



ten square_games

Q1 2024 PRESENTATION

May 28th, 2024



**BEYOND BOUNDARIES:
TSG'S EVOLUTION
IN
MOBILE GAMING**



2023 - THE FOUNDATION YEAR



new marketing channels

various
gameplay
modes

different
game genres

new features

feedback from
players

Current target group

We learned what we have to change to address the needs of Fishing Clash and Hunting Clash players



New target group

We learned about large target group interested in fishing and hunting but with different needs and focus in a game

UNLOCK THE POTENTIAL OF GROWTH



2024



Monetization

New LiveOps & marketing strategy

Better segmentation & more personalized experience

Data informed process - R&D and analytics

Dedicated in-house built tools to support business decision

Quality

Automation & AI to eliminate human mistakes

Testing & iteration

Technological excellence

Acceleration of growth

TSG Store

Wings of Heroes

Clear strategy for main products & adaptability

Efficiency, cost discipline, added value

EMBRACE EXPANDING **UNIVERSE OF GAMERS**

2024



2030

**8 BILLION
PEOPLE**

**2 BILLION
GAMERS**

**9 BILLION
PEOPLE**

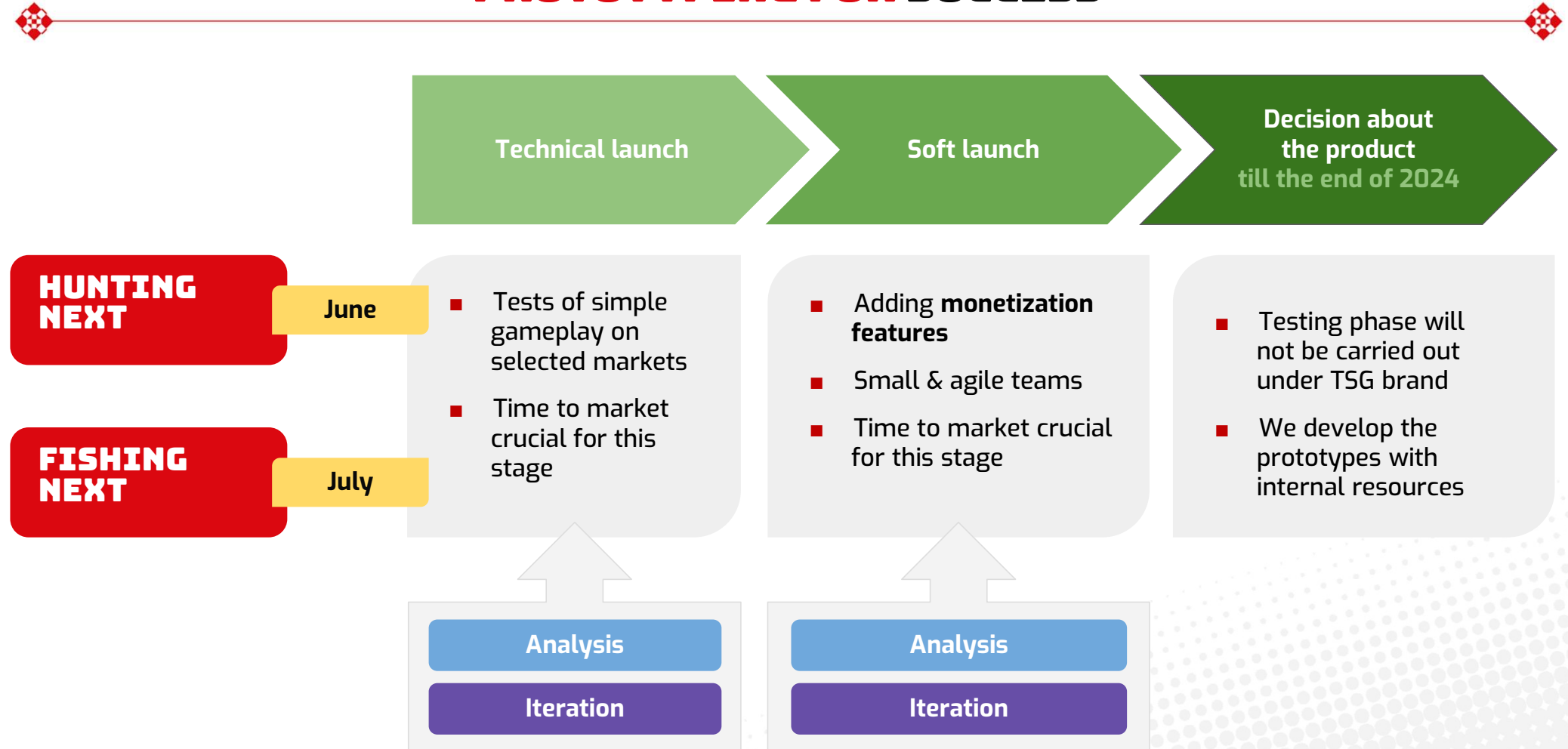
**4 BILLION
GAMERS**

Simulation games in **TOP 10** most popular game genres in the world

Simulation games to grow faster than mobile gaming market

TSG wants to answer to the needs of **new groups of players** interested in **different aspects** of mobile hunting and fishing

