



ten square_games

Q3 2024 PRESENTATION

November 14th, 2024



Q3 2024 AT A GLANCE



Q3 2024 HIGHLIGHTS

Q2'24 / Q3'24 Bookings

PLN 96.2M $\xrightarrow{+6.3\% \text{ q-o-q}}$ PLN 102.3M

Q2'24 / Q3'24 Adj. EBITDA

PLN 27.3M $\xrightarrow{-3.0\% \text{ q-o-q}}$ PLN 26.5M

Q2'24 / Q3'24 Net cash flow from operating activities

PLN 26.8M $\xrightarrow{+4.6\% \text{ q-o-q}}$ PLN 28.1M



Execution of the plan to unlock the growth potential of main titles

Focus on anti-churn strategy

Focus on monetization strategy (LiveOps)

Acceleration of growth in Wings of Heroes

Investment in UA before unpredictable Q4 ad market

Prototyping for success

maximizing the chances of success with 2 prototypes

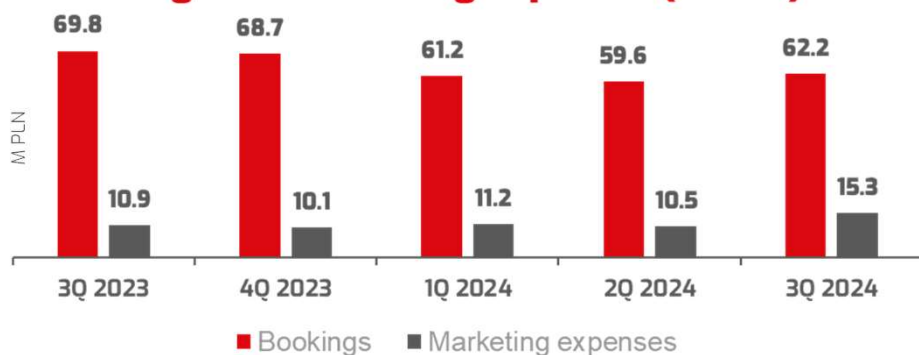
PRODUCT PERFORMANCE UPDATE



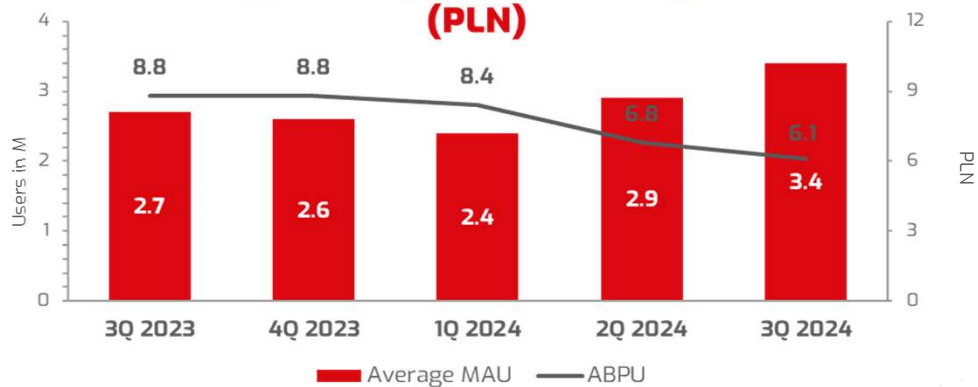
FISHING CLASH: GROWTH OF BOOKINGS AND NO. OF USERS



Bookings and marketing expenses (PLN M)



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



- Q3'24 bookings increased by **4.3% q-o-q**. Main focus of the team was on improvement of quality of user experience and LiveOps operations based on feedback from users
- Implementation of anti-churn strategy and tests of frequency of new fisheries in the game with focus on changes in the game's economy, optimization of players' segments, and testing new monetization solutions



Plans for Q4' 24 include:

- new progression system in game
- introduction of new monetization solution
- continuation of anti-churn strategy
- Bookings in October on a similar level as in September; TSG Store' share in bookings exceeded **19%**.

