

Thunderful Group

Q3 PRESENTATION

November 15, 2023

AGENDA

- Q3 KEY HIGHLIGHTS
- THUNDERFUL GROUP IN BRIEF
- Q3 FINANCIAL DETAILS
- CEO REFLECTIONS
- KEY TAKEAWAYS
- Q&A



Martin Walfisz
CEO



Annette Colin
Interim CFO

Q3 KEY HIGHLIGHTS



Q3 KEY HIGHLIGHTS (1/2)

NET SALES

626 MSEK
-9% y/y

ADJ. EBITDA

83 MSEK
+8% y/y

ADJ. EBITA

49 MSEK
-18% y/y

CASH FLOW OPS.

-62 MSEK
n.m.

INVESTMENTS

83 MSEK
+54% y/y

EPS

0.35 SEK
+119% y/y

- Distribution Net Sales of 536 MSEK with an EBITDA of 53 MSEK
- Improved profitability in Distribution segment driven by AMO Toys and Bergsala
- Games segment Net Sales of 90 MSEK and EBITA of 9 MSEK
- New releases in the Games segment contributed 19 MSEK to Net Sales
- Negative cash flow primarily impacted by decrease in A/P
- Increased investments in games development and publishing rights



Q3 KEY HIGHLIGHTS (2/2)

DISTRIBUTION

DISTRIBUTION

- AMO Toys performing above expectations with best Q3 ever
- Bergsala performing well thanks to high-margin sales
- Nordic Game Supply underperforming

After quarter:

- Sale of NGS' partial product portfolio to external distributor
- New EVP of Distribution assessing potential improvements

GAMES

PRODUCTION

- Increased investments in capitalized game development
- Coatsink keeps delivering on co-development projects
- New VP of Studios implementing improvements:
 - Green light process
 - Centralized production services team
 - Uncovering historical production issues

After quarter:

- The Station completed SteamWorld Build "gold master"

PUBLISHING

- Launch of Viewfinder
- No other major launches in the quarter
- Weak development in Partners revenue
- New VP of Marketing and VP of Partners implementing improvements:
 - Better sales forecasts and KPIs
 - Optimizing back catalog sales
 - Market research



THUNDERFUL GROUP IN BRIEF

EMPLOYEES

525

INTERNAL GAME STUDIOS

10

INTERNAL GAMES IN
DEVELOPMENT

14

GAMES IN PUBLISHING
PIPELINE

18

REVENUE LTM

3 033 MSEK

SELECT BRANDS AND PARTNERS



DISTRIBUTION SEGMENT



AMOtoys



Bergsala



NGS
NORDIC GAME SUPPLY GROUP

GAMES SEGMENT

REVENUE STREAMS

IP BUILDING

CO-DEVELOPMENT

PARTNERS

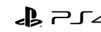
INVESTMENTS



SELECT TITLES COMING IN Q4'23 AND 2024



PLANET OF LANA



REPLACED

... AND MORE TO BE ANNOUNCED



Q3 FINANCIAL DETAILS

Financial highlights Q3

- Net sales decreased by 9.4%, to 626 MSEK, Distribution 536 MSEK and Games 90 MSEK
- Gross profit margin increased 11.2 p.p., thanks to improved margins and favorable product mix in AMO Toys and Bergsala
- Adj. EBITDA increased by 2.1 p.p, to 83.2 MSEK
- Adj. EBITA decreased to 48.9 MSEK
- Net profit increased by 116%, to 24.7 MSEK, positively affected by exchange rates

KEY FIGURES

MSEK	Quarter		YTD	
	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022
Net sales	626.2	691.1	1,865.0	1,785.1
<i>Change %</i>	-9.4%	-3.5%	4.5%	0.7%
<i>Gross profit</i>	282.3	234.0	812.1	693.7
<i>Gross profit margin, %</i>	45.1%	33.9%	43.5%	38.9%
Adjusted EBITDA	83.2	77.1	239.0	191.5
Adjusted EBITDA, %	13.3%	11.2%	12.8%	10.7%
Adjusted EBITA	48.9	60.0	143.7	120.2
Adjusted EBITA, %	7.8%	8.7%	8.1%	6.7%
Operating profit EBIT	25.0	37.9	69.0	54.0
Operating margin EBIT,%	4.0%	5.5%	3.7%	3.0%
Net profit for the period	24.7	11.4	-22.3	-9.2
Earnings per share, SEK	0.35	0.16	-0.32	-0.13

Distribution

- Net sales decreased by -6.5% to 536.1 MSEK
 - AMO Toys had its best Q3 ever - increased sales and improved margins
 - Bergsala decreased sales in hardware and software while accessories increased
 - Nordic Game Supply still have difficulties due to continued low market demand
- Adj. EBITDA increased to 53.3 MSEK and 9.9% EBITDA margin

KEY FIGURES

MSEK	Q3 2023	Q3 2022	Δ	Jan-Sep 2023	Jan-Sep 2022
Net sales	536.1	573.3	-6.5%	1,560.9	1,470.1
– Bergsala	260.1	275.4	-5.6%	842.6	648.9
– Nordic Game Supply	100.7	161.0	-37.5%	328.2	463.9
– Amo Toys	175.3	136.9	28.0%	390.1	357.3
Adj. EBITDA	53.3	18.5	188.1%	99.8	40.9
– Bergsala	28.8	17.8	61.8%	73.2	38.6
– Nordic Game Supply	-6.1	-1.3	-369.2%	-11.0	2.1
– Amo Toys	30.6	2.0	1400.3%	37.6	0.1
Adj. EBITDA margin	9.9%	3.2%	6.7 p.p	6.4%	2.8%

Games

- Net sales decreased by -23.6% to 90 MSEK
 - Coatsink and Thunderful Publishing driving net sales and EBITA contribution in the quarter
 - New releases contributed 19 MSEK
- Adj. EBITDA decreased by 41% to 36.9 MSEK
- Adj. EBITA decreased to 8.5 MSEK with a margin of 9.5%.

