



Thunderful Group

Q3 PRESENTATION
JUL-SEP 2021



TODAY'S PRESENTERS



BRJANN SIGURGEIRSSON
CEO



ANDERS MAIQVIST
CFO



KEY HIGHLIGHTS
THUNDERFUL GROUP & STRATEGY
BUSINESS SEGMENTS
FINANCIALS
EVENTS AFTER THE END
OF THE QUARTER

KEY HIGHLIGHTS

Q3 HIGHLIGHTS

- ✓ Strong growth and good profitability (adj. EBITA) in Games
-
- ✓ 12 game releases, such as
 - Lost in Random (Zoink / EA)
 - Jurassic World Aftermath Part 2 (Coatsink / Oculus)
 - Islanders: Console Edition (Grizzly Games / Coatsink)
 - Industria (Bleakmill / Thunderful Publishing)
-
- ✓ Acquisition of To The Sky AB (Gothenburg, Sweden)
 - ✓ Acquisition of Stage Clear Studios, SL (Madrid, Spain)



KEY HIGHLIGHTS

STRONG GROWTH AND PROFITABILITY FOR GAMES, SUPPLY CHAIN CHALLENGES FOR DISTRIBUTION

Operating income growth -1.6%

- Games 191.1%
- Distribution -11.9%

Adj. EBITDA increase 7.3%

Adj. EBITA increase -3.3%

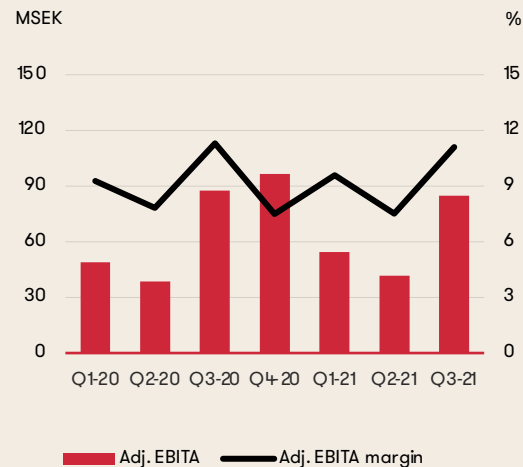
Events during the period

- Acquisition of To The Sky AB
- Acquisition of Stage Clear Studios, SL

KEY FIGURES

MSEK	Q3 2021	Q3 2020	R12M	2020
Operating income	762.0	774.6	3 175.4	3 082.3
Adj. EBITDA	98.3	91.6	317.8	291.4
Adj. EBITDA margin, %	12.9	11.8	10.0	9.5
Adj. EBITA	84.7	87.6	277.7	271.5
Adj. EBITA margin, %	11.1	11.3	8.7	8.8

ADJ. EBITA



KEY HIGHLIGHTS
THUNDERFUL GROUP & STRATEGY
BUSINESS SEGMENTS
FINANCIALS
EVENTS AFTER THE END
OF THE QUARTER

THIS IS THUNDERFUL GROUP

A European company operating in two business segments:

- **Games** – developing, publishing and investing in games for mainly PC and consoles
- **Distribution** – distributing Nintendo products, games, gaming accessories and toys
- **Vision:** To be a leader in a world where everyone can play
- **Mission:** To provide creative entertainment products of the highest quality for people of all ages

EMPLOYEES

408*

GAMES IN
PUBLISHING PIPELINE

26*

GAMES IN
DEVELOPMENT

13*

BRAND
PORTFOLIO

c.100



NINTENDO
PARTNERSHIP SINCE

1981

* September 30 2021

BUSINESS STRATEGY

ACCELERATE INVESTMENTS

- Increase investments in the development and publishing of games.
- Acquire complementary businesses and intellectual property rights.
- Acquire development studios and other gaming companies that operate in a decentralised structure.

MAINTAIN AND DEVELOP IP-CENTRIC OPERATIONS

- Use IP rights and brands to create and develop experiences in new media and for new platforms.
- Ensure presence on platforms and in channels.
- Increase the share of proprietary brands.

HIGH-QUALITY PERFORMANCE IN THE GROUP'S BUSINESS SEGMENTS

- Uphold an entrepreneurial culture with strong focus on quality.
- Retain and develop staff and internal competence.
- Retain and develop co-operations and partnerships.

