



Thunderful Group

Q3

PRESENTATION
JUL-SEP 2022

Today's presenters



Anders Maiqvist
Acting CEO



Lennart Sparud
CFO



KEY HIGHLIGHTS
THUNDERFUL GROUP &
SEGMENTS
FINANCIALS
EVENTS AFTER THE QUARTER

Q3 Highlights

- ✓ Games segment reaches 51 MSEK in EBITA, back on profit-generating levels in line with comparison quarter, after three weak quarters.

- ✓ Net sales from releases at 10 MSEK and restructuring within Games strengthen the teams and lays a foundation for continued growth, both organic and through acquisitions.

- ✓ Inventory levels reduced with 94 MSEK vs Q3'21 and 70 MSEK vs Q2'22. Inventory reduction continues in Q4 with additional inventory reduction of 70 MSEK in October.

- ✓ Continued EBITDA-pressure in Distribution caused by higher logistics costs and gross margin pressure from closeout sales in 2 of 3 Distribution companies.



Games: strong second quarter in acquired companies

Distribution: reduced profitability

Operating income growth 9.4%

- Games 20.5%
- Distribution -6.8%

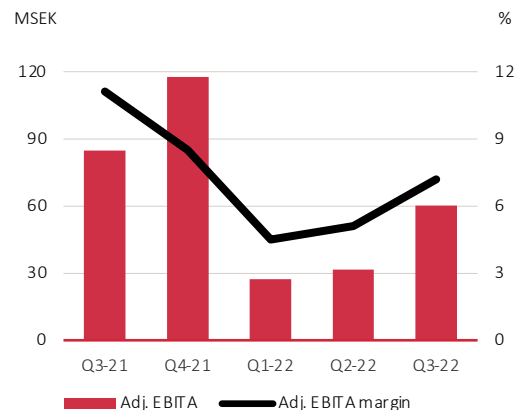
Adj. EBITDA increase -21.2%

Adj. EBITA decrease -28.8%

KEY FIGURES

MSEK	Q3 2022	Q3 2021	Δ	R12M	2021
Operating income	834.0	762.0	9.4%	3,449.0	3,273.8
Adj. EBITDA	77.4	98.3	-21.2%	331.2	356.5
Adj. EBITDA margin	9.3%	12.9%		9.9%	10.9%
Adj. EBITA	60.3	84.7	-28.8%	236.7	298.8
Adj. EBITA margin	7.2%	11.1%		7.1%	9.1%

ADJUSTED EBITA





KEY HIGHLIGHTS
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This is Thunderful Group

A European company operating in two segments:

- **Games** – developing, publishing and investing in games for PC, consoles and mobile platforms
- **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

