,669	171,878	221,414	224,197
Total assets	52,293	76,197	106,046	156,173	170,355	241,497	323,684	386,649	422,663	463,049	520,280	544,694
EQUITY AND LIABILITIES												
Equity	38,584	57,037	92,145	128,394	133,578	199,277	238,051	302,419	274,431	321,211	351,051	372,813
Leasing liabilities	0	0	0	5,511	5,252	7,296	6,994	6,588	5,869	7,040	8,991	7,010
Total long term liabilities	587	751	537	6,323	5,867	8,141	7,437	7,366	6,531	54,400	64,993	63,456
Trade payables	7,196	8,570	4,633	10,063	23,285	20,941	12,392	21,976	20,525	19,363	6,845	18,746
Total short term liabilities	13,122	18,409	13,363	21,455	30,909	34,079	78,196	76,864	141,701	87,438	104,236	108,425
Total liabilities	13,710	19,160	13,901	27,778	36,777	42,220	85,633	84,231	148,232	141,838	169,229	171,881
Total equity and liabilities	52,293	76,197	106,046	156,173	170,355	241,497	323,684	386,649	422,663	463,049	520,280	544,694

CASH FLOW REPORT



Selected positions in k PLN	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22
OPERATING ACTIVITIES												
Profit before tax	15,944	22,316	33,691	39,192	28,814	65,849	37,091	58,432	37,034	31,291	35,225	30,975
Total adjustments	-1,589	-7,197	671	-7,735	-6,675	2,220	49,366	5,172	22,152	16,339	12,481	26,739
Amortisation	270	320	374	694	737	782	873	941	978	3,305	2,763	2,789
Cash from operations	14,356	15,119	34,362	31,457	22,139	68,068	86,457	63,604	59,186	47,630	47,706	57,714
Income tax paid	-8,124	-541	-739	-1,673	-8,230	-2,209	-2,296	-13,733	-1,334	-1,340	-1,315	-4,361
Net cash flows from operating activities	6,232	14,579	33,623	29,784	13,909	65,859	84,161	49,871	57,852	46,290	46,391	53,353
INVESTMENT ACTIVITIES												
Inflows	0	0	0	0	20	60	0	0	894	20,156	72	223
Outflows	-890	-1,097	-554	-960	-868	-1,815	-1,035	-2,909	-9,462	-217,595	-13,160	-23,951
Net cash flows from investing activities	-890	-1,097	-554	-960	-848	-1,755	-1,035	-2,909	-8,569	-197,439	-13,088	-23,728
FINANCIAL ACTIVITIES												
Inflows	0	2	0	0	0	0	3	0	0	3	0	0
Outflows	-27,311	0	0	-194	-27,568	-210	-274	-274	-274	-73,245	-1,281	-19,553
Dividends	-27,311	0	0	0	-27,372	0	0	0	0	-72,673	0	0
Net cash flows from financing activities	-27,311	2	0	-174	-27,588	-210	-271	-274	-274	-73,242	-1,281	-19,553
Net cash flows total	-21,968	13,483	33,069	28,650	-14,526	63,894	82,855	46,688	49,009	-224,391	32,023	10,072

METHOD OF DETERMINING ADJUSTED EBITDA

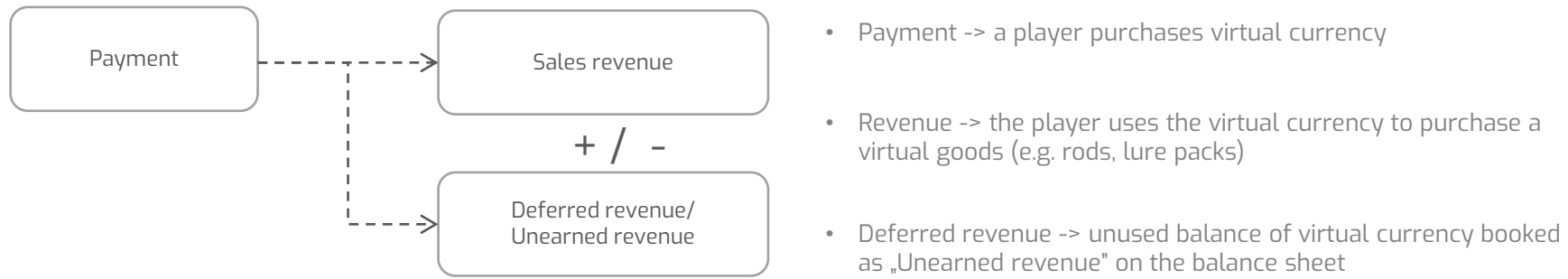
Selected items of the Profit and Loss Statement in k PLN	Results Q1 2022
Operating profit IFRS	29,392
Amortisation	+2,742
Write-down for impairment	+0
EBITDA IFRS	32,134
Corrections:	
Non-cash impact of the incentive programs	+12,303
Deferred result (unused virtual currency and durables)	-5,315
M&A costs	+1,760
Other	+248
Adjusted EBITDA	41,130