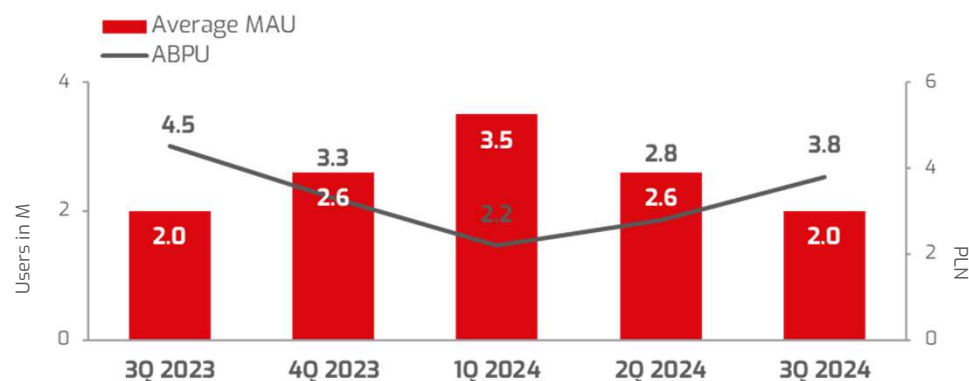
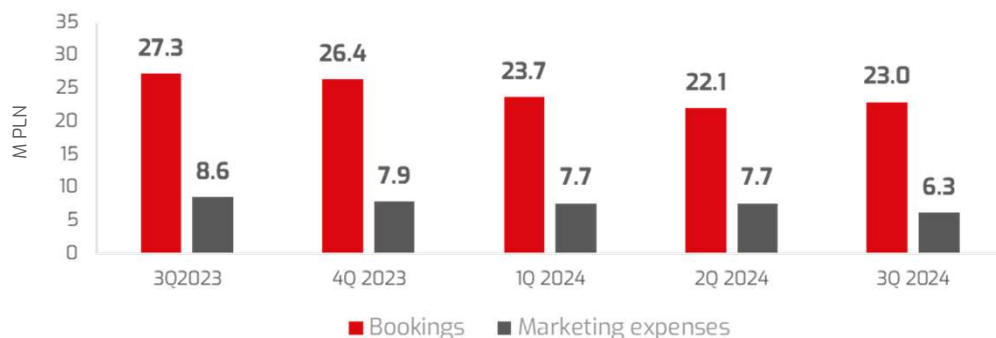


*Average Bookings Per User

HUNTING CLASH: GROWTH OF BOOKINGS AND PROFITABILITY



Bookings and marketing expenses (PLN M)



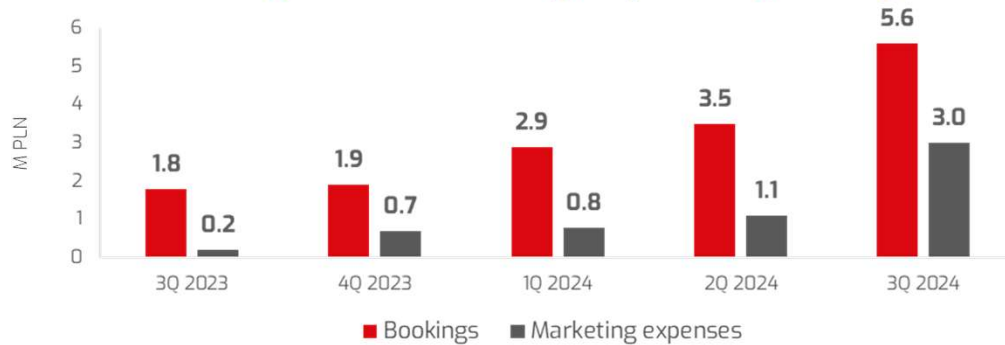
- **Bookings increased by 3.9% q-o-q in Q3'24.**
- Focus of the team was on implementation of changes in LiveOps operations to support game's monetization. First positive results especially in quality & diversity of events. Also, new features supporting user engagement with good KPI results.
- Testing new strategies in the game with each new location and preparing new mechanics to be introduced in Q4'24.
- Positive results of anti-churn strategy.
- **Increasing share of TSG Store** in bookings as a result of offer integration efforts; experiments with new approach to targeting players.
- **Q4'24** brings new in-game mechanics with each new location f.ex.: different hunting spots, new game mode.
- **Growth of bookings in October by 2.6% m-o-m.** TSG Store's share grew to **11%**.