KEY FIGURES

MSEK	Q3 2023	Q3 2022	Δ	Jan-Sep 2023	Jan-Sep 2022
Net sales	90.0	117.8	-23.6%	304.1	315.0
Adj. EBITDA	36.9	63.0	-41.4%	159.3	163.0
Adj. EBITDA margin	41.0%	53.5%	-12.5 p.p	52.4	51.7
Adj. EBITA	8.5	51.3	-503.5%	90.2	106.9
Adj. EBITA margin	9.5%	43.5%	-34.0 p.p	29.7%	33.9%

Cash flow Q3

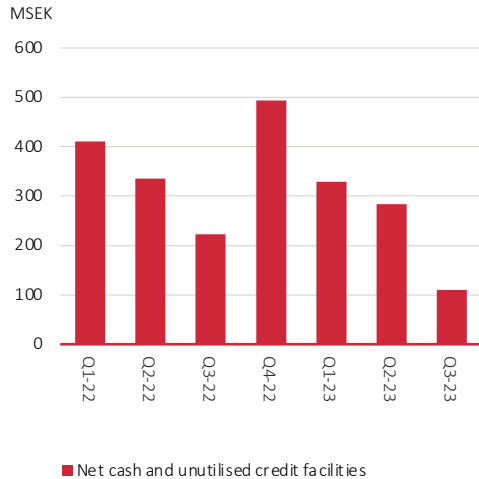
- Operating CF amounted to -62 MSEK
 - A negative affect in change in WC of -127.2 MSEK, due to decrease A/P -194 MSEK, increased inventory -22 MSEK and decreased A/R +76 MSEK
- Investing activities:
 - Capitalized game development amounted to 59 MSEK, higher than LY, due to increased game investments as well as acquisitions
 - Investments in publishing rights amounted to 22 MSEK, in line with LY
- Financing activities amounted to 133.8 MSEK, mainly due to increased loan and credit facilities
- Cash position end of quarter at 37 MSEK

KEY FIGURES

MSEK	Quarter		YTD	
	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022
Cash flow from operating activities before change in working capital	65.2	33.7	167.7	114.8
Change in working capital	-127.2	-88.0	-156.5	18.1
Cash flow from operating activities after change in working capital	-62.0	-54.3	11.2	132.9
Cash flow from investing activities	-82.8	-53.9	-270.2	-169.0
Cash flow from financing activities	133.8	74.3	238.1	21.7
Cash flow for the period	-11.0	-34.1	-20.9	-14.6
Cash and cash equivalents at the end of the period	37.0	46.9	37.0	46.9

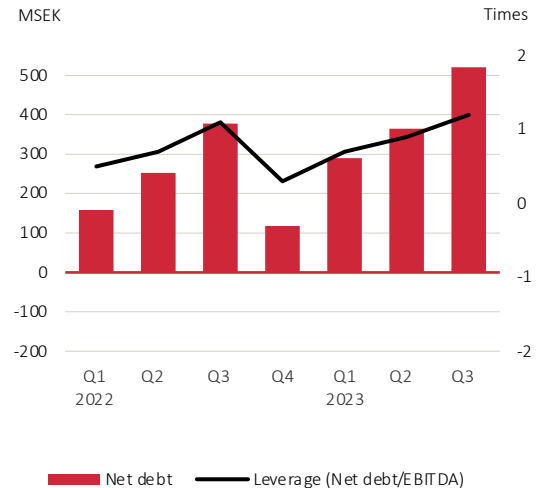
Available liquidity and net debt

TOTAL AVAILABLE CASH, INCLUDING UNUTILISED CREDIT FACILITIES



- Available liquidity 111 MSEK (223) end of September
- Net debt amounted to 522 MSEK (368) end of September
- LTM Net debt/EBITDA ratio 1.2x

NET DEBT AND LEVERAGE



CEO REFLECTIONS



CEO REFLECTIONS & POTENTIAL FOR IMPROVEMENT

GENERAL

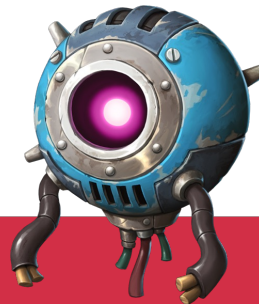
- Many talented, experienced and dedicated people in the entire group
- Need to improve management processes, clarify responsibilities and increase accountability
- Identify and steer through KPIs across the business
- Improve internal reporting and forecasting
- Investments have been higher than our cash flow supports – need to find better balance
- Pausing M&A activities to improve structural foundation

DISTRIBUTION

- Decrease working capital by reducing and optimizing inventory and re-negotiating payment terms
- Enhance and leverage synergies between buying, logistics and sales
- Improve internal data visibility and steer through KPIs
- NGS having challenges achieving profitability

GAMES

- Highly capable leadership team now in place
- Internal game studios have strong creativity and passion but need better production guidance
- Need to clarify portfolio strategy
- Improve processes and efficiency
 - User research and market testing
 - Use AI as production tool
 - Sales & partnerships
- Determine balanced risk profile between IP-building and Co-development
- Tremendous opportunity in expanding Indie Services (Partners)



KEY TAKEAWAYS

KEY TAKEAWAYS

- Improved profitability in Distribution segment driven by AMO Toys and Bergsala
- Continued investments in Games IP building that will generate business in 2024, 2025 and beyond
- Identified many potential structural and process improvements in both segments
- Need to keep a close eye on cash flow and not invest more than our financial capacity





Q & A