

Thunderful Group

Q2 PRESENTATION

August 21, 2024

AGENDA

- NEW THUNDERFUL
- Q2 KEY HIGHLIGHTS
- THUNDERFUL GROUP IN BRIEF
- Q2 FINANCIAL DETAILS
- KEY TAKEAWAYS
- Q&A



Martin Walfisz
CEO



Per Alnefelt
CFO

NEW THUNDERFUL

THUNDERFUL 2.0

REMAINING BUSINESS

Thunderful
PUBLISHING

Thunderful
GÖTEBORG

Thunderful
MALMÖ

**COAT
SINK.**



JUMPSHIP.



DIVESTED BUSINESS

(DISCONTINUED OPERATIONS IN Q2 REPORT)

Bergsala

AMOtoys

NGS
Nordic Game Supply AB

HEADUP

NEW BUSINESS SEGMENTS

PUBLISHING

- The Publishing segment is dedicated to the development, marketing, distribution and commercialisation of digital games and intellectual properties (IPs).
- This includes projects developed internally by our eight in-house studios as well as those created externally by third-party teams.

Thunderful
GÖTEBORG



**COAT
SINK.**



Thunderful
MALMÖ



JUMPSHIP.

CO-DEVELOPMENT & SERVICES

- Co-Development focuses on ideating, planning, and developing game projects in collaboration with external partners and licensees.
- The Services business utilises the expertise and resources of the Publishing segment and offers tailored services to third-party game developers who choose to self-publish.

**COAT
SINK.**



NEW PUBLISHING & DEVELOPMENT STRATEGY

CLEAR PUBLISHER IDENTITY

- Independent/AA games with EUR 2-4-8 million in production investment
- High-quality PC & Console games (primarily single-player)
- Content focus: relatable characters, immersive worlds and emergent gameplay
- Business model building on premium (i.e. pay upfront) with strong upsell opportunities (e.g. DLCs and in-game sales)
- Foster and grow communities around our games

OPERATIONAL EXCELLENCE

- Increase efficiency through improved processes and management structures
- Maintain and nurture core teams – cross-discipline, agile, expert teams of developers
- Smart resource allocation – stay lean, be careful not to overstaff, and use outsourcing suppliers to manage peaks
- Repeat to master – increased focus on learning, iterating and improving
- Establish hypothesis-driven prototyping and user testing methodologies – to continuously validate gameplay and gain audience insights
- Establish, grow and commercially explore our own core IPs

... DRIVING LONG-TERM GROWTH

GROWTH DRIVERS

- Make the right IP bets (combining strategy, data and experience)—and improve cost-efficiency and sales-processes—to considerably increase average ROI per title
- Continue publishing external titles to capture opportunities not available within our internal studios, and ensure the right cadence of yearly releases
- Over time, expand development capacity by establishing additional core teams and studios to increase release cadence
- Provide services to self-publishing partners (i.e. external developers who are seeking support to improve and maximise their self-publishing activities)
- Explore and capture the potential in generative AI, cloud gaming and other emerging technologies.
- Stable and growing revenue generation through back catalogue business, co-development, and partner services.

Q2 KEY HIGHLIGHTS

Q2 FINANCIAL HIGHLIGHTS (EXCLUDING DIVESTED BUSINESSES)

NET REVENUE

83 MSEK
-15% y/y

ADJ. EBITDA

4 MSEK
5% margin

EBIT

-60 MSEK
n.m.

INVESTMENTS

55 MSEK
-37% y/y

CASH FLOW OPS.

-33 MSEK
n.m

AVAIL. LIQUIDITY

255 MSEK



Q2 OPERATIONAL HIGHLIGHTS

GROUP

- Substantial divestments result in a pure-play games focused group
- Savings from restructuring program in line with plan of 90-100 MSEK (annualised)
- New focused strategy starting to take shape
- New EVP of Operations joined

PUBLISHING

- Successful launch of Aska (Early Access) at the very end of the quarter
- Substantially improved transactional sales, including back catalog, but no platform deals
- Kathrin Strangfeld taking permanent EVP of Publishing role
- Continue to improve leadership, structures and processes to ensure the right balance of creative and commercial mindset
- After Q2: SteamWorld Heist II launched to great critical acclaim

CO-DEVELOPMENT & SERVICES

- Coatsink continues to work closely with their co-development clients, such as Meta and others
 - 18-month contract extension covering a substantial part of resources
-
- Robot Teddy is managing existing clients and re-defining its service offering
 - Clear revenue decline compared to Q2'23, but we're optimistic about the strategy and opportunity for the future