WINGS OF HEROES FLYING HIGH WITH CONSISTENT GROWTH

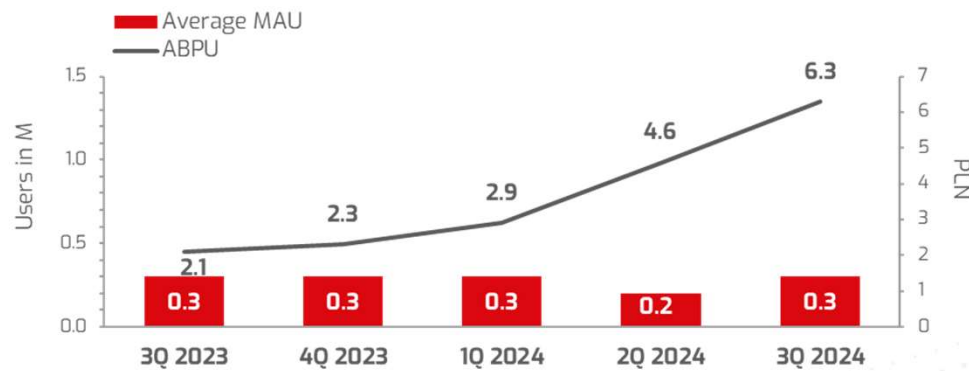


Bookings and marketing expenses (PLN M)



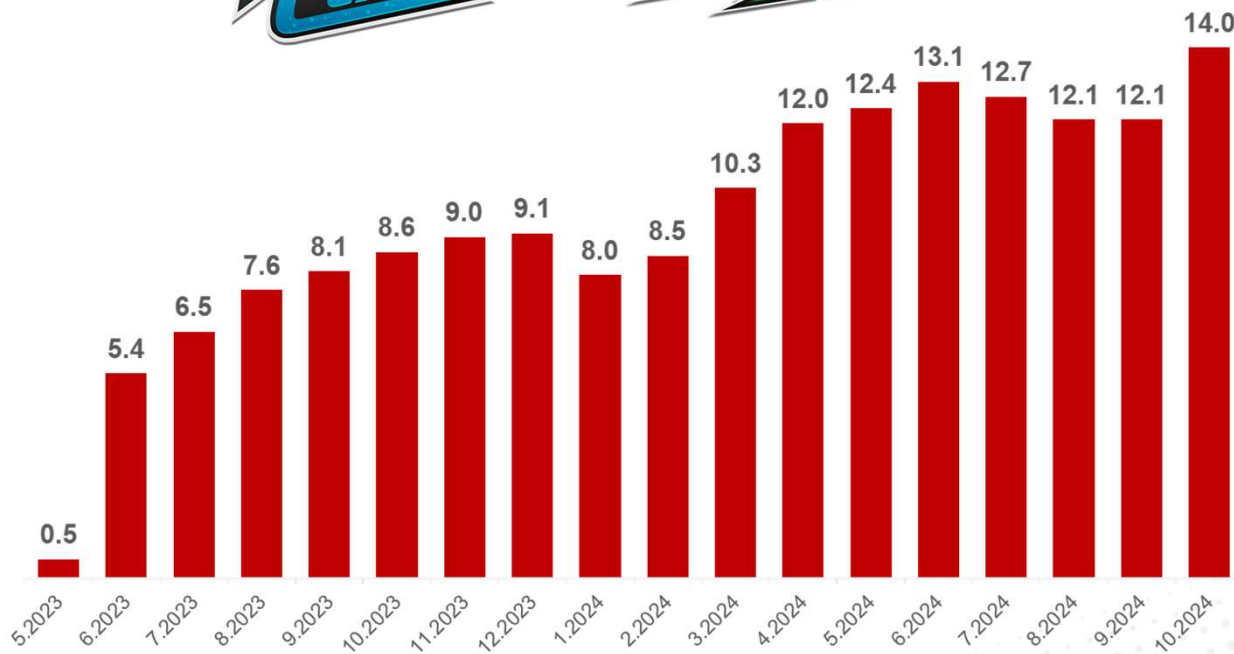
- Growth of bookings by 61.4% q-o-q in Q3'24
- Focus on building monetization depth of the game and introduction of wheel of fortune feature
- Increased UA spending due to improvement in monetization
- Growth of bookings in October by 12.5% m-o-m
- In the beginning of October squadron wars feature was introduced to add next layer of competition and monetization depth
- Development plans include: introduction of plane traits, rarities, and new game mode.

