

# ***Thunderful Group***

## **Q1 PRESENTATION**

**May 15, 2024**

# AGENDA

- Q1 KEY HIGHLIGHTS
- THUNDERFUL GROUP IN BRIEF
- Q1 FINANCIAL DETAILS
- CEO COMMENTS
- KEY TAKEAWAYS
- Q&A



**Martin Walfisz**  
CEO



**Per Alnefelt**  
CFO

# Q1 KEY HIGHLIGHTS

# Q1 KEY HIGHLIGHTS (1/2)

## NET REVENUE

**392** MSEK  
-28% y/y

## ADJ. EBITDA

**-29** MSEK  
n.m.

## EBIT

**-184** MSEK  
n.m.

## CASH FLOW OPS.

**-156** MSEK  
n.m

## INVESTMENTS

**45** MSEK  
-63% y/y

## EPS

**-3.36** SEK  
n.m.



# Q1 KEY HIGHLIGHTS (2/2)

## DISTRIBUTION

### DISTRIBUTION

- Continued strong performance from Amo Toys
- Decrease in Bergsala due to lower demand in the console market and fewer large game releases
- Agreement with Nintendo extended
- Nordic Game Supply continued to underperform

## GAMES

### DEVELOPMENT

- Decrease in Coatsink co-development revenues compared to an extraordinary strong Q1 2023

### Restructuring program:

- Divestment of Headup, subject to shareholders' approval
- Closure of Stage Clear Studios
- Terminations of third-party projects and write-downs

### PUBLISHING

- Good, important growth in transactional sales YoY
- Back catalog showing strength in a quarter with no new significant releases
- SteamWorld Build sales have not improved as we have hoped
- Partners (Robot Teddy) continues to decline



# THUNDERFUL GROUP IN BRIEF

MARCH 31

EMPLOYEES

518

INTERNAL GAME STUDIOS

8

INTERNAL GAMES IN  
DEVELOPMENT

12

GAMES IN PUBLISHING  
PIPELINE

4

Q1 2024 REVENUE LTM

SEK 2.7 BN

SELECT BRANDS AND PARTNERS



# DISTRIBUTION SEGMENT



**AMO**toys



**Bergsala**



**NGS**  
NORDIC GAME SUPPLY GROUP



# GAMES SEGMENT

## OPERATING AREAS

### PUBLISHING

Marketing and sales of first and third-party games

### STUDIOS & DEVELOPMENT

Management of first and third-party game projects

### CO-DEVELOPMENT & PARTNERS

Services for clients in Co-development and Self-publishing



# SELECT TITLES PLANNED FOR 2024

**ASKA**



**REPLACED**

**... AND MORE**

# Q1 FINANCIAL DETAILS

# FINANCIAL HIGHLIGHTS Q1 2024

- Net revenue decreased by 28%, to 392 MSEK
- Gross margin in level with previous year
- Adj. EBITDA at -29 MSEK due to weak performance in NGS and Games
- EBIT decreased to -184 MSEK, negatively affected by write-downs on capitalized game development costs amounting to 72 MSEK but also restructuring costs of 18 MSEK

## KEY FIGURES

MSEK	Quarter	
	Q1 2024	Q1 2023
<b>Net revenue</b>	391.7	541.6
<i>Change %</i>	-27.7%	1,7%
<i>Gross profit</i>	146.8	206.0
<i>Gross margin, %</i>	37.5%	38.0%
<b>Adjusted EBITDA</b>	-28.9	72.6
<b>Adjusted EBITDA, %</b>	-7.4%	13.4%
EBIT	-184.4	19.2
Net profit for the period	-236,2	13,5
Earnings per share, SEK	-3,36	0,19

# SEGMENT DISTRIBUTION

- Net revenue decreased by 26% to 323 MSEK
  - AMO Toys - increased sales and improved margins driven by soft toys category
  - Bergsala decreased sales due to lower hardware sales
  - NGS – discounted sales to reduce inventory. Signed agreement to divest business after the end of the quarter.
- Adj. EBITDA decreased to -2 MSEK

## KEY FIGURES

MSEK	Q1 2024	Q1 2023	Δ
<b>Net revenue</b>	<b>322.7</b>	<b>434.6</b>	<b>-25.7%</b>
- Bergsala	129.1	191.3	-32.5%
- NGS	64.3	129.8	-50.5%
- Amo Toys	129.3	113.5	13.9%
<b>Adj. EBITDA</b>	<b>-2.2</b>	<b>19.2</b>	<b>-111.6%</b>
- Bergsala	-2.9	10.0	-129.4%
- NGS	-14.0	0.3	-4843.9%
- Amo Toys	14.8	9.0	64.3%
<b>Adj. EBITDA margin</b>	<b>-0.7%</b>	<b>4.4%</b>	<b>-5.1 ppt</b>

# SEGMENT GAMES

- Net revenue decreased by -36% to 69 MSEK mainly due to project phasing in Co-development. Q1 2023 included partner revenues of ca 20 MSEK related to a completed project
- Coatsink and Thunderful Publishing driving net sales in the quarter
- Adj. EBITDA at -20 MSEK
- EBIT decreased to -155 MSEK, negatively affected by reduced revenues and write-downs on capitalized game development costs (72 MSEK)