PROTOTYPING FOR SUCCESS



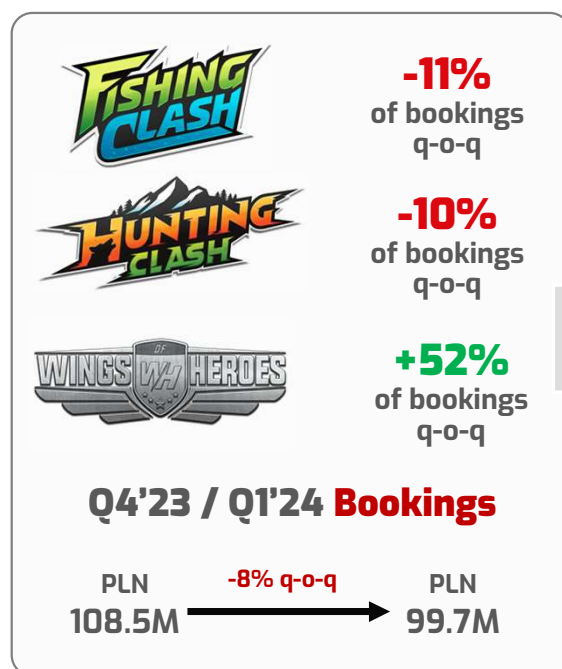
Q1 2024

AT A GLANCE

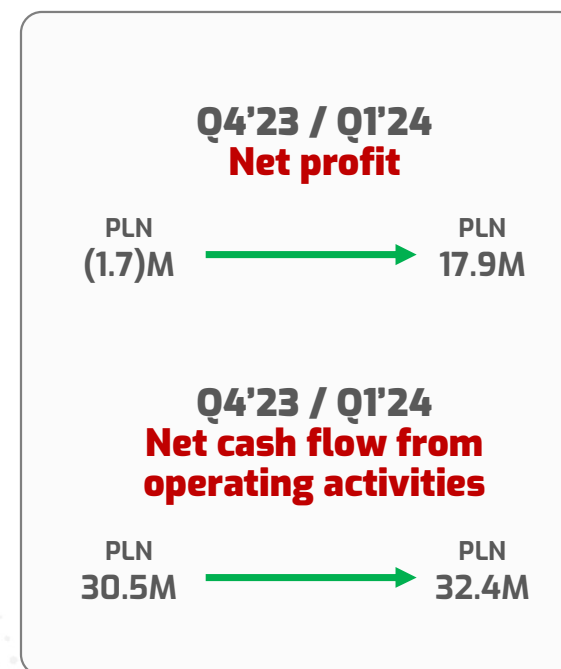
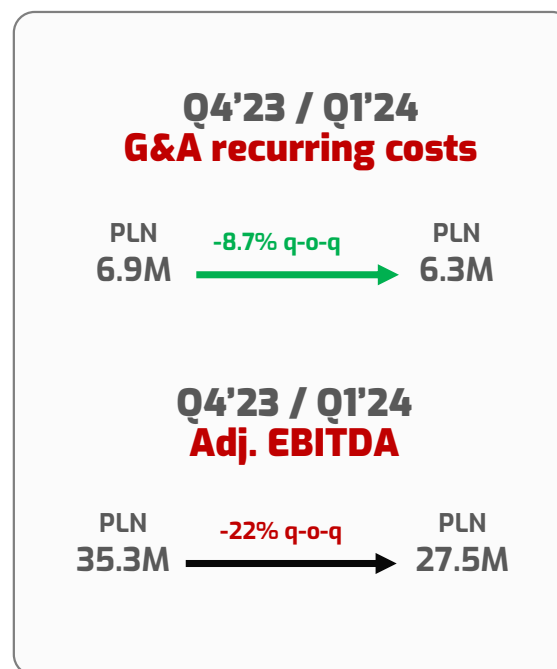