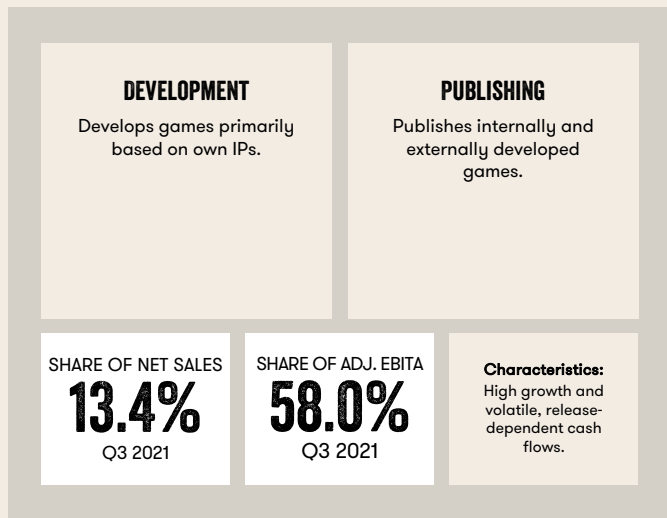


KEY HIGHLIGHTS
THUNDERFUL GROUP & STRATEGY
BUSINESS SEGMENTS
FINANCIALS
EVENTS AFTER THE END
OF THE QUARTER

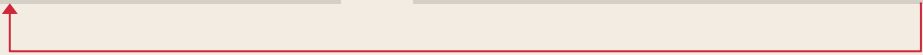
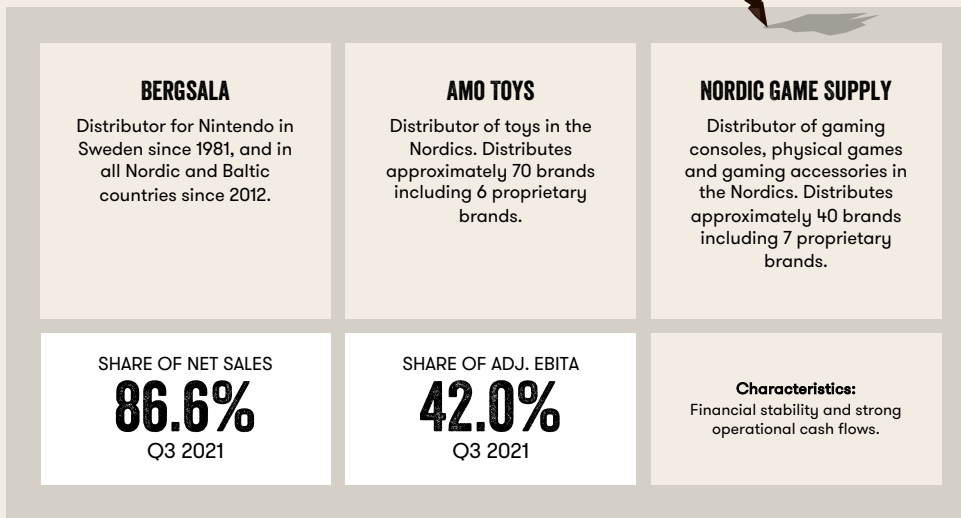
TWO COMPLEMENTING BUSINESS SEGMENTS



GAMES...



