

## **Q&As session held after presentation of Q3 2023 financial results.**

The first question to the Company is coupled with congratulations:

- 1) Good morning congratulations on the good results. Can you please approximate to what extent the write-down of the liability from the acquisition of Rortos will reduce the long-term portion, and to what extent the short-term portion?**

Thank you for your congratulations. We are pleased with these results and the things we can report to you this quarter. Regarding the answer to this particular question. For the most part, it is about updating the long-term liability. The long-term liability is about 80 - 85%, the rest is the short-term part.

- 2) Another question concerns the announced share buyback program: Will the process be organized in the form of a tender offer or a buyback from the market?**

In the draft resolution itself, we have the option to choose the mode of conducting the share buyback program. We must first obtain approval from the EGM for the buyback. We will see how the market and financial situation will develop over the coming weeks, months because the authorization is for 12 months.

Currently, we are closer to an off the market transaction. We will certainly publish a current report when the program is announced, which will include all the details of the program. It will therefore come as no surprise to anyone how we plan to carry out the announced share buyback.

- 3) When does the Management Board plan to conduct a share buyback?**

As soon as possible.

- 4) Is the Company's plan to carry out the buyback at its maximum amount, or is the actual value of the buyback yet to be determined?**

Formally, the value of the conducted buyback will, of course, be stated in the current report. It cannot exceed the maximum pool of PLN 115 million. Our intention is to carry it out.

- 5) What do you mean by an off-market buyback? Do you allow the offer to be directed only to certain shareholders in the form of an invitation to sell shares?**

Off-market, that is, in the form of an invitation to participate in the buyback of shares. Here we envisage equal, identical conditions of participation for all shareholders of the Company, both institutional and individual.

- 6) What price list do your fees for Unity currently fall into? Pro or Enterprise? When do you plan to upgrade your engine to the version from which the new fee is charged?**

We currently have the Pro version. The Enterprise version of course has additional features while it is simply more expensive. We will stay with the Pro version. On the other hand, as to when we will fall into this new price list, we currently have no plans to upgrade to the version with fees, as this version has not even been released yet. We are waiting and watching for information related to Unity. News Flow has been quite dynamic. We see a big change from the first version. Therefore, we are waiting to see what will actually happen. Currently, we do not anticipate moving to a higher version.

- 7) What is the reason for the low tax rate in the third quarter alone?**

In the third quarter, our notes present data cumulatively. It's worth looking at what's happening on the deferred tax and current tax items. All the time in the cumulative data for the third quarter, we see a very large decrease in deferred tax, which is related to the reversal of the provision for capitalized games. On the other hand, as for the current third quarter, there is no movement on deferred tax, and current

tax is our current business, i.e. IP Box For Fishing Clash and Hunting Clash, and the standard rate of 19% for other activities. If more details were needed then please email us. In cumulative numbers it is the deferred tax that makes the difference for us.

**8) Could you share your first conclusions after launching the browser version of Fishing Clash? What additional sales potential does the browser version offer? How much can this new channel add in 2024? Will there be a browser version of the game for Hunting Clash?**

At the moment, the browser version has only been launched. It is not yet widely distributed to our players. We are for now at the stage of checking that everything works as it should especially since there are also payments so this version has to be of very high quality before we start promoting it more to players. How much can this version add to the total? We'll see. We will start the first marketing tests and see what potential it has. We will also try different approaches to communicating this version, including in cooperation with external entities. And will a browser-based version for Hunting Clash be developed? This, of course, depends on what results the browser version of Fishing Clash will have.

**9) Are there any signs that could indicate that the browser version of Fishing Clash will help increase the share of bookings through the TSG Store?**

It's too early to tell for now. We are only testing the browser version. We can't say that it will definitely increase the share of bookings generated by the TSG Store. But according to all market theories, it should increase this share.