Q1 2024 PERFORMANCE

Core portfolio performance

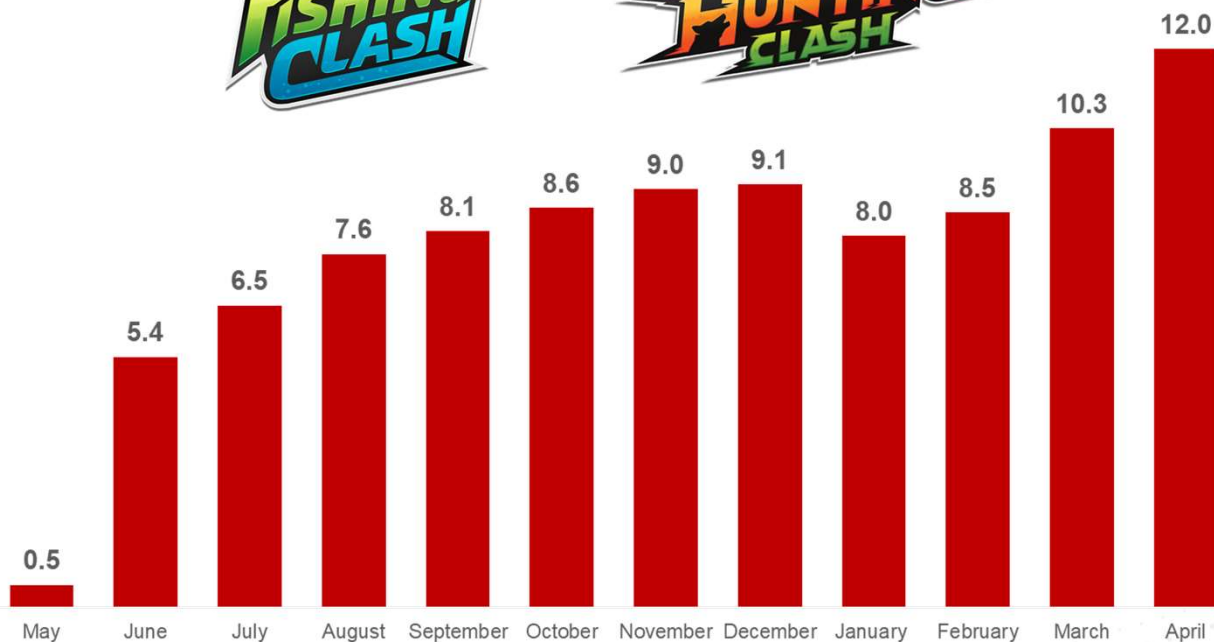


Financial performance



TSG STORE - SUSTAINABLE GROWTH

TSG STORE % SHARE IN GROUP'S BOOKINGS



17%

share of TSG Store bookings in FC
(April 2024)

Growth of revenues flow

through TSG Store in both products

Improvement of quality and segmentation of
offers

New channels to effectively promote
TSG Store

Introduction of **special currency** integrating
better FC offer & TSG Store

PRODUCT PERFORMANCE UPDATE



FISHING CLASH PERFORMANCE



Bookings and marketing expenses (PLN M)

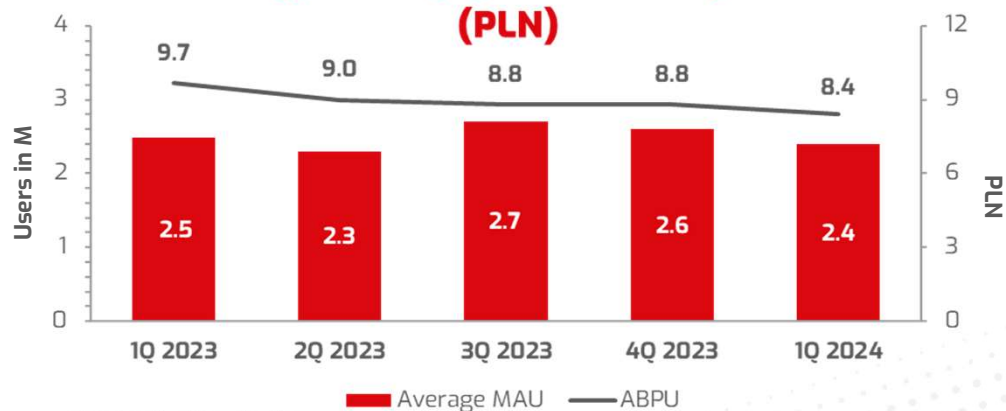


- Q1'24 level of bookings results from the focus on retention and smaller number of in-game events after very intensive Q4'23
- **Main focus** of the team was on improvement of user experience and main systems of the game to improve game's efficiency
- UA activity focused on looking for new channels for UA acquisition
- In April slight slow down in bookings vs March - PLN 20.5M

FISHING CLASH DEVELOPMENT

- further development of **Clan feature** aimed at increasing competition and engagement
- introduction of **new type of gameplay** in June bringing new in-game experience to players
- introduction of **new currency** & layout of sales offers to boost sales through TSG Store and improve monetization
- special currency for VIP players
- various projects aimed at user experience improvement