444*

GAMES IN
PUBLISHING PIPELINE

20*



INTERNAL GAMES
IN DEVELOPMENT

12*

BRAND
PORTFOLIO

c.100

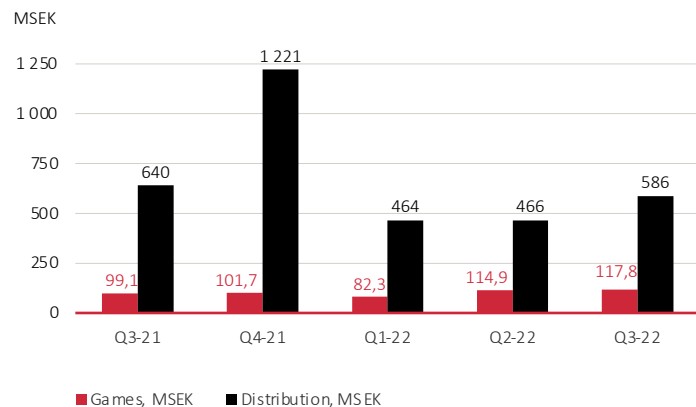
NINTENDO
PARTNERSHIP SINCE

1981

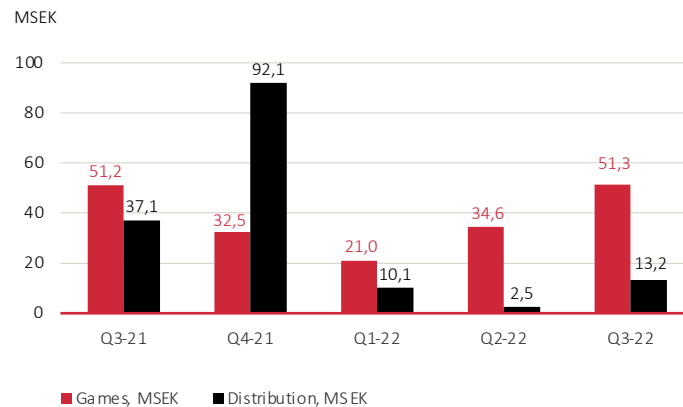
* September 30 2022

Games and distribution: Net sales and Adjusted EBITA

NET SALES

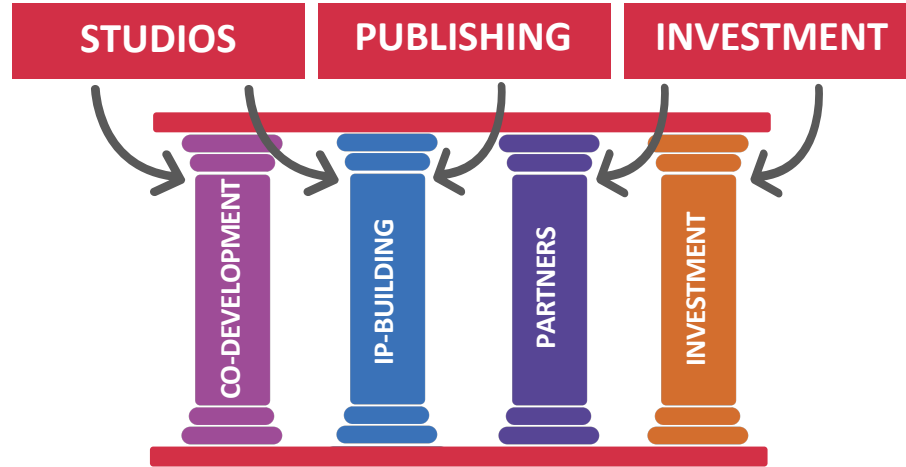


ADJUSTED EBITA



Games: 3 divisions turned into 4 revenue pillars

Old structure
New structure



New organization

Integrated decentralized structure with business units aligned to the four revenue pillars

Games: 4 revenue pillars

CO-DEVELOPMENT

Includes game development within Thunderful Studios on behalf of external licensees.

The revenue stream contributes with predictable revenues with stable and high margins and with revenue shares from developed games. There is no need for investments.

IP-BUILDING

Includes development and publishing of internally developed games with own IPs and publishing of externally developed games with licensed IPs.

The revenue stream is dependent on a high rate of investment and can generate high profitability levels when published games reach commercial success.