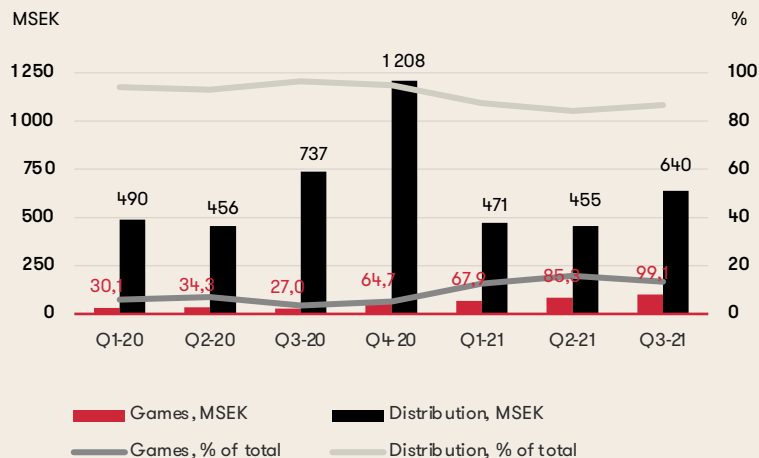
... & DISTRIBUTION



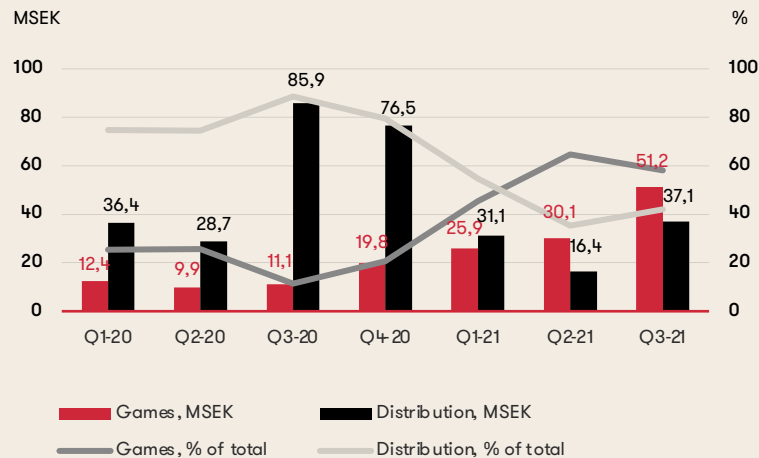
CASH FLOWS

GAMES SHARE OF NET SALES AND ADJ. EBITA IS INCREASING ACCORDING TO STRATEGY

NET SALES



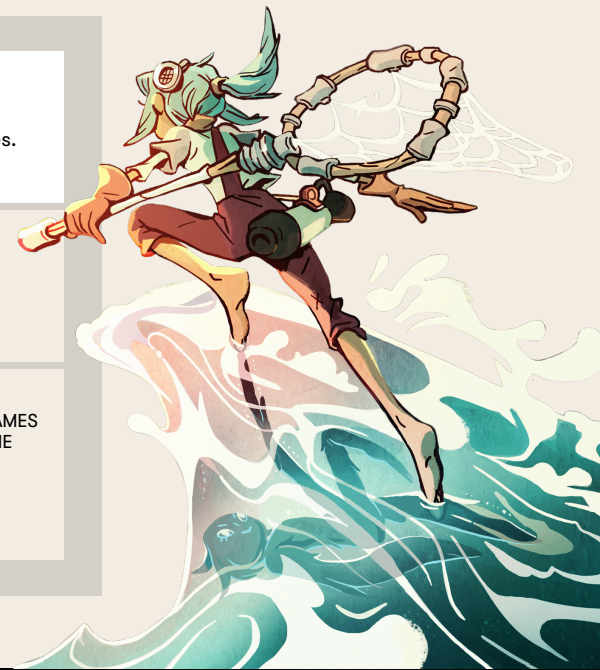
ADJ. EBITA



* 2019 avser sammanstagna finansiella rapporter. EBITA infört Q4'20, dessförinnan avses EBIT.

GAMES: OVERVIEW

DEVELOPMENT Develops games primarily based on own IPs.			PUBLISHING Publishes internally and externally developed games.		
AVERAGE SCORE ON METACRITIC 80 / 100 FOR THE LATEST TEN GAMES			COMMITTED FUTURE INVESTMENTS IN EXTERNAL GAMES 145 MSEK		
EMPLOYEES IN DEVELOPMENT 262	SOLD GAMES 16M	RELEASED GAMES 39	EXTERNAL GAMES IN PIPELINE 26	EMPLOYEES IN PUBLISHING 39	INTERNAL GAMES IN PIPELINE 14



GAMES: PIPELINE

- 11 games based on external IP launched commercially on at least one platform
- On 4 projects, more platform SKUs are being prepared
- 1 additional game from EMS in the table

Updates in Q3

- Lost in Random was released and gained superb reviews
- Industria and Source of Madness successfully launched on PC

GAMES RELEASED IN THE THIRD QUARTER 2021

Game Description	Platform								
	Title	Launch	Publisher	Genre	PC	Console	Mobile	VR	Streaming
Lost At Sea	2021-07-15	Headup	Walking Simulator	Ⓔ	●	●	○	○	○
Gigapocalypse	2021-07-22	Headup	Arcade	Ⓔ	●	●	●	○	○
Escape from Naraka	2021-07-29	Headup	FPS/Platformer	Ⓔ	●	○	○	○	○
Get Packed Fully Loaded	2021-07-29	Coatsink	Party	Ⓔ	●	●	○	○	●
Champions of Avan	2021-08-01	Early Morning Studio	RPG	○	○	○	●	○	○
Curious Expedition 2	2021-08-11	Thunderful	Roguelike Strategy	Ⓔ	●	●	○	○	○
Islanders Console Edition	2021-08-11	Coatsink	Strategy	Ⓔ	○	●	○	○	○
Cardaclysm	2021-08-13	Headup	Card Combat	Ⓔ	●	●	○	○	○
Lost In Random	2021-09-10	EA	Action Adventure	①	●	●	○	○	○
Source of Madness	2021-09-22	Thunderful	Roguelike Action	Ⓔ	●	●	○	○	○
Jurassic World Aftermath Part 2	2021-09-30	Coatsink	VR Action Stealth	①	○	○	○	●	○
Industria	2021-09-30	Headup	FPS	Ⓔ	●	●	○	○	○

① Internal studio Ⓔ External studio ● Released ● In-development ○ Not Available

GAMES: PIPELINE

- 5 games shipped
- Secured the release rights for Wavetale on PC & consoles

Updates first half of Q4

- Pumpkin Jack New Gen Ed and Moonglow Bay successfully launched to market

GAMES RELEASED AFTER THE END OF THE THIRD QUARTER AND BEFORE NOVEMBER 16, 2021

Game Description				Platform				
Title	Launch	Publisher	Genre	PC	Console	Mobile	VR	Streaming
Silver Chains	2021-10-20	Headup	Horror	Ⓒ	●	●	○	○
Moonglow Bay	2021-10-26	Coatsink	RPG	Ⓒ	●	○	○	○
Pumpkin Jack	2021-10-27	Headup	Platformer	Ⓒ	●	○	○	○
Pixel Heroes Megabyte & Magic	2021-11-05	Headup	RPG	Ⓒ	○	○	○	○
Wavetale	2021-11-10	Thunderful	Action Adventure	Ⓘ	●	●	○	○

Ⓘ Intern studio Ⓒ Extern studio ● Released ● In-development ○ Not Available

GAMES: PIPELINE

- 14 internal games currently in development.
- Games in *italic* refers to internal project names.
- 1 game from EMS added

Updates in Q3

- *Wavetale* announced and released 2021-11-10
- *The Gunk* announced for release 2021-12-16
- *SteamWorld Headhunter* announced