THUNDERFUL GROUP IN BRIEF

JUNE 30

EMPLOYEES

329

INTERNAL GAME STUDIOS

8

INTERNAL GAMES IN
DEVELOPMENT

10

EXTERNAL GAMES IN
PUBLISHING PIPELINE

3

NET REVENUE LTM

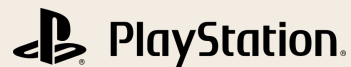
331 MSEK

SELECT BRANDS AND PARTNERS



PLANET OF LANA

VIEWFINDER



PlayStation.



XBOX



Meta



NINTENDO
SWITCH.



STEAM



EPIC
GAMES



OPERATIONS

PUBLISHING

Marketing and sales of first and third-party games

DEVELOPMENT

Management of first and third-party game projects

CO-DEVELOPMENT

Services for clients needing full-service creative development solutions

PARTNER SERVICES

Services for clients seeking support for self-publishing efforts



RECENT & UPCOMING RELEASES

ASKA



**PHANTOM
SPARK**



REPLACED

Moved to 2025

NEW GAME

Announced soon

... AND MORE

Q2 FINANCIAL DETAILS

FINANCIAL HIGHLIGHTS Q2 2024

- Net revenue amounted to 83 MSEK (97) in the quarter. Mainly drops in the Co-development & Services segment
- Adj. EBITDA amounted to 4 MSEK (55) in the quarter and to 141 MSEK (194) in the period. Main reasons being revenue drop, decreased capitalization of development cost and higher royalty cost than last year.
- EBIT amounted to -60 MSEK (13), negatively affected by write-downs of capitalized development costs

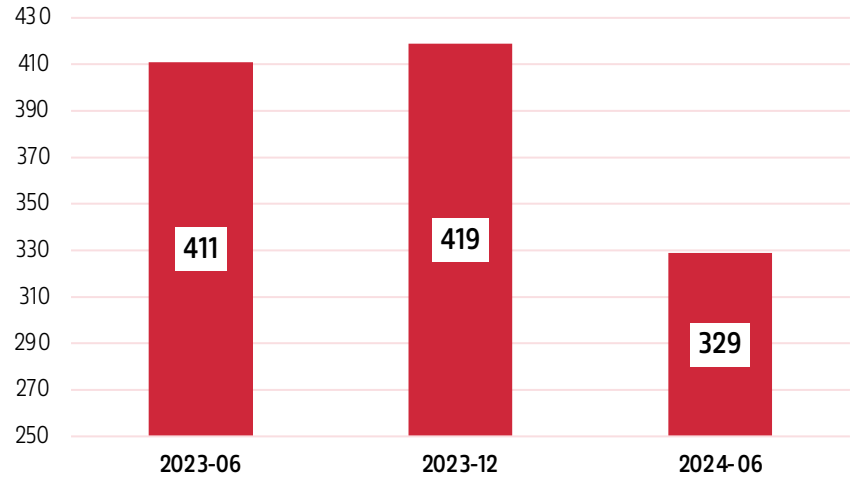
KEY FIGURES

MSEK	Quarter		YTD	
	Q2 2024	Q2 2023	Jan-Jun 2024	Jan-Jun 2023
Net revenue	83,1	97,2	141,1	194,3
<i>Change %</i>	-14,5%	1,7%	-27,4%	-3,5%
Adjusted EBITDA	3,9	55,4	-24,1	107,0
Adjusted EBITDA, %	4,7%	57,0%	-17,1%	55,1%
EBIT	-60,3	13,3	-212,9	31,1
Operating margin EBIT,%	-72,6%	13,7%	-150,9%	16,0%
Net profit for the period	-162,2	-60,4	-398,4	-47,0
Earnings per share, SEK	-2,31	-0,86	-5,67	-0,67

HEADCOUNT DEVELOPMENT

- At the end of Q2 the number of Full Time Equivalents counted to 329 which was a reduction of 20% compared to the same quarter last year and by 21% compared to Q4 2023

Full time employees (FTE)



SEGMENT PUBLISHING

- Net revenue for the quarter amounted to 58 MSEK (60)
- Adj. EBITDA amounted to -2 MSEK (34), the decrease primarily due to lower capitalization of development cost and higher royalty cost
- EBIT for the segment amounted to -64 MSEK (-5). In addition to the EBITDA results EBIT was also affected by write downs of capitalized development costs of 31 MSEK