PARTNERS

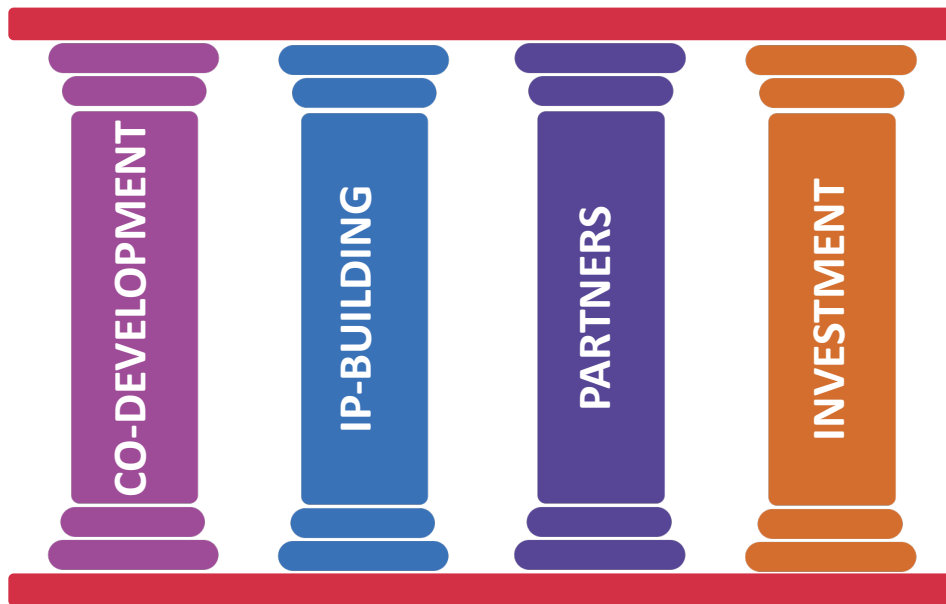
Includes service and support for third-party game developers who self-publish games.

The revenue stream contributes with predictable revenues with stable and high margins and with revenue shares from games that our partners self-publish. There is no need for investments.

INVESTMENT

Includes investments ranging from early prototype phase in game development projects to acquisitions of larger companies.

The project investment revenue stream is dependent on a certain rate of investments and contributes with variable revenue shares from games in which Thunderful has invested.



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 accessories, gaming merchandise and physical games in the Nordics	
GAMES SOLD	CONSOLES SOLD	PROPRIETARY BRANDS	BRANDS, APPROX	PROPRIETARY BRANDS	BRANDS, APPROX
20M	9M	8	70	12	40
SWEDISH NINTENDO DISTRIBUTOR SINCE		AMO OY FOUNDED		NORDIC GAME SUPPLY FOUNDED	
1981		1965		2010	

Games: Releases during and after the quarter

Releases during the third quarter 2022

- 9.7 MSEK in sales contribution during the third quarter, mainly from Cursed to Golf
- 3 externally developed games released in Q3

Releases after the quarter

- 3 externally developed games released
- 2 internally developed games released
- LEGO Bricktales awarded “*best Lego game ever*” by GamesRadar in Oct¹
- Releases after the quarter, excluding *Somerville*, already contributing with more sales than total sales contribution from releases in Q3
- *Somerville* expected to contribute with revenues in excess of 70 MSEK in the fourth quarter

1) Source: www.gamesradar.com/best-lego-games

Games released during the third quarter 2022

Game Description				Platform			
Title	Release	Publisher	Studio	PC	Console	Mobile	VR
Hell Pie	2022-07-21	Headup	External	●	●	○	○
Gigapocalypse	2022-08-04	Headup	External	●	●	●	○
Cursed to Golf	2022-08-18	Thunderful	External	●	●	○	○

Games released after the quarter but before the publication of this quarterly report

Game Description				Platform			
Title	Release	Publisher	Studio	PC	Console	Mobile	VR
LEGO Bricktales	2022-10-12	Thunderful	External	●	●	○	○
The Last Hero Of Nostalgaia	2022-10-19	Coatsink	External	●	●	○	○
Paper Cut Mansion	2022-10-27	Thunderful	External	●	●	○	○
Jurassic World: Aftermath	2022-11-10	Coatsink	In-house	○	●	○	○
Somerville	2022-11-15	Jumpship	In-house	●	●	○	○

● Available ○ Not available

Games: Pipeline

Internal games

- 12 internal games currently in development
- 7 releases planned for 2023, of which 6 currently planned for 1H