ANNOUNCED RELEASES OF INTERNALLY DEVELOPED GAMES AS OF NOVEMBER 16, 2021

Game Description				Platform					
Title	Launch	Publisher	Genre	Own IP	PC	Console	Mobile	VR	Streaming
Wavetale	2021-11-10	Thunderful	Action Adventure	☑	●	●	○	○	●
The Gunk	2021-12-16	Thunderful	Action Adventure	☑	●	●	○	○	○
Vendir: Plague of Lies	2022, 1H	Early Morning Studio	RPG	☑	●	●	●	○	○
<i>"Cherry"</i>	2022, 2H	Thunderful	Action Adventure	☑	●	●	○	○	○
<i>"Chocolate"</i>	2022, 2H	Coatsink	Action Adventure	⊗	●	●	○	○	○
<i>"Coffee (SteamWorld Game)"</i>	2022	Thunderful	Action Puzzle Adventure	☑	●	●	○	○	○
Tinkertown	2022	Headup	Strategy	☑	●	●	●	○	○
<i>"Strawberry"</i>	2022	Thunderful	Action Adventure	☑	○	○	●	○	○
<i>"Caramel (SteamWorld Game)"</i>	2023	Thunderful	Action Adventure	☑	●	●	●	○	○
SteamWorld Headhunter	2023	Thunderful	Multiplayer shooter	☑	●	●	○	○	○
<i>"Lime"</i>	2023	Coatsink	Strategy	☑	○	○	○	●	○
<i>"Mango"</i>	2023	Thunderful	Action Adventure	☑	●	●	○	○	○
<i>"Blueberry"</i>	2023	Thunderful	Action Stealth	☑	●	●	○	○	○
<i>"Vanilla"</i>	2023	Thunderful	VR Action Stealth	☑	●	●	○	○	○

☑ Yes ⊗ No ● Shipped ● In-development ○ Not Available

GAMES: PIPELINE

- 26 games from external developers in publishing pipeline.

Updates in Q3

- Cursed to Golf was announced and received high praise
- Curious Expedition 2 was part of the August Nintendo Direct supported by a Shadowdrop Release

ANNOUNCED RELEASES OF EXTERNALLY DEVELOPED GAMES AS OF NOVEMBER 16, 2021

Game Description				Platform				
Title	Launch	Publisher	Genre	PC	Console	Mobile	VR	Streaming
Gigapocalypse	2021-07-22	Headup	Arcade	●	●	●	○	○
Curious Expedition 2	2021-08-11	Thunderful	Roguelike Strategy	●	●	○	○	○
Source of Madness	2021-09-22	Thunderful	Roguelike Action	●	●	○	○	○
Industria	2021-09-30	Headup	FPS	●	●	○	○	○
Moonglow Bay	2021-10-26	Coatsink	RPG	●	●	○	○	○
White Shadows	2021-12-07	Thunderful	Puzzle Platformer	●	●	○	○	○
Firegirl	2021-12-14	Thunderful	Roguelike Platformer	●	●	○	○	○
Aerial_Knight's Never Yield	2022	Headup	Runner	●	●	●	○	○
Crowns and Pawns	2022	Thunderful	Adventure	●	○	○	○	○
Cursed to Golf	2022	Thunderful	Roguelike Sports	●	●	○	○	○
Hell Pie	2022	Thunderful	3D Platformer	●	●	○	○	○
"Cheesecake"	2022	Thunderful	Puzzle Platformer	●	●	●	○	○
Laika	2022	Thunderful	Motorvania	●	●	○	○	○

● Shipped ● In-development ○ Not Available

GAMES: PIPELINE

- 26 games from external developers in publishing pipeline.

Updates in Q3

- Super Meat Boy Forever announced coming for mobile
- Thunderful World was announced and took place with astonishing results, announcing numerous projects

ANNOUNCED RELEASES OF EXTERNALLY DEVELOPED GAMES AS OF NOVEMBER 16, 2021

Game Description				Platform				
Title	Launch	Publisher	Genre	PC	Console	Mobile	VR	Streaming
"Neapolitan"	2022	Thunderful	Roguelike Action	●	●	○	○	○
"Peanut Butter"	2022	Coatsink	Souls like	●	●	○	○	○
Togges	2022	Thunderful	Puzzle Adventure	●	●	○	○	○
Replaced	2022	Coatsink	Adventure	●	●	○	○	○
Super Meat Boy Forever	2022	Thunderful	Platformer	○	○	●	○	○
Swordship	2022	Thunderful	Arcade	●	●	○	○	○
"Coconut"	2023	Thunderful	1st Person Puzzle	●	●	○	○	○
"Hazelnut"	2023	Coatsink	2D Platformer	●	●	○	○	○
"Maple"	2023	Thunderful	Roguelike FPS	●	○	○	○	○
"Mint"	2023	Thunderful	2D Platformer	●	●	○	○	○
Planet of Lana	2023	Thunderful	Puzzle Platformer	●	●	○	○	○
"Teaberry"	2023	Thunderful	3rd Person Action	○	○	○	○	○
"Tiger Tail"	2023	Thunderful	Survival RPG	●	●	○	○	○