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



TSG STORE: NEW INITIATIVES TO FURTHER BOOST THE GROWTH

TSG STORE % SHARE IN GROUP'S BOOKINGS



14.0%

share of TSG Store bookings
(October 2024)

Growth of revenues flow
through TSG Store in both products

Positive effects of tests and adjustments
introduced in Q3 2024

Finalizing the tests of **special currency**
integrating better FC offer & TSG Store

New approach to promotion of TSG Store in
games

UPDATE ON PROTOTYPE DEVELOPMENT



PROTOTYPES: MAXIMIZING CHANCES OF SUCCESS

Prototyping approach

fast & effective selection process of the most promising projects based on market KPIs

testing game concepts with low financial risk

short development process vs long one

data from real players vs closed studio environment

small internal team vs large team

ability to respond to dynamic changes in players' needs

TROPHY HUNTER



Results of gameplay tests

good initial retention KPIs

profitable UA cost

Next steps

adding and testing monetization features Q4'24

decision on further development early 2025

FLYING NEXT

developed by Rortos

team of 2-3 people

development in line with plan

first market test planned in 2025

decision on further development early 2025

DECISION TO STOP FURTHER TESTS OF FISHING CHAMPIONS

After the tests of gameplay we decided to stop further work on Fishing Champions due to unsatisfactory

retention KPI's

acquisition costs



Write down of PLN 1.2m in Q4'24

Focus on the most prospective projects with the best KPIs

limiting the financial risk

the most effective use of TSG's assets while testing new ideas

maximizing the chances of investment in the most prospective project(s)

FINANCIAL RESULTS



PROFIT AND LOSS DYNAMICS

PLN m	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24
1.a Revenues from sales	117.4	104.9	105.6	108.1	436.0	100.1	98.0	94.0
1.b Bookings	123.6	101.2	110.4	108.5	443.7	99.7	96.2	102.3
Gross profit on sales	98.1	86.0	87.8	91.4	363.3	80.7	82.1	78.2
<i>margin</i>	<i>84%</i>	<i>82%</i>	<i>83%</i>	<i>85%</i>	<i>83%</i>	<i>81%</i>	<i>84%</i>	<i>83%</i>
Selling costs, including:	69.0	59.8	56.4	54.3	239.5	55.0	52.0	55.9
2 User Acquisition costs	27.2	21.2	19.8	18.6	86.8	19.8	19.4	24.7
Commissions	33.6	30.5	29.6	29.9	123.6	28.4	26.4	25.0
3 General and Administrative costs	16.8	8.1	6.6	7.2	38.7	7.5	7.1	6.7
Write-downs	26.6	5.1	0	46.5	78.2	0	0	0
4 Adjusted EBITDA	27.6	21.9	33.7	35.3	118.5	27.5	27.3	26.5
<i>margin</i>	<i>24%</i>	<i>21%</i>	<i>32%</i>	<i>33%</i>	<i>27%</i>	<i>27%</i>	<i>28%</i>	<i>28%</i>
5 Net Profit/Loss	-12.8	7.6	22.1	-1.7	15.2	17.9	22.0	12.5

1 Increase in bookings (up by 6.3% q-o-q), thanks to better performance in main titles and 4th consecutive quarter of growth in Wings of Heroes as well as growing revenues in RFS.

Lower revenue due to higher booking of deferred revenue (according to IFRS). This is non-cash adjustment.

2 User Acquisition costs increased in Q3'24. Good market KPIs allowed for UA investment before unpredictable Q4. Growth in Fishing Clash and Wings of Heroes.

3 General and Administrative costs kept under control

4 Adjusted EBITDA in Q3'24 slightly lower due to UA investment.

5 Net profit lower q-o-q mainly due to higher than usual deferred revenues.

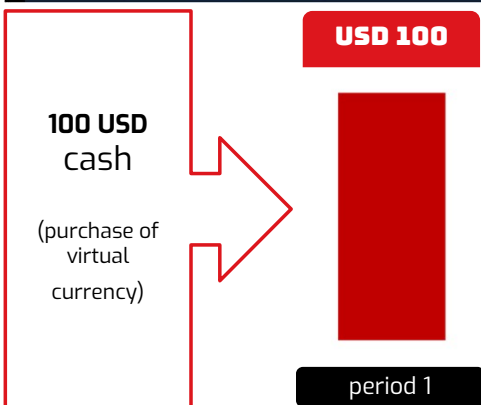
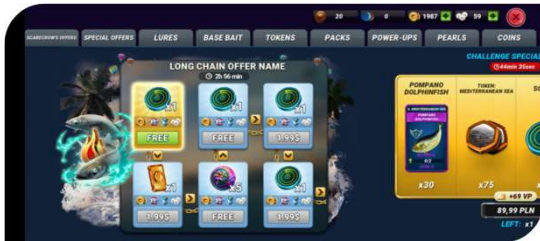
In the long term a possible positive impact on results may have the release of PLN 12.5 tax provision.