Announced releases of internally developed games as of September 30, 2022

Game Description			Platform			
Title	Release	Publisher	PC	Console	Mobile	VR
Wavetale	2022-12-12	Thunderful	●	●	○	○
Tinkertown	2023, 1H	Headup	●	●	○	○
"Cicada"	2023, 1H	Coatsink	●	○	○	○
"Coffee (a SteamWorld IP Game)"	2023, 1H	Thunderful	●	●	○	○
Vendir: Plague of Lies	2023, 1H	EMS	○	○	●	○
"Strawberry (a SteamWorld IP Game)"	2023, 1H	Thunderful	○	○	●	○
"Jaffa (a Jurassic World IP Game)"	2023, 1H	Coatsink	○	○	○	●
"Date"	2023, 2H	Coatsink	○	○	○	●
SteamWorld Headhunter	2024	Thunderful	●	●	○	○
"Caramel (a SteamWorld IP Game)"	2024	Thunderful	●	●	●	○
"Lemon"	2024	To The Sky	●	●	○	○
"Vanilla"	2024	Thunderful	●	●	○	○

"Not announced game name"

● Available

○ Not available

Games: Pipeline

External games

- 20 games from external developers in publishing pipeline
- 14 releases currently planned for 2023
- Thunderful was present at Gamescom with 9 playable demos in 252 m² booth.
- Massive presence at PAX West 2022 with Planet of Lana as key title.

Announced releases of **externally** developed games as of September 30, 2022

Game Description		Platform			
Title	Release	PC	Console	Mobile	VR
Swordship	2022-12-05	●	●	○	○
Togges	2022-12-07	●	●	○	○
Moonglow Bay	2023, 1H	●	●	○	○
The Last Hero Of Nostalgaia	2023, 1H	●	●	○	○
Super Meat Boy Forever	2023, 1H	○	○	●	○
LEGO Bricktales	2023, 1H	●	●	●	○
"Cinnamon"	2023, 1H	○	○	○	●
Planet of Lana	2023, 1H	●	●	○	○
"Raspberry"	2023, 1H	●	●	○	○
Laika: Aged Through Blood	2023, 1H	●	●	○	○
"Eggnog"	2023, 1H	●	●	○	○
Replaced	2023, 2H	●	●	○	○
Worldless	2023, 2H	●	●	○	○
"Coconut"	2023, 2H	●	●	○	○
"Cashew"	2023, 2H	●	●	○	○
"Rum & Raisin"	2023, 2H	●	●	○	○
"Lime"	2024	●	○	○	○
"Peach"	2024	●	●	○	○
"Maple"	2024	●	●	○	○
"Snowflake"	2024	●	●	○	○

"Not announced game name"

● Released ● Available ○ Not available



KEY HIGHLIGHTS
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A solid quarter in Games but weak development in distribution

Net sales growth -35.5% MSEK, -4.8%

- Games 18.7 MSEK, 18,9%
- Distribution -54.2 MSEK, -8.5%

Adj. EBITA growth -24.4 MSEK, -28.8%

- Games 0.1 MSEK, 0.2%
- Distribution -23.9 MSEK, -64.4%
- Other -0.6 MSEK

Cash flow from operating activities -71.4 MSEK

- Cash flow from operating activities was -71.4 MSEK in Q3'22, compared to -86.0 MSEK in Q3'21.
- Less inventory build-up in Distribution contributes with cash flow of 70.0 MSEK in Q3'22.
- A/R and A/P contributes with cash flow of -174.6 MSEK in Q3'22, mainly driven by Distribution.

KEY FIGURES

MSEK	Q3-2022	Q3-2021	Growth	%
Net sales	703.4	738.9	-35.5	-4.8%
Adj. EBITA	60.3	84.7	-24.4	-28.8%
Cash flow from operating activities	-71.4	-86.0	14.6	17.0%

