

Thunderful Group

Q4 PRESENTATION

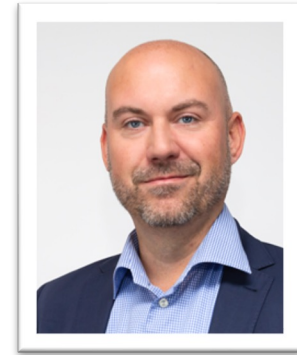
February 22, 2024

AGENDA

- Q4 KEY HIGHLIGHTS
- THUNDERFUL GROUP IN BRIEF
- Q4 FINANCIAL DETAILS
- CEO COMMENTS
- KEY TAKEAWAYS
- Q&A



Martin Walfisz
CEO



Henrik Lundkvist
CFO

Q4 KEY HIGHLIGHTS



Q4 KEY HIGHLIGHTS (1/2)

NET REVENUE

953 MSEK
-18% y/y

ADJ. EBITDA

3 MSEK
-98% y/y

EBIT

-678 MSEK
n.m.

CASH FLOW OPS.

304 MSEK
-25% y/y

INVESTMENTS

60 MSEK
-55% y/y

EPS

-8.35 SEK
n.m.



Q4 KEY HIGHLIGHTS (2/2)

DISTRIBUTION

DISTRIBUTION

- Strong performance from Amo Toys with best year ever
- Solid margins in Bergsala despite lower hardware sales
- Nordic Game Supply underperforming badly
 - German business closed down
 - Product portfolio partially divested
 - Business under review

GAMES

DEVELOPMENT

- Continued high investments in capitalized game development
- SteamWorld Headhunter put on hold
- Coatsink keeps delivering on co-development projects

After quarter:

- Restructuring program initiated to strengthen long-term competitive position
- Actions include both staff reductions and evaluation of divestment of non-strategic assets
- Save 90-110 MSEK on an annual basis

PUBLISHING

- Launch of six games, including key titles SteamWorld Build and Lego Bricktales VR
- First new SteamWorld game since 2019, but sales somewhat below expectations, so far
- Unusually high royalties
- Continued weak development in Partners revenue
- Planned divestment of Headup



THUNDERFUL GROUP IN BRIEF

DECEMBER 31

EMPLOYEES

519

INTERNAL GAME STUDIOS

10

INTERNAL GAMES IN DEVELOPMENT

14

GAMES IN PUBLISHING PIPELINE

14

2023 REVENUE

2 818 MSEK

SELECT BRANDS AND PARTNERS



DISTRIBUTION SEGMENT



AMOtoys



Bergsala



NGS
NORDIC GAME SUPPLY GROUP

GAMES SEGMENT

REVENUE STREAMS

IP BUILDING

CO-DEVELOPMENT

PARTNERS

INVESTMENTS



GAMES SEGMENT

OPERATING AREAS

DEVELOPMENT

Management of studios and development of first and third-party games

PUBLISHING

Marketing and sales of first and third-party games



SELECT TITLES PLANNED FOR 2024



**NEW TITLE
SOON TO BE
ANNOUNCED**



REPLACED

... AND MORE

Q4 FINANCIAL DETAILS

FINANCIAL HIGHLIGHTS Q4 2023

- Net revenue decreased by 18%, to 953 MSEK
- Gross margin in level with previous year
- Adj. EBITDA at 3 MSEK due to weak performance in NGS and Games
- EBIT decreased to -678 MSEK, negatively affected by write-downs on goodwill amounting to 500 MSEK and capitalized game development costs amounting to 98 MSEK

KEY FIGURES

MSEK	Quarter		YTD	
	Q4 2023	Q4 2022	FY 2023	FY 2022
Net revenue	953,2	1 168,1	2 818,2	2 953,3
<i>Change %</i>	-18,4%	-9,2%	-4,6%	-3,5%
<i>Gross profit</i>	255,0	316,4	1 067,1	1 102,5
<i>Gross margin, %</i>	26,8%	27,1%	37,9%	37,3%
Adjusted EBITDA	2,9	185,2	237,4	375,6
Adjusted EBITDA, %	0,3%	15,9%	8,4%	12,7%
EBIT	-678,3	143,1	-609,3	196,1
Net profit for the period	-587,1	130,4	-609,4	121,2
Earnings per share, SEK	-8,35	1,86	-8,67	1,72

DISTRIBUTION

- Net revenue decreased by 14% to 832 MSEK
 - AMO Toys had its best year ever and a strong Q4 - increased sales and improved margins
 - Bergsala decreased sales due to lower hardware sales
 - NGS still have difficulties due to continued low market demand. Close-down of German business and continued sell out of discounted inventory had negative impact on Q4.
- Adj. EBITDA decreased to 6 MSEK
- Additional 48 MSEK in Other operating income for Bergsala due to reclassification

KEY FIGURES

MSEK	Q4 2023	Q4 2022	Δ	FY 2023	FY 2022
Net revenue	832,0	968,7	-14,1%	2 392,9	2 438,8
- Bergsala	417,6	566,9	-26,3%	1 308,3	1 215,8
- NGS	177,3	235,2	-24,6%	505,5	699,1
- Amo Toys	189,0	166,7	13,4%	579,1	524,0
Adj. EBITDA	5,9	57,0	-89,7%	105,7	97,9
- Bergsala	40,2	60,7	-33,7%	113,5	99,3
- NGS	-54,0	-4,2	1 178,3%	-65,1	-2,1
- Amo Toys	19,7	0,5	3 485,3%	57,3	0,7
Adj. EBITDA margin	0,7%	5,9%	-4,2 p.p.	4,4%	4,0%