**10) Could you share more details about the drop in bookings in Hunting Clash in October?**

We are mainly talking about the experiment of releasing a new location. We decided to do a big experiment with releasing new animals, releasing a new location. This is what happens with experiments, this one didn't work out for us at all. We were emboldened by the previous months, in which we managed to prepare cool events for our players. Here, individually, the experiment failed, but in November the game is back on track.

**11) What is the share of revenue currently generated by TSG Store's Fishing Clash and Hunting Clash, and what are the expectations for next year?**

In terms of the total, this share has obviously dropped after the addition of Hunting Clash to the TSG Store portfolio. As was the case with Fishing Clash at the beginning, we were very selective about which players could access the store and tested its functionalities. Because of this, this reading for the group as a whole dropped. I wouldn't want to get into statistics for individual games at this stage, we wouldn't want to share our data with our competitors too often. On the other hand, this level that you saw at the previous conference is certainly not one that satisfies us, and we believe that there is more to be gained there. To achieve this we need to expand our marketing channels among our players, the loyalty program. There is still a lot of work ahead of us.

**12) Should we expect a reduction in user acquisition spending in the fourth quarter? If so, is it similarly deep as it was in previous years?**

The growth department works in our company in the following way, it's not like someone from the management board will come and say we are reducing something. We have a campaign set up the following way, that if ROAS does not reach certain points, these campaigns become smaller and smaller. In the fourth quarter, especially in December, we will certainly have such a situation. How big will the decline be? It's hard for me to say because I don't know how the whole e-commerce will behave. What is usually telling is that before the holidays these expenses decrease, while after the holidays they increase again. It's hard to predict what these levels will be, we don't know what channels e-commerce will use to communicate. I would not like to guess here.

**13) Are there still plans to add any new content to Fishing Clash and Hunting Clash in November?**

I don't want to talk about our event calendars because they can affect both positively and negatively the performance of our products. Each event should be announced a maximum of 24 hours in advance via our social media or we should not communicate it at all. It should always be the kind of entertainment that is never certain, you never know what's going to happen and it's always exciting.

**14) At what stage is the process of making changes and increasing the amount of content in Wings of Heroes? When can we expect an increase in marketing spending and the start of scaling of this game? What are the sales targets for 2024 versus 2023? Is it a deceleration of decline or an increase in revenue?**

We are playing for revenue growth. If we were not convinced that this company has potential ahead of it, the team working on Wings of Heroes would be working on another product. We believe very strongly that this product has a future. Predicting what it will look like in a F2P game is very difficult. Every game is different. Even if it's similar players in terms of specifics, in the end even a very small change or difference will very much affect what succeeds and what fails in the game itself. I will use an example here. Usually when releasing a feature in any of our games, it is rare that it brings, for example, plus 3%, 5% or 20% more on the first day. Usually it's that the feature works in a very limited way at first, and only with time, after many improvements, after dozens of AB tests, do we get to the point where it actually adds value or it should even be removed because it didn't contribute anything. Therefore, it is hard to predict if and in which month Wings of Heroes will be ready to scale marketing already. What we are very happy about is that we are seeing movement in live time value. As you may know raising live time value is one of the most difficult things in the F2P market. Here we are seeing positive movements. It is far too early to say that it will be a given month, or what that ceiling is. We don't really know what the ceiling is in terms of the potential of the flight simulator market. It's a bit like the story before with Fishing Clash or Hunting Clash. You could assume that for Fishing Clash it was a maximum of \$2 maybe \$2.5 million, while Fishing Clash showed everyone that it was much higher monthly amounts.

**15) How do you rate the new mid-core feature added to the Fishing Clash game in October?**

The feature was initially poorly received by players. It went through a great deal of changes. Feedback from players has improved. In addition, we have noticed that the number of paying players has increased, these are small amounts for now, but this gives hope that some of our players found it interesting. For the next 30 days we will test this solution and see where we actually end up in a month or two. It was such a bittersweet feature.