Games

Net sales growth 18.7 MSEK, 18.9%

- Organic –4.2%
- Acquired 23.1%

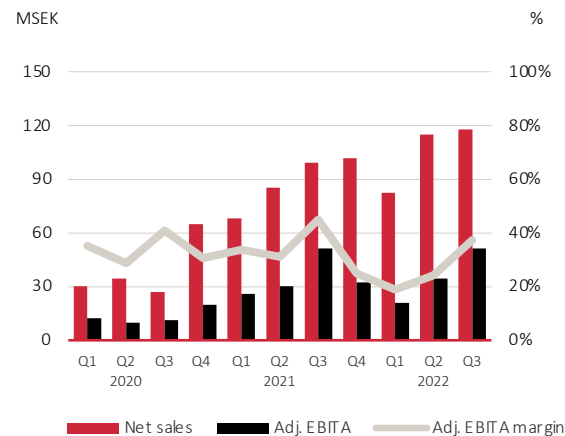
Adj. EBITA growth 0.1 MSEK, 0.2%

- Adj. EBITA margin at 37.3%
- Robot Teddy (non-organic) is driving the positive net sales and EBITA contribution in the quarter.

KEY FIGURES

MSEK	Q3 2022	Q3 2021	Δ	R12M	2021
Operating income	137.5	114.1	20.5%	523.2	418.5
Net Sales	117.8	99.1	18.9%	416.7	354.0
Adj. EBITDA	63.0	60.8	3.7%	214.7	185.2
Adj. EBITDA margin	45.8%	53.3%		41.0%	44.3%
Adj. EBITA	51.3	51.2	0.2%	139.4	139.7
Adj. EBITA margin	37.3%	44.9%		26.6%	33.4%

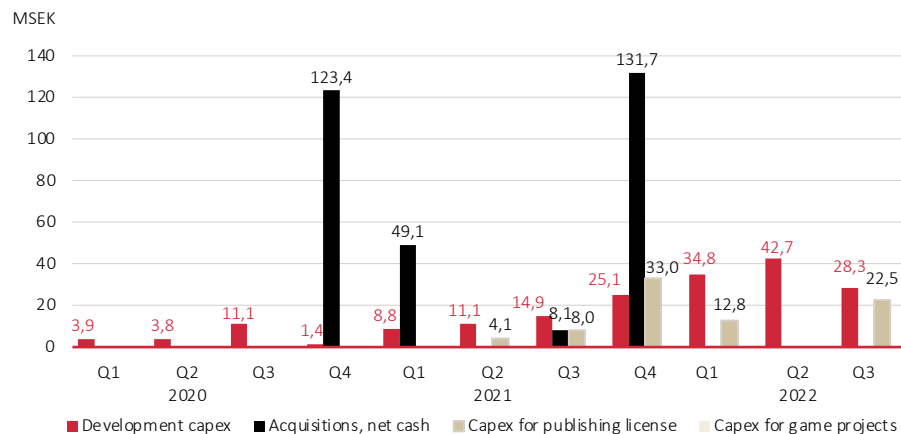
NET SALES & ADJ. EBITA



Game investments

- Total capex for Games in Q3'22 was 53.9 MSEK.
- Accelerated capex for development as number of FTEs within development increase, 309 (262) at the end of the quarter.
- Compared to the same quarter last year, higher share of internal developers working on games not being externally financed.

GAME INVESTMENTS



Distribution

Net sales decrease -8.5%

- Bergsala -5.1%. Less availability of hardware than in comparison quarter.
- Nordic Game Supply, -26.4%. General lower market demand in this product segment.
- Amo Toys, 16.0%.

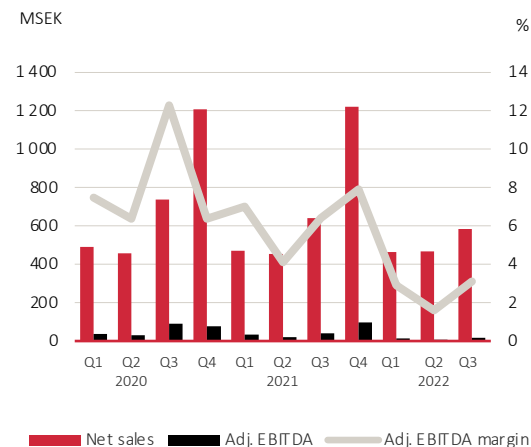
Adj EBITDA decrease -22.4 MSEK, -54.8%

- Sales mix effects in Bergsala impacting the adj. EBITDA margin.
- Adj. EBITDA in NGS and Amo Toys affected by pressure on margins from clearance sales and high logistics overhead.