GAMES

- Net revenue decreased by -39% to 121 MSEK. Q4 2023 included acquired one-off revenue of 75 MSEK – excluded for this in level with previous year
- Coatsink and Thunderful Publishing driving net sales contribution in the quarter
- New releases contributed 26 MSEK
- Adj. EBITDA at 7 MSEK
- EBIT decreased to -658 MSEK, negatively affected by write-downs on goodwill (500 MSEK) and capitalized game development costs (98 MSEK)

KEY FIGURES

MSEK	Q4 2023	Q4 2022	Δ	FY 2023	FY 2022
Net revenue	121,2	199,4	-39,2%	425,3	514,4
Adj. EBITDA	7,3	138,3	-94,7%	162,2	301,3
Adj. EBITDA margin	6,0%	69,4%	-63,3 p.p.	38,1%	58,6%
EBIT	-657,6	116,7	-663,4%	-616,4	185,3

CASH FLOW

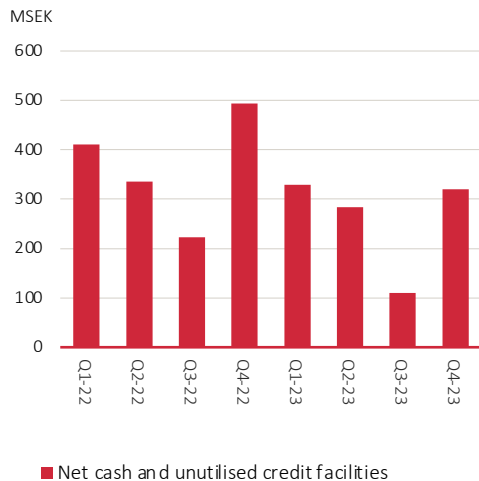
- Operating CF amounted to 304 MSEK
 - A positive affect in change in WC of +271 MSEK, due to increased A/P +266 MSEK, decreased inventory +95 MSEK and increased A/R -74 MSEK
- Investing activities:
 - Capitalized game development amounted to 37 MSEK, in line with LY
 - Investments in publishing rights amounted to 21 MSEK, in line with LY
 - LY included acquisition of Jumpship 70 MSEK
- Financing activities amounted to -70 MSEK, mainly due to reduced credit facilities
- Cash position end of quarter at 209 MSEK

KEY FIGURES

MSEK	Quarter		YTD	
	Q4 2023	Q4 2022	FY 2023	FY 2022
Cash flow from operating activities before change in working capital	32,8	131,2	200,5	234,1
Change in working capital	271,3	275,1	114,9	293,3
Cash flow from operating activities after change in working capital	304,2	406,3	315,4	527,4
Cash flow from investing activities	-60,0	-132,7	-330,2	-301,7
Cash flow from financing activities	-70,4	-255,8	167,8	-234,1
Cash flow for the period	173,8	18,0	153,0	-8,4
Cash and cash equivalents at the end of the period	209,1	56,6	209,1	56,6

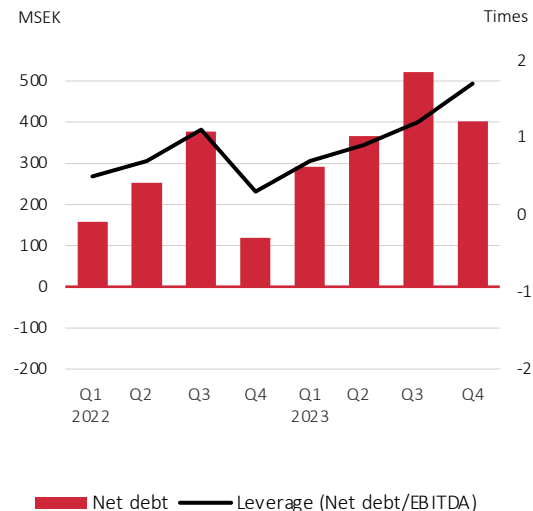
AVAILABLE LIQUIDITY AND NET DEBT

TOTAL AVAILABLE CASH, INCLUDING UNUTILISED CREDIT FACILITIES



- Available liquidity 320 MSEK (494) end of December 2023
- Net debt amounted to 402 MSEK (118) end of December 2023
- Net debt/EBITDA ratio 1.7x

NET DEBT AND LEVERAGE



CEO COMMENTS

CEO COMMENTS

GROUP

- New executive management team in place
- The restructuring program has taken a lot of effort and focus in the last few months
- Impressed by the talent and engagement shown at every level in the group – despite the situation
- Need to conclude a more focused strategy and clearer direction
- Continued improvements in processes and steering models will lead to a stronger and more successful company
- 2024 is a transition year

DISTRIBUTION

- Continue to improve internal data visibility and steer through KPIs
- Amo Toys has found its stride
- The rumored next Nintendo console generation is creating excitement and opportunity

GAMES

- Write-downs necessary to reflect actual value of assets
- A more defined portfolio strategy will increase efficiency and effectiveness
- Takes time to change risk-balance between own IP-investments and co-development (work for hire)
- Great potential in product slate for 2024-2026 – fewer, better and bigger



KEY TAKEAWAYS

KEY TAKEAWAYS

- Amo Toys and Bergsala continue to deliver strong results, with great potential for the future
- Restructuring program will save 90-110 MSEK annually and consolidate the Group for future growth
- New strategic focus and process improvements will improve the Games segment significantly in the coming years
- During 2024 we are transitioning into a more stable and focused company





Q & A