**16) Hunting Clash: in the third quarter you can see an almost doubling of MAU growth, however, this had a negligible impact on bookings growth what is the reason for this?**

This is the peculiarity of our games. Players who start spending in our games at first spend rather small amounts. Of course, there are some people who enter and spend large amounts right away. Here we see that these are rather players of the former type. Now we have work ahead of us especially with LivOps, events, because we want these players to stay with us as long as possible. Our games are engaging enough that at some point our players' spending increases, and that's the direction we'd like to go.

**17) Do any of the recent titles released by Gamesture stand out in terms of KPIs? What are the future plans for this entity?**

The latest game released by Gamesture is Soccer Clash. The game belongs to the genre of social games. In order to show whether this game has potential it needs definitely more players than there are currently in this title. We need more time that to see if there is more there. At this point, the company is very focused on achieving break-even and developing games in the social war genre. I think in the first quarter of next year we will be able to say more about how Gamesture works and whether we see more potential there.

**18) Do you use artificial intelligence tools in business? How can artificial intelligence affect your industry?**

All social war games produced by Gamesture are largely developed using AI. In TSG we have started several projects. I don't want to talk about all of them because they are quite specific projects, nor would I want to share in detail with the market what they mean. Let me use an example from the sphere of translation. In cooperation with one of the companies, we are trying to learn the model of just our game translations and use it for later work, which de facto should help us a lot with LiveOps because these events will be able to be created practically on the fly. We won't have to wait a day to translate something, and that's one of the things we're doing right in our standard work, which should help us a lot when it comes to user engagement and monetization. This is one of the projects we are currently doing on the borderline between AI and standard work.

**19) Are you seriously considering increasing your involvement in Gamesture?**

At this point no. We are observing how the team is doing with the plan it has put forward itself as I said the goal is to achieve break even No and we are waiting to see how these next titles will perform in the market. As you know we have a mechanism that allows us to take over the majority of the Gamesture at the right time if we see that there is such a need then we will simply use such a mechanism.

**20) What will the dividend be? What does it mean that the buyback may be off-exchange? Will the shares be bought back and cancelled? request to address concerns that the Share Buyback is due to the majority shareholders' desire to sell shares, Can the Company address this?**

The announced buyback of own shares is to be an alternative to dividend, it is to be instead of dividend, due to the fact that this year's net income will be significantly disturbed by one-time events i.e. write-offs. Therefore, it can be assumed that there will be no dividend next year.

In the buyback executed off the market, all shareholders are invited to subscribe to the sale of shares. The subscriptions last for several days. On the last day we close the demand book. We look at how many of these subscriptions there were, and then reduce to the pool of shares we can buy back, and in that proportion these shares are purchased from all shareholders. Everyone has a chance to subscribe to the program, and it's an individual decision whether someone takes advantage of the share repurchase program or not. And it's also a smooth transition to answer the question about concerns about whether it's the majority shareholders' willingness to sell shares. Of course, we cannot comment on what the intention of the majority shareholders is, while it is their sacred right to be able to participate in this buyback on the same terms as all shareholders. In the draft resolution there is a provision that a minimum of 90% of the shares will be immediately redeemed, also here again we are emphasizing this aspect that the purchase of shares its redemption is this classic alternative to dividend because the other shareholders also gain.

**21) How many people does the company currently employ, and how many does the group employ?**

TSG, or our main company, is about 330 people, and this has been a fairly stable level over the past few months. Rortos has also been stable for a long time is a level of about thirty, thirty-something people. Gamesture is not quite so directly part of our group yet - we have less than 40% of the shares there. After the recent changes, because Gamesture was also going through layoffs, it's a team of about thirty, thirty-something people.