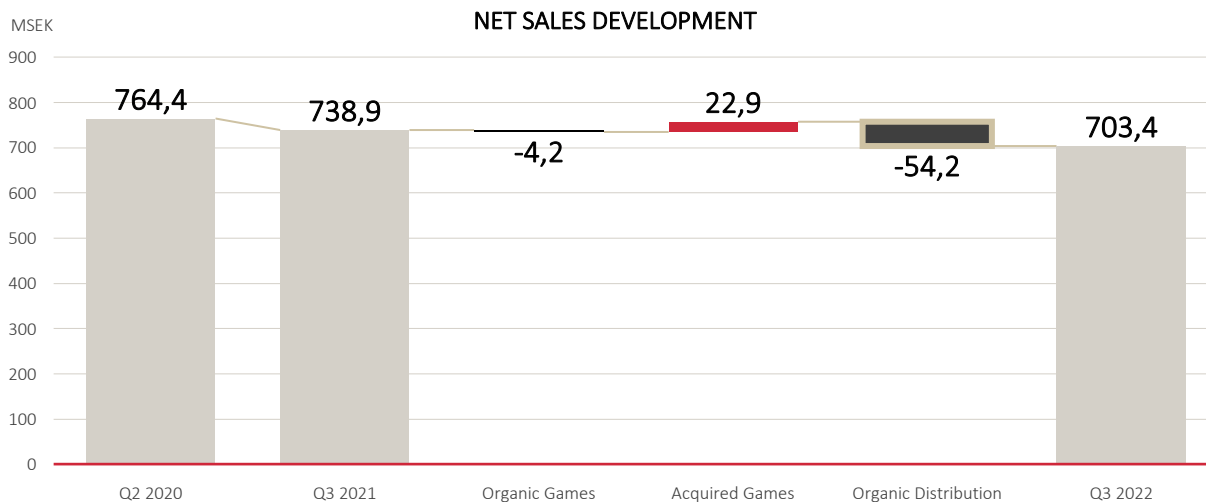
KEY FIGURES

MSEK	Q3 2022	Q3 2021	Δ	R12M	2021
Operating income	604.1	647.9	-6.8%	2,833.5	2,855.3
Net Sales	585.6	639.8	-8.5%	2,736.0	2,786.8
– Bergsala	287.7	303.0	-5.1%	1,326.3	1,308.3
– Nordic Game Supply	161.0	218.8	-26.4%	859.6	984.9
– Amo Toys	136.9	118.0	16.0%	550.1	493.6
Adj. EBITDA	18.5	40.9	-54.8%	137.0	188.5
– Bergsala	17.8	22.2	19.7%	95.3	104.3
– Nordic Game Supply	-1.3	7.4	-117.1%	37.0	53.9
– Amo Toys	2.0	11.3	-82.7%	4.6	30.3
Adj. EBITDA margin	3.1%	6.3%		4.8%	6.6%