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

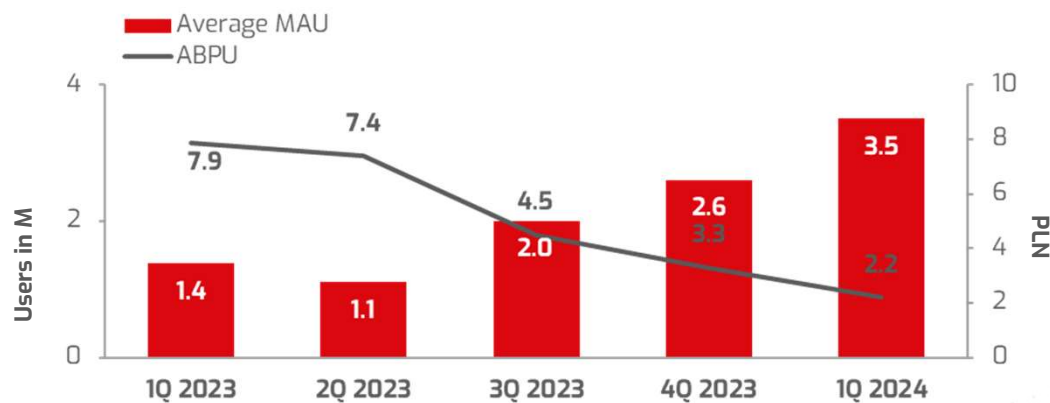
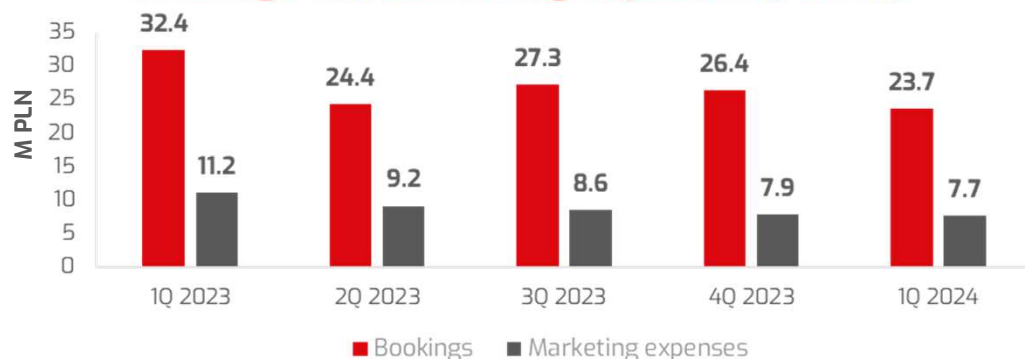


*Average Bookings Per User

HUNTING CLASH PERFORMANCE



Bookings and marketing expenses (PLN M)



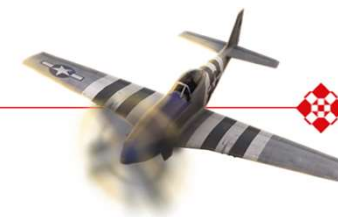
- **Dynamic increase** in MAU; large inflow of organic traffic due to effective marketing campaigns and cooperation with brands as **Beretta**; great potential for future monetization.
- Lower level of bookings in Q1'24 was related to smaller number of in-game events due to introduction of one of **the largest update in the game's system** to improve game's monetization in the long-term. Now, we have to calibrate game systems and reorganize **LiveOps** to monetize larger volume of users.
- In Q1'24 team focused also on improvements in technical aspects of the game and user experience. Introduction of new feature - power score and new game mode - mini-monopoly. Slight drop in bookings in April.

HUNTING CLASH DEVELOPMENT

- Focus on development and improvement of Hunting Clash offers in TSG Store: integrating games' offer with TSG Store.
- Changes in **LiveOps** - priority for coming months.
- New structure of events and offers to address needs of a **larger and more diversified pool of gamers**.
- Accelerated pace of development of new features.