**22) What is your development plan for Hunting Clash?**

In Hunting Clash we have focused heavily on the basics. Without improving the basic things in the game such as LiveOps or content, you shouldn't move on. That stage is behind us. Now we are actually going into more daring measures, and the first of these is precisely the change in the system underlying the game. We will go very deep into the systems sewn underneath the game. We see a lot of potential here when we compare Fishing Clash and Hunting Clash. The number of duels played between players is smaller in Hunting Clash. We were able to figure out what could be causing this situation, and we will in the next weeks, months test these solutions and observe how they work on the game. By the way, there will be brand new features and we will make changes to the existing ones. We will see how they affect

the game. At the moment it looks like Hunting Clash has come to a standstill as far as development is concerned, and we definitely want to reverse this trend.

### **23) Is the Company planning new productions?**

Maybe I'll put it this way - it doesn't plan to, but we know that they will appear. I'm intentionally quite strict when it comes to talking about new productions because we wouldn't want the company to be living on new ideas at the moment. We want the team, including the board, to focus on our current productions. The moment we feel that our games are properly taken care of then the moment will come to think about new productions seriously.

### **24) What are the biggest opportunities you see for the Company in 2024?**

There are a lot of them. In Fishing Clash, we've been able to improve the game and it's very visible. We see a lot of potential in Hunting Clash, not only by having more new players, but also because we are starting to understand better and better what works and how in this game. We are also getting a better understanding of how the differences between the two products affect them. This gives us a good overview of what else we can change to improve the performance of these products.

We also have Wings of Heroes. Here we see the first positive changes in live time value. Improving this indicator is always the most difficult thing in F2P games. The team is succeeding and these are 2 things we strongly believe in at this point.

Then there are new productions, of course. Only with new productions it's always the case that you don't know how long their development will last. Sometimes products in a very simple form can be successful, and sometimes a year of development is needed, for example. Therefore, I would not like to say that 2024 is the time of new productions and it is something that will take us to the moon. Rather, it's groundwork work on our main titles: Fishing Clash, Hunting Clash and Wings of Heroes.

### **25) Do you plan to improve the monetization of Airline Commander? At the moment, the millions of downloads do not translate into monetization, would such an improvement be possible, for example, by introducing a subscription model?**

Currently, we believe much more in raising revenue in Fishing Clash, Hunting Clash or Wings of Heroes. That's why we are not planning some kind of larger team at Airline Commander. On the other hand, this can all change. At the moment, a small team is working on Airline Commander, but if they discover something interesting, some interesting lead, then everything can change very quickly. We are a Company that reacts very quickly to events, changes, or opportunities that appear before us, so in a month or two the situation may change.

### **26) How did the company manage to increase the number of users with low marketing expenditures? What worked here?**

I mentioned at the previous conference that just improving the functioning of the game from the technological side gave us a lot. The moment we reduce the loading time of the game, eliminate the number of glitches then as a developer we will be better promoted by companies like Apple or Google. We will be found higher in the search results on their platforms. That's why it was so important for us to help ourselves in this area. In addition, how we look at marketing itself is buying better quality players, which means working with the algorithms and teaching them that we are looking for better quality players. If we have better quality players who stay with us longer then that base starts to overbuild. Plus a few other smaller developments have resulted in us having more of these players in the game. I can cite influencer marketing as an example here. For Fishing Clash, we ran a marketing campaign together with Influencer Dude Perfect, which also helped us with organic traffic and not only during this campaign but also afterwards.

### **27) Why did the company opt for a share buyback program rather than paying a dividend?**

We can always pay dividends from retained earnings plus current earnings so it's a fairly similar structure. We would have to wait until at least the approval of the annual report by the general meeting, which would be no earlier than June or July next year, to pay dividends. Asking the general meeting to approve the buyback paves the way for a de facto cash payment as early as January. If we already have that cash and want to share it with shareholders, why not? Buyback is also very attractive and gives you the opportunity to receive this cash. Also, seeing no downside, and the upside in terms of faster transfer of funds, we simply opted for this form.

**28) In the third quarter, what was the savings from sales in your own store? What is the approximate amount in question?**

On a quick note right now, I am not able to give you that amount. As Andrew said, the current sales level is not yet our target level. At the moment it is about a dozen percent, which gives you a rough estimate.