DEFERRAL OF REVENUE IS REQUIRED BY FINANCIAL STANDARDS (IFRS 15) IT MEANS WE NEED TO RECOGNISE REVENUE ACCORDING TO PLAYERS' LIFETIME



Step 1. Bookings

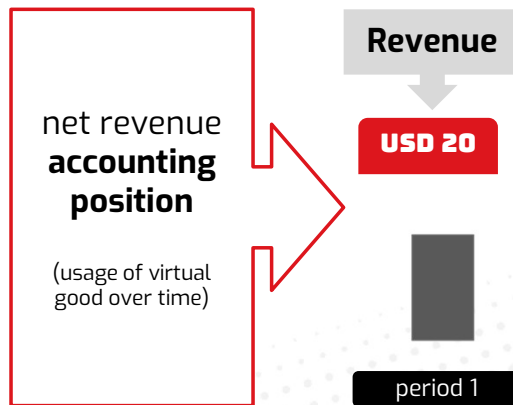
recognized at the moment when a player purchases virtual currency in a game (cash inflow)



Step 2. Model calculation

TSG needs to estimate the average player lifetime, the % of durables & consumables in the bookings position

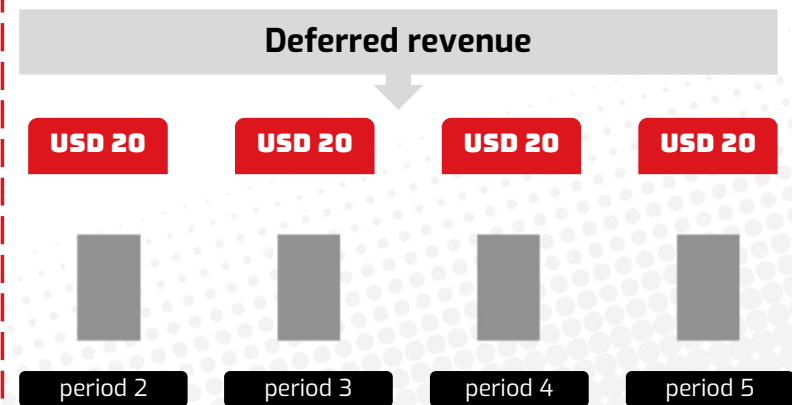
A portion of revenue is recognized based on average player lifetime



Step 3. Deferred revenue

unused part of virtual goods needs to be presented as deferred revenue (unearned revenue). Non-cash adjustment.

Deferred revenue is recognized over subsequent periods as players continue to use durable/consumable items



CASH FLOW GENERATION WITH A STRONG CASH POOL

M PLN	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24
Adjusted EBITDA	27.6	21.9	33.7	35.3	27.5	27.3	26.5
Net Cash Flows from Operating Activities	29.9	28.6	32.5	30.5	32.4	26.8	28.1
Net Cash Flows from Investing Activities	(14.7)	(9.5)	(2.0)	(0.3)	(1.4)	(12.5)	(1.4)
Net Cash Flows from Financing Activities	(1.5)	(54.3)	(1.3)	(1.4)	(114.4)	(0.7)	(1.0)
Total Net Cash Flows	13.7	(35.2)	29.2	28.8	(83.4)	13.6	25.7
Cash and cash equivalents	140.2	105.4	133.8	162.8	76.8	95.0	121.4

Strong cash position at the end of Q3' 2024 - PLN 121.4 M despite substantial cash outflows in previous quarters of 2024:

- the execution of record high buyback program of PLN 114.6M in Feb. 2024,
- earnout payment to Rortos' shareholders of PLN 11M in April 2024.

TSG'S APPROACH TO **DISTRIBUTION OF PROFIT TO SHAREHOLDERS**

TSG'S DIVIDEND POLICY

allocation of up to 75% of consolidated net profit
depending on the needs in terms of liquidity and investment plans of the company
(on condition that the standalone net profit allows payment of such an amount).