*Average Bookings Per User

WINGS OF HEROES GROWTH - RETENTION



↑ **7%**

1 day retention
2023.06 vs 2024.03

↑ **19%**

3 day retention
2023.06 vs 2024.03

↑ **40%**

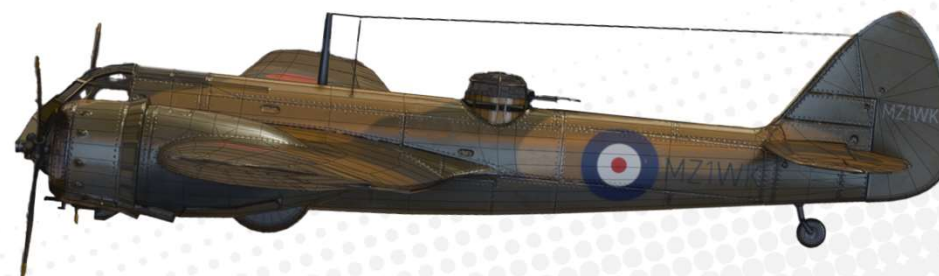
7 day retention
2023.06 vs 2024.03

↑ **48%**

14 day retention
2023.06 vs 2024.03

↑ **50%**

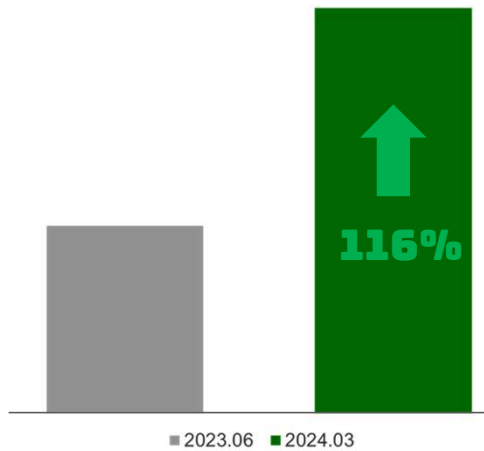
30 day retention
2023.06 vs 2024.03



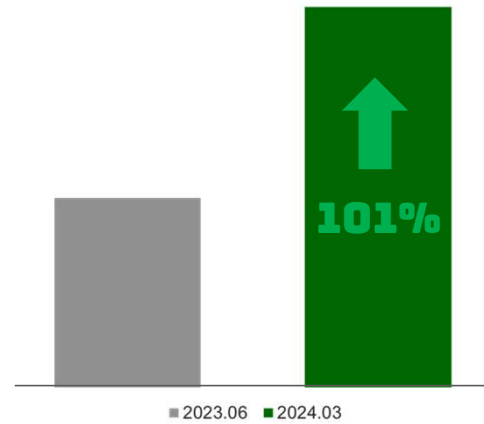
WINGS OF HEROES GROWTH - MONETIZATION



MONTHLY REVENUE PER USER



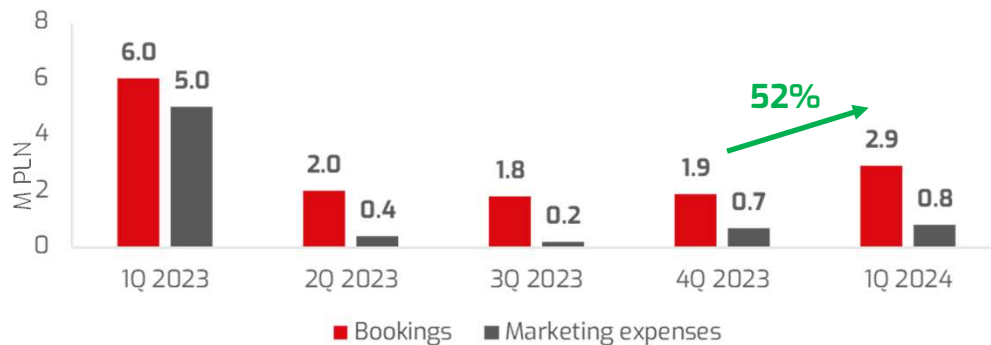
MONTHLY REVENUE PER PAYING USER



WINGS OF HEROES PERFORMANCE

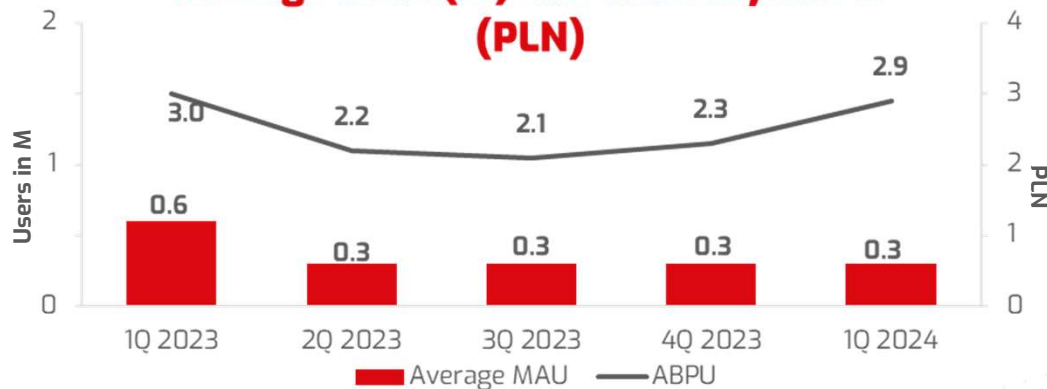


Bookings and marketing expenses (PLN M)



- **Growth of bookings** and other main KPIs of the game since introduction of changes in the game in 2Q 2023
- **Increased UA** spending due to improvement in monetization and changes in marketing strategy
- All planned features delivered according to the plan: leagues, power-up, new planes and a map
- In April level of bookings slightly dropped vs March and amounted to PLN 977 thousand

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



WINGS OF HEROES DEVELOPMENT

- introduction of **squadron feature** at the end of April improved engagement and monetization
- squadron feature will further developed to increase **competition** between squadrons and
- introduction of large update in the **matchmaking system** to improve user experience and engagement
- changes in the layout of modes available in the game to support more effective matchmaking

SUMMARY



CORPORATE INFORMATION

Appointment of the Management Board for the next 3-year term of office



Andrzej Ilczuk
CHIEF EXECUTIVE OFFICER



Magdalena Jurewicz
CHIEF FINANCIAL OFFICER



Janusz Dziemidowicz
CHIEF TECHNOLOGY OFFICER

Appointment of the Supervisory Board for the next 3-year term of office

12-22 February 2024

Buyback of shares as an **alternative to dividend** for 2023:

- 954.166 bought shares
- purchase price: PLN 120 per share
- PLN 114.5m - record high amount of buyback



Adoption of resolution to **cancel 858.822 Company's own shares** and decrease Company's share capital (23.05.2024).
Change effective after court's registration
(expected in August/September 2024).

Adoption of resolution to transfer net profit for the fiscal year 2023 in the amount of PLN 16.66M in full to the Company's reserve capital.