I would also like to add that as the volume of orders through the store increases, the commissions we pay will be lower. That's why it's hard to estimate a specific amount because if we fall into a little better thresholds then the commissions we pay will be lower.

**29) Have you noticed an increase in interest from industry investors recently?**

We do not comment on this type of situation. We are in constant contact with the entire market. I've been working in the F2P industry for 15 years so I'm in touch with people I've met over the years. The entire board as well as our entire senior leadership as well. But that's probably as much as we can say at this point.

**30) What is the current cost of acquiring customers? Are the costs per customer the same? Have they increased? Have they dropped due to the slowdown? and was the level of marketing spending on user acquisition costs in October at flagship titles similar to that in September?**

Unit user acquisition costs are increasing. The intention of our Company, our business models is to acquire these users efficiently. Although user acquisition costs are increasing the Live Time Value from that user is also expected to increase. As long as this inequality of ours is fulfilled then we are simply spending resources on marketing. That's why we can't consider marketing strategy solely by CPI. But unit costs are increasing.

As for commenting on November, here it is standard not to comment on data that we have not yet made public in current reports. Therefore, we will not give this answer now, the time will come in future reports.

**31) Do you want to purchase the shares, as cheaply as possible, or does it not matter?**

We want to buy back shares within the framework of the authorization given, assuming that we get this authorization. We will consider this along with the current market situation, the development of the price, and make this decision on an ongoing basis.

**32) How do you assess the prospects of the mobile market? is it getting more competitive? is it harder to fight for customers now?**

In recent years, the mobile market has been just as difficult. I don't think anything has really happened since Apple's privacy policy change that has really disrupted it much. I even have the impression that because of the fact that it started to get more difficult people started to experiment more. What else can we do to help ourselves. An example of this in our case would be the TSG Store, or the browser version, etc. In my opinion, a little more difficult times also open up new opportunities for us, and we really have a lot of new ideas. Some of them you have already seen, and some of them you will see in the future. All in all, I think the outlook is good for the F2P market. I think what helps us is that we are not dependent on releasing very expensive launches. The cost of releasing new games is increasing dramatically, it's getting harder and harder to break through with a game. You have to increase these budgets drastically. Whereas with us, once a product is created that is able to generate very high revenues for the next 5, 10, 15, 20 years it gives us peace of mind.

**33) Czy były prezes Spółki wykonuje jeszcze prace na jej rzecz?**

Nie. Nie prowadzimy żadnych operacyjnych działań.

**33) Does the former CEO still work for the Company?**

No. We do not carry out any operational activities.

**34) What plans does the company have for the coming months; the results show that you are making progress so how do you increase profits in the coming months of the years?**

We are working with our products and will not stop doing so. Here one feature can change a lot. We'll see if we can go with all of this. We don't see a ceiling in our games yet, we don't feel there's anything left to do there - that's the first thing. The second is efficiency, our store, browser version, marketing. An example is our remarketing efforts. We are getting back to our players who used to play Fishing Clash and trying to get them to come back. These activities are starting to show interesting results. We still have a whole bunch of different things we're exploring that can bring us a few percent here, a few percent there. That's what we're focusing on at the moment. That's very important to us at this point. Going back to the whole focus strategy - the fact that we're now focusing on three products gives us a chance to test different tracks for those products. That's what we're doing now, and as you can see it's yielding results. That's why we will continue these activities. When we feel that we have tried almost all the avenues then we will start to enter new development. But this does not mean that this will be the end of growth for our flagship titles. On the contrary. This could mean, for example, that we have discovered something interesting just through development in Fishing Clash or in Hunting Clash, which allows us to produce another game based more on a different aspect of the game than Fishing Clash. I can say that we already have one idea for a game, for example, but it is, as I said, too early. We don't want to pull the whole crew, including ourselves, away from our main goal at the moment, which is to improve performance.