● Shipped ● In-development ○ Not Available

DISTRIBUTION: OVERVIEW



BERGSALA		AMO TOYS		NORDIC GAME SUPPLY	
Distributor for Nintendo in the Nordics and Baltic countries		Distributor of toys in the Nordics		Distributor of gaming consoles, physical games and gaming accessories in the Nordics	
GAMES SOLD	PROPRIETARY BRANDS	PROPRIETARY BRANDS	BRANDS, APPROX	PROPRIETARY BRANDS	BRANDS, APPROX
19M	9M	6	70	7	40
SWEDISH NINTENDO DISTRIBUTOR SINCE		AMO OY FOUNDED		NORDIC GAME SUPPLY FOUNDED	
1981		1965		2010	

KEY HIGHLIGHTS
THUNDERFUL GROUP & STRATEGY
BUSINESS SEGMENTS
FINANCIALS
EVENTS AFTER THE END
OF THE QUARTER

STRONG GROWTH FOR GAMES, SUPPLY CHAIN CHALLENGES FOR DISTRIBUTION

Net sales growth –25.5 MSEK, –3.3%

- Games 72.1 MSEK, 267.0%
- Distribution –97.6 MSEK, – 13.2%

Adj. EBITA growth –2.9 MSEK, –3.3%

- Games 40.1 MSEK, 361.3%
- Distribution –48.8 MSEK, –56.8%
- Other 5.8 MSEK, 61.7%

Operating cash flow –275.3 MSEK, –395.0%

- Op. cash flow in Q3'21 negatively affected by inventory build-up in Distribution (–126.7 MSEK) and mix effect among Distribution companies.
- Breakdown available on slide 27.



KEY FIGURES

MSEK	Q3-2021	Q3-2020	Growth	%
Net sales	738.9	764.4	–25.5	–3.3
Adj. EBITA	84.7	87.6	–2.9	–3.3
Op. cashflow	–205.6	69.7	–275.3	–395.0

GAMES

Net sales growth 72.1 MSEK, 267.0%

- Organic -22,1%
- Acquired 289.1%

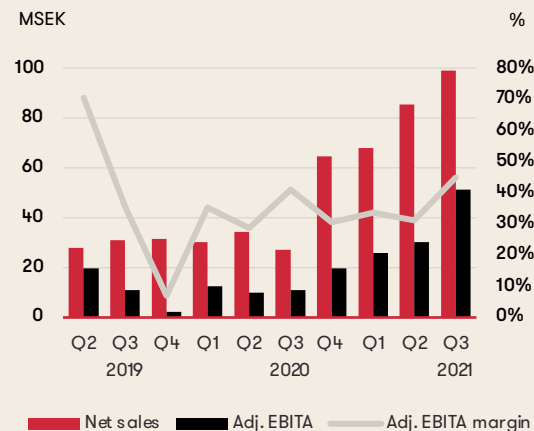
Adj. EBITA growth 40.1 MSEK, 361.3%

- Adj. EBITA margin at 44.9%
- Strong momentum of Coatsink's portfolio has positive effect on Adj. EBITA margin
- No revenues from Thunderful Development's game releases in Q3. Lost in Random released, but external publisher recoups investment first.

KEY FIGURES

MSEK	Q3 2021	Q3 2020	R12M	2020
Operating income	114.1	39.2	360.9	184.1
Net Sales	99.1	27.0	317.0	156.2
Adj. EBITDA	60.8	14.7	157.4	67.2
Adj. EBITDA margin, %	53.3	37.5	43.6	36.5
Adj. EBITA	51,2	11.1	127.0	53.1
Adj. EBITA margin, %	44.9	28.3	35.2	28.8

NET SALES & ADJ. EBITA

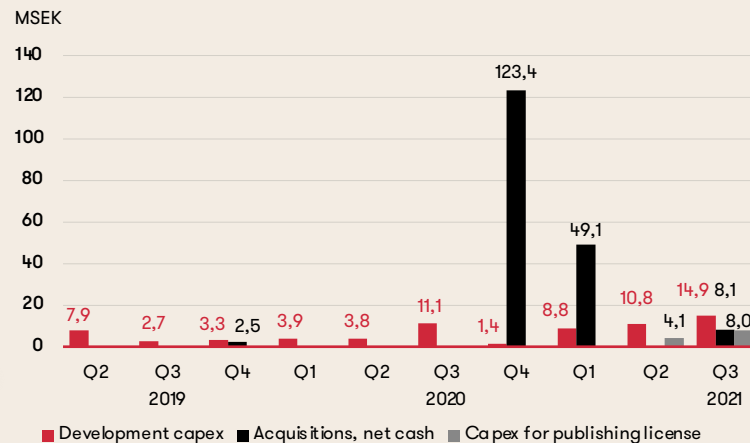


GAMES

- Accelerated capex for acquisitions from Q4'20 (IPO completed Dec 7 2020).
- Accelerated capex for development as number of FTEs within development increased, 262 (91) at the end of the quarter.
- Some developers still working on externally funded game projects, not being capitalized.
 - Two of these games recently released, Lost In Random (Sep'21) and Wavetale (Nov'21)



GAME INVESTMENTS



DISTRIBUTION

Net sales decrease -13.2%

- Bergsala -30.6%. Supply chain disruptions for hardware in Q3'21.
- Nordic Game Supply, 39.4%. Majority of increase from the brand Razer.
- Amo Toys, -18.1%. Some H2 products delayed until Q4 instead of Q3.