SUMMARY

Prototypes



- Decision to verify 2 concepts instead of one
- Agile approach to projects development

Clear roadmap for unlocking growth in main products



- Revision of monetization strategy in main products
- Adaptation of best practices in LiveOps operations
- Automation of most repetitive processes to eliminate the most common mistakes negatively affecting user experience
- Technology and R&D tools to improve quality of operations and business decisions

Acceleration of growth



- Acceleration of growth in Wings of Heroes in 2H 2024
- Growing share of TSG Store in the Group's total bookings

Cost discipline & financial efficiency



- Focus on profitability and value creation
- High ability to adapt to challenging market conditions

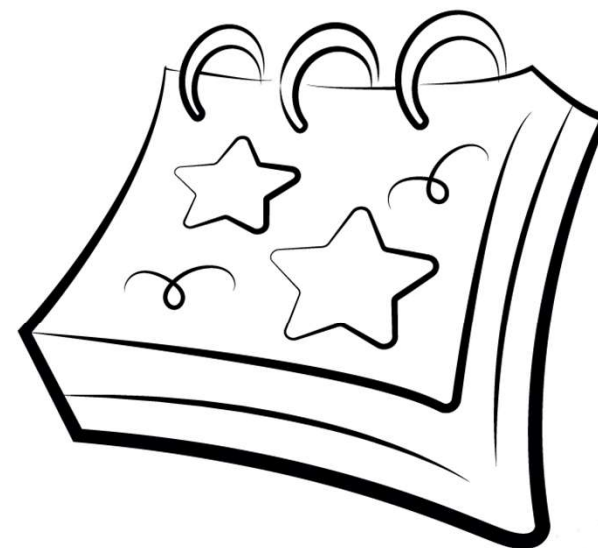
INVESTOR'S CALENDAR



INVESTOR'S CALENDAR

Company news flow:

- **Q2 2024 Sales Update** – early July 2024
- **1H 2024 Financial Report** – 26th August, 2024
 - **Conference call** on TSG's performance in 1H 2024
- 27th August 2024 at 12:00 P.M.
 - Chat with individual investors on TSG's performance in 1H 2024
- 27th August 2024
- **Future in CEE – ERSTE Consumer & Technology Conference 2024** - June 5th, 2024



Q&A SESSION





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THANK YOU!

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FINANCIAL RESULTS



PROFIT AND LOSS DYNAMICS

M PLN	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24
Revenues from sales	117.4	104.9	105.6	108.1	436.1	100.1
1 Bookings	123.6	101.2	110.4	108.5	443.7	99.7
Gross profit on sales	98.1	86.0	87.8	91.4	363.4	80.7
margin	84%	82%	83%	85%	83%	81%
Selling costs, including:	69.0	59.8	56.4	54.4	239.6	54.9
2 User Acquisition costs	27.2	21.2	19.8	18.6	86.9	19.8
Commissions	33.6	30.5	29.6	29.9	123.6	28.4
3 General and Administrative costs¹	16.7	8.1	6.6	7.2	38.6	7.5
Write-downs	26.6	5.1	0	46.6	78.3	0
4 Adjusted EBITDA	27.6	21.9	33.7	35.3	118.6	27.5
margin	24%	21%	32%	33%	27%	27%
5 Net Profit/Loss	-12.8	7.6	22.2	-1.7	15.2	17.9

- 1 Slight decrease in bookings q-o-q**, due to a weaker performance of Fishing Clash and Hunting Clash. Growth in Real Flight Simulator and Wings of Heroes q-o-q.
- 2 User Acquisition costs** increased in Q1'24 mainly in HC and WoH; lower in HC.
- 3 General and Administrative costs** increased as a result of the cost of incentive scheme based on Company's shares.
- 4 Adjusted EBITDA in Q1'24** was lower than in Q4'23 - record high for previous year; but maintained at a similar level as in Q1'23 despite lower level of bookings.
- 5 Net profit** vs net loss in Q4'23 and Q1'23. .

¹Results 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

PROFIT AND LOSS REPORT

Selected positions in k PLN	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24
Revenues from sales	117,450	104,932	105,572	108,122	436,076	100,118
Fishing Clash	72,558	63,194	69,738	68,743	274,232	61,219
Let's Fish	2,172	1,852	1,614	1,890	7,529	1,732
Wild Hunt	2,353	1,998	1,813	1,967	8,131	2,209
Hunting Clash	32,396	24,412	27,311	26,377	110,497	23,732
Wings of Heroes	5,769	2,072	1,757	1,928	11,526	2,922
Others	8,346	7,698	8,166	7,558	31,767	7,845
Deferred revenues	-6,143	3,706	-4,827	-340	-7,606	-457
COGS	19,328	18,901	17,809	16,679	72,717	19,389
Gross profit on sales	98,122	86,032	87,762	91,442	363,359	80,728
GPS margin	84%	82%	83%	87%	83%	81%
Selling costs	69,004	59,814	56,409	54,347	239,574	54,950
As % of revenues	59%	57%	53%	50%	55%	55%
G&A costs	16,771	8,082	6,566	7,193	38,613	7,509
Write-downs	26.6	5.1	-	46,616	78,306	0
EBIT	-14,414	9,639	25,032	(16,739)	3,518	19,108
EBITDA	17,137	19,795	30,001	34,598	101,531	23,614
EBITDA margin	15%	18%	28%	26%	23%	24%
Net profit	(12,845)	7,654	22,150	(1,662)	15,207	17,939
Net profit margin	-	7.3%	21%	-	3%	18%
EBITDA Adjusted	27,634	21,940	33,662	35,348	118,583	27,489

GENERAL AND ADMINISTRATIVE COSTS

General administrative costs (PLN k)	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24
Recurring costs	10,573	7,510	6,454	6,860	31,398	6,287
Salaries, subcontractor services	4,535	3,683	3,207	3,070	14,495	3,039
Subsidiaries costs	1,613	1,135	1,074	,972	4,794	926
Office rental and maintenance	1,100	986	749	789	3,624	561
Other	3,326	1,709	1,423	2,028	8,485	1,761
One-off costs	6,198	1,569	112	333	7,215	1,221
MSOP cost	6,033	0	111	333	6,478	1,532
M&A cost	2	572	1	0	737	-310
Other one-off costs	0	997	0	0	0	0
General and administrative costs	16,771	8,082	6,566	7,193	38,613	7,509

Increase in General and Administrative costs results mainly from the cost of MSOP.