GENERAL ADMINISTRATIVE COSTS AND ONE-OFFS

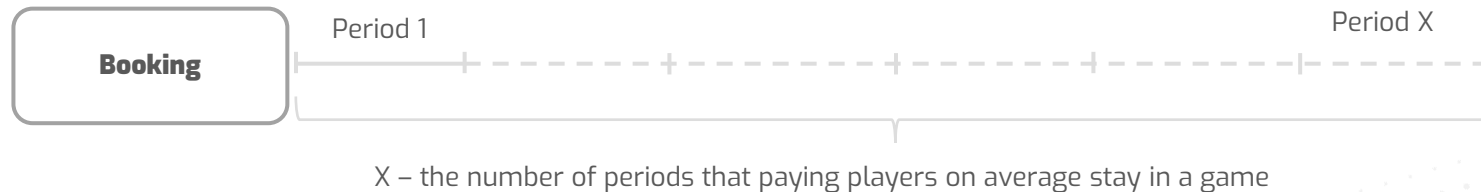
General administrative costs (PLN k)	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22
One-off costs					
MSOP	7,291	7,294	7,294	9,361	11,305
M&A	0	0	3,669	18	1,760
Croatia costs	0	0	2,054	0	0
Normal costs					
Salaries	1,872	3,097	2,284	4,117	5,463
Subsidiaries costs	51	21	1,193	1,196	1,702
Office	488	513	800	752	860
Other	2,055	4,134	731	2,421	3,005
General administrative costs	11,758	15,059	18,025	17,865	24,096
Adjusted general administrative costs	4,467	7,765	5,008	8,487	11,030

ACCOUNTING PRINCIPLES FOR REVENUES – IFRS 15

Virtual currency



„Durable”



Period 1 – user makes a payment for a durable good in a game (e.g., a fishing rod) - a cash flow is generated. The revenue for the period is the value of the payment divided by X; the remaining value of the payment is booked as deferred revenue.

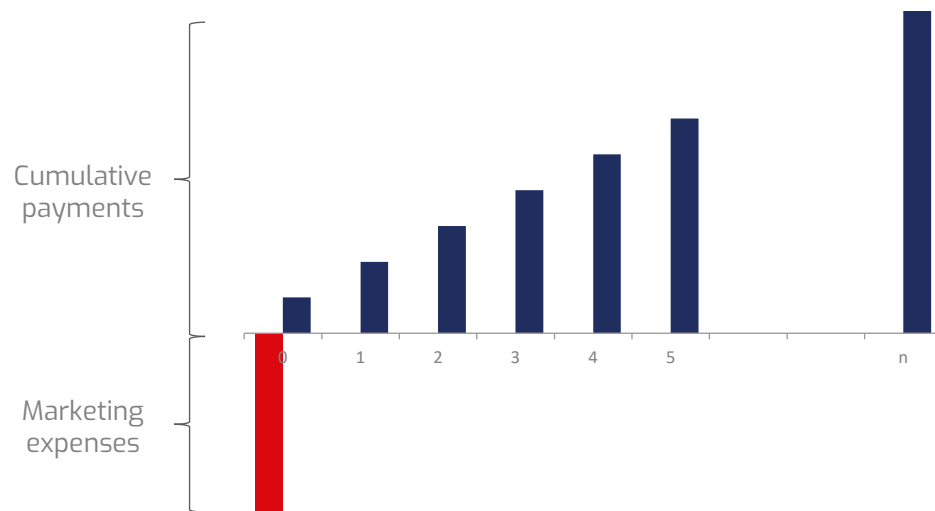
Periods from 2 to X – in each period the same value (equal to revenue recognized in period 1) is reclassified from deferred revenue to current period revenue.

MARKETING EXPENSES POLICY

Marketing expenses

„We invest in marketing provided we get positive returns throughout user lifetime”

Marketing expenses model cumulative approach



- The Group invests in marketing at point „0”. Cohort acquired in this period analyzed throughout user lifetime (period „0” to „n”)
- The Group monitors the current performance of acquired user cohorts
- Decision regarding marketing expenses based on several basic variables (user profitability, user acquisition cost, user life cycle)

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