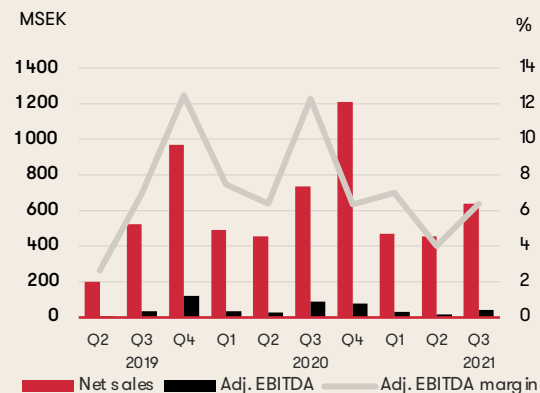
Adj EBITDA decrease -53.3%

- Decrease primarily driven by Bergsala and Amo Toys.
- Lower profitability in Bergsala as a result of decreased net sales.
- Lower profitability in Amo Toys driven by a combination of decreased net sales, gross margin pressure and increased logistics costs.

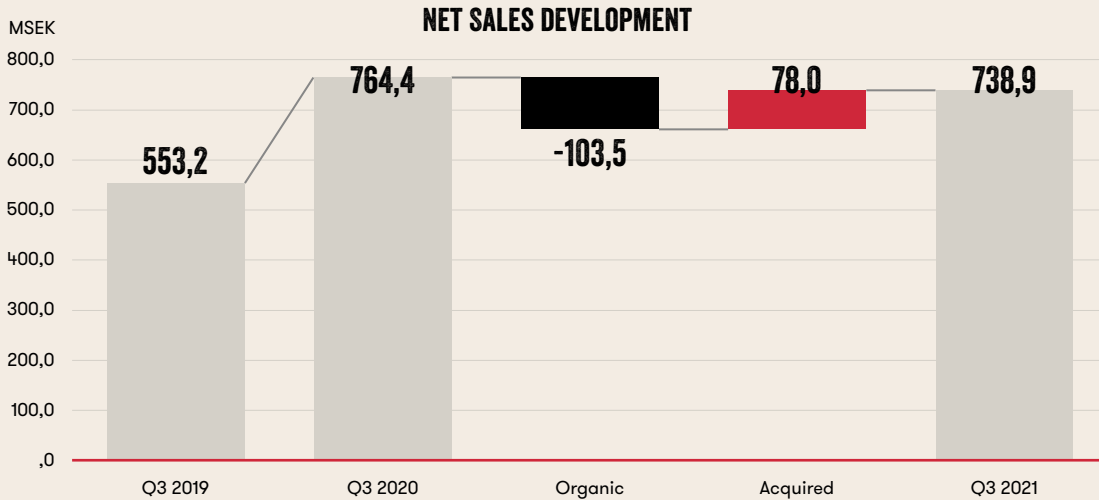
KEY FIGURES

MSEK	Q3 2021	Q3 2020	R12M	2020
Operating income	647.9	735.4	2 814.5	2 898.2
Net Sales	639.8	737.4	2 774.2	2 891.6
- Bergsala	303.0	436.4	1 411.1	1 708.4
- Nordic Game Supply	218.8	157.0	921.1	704.6
- Amo Toys	118.0	144.0	442.0	478.6
Adj. EBITDA	40.9	87.5	169.3	233.4
- Bergsala	22.2	48.7	100.4	160.6
- Nordic Game Supply	7.4	11.1	49.4	40.5
- Amo Toys	11.3	27.7	19.5	32.3
Adj. EBITDA margin, %	5.7	11.7	5.7	7.9