FORMS OF POSSIBLE PROFIT DISTRIBUTION

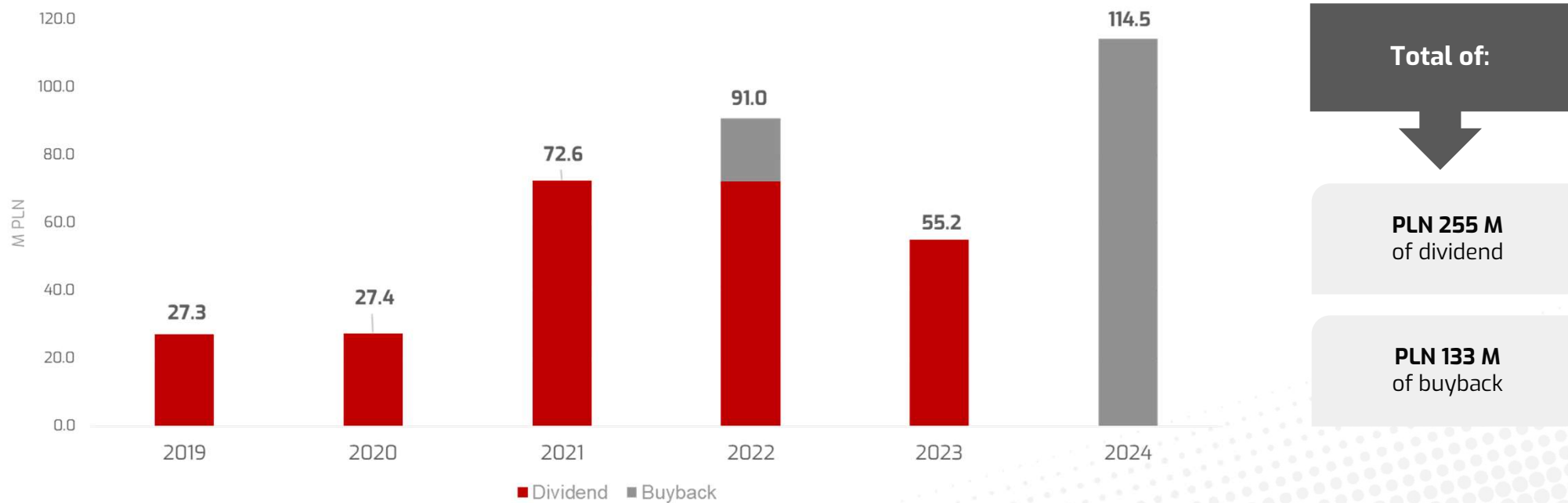
dividend
payment

and / or

buyback

HISTORY OF PROFIT DISTRIBUTION TO SHAREHOLDERS*

PLN 390 M distributed to shareholders



*TSG became publicly listed company in May 2018. Presented profit distribution does not include dividends paid out before TSG became listed company.

SUMMARY



SUMMARY: ON THE STRATEGIC PATH



Focus on unlocking growth in main products

first positive results of anti-churn strategy in Fishing Clash and Hunting Clash



Acceleration of growth

Wings of Heroes & TSG Store



Prototyping for success

effective selection of the most prospective projects in the second round of tests

Cost discipline & financial efficiency

INVESTOR'S CALENDAR



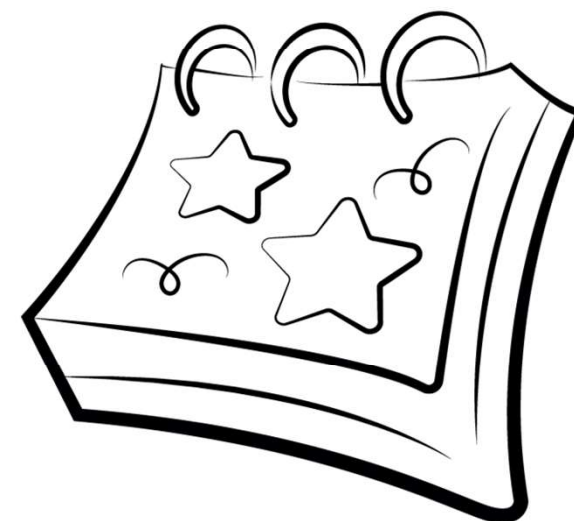
INVESTOR'S CALENDAR

Company news flow:

- **Q4 2024 Sales Update** – early January 2025
- **Reporting calendar for 2025** - early January 2025

Investors' conferences:

- **Wood's Winter Wonderland** Investor Conference - December 5th, 2024
- **2025 Business Outlook** by BoS - January 13th, 2024



Q&A SESSION





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THANK YOU!