## KEY FIGURES

MSEK	Q1 2024	Q1 2023	Δ
Net revenue	69.0	107.0	-35.5%
<b>Adj. EBITDA</b>	<b>-19.5</b>	<b>57.8</b>	<b>-133.7%</b>
<i>Adj. EBITDA margin</i>	-28.2%	54.0%	-82.2 ppt
<b>EBIT</b>	<b>-155.4</b>	<b>25.6</b>	<b>-707.9%</b>

# CASH FLOW

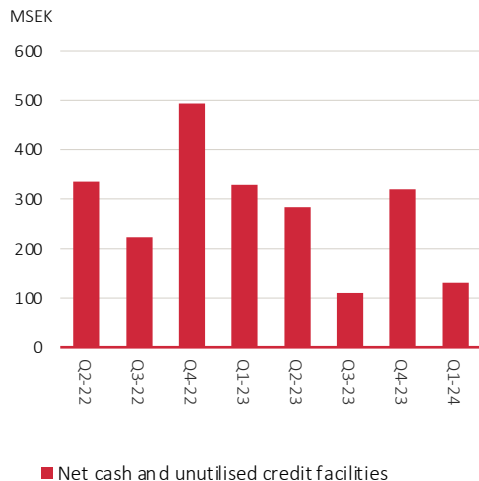
- Operating CF amounted to -81 MSEK
- Change in Working Capital
  - Decreased A/P -502 MSEK
  - Decreased inventory +130 MSEK
  - Decreased A/R +244 MSEK
- Investing activities:
  - Capitalized game development amounted to 29 MSEK
  - Investments in publishing rights amounted to 16 MSEK
- Cash position end of quarter at 71 MSEK

## KEY FIGURES

MSEK	Quarter	
	Q1 2024	Q1 2023
<b>Cash flow from operating activities before change in working capital</b>	-80.8	30.4
Change in working capital	-74.7	33.9
<b>Cash flow from operating activities after change in working capital</b>	<b>-155.6</b>	<b>64.4</b>
Cash flow from investing activities	-44.6	-123.6
Cash flow from financing activities	58.5	69.1
<b>Cash flow for the period</b>	<b>-141.7</b>	<b>9.9</b>
Cash and cash equivalents at the end of the period	70.9	72.0

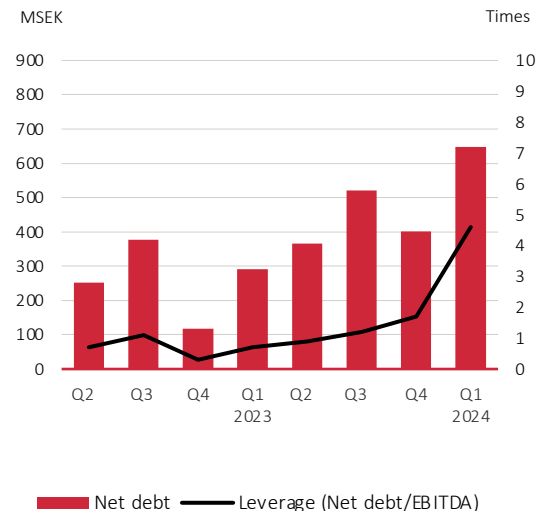
# AVAILABLE LIQUIDITY AND NET DEBT

TOTAL AVAILABLE CASH, INCLUDING UNUTILISED CREDIT FACILITIES



- Available liquidity 131 MSEK (329) end of March 2024
- Net debt amounted to 647 MSEK (291) end of March 2024
- Net debt/EBITDA ratio 4.6x

NET DEBT AND LEVERAGE





# CEO COMMENTS

# CEO COMMENTS

## GROUP

- Improvements in processes and steering models are slowly starting to take effect
- Once again, I'm impressed by the talent and engagement shown at every level in the group—despite the situation
- Liquidity is strained—and our capital requirements continuously assessed
- We've received a waiver from our bank, conditional upon the divestment of additional assets
- 2024 is a transition year—it will take time to establish a strong foundation for future growth and profit

## DISTRIBUTION

- Amo Toys continues to perform
- A good solution for Nordic Game Supply – providing us additional short-term liquidity
- Bergsala, and the Switch in particular, is seeing an expected decline
- Nintendo announcing the Switch successor before the end of their FY

## GAMES

- Transactional sales continue to grow
- Focused product slate for 2025 and beyond
- We aim to re-focus on capturing Partner opportunities
- Good progress in clarifying our strategy, a sneak peek:
  - Nurture and support core teams
  - Player testing for early audience validation
  - Go-ahead gating process for managing investment decisions



# KEY TAKEAWAYS

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- ✓ Restructuring program is concluding
- ✓ Amo Toys continues to deliver strong results
- ✓ Games' back catalog and transactional sales are showing healthy growth
- ✓ A focused strategy and operational excellence will improve the Games segment significantly in the coming years
- ✓ During 2024 we are transitioning into a more sustainable and focused company



# Q&A