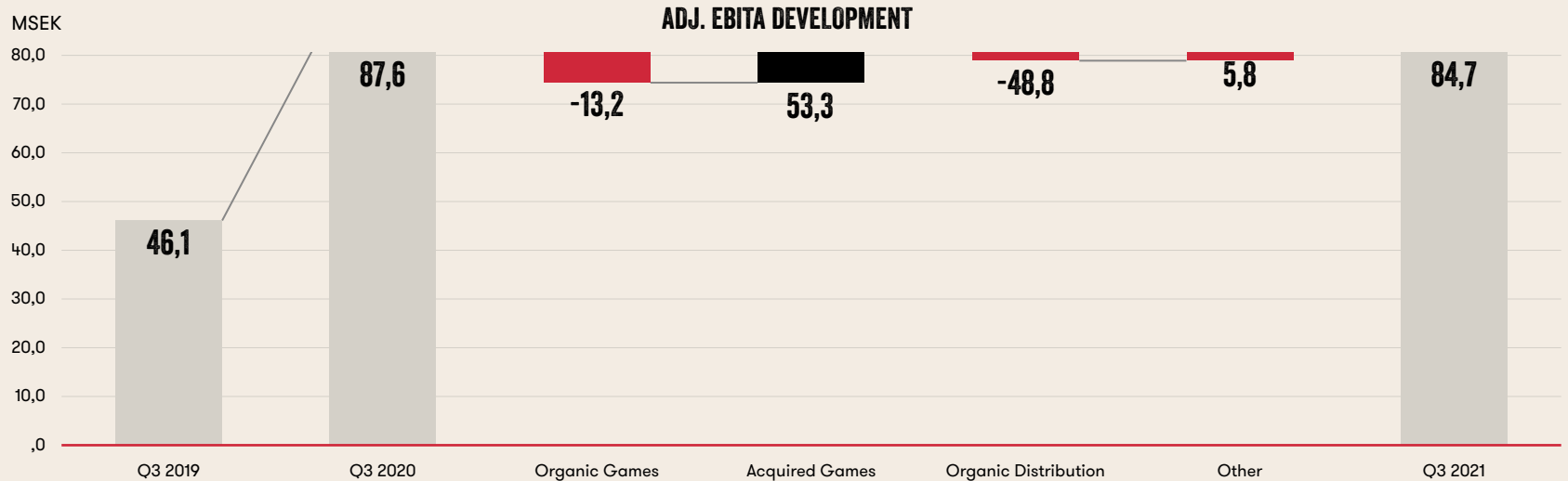
NET SALES AND ADJ. EBITDA



INCREASE IN NET SALES STRONGLY DRIVEN BY ACQUISITIONS

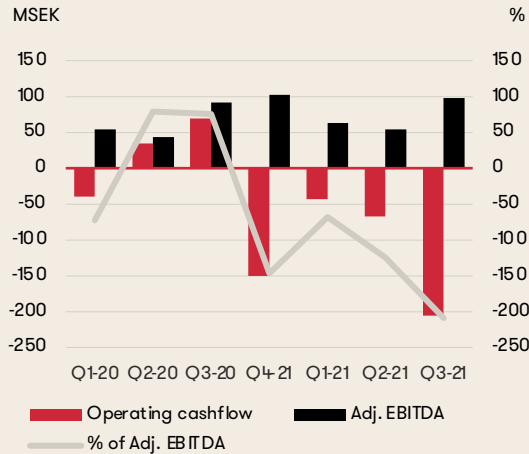


ACQUISITIONS IN GAMES SEGMENT DRIVES ADJ. EBITA INCREASE

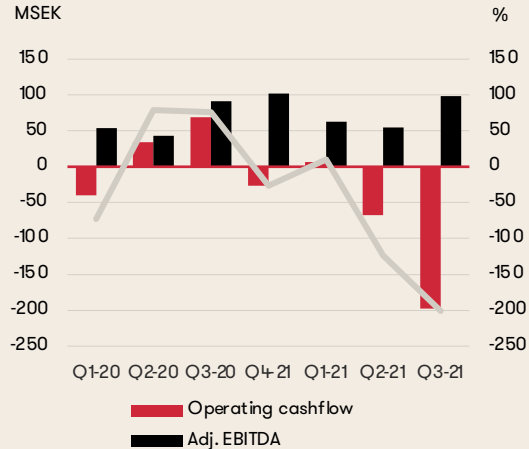


OPERATING CASH FLOW AND NET CASH POSITION

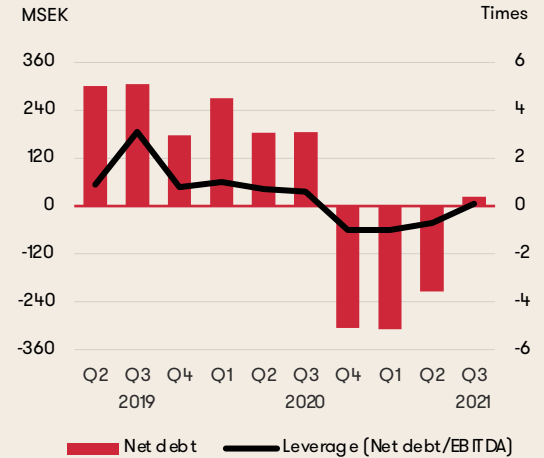
OPERATING CASH FLOW AND CASH CONVERSION



OPERATING CASH FLOW AND CASH CONVERSION ADJUSTED FOR ACQUISITIONS



NET DEBT AND LEVERAGE



LTM NET WORKING CAPITAL DEVELOPMENT

- Operating cash flow metric is based on change in LTM net working capital, which is -267.4 MSEK in Q3'21
- Key driver is inventories (including advances to suppliers) with -126.7 MSEK and net of AR/AP with -187.3 MSEK
- Inventory build-up primarily in NGS with increase net sales and earlier than usual deliveries from Far East as a safety buffer to secure customer availability in Q4.
- Decrease in accounts payables caused by lower inventory levels in Bergsala, with significant higher DPO than the other distribution companies.

MSEK	Q3 2021	Q3 2020	Δ
Inventories	951.9	825.2	-126.7
Accounts receivable	391.9	561.3	169.4
Other receivables	24.9	25.5	0.6
Accounts payable	421.8	778.5	-356.7
Other liabilities	149.6	103.6	46.0
Total net working capital	797.3	530.0	-267.4



KEY HIGHLIGHTS
THUNDERFUL GROUP & STRATEGY
BUSINESS SEGMENTS
FINANCIALS
EVENTS AFTER THE END
OF THE QUARTER

ACQUISITION OF ROBOT TEDDY LTD

Robot Teddy is a consultancy, founded by Callum Underwood. It manages business and strategy for multiple successful studios and games, including Among Us, SUPERHOT, and Gang Beasts. Alongside this, Robot Teddy provides support to multiple funds and publishers across scouting and business development.