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FINANCIAL RESULTS



PROFIT AND LOSS REPORT

Selected positions in k PLN	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24
Revenues from sales	117,450	104,932	105,572	108,122	436,076	100,118	97,998	93,979
Fishing Clash	72,558	63,194	69,738	68,743	274,232	61,219	59,597	62,158
Let's Fish	2,172	1,852	1,614	1,890	7,529	1,732	1,763	1,609
Wild Hunt	2,353	1,998	1,813	1,967	8,131	2,209	2,033	1,898
Hunting Clash	32,396	24,412	27,311	26,377	110,497	23,732	22,109	22,979
Wings of Heroes	5,769	2,072	1,757	1,928	11,526	2,922	3,495	5,639
Others	8,346	7,698	8,166	7,558	31,767	7,845	7,231	8,021
Deferred revenues	-6,143	3,706	-4,827	-340	-7,606	-457	-1,769	-8,327
COGS	19,328	18,901	17,809	16,679	72,717	19,389	15,863	15,785
Gross profit on sales	98,122	86,032	87,762	91,442	363,359	80,728	82,136	78,193
GPS margin	84%	82%	83%	87%	83%	81%	84%	83%
Selling costs	69,004	59,814	56,409	54,347	239,574	54,950	51,954	55,896
As % of revenues	59%	57%	53%	50%	55%	55%	53%	59%
G&A costs	16,771	8,082	6,566	7,193	38,613	7,509	7,058	6,683
Write-downs	26.6	5.1	-	46,616	78,306	0	0	0
EBIT	-14,414	9,639	25,032	(16,739)	3,518	19,108	23,278	15,607
EBITDA	17,137	19,795	30,001	34,598	101,531	23,614	27,707	19,560
EBITDA margin	15%	18%	28%	26%	23%	24%	28%	21%
Net profit	(12,845)	7,654	22,150	(1,662)	15,207	17,939	22,023	12,505
Net profit margin	-	7.3%	21%	-	3%	18%	22%	13%
Adjusted EBITDA	27,634	21,940	33,662	35,348	118,583	27,489	27,343	26,516

BALANCE SHEET

Selected positions in k PLN*	31.03.23	30.06.23	30.09.23	31.12.23	31.03.24	30.06.24	30.09.2024
ASSETS							
Fixed assets	297,613	279,861	285,981	215,778	214,234	212,420	208,412
Receivables	41,096	31,606	36,293	38,937	36,253	33,742	32,760
Cash and cash equivalents	140,249	105,379	133,826	162,826	76,784	94,971	121,389
Current assets	225,594	180,653	215,517	242,325	152,186	158,748	187,623
Total assets	523,207	460,514	501,498	458,103	366,420	371,168	396,035
EQUITY AND LIABILITIES							
Equity	332,534	275,603	308,155	291,011	194,689	217,607	228,612
Lease liabilities	4,537	3,357	2,621	1,379	7,420	6,863	6,191
Total long term liabilities	47,986	46,659	48,867	29,465	34,881	24,223	24,364
Trade payables	21,290	12,856	13,501	10,422	16,093	10,251	15,421
Total short term liabilities	142,687	135,252	144,476	137,627	136,850	129,338	143,059
Total liabilities	190,673	184,911	193,343	167,092	171,731	153,561	167,423
Total equity and liabilities	523,207	460,514	501,498	458,103	366,420	371,168	396,035

*restated data

CASH FLOW REPORT

Selected positions in k PLN	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24
OPERATING ACTIVITIES							
Profit/loss before tax	(16,022)	10,049	23,205	(0,184)	20,720	23,266	13,888
Total adjustments	49,203	9,273	11,372	27,985	13,803	(1,784)	16,397
Amortisation	5,289	5,143	4,969	4,809	4,506	4,429	3,953
Cash from operations	33,181	19,321	34,577	27,801	34,523	21,482	30,285
Income tax paid	-3,305	9,320	-2,110	2,718	-2,077	-5,346	-2,225
Net cash flows from operating activities	29,878	28,642	32,466	30,519	32,446	26,828	26,828
INVESTMENT ACTIVITIES							
Inflows	2,219	9	79	105	306	13	21
Outflows	-16,906	-2,077	-1,477	-449	-1,739	-12,527	-1,384
Net cash flows from investing activities	-14,687	-9,541	-1,998	-343	-1,433	-12,514	-1,363
FINANCIAL ACTIVITIES							
Inflows	0	0	0	0	1,184	265	0
Outflows	-1,471	-54,274	-1,292	-1,404	-115,576	-967	-979
<i>Dividends</i>	0	-52,307	-	-	-	-	-
Net cash flows from financing activities	1,471	54,274	-1,292	-1,404	-114,391	-702	-979
Net cash flows total	13,721	-35,173	29,176	28,772	-83,378	13,611	25,718