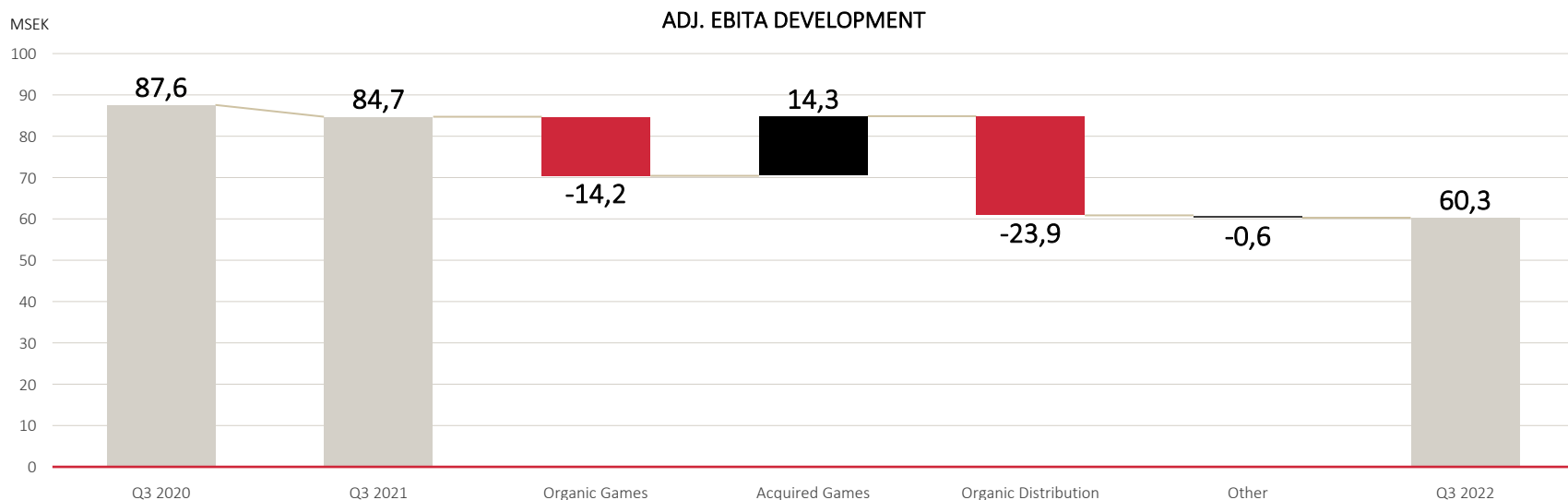
NET SALES AND ADJ. EBITDA



-4.8% growth in net sales

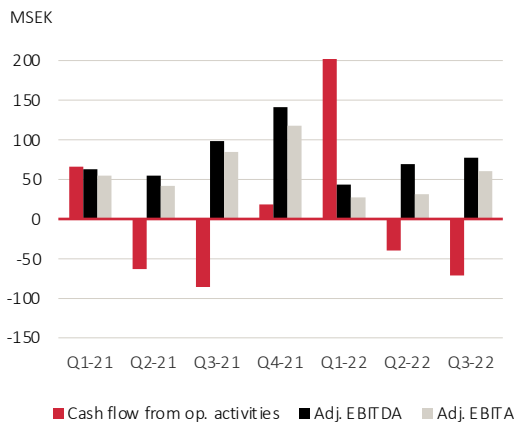


Weak development in Distribution drives adj. EBITA decrease

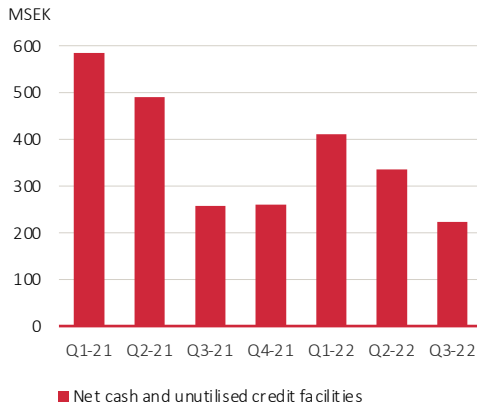


Cash flow from operating activities and net cash position

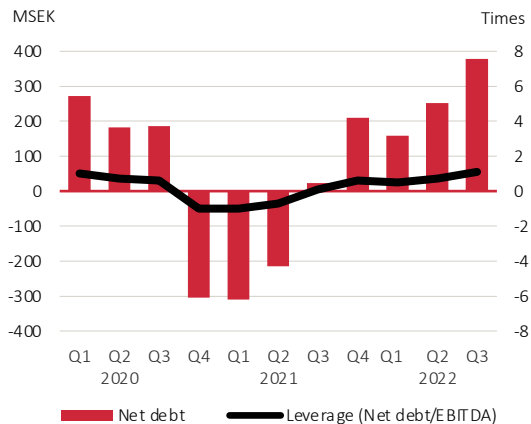
CASH FLOW FROM OPERATING ACITIVITES



TOTAL AVAILABLE CASH, INCLUDING UNUTILISED CREDIT FACILITIES



NET DEBT AND LEVERAGE





KEY HIGHLIGHTS
THUNDERFUL GROUP & SEGMENTS
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Acquisition of Jumpship Ltd: Overview

Jumpship is a game development studio with 26 team members, and today the company is launching its first game, the sci-fi adventure **Somerville**.

The **founders and sellers** of the majority of the shares in Jumpship are Chris Olsen, creator of the Somerville universe, and Dino Patti, former CEO and co-founder of the game development studio Playdead, the developer behind successful titles such as Limbo and Inside.

Headquarters in Guildford, United Kingdom

Founded in 2017

Releasing Somerville today, the first game from the studio

FOUNDED IN

2017

ESTIMATED NET SALES POST
ACQUISITION IN Q4'22, MSEK

70

JUMPSHIP®

EMPLOYEES AND CONTRACTORS

26

RELEASED GAMES

1

(TODAY)



Acquisition of Jumpship Ltd: Rationale for Thunderful

IP-BUILDING STUDIO

Part of Thunderful Studios in IP-Building pillar
Small but very talented development team
Leadership team has great “creativity vs business” balance
JUMPSHIP will retain creative autonomy as it continues to create top-class story-driven narrative games.

OUR AGENDA

JUMPSHIPs first title, Somerville, releasing today
Adds another strong internal IP to Thunderful’s Studios