CASH FLOW GENERATION WITH A STRONG CASH POOL

M PLN	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24
Adjusted EBITDA	27.6	21.9	33.7	35.3	27,489
Net Cash Flows from Operating Activities	29.9	28.6	32.5	30.5	32.4
Net Cash Flows from Investing Activities	(14.7)	(9.5)	(2.0)	(0.3)	(1.4)
Net Cash Flows from Financing Activities, including:	(1.5)	(54.3)	(1.3)	(1.4)	(114.4)
<i>dividends</i>	-	(52.3)	-		-
Total Net Cash Flows	13.7	(35.2)	29.2	28.8	(83,4)
Cash and cash equivalents	140.3	105.4	133.8	162.8	76.8

Cash balance of PLN 76.8 m at the end of Q1'24 results from the execution of record high buyback program of PLN 114.6 M executed in Feb. 2024.

BALANCE SHEET

Selected positions in k PLN*	31.03.23	30.06.23	30.09.23	31.12.23	31.03.24
ASSETS					
Fixed assets	297,613	279,861	285,980	215,779	214,234
Receivables	41,096	31,606	36,293	38,937	36,253
Cash and cash equivalents	140,249	105,379	133,820	162,826	76,784
Current assets	225,594	180,653	215,517	242,325	152,186
Total assets	523,207	460,514	501,498	458,103	366,420
EQUITY AND LIABILITIES					
Equity	334,923	277,992	310,545	291,011	194,689
Leasing liabilities	4,537	6,939	5,918	5,018	7,420
Total long term liabilities	47,986	46,659	48,866	29,465	34,881
Trade payables	21,290	12,856	13,501	10,422	16,093
Total short term liabilities	140,297	135,862	142,087	137,627	136,850
Total liabilities	188,284	182,522	190,953	167,092	171,731
Total equity and liabilities	523,207	460,514	501,497	458,103	366,420

*restated data

CASH FLOW REPORT

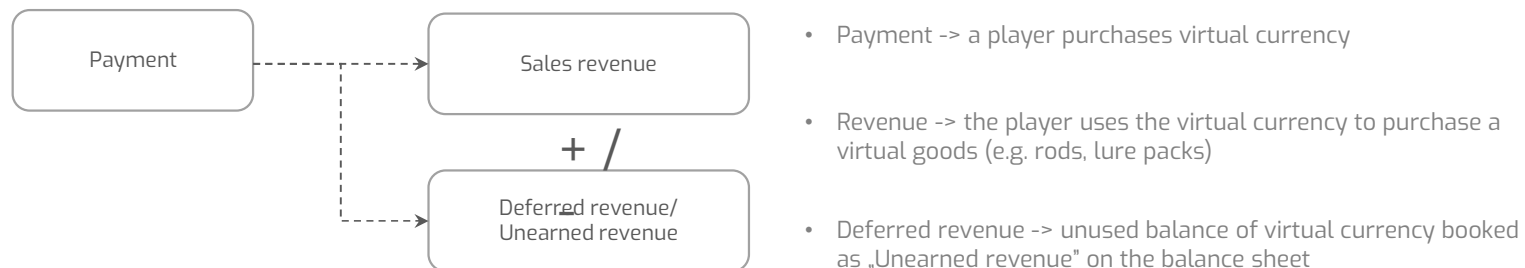
Selected positions in k PLN	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24
OPERATING ACTIVITIES					
Profit/loss before tax	(16,022)	10,049	23,205	(0,184)	20,720
Total adjustments	49,203	9,273	11,372	27,985	13,803
Amortisation	5,289	5,143	4,969	4,809	4,506
Cash from operations	33,181	19,321	34,577	27,801	34,523
Income tax paid	-3,304	9,321	-2,111	2,718	-2,077
Net cash flows from operating activities	29,878	28,642	32,466	30,519	32,446
INVESTMENT ACTIVITIES					
Inflows	2	0	78	105	306
Outflows	-16,906	-9,550	-1,477	-448	-1,739
Net cash flows from investing activities	-14,687	-9,541	-1,998	-343	-1,433
FINANCIAL ACTIVITIES					
Inflows	0	0	0	0	1,184
Outflows	-1,471	-54,274	-1,292	-1,404	115,576
Dividends	0	-52,307	-	-	-
Net cash flows from financing activities	1,471	54,274	-1,292	-1,404	-114,391
Net cash flows total	13,721	-35,173	29,176	28,772	-83,378