- Headquartered in the United Kingdom.
- 11 staff distributed across the United Kingdom, Philippines, South Africa, The Netherlands and Canada.
- Currently working with 14 clients.
- Key partnered studios include Innersloth (Among Us), Boneloaf (Gang Beasts), SUPERHOT (SUPERHOT VR), Triband (What The Golf?), Fern Turtle (Viewfinder).

FOUNDED IN

2017

LTM AUG'21 SALES, GBP

3.2M



EMPLOYEES

11

LTM AUG'21 EBIT, GBP

2.7M

CLIENTS

14

THE ROBOT TEDDY RATIONALE & TRANSACTION

OUR AGENDA

- Build an investment pillar, alongside our successful publishing and development ones, that will widely expand the range of developers we will be able to partner with.
- Set up an investment fund to support the development of game prototypes and vertical slices.
- Set up a VR investment fund focused on the development of VR games, a booming sector that is rife with opportunity when it comes to self-publishing.
- Robot Teddy will continue to offer support to developers who want to self-publish.
- The Robot Teddy network will further strengthen our ability to spot great opportunities at the earliest possible stages.

TRANSACTION STRUCTURE

- **Upfront consideration: 10.0 MGBP on a cash and debt free basis**
 - 7.0 MGBP in cash
 - 3.0 MGBP to re-invest in Thunderful Group by way of a direct issue of new shares*
- **Earnout consideration: Up to 12.0 MGBP**
 - Subject to fulfilment of financial and operational milestones until 31 December 2025
 - Payable in up to 4.0 MGBP in shares and up to 8.0 MGBP in cash
- **Total consideration: 22.0 MGBP**
- **Upfront consideration of 10.0 MGBP is equivalent to 3.7x EV/EBIT LTM-Aug'21**

* In total 575,338 new shares resulting in a dilution of 0.83%.



ACQUISITION OF EARLY MORNING STUDIO AB

Early Morning Studio is an independent game studio founded by Emir Kuljanin and Kristian Andersson. The studio focuses on creating high quality old-school RPG games, and always assumes players are intelligent and can figure things out on their own. Their first hit, *Vampire's Fall: Origins* has been played by over 10 million players across 5 platforms.

- Headquarters in Stockholm, Sweden
- 13 distributed developers
- Released *Vampire's Fall: Origins* in 2018
- Released *Champions of Avan* in 2021
- Announced *Vendir: Plague of Lies* for release in 1H 2022

FOUNDED IN 2018	FY 2021 FCST SALES, SEK 17-19M	 EARLY MORNING STUDIO
DEVELOPERS 13	FY 2021 FCST ADJ. EBIT, SEK 12-13M	RELEASED GAMES 2

THE EARLY MORNING RATIONALE

STRENGTHENING THUNDERFUL BY BRINGING MOBILE KNOW-HOW

- Profitable inroad into the mobile games market
- Experienced IP creators
- Established track record of qualitative games
- Engaging F2P titles with strong retention
- Consistent future pipeline

OUR AGENDA

- Decentralised ownership
- Utilise mobile expertise for future acquisitions
- Continue to develop the studio and gradually increase number of FTEs
- Involve Thunderful Publishing / Thunderful Development
- Develop IPs



THE EARLY MORNING TRANSACTION

TRANSACTION STRUCTURE

- **Upfront consideration: 80.0 MSEK on a cash and debt free basis**
 - 45.0 MSEK in cash
 - 35.0 MSEK in newly issued Thunderful Group shares
- **Earnout consideration: Up to 270.0 MSEK**
 - Subject to fulfilment of financial milestones until 31 December 2026, see next slide
 - Payable in up to 50% in shares and the remainder in cash
- **Total consideration: 350.0 MSEK**

FINANCING

- Preliminary management accounts expects net sales of 17-19 MSEK and adj. EBIT of 12-13 MSEK for FY2021.
- Upfront consideration of 80.0 MSEK is equivalent to 6.4x EV/Adjusted EBIT 2021, assuming mid-range EBIT for 2021.
- The cash consideration will be financed with available cash and credit facilities.
- For the share consideration, Thunderful Group will issue 597.321 shares to the sellers of Early Morning Studio at 58.595 SEK / share* resulting in a dilution of 0.86%.

* 10 days VWAP as of market close November 15, 2021



VENDIR
PLAGUE OF LIES

VENDIR
PLAGUE OF LIES



THE EARLY MORNING TRANSACTION: EARNOUT

EARNOUT CONSIDERATION

- **Earnout consideration: Up to 270.0 MSEK**
 - For the financial year 2021 a maximum of SEK 16.0 million payable in cash subject to Early Morning Studio meeting adj. EBIT levels in excess of 13.0 MSEK during FY2021.
 - For the financial years 2022-2023, 2024, 2025, 2026, the seller may receive additional earn-out payments of 1.0x adj. EBIT payable in up to 50% in shares and the remainder in cash, provided that certain financial targets in accordance with the table below are met.
 - All newly issued shares are subject to a lockup of 12 months from the time of allotment.

Financial year	Minimum Adj. EBIT
2022-2023	58.0 MSEK
2024	38.0 MSEK
2025	40.0 MSEK
2026	60.0 MSEK



THANK YOU!