METHOD OF DETERMINING ADJUSTED EBITDA

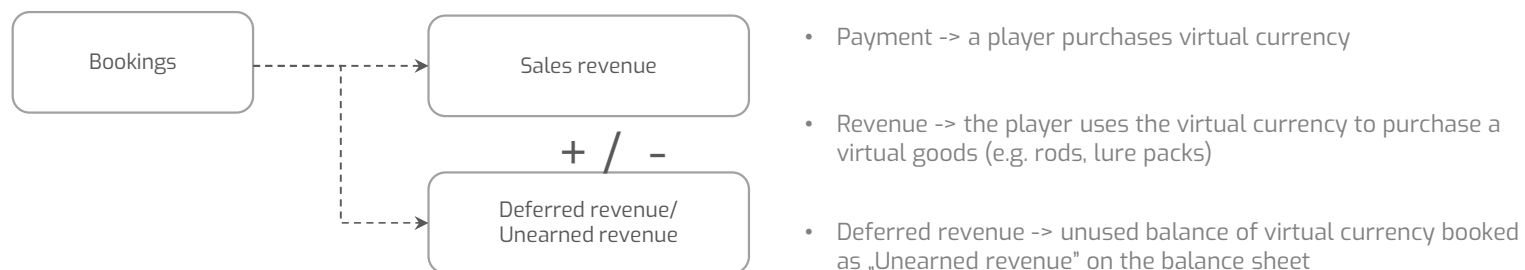
Selected items of the P&L Statement in k PLN	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24
Operating profit IFRS	(14,414)	9,639	25,032	(16,739)	19,108	23,278	15,607
Amortisation	+4,978	+5,039	+4,969	+4,809	+4,506	+4,429	+3,953
Write-down for impairment	+26,573	+5,117	-	+46,529	0	0	0
EBITDA IFRS	17,137	19,795	30,002	34,598	23,614	27,707	19,560
Adjustments:							
Non-cash impact of the incentive programs	+6,033	0	+164	+493	+2,855	+311	+441
Deferred result (unused virtual currency and durables)	+4,300	-2,594	+3,379	+239	+1,331	-675	+6,515
M&A costs	+163	+571	-	-	-310	-	-
Other	-	+4,169	+117	+20	0	0	0
Adjusted EBITDA	27,634	21,940	33,662	35,348	27,490	27,343	26,516

GENERAL AND ADMINISTRATIVE COSTS

General administrative costs (PLN k)	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24
Recurring costs	7,510	6,454	6,860	31,398	6,288	6,905	6,453
Salaries, subcontractor services	3,683	3,207	3,070	14,495	3,039	3,011	3,081
Subsidiaries costs	1,135	1,074	,972	4,794	926	1,024	1,000
Office rental and maintenance	986	749	789	3,624	561	705	674
Other	1,706	1,424	2,209	8,485	1,762	2,165	1,698
Non - recurring costs	572	112	333	7,215	1,221	153	230
MSOP cost	0	111	333	6,478	1,531	153	230
M&A cost	572	1	0	737	-310	0	0
Other one-off costs	0	0	0	0	0	0	0
General and administrative costs	8,082	6,566	7,193	38,613	7,509	7,058	6,683

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.

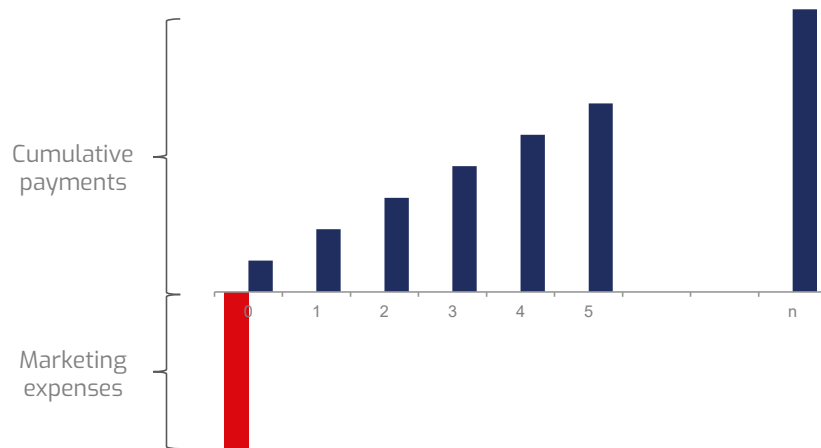
Periods from 2 to X – in each period the same value (equal to revenue recognized in period 1) is reclassified from deferred revenue to current period revenue.

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)

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