Thunderful will support JUMPSHIPs autonomy and creative vision for building impactful narrative driven games
Dino Patti has also been appointed Strategic Advisor in Thunderful Games, in addition to current role in JUMPSHIP

LEADERSHIP TEAM



Dino Patti

Co-Founder & Exec Prod

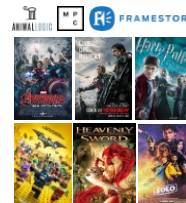


Worked in games since 2003.
Co-Founded Coherence and PLAYDEAD - Millions of copies sold and multiple awards from BAFTA, TGA, DICE and GDC.



Chris Olsen

Co-Founder & Game Director



15+ years in Feature Film, Previz and Games across multiple studios/projects.



Claire Boissiere

Studio Director

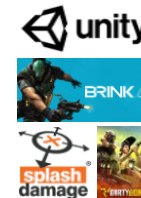


20+ years experience in Game Production, Direction, Writing & Chair of The National Video Games Museum.



Georgi Simeonov

Art Director



Veteran Art Director/Creative Lead/Concept Artist with over 15 years in games.

Acquisition of Jumpship Ltd: The Transaction

TRANSACTION STRUCTURE

Upfront consideration: 6.0 MGBP, all payable in cash

Repayment of existing shareholder loans: 2.0 MGBP

Earnout consideration: Up to 24.0 MGBP

FINANCING

JUMPSHIP Ltd is expected to contribute with net revenues in excess of 70 MSEK in the fourth quarter, post acquisition

JUMPSHIP Ltd has not recorded any revenues up until Nov 15, acc. to Thunderful's accounting principles

The cash consideration will be financed with available cash and credit facilities

EARNOUT STRUCTURE

Earnout period: November 2022 until December 2027

Accumulated EBIT <12 MGBP

Annual payments: Maximum of 0.5x EBIT per financial year

Accumulated EBIT >12 MGBP up to max 24 MGBP

Annual payments: Maximum of 0.75x EBIT per financial year



THANK YOU!



THANK YOU!