METHOD OF DETERMINING ADJUSTED EBITDA

Selected items of the P&L Statement in k PLN	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24
Operating profit IFRS	(14,414)	9,639	25,032	(16,739)	19,108
Amortisation	+4,978	+5,143	+4,969	+4,809	+4,506
Write-down for impairment	+26,573	+5,117	-	+46,528	0
EBITDA IFRS	17,137	19,795	30,002	34,598	23,614
Corrections:					
Non-cash impact of the incentive programs	+6,033	0	+164	+493	+2,855
Deferred result (unused virtual currency and durables)	+4,300	-2,594	+3,379	+239	+1,331
M&A costs	+163	+571	-	-	-310
Other	-	+300	+117	+20	0
Adjusted EBITDA	27,634	21,940	33,662	35,348	27,490

ACCOUNTING PRINCIPLES FOR REVENUES – IFRS 15

Virtual currency



„Durable”



X – the number of periods that paying players on average stay in a game

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.

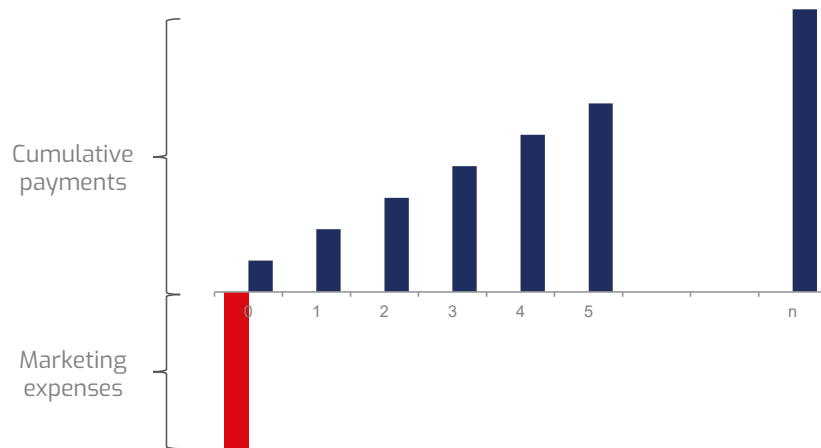
Periods from 2 to X – in each period the same value (equal to revenue recognized in period 1) is reclassified from deferred revenue to current period revenue.

MARKETING EXPENSES POLICY

Marketing expenses

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

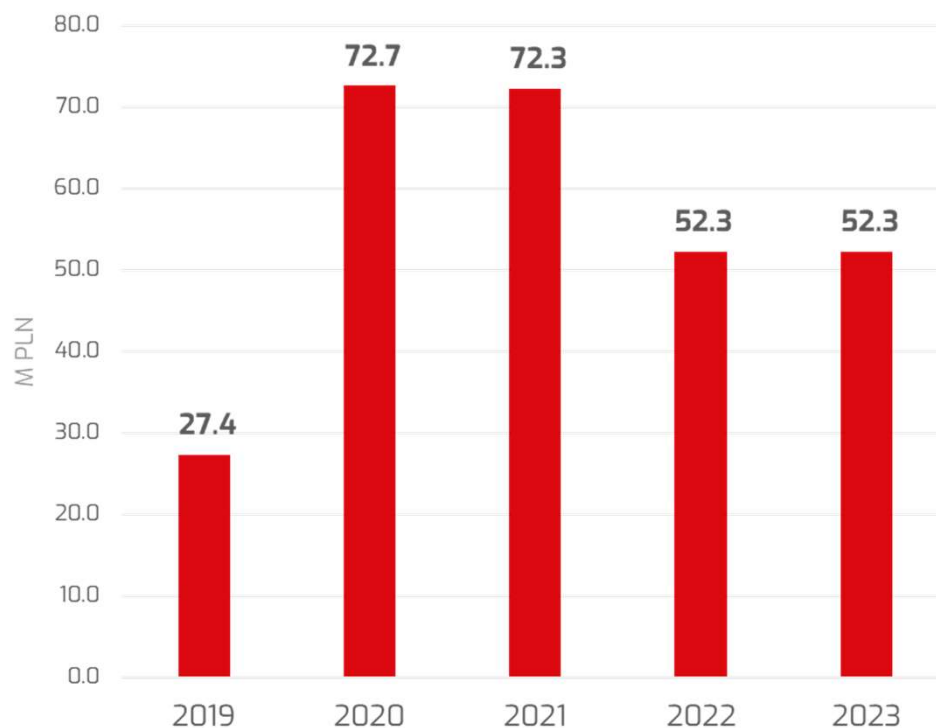
Marketing expenses model cumulative approach



- 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)

PROFIT DISTRIBUTION TO SHAREHOLDERS

Pln 200 M* Of Dividend Paid Out By TSG



2022 Profit Distribution

almost **100% of consolidated net profit for 2022** paid out to shareholders; (exceeding 75% threshold of TSG's dividend policy^{**})

2023 Profit Distribution

PLN 114.5 M buyback of own shares in February 2024
954,166 of own shares of the Company

*TSG became publicly listed company in May 2018.

** depending on the needs in terms of liquidity and investment plans of the company (on condition that the individual net profit allows payment of such an amount).

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