PUBLISHING

MSEK	Quarter			YTD		
	Q2 2024	Q2 2023	Δ	Jan-Jun 2024	Jan-Jun 2023	Δ
Net revenue	58,1	60,1	-2,0	89,4	73,8	15,6
Adj. EBITDA	-2,2	34,3	-36,5	-32,6	22,0	-54,5
Adj. EBITDA margin	-3,8%	57,1%	-61%	-36,4%	29,8%	-66%
EBIT	-63,9	-5,3	-58,7	-216,1	-48,9	-167,1

SEGMENT CO-DEVELOPMENT AND SERVICES

- Net revenue amounted to 25 MSEK (37). The lower revenue was due to shortfall in Robot Teddy
- Adj. EBITDA amounted to 6 MSEK (21). The decrease mainly due to the revenue drop
- EBIT for the segment amounted to 4 MSEK (19)

CO-DEVELOPMENT & SERVICES

MSEK	Quarter			YTD		
	Q2 2024	Q2 2023	Δ	Jan-Jun 2024	Jan-Jun 2023	Δ
Net revenue	25,0	37,1	-12,1	51,7	120,4	-68,8
Adj. EBITDA	6,1	21,1	-15,0	8,5	85,0	-76,5
Adj. EBITDA margin	24,4%	56,7%	-0,3	16,5%	70,6%	-0,5
EBIT	3,6	18,6	-14,9	3,2	80,1	-76,9

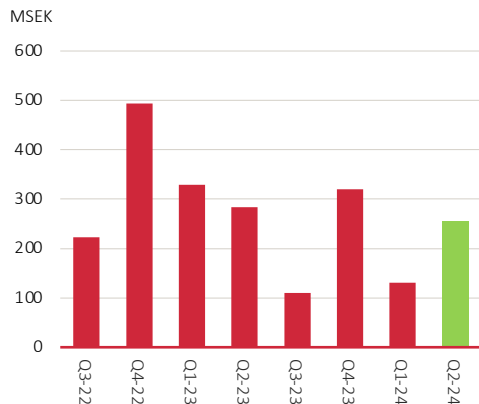
CASH FLOW

- The cash flow statement is heavily affected by the divestment of the distribution business
- Cash flow from Operating activities after working capital changes amounted to +411 MSEK of which 444 MSEK relates to discontinued business, hence cash flow for the remaining business amounted to -33 MSEK
- The Q2 divestments has paid off all bank debt
- Cash flow from the period amounted to 64 MSEK

MSEK	Quarter		YTD	
	Q2 2024	Q2 2023	Jan-Jun 2024	Jan-Jun 2023
Cash flow from operating activities before change in working capital	-114,5	66,6	-195,5	102,5
Change in working capital	525,3	-74,8	450,5	-29,3
Cash flow from operating activities after change in working capital	410,8	3,3	255,1	73,2
Investments	244,8	-63,8	200,2	-187,4
Financing activities	-591,5	35,2	-533,0	104,3
Cash flow for the period	64,1	-25,3	-77,7	-9,9
Cash and cash equivalents at the end of the period	135,7	50,2	135,7	50,2

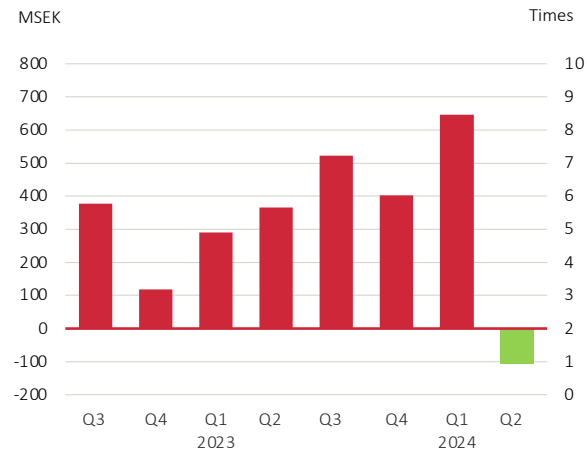
AVAILABLE LIQUIDITY AND NET DEBT

TOTAL AVAILABLE CASH, INCLUDING UNUTILISED CREDIT FACILITIES



- Available liquidity 255 MSEK end of June 2024
- Net debt amounted to a positive 108 MSEK – all loans repaid
- One off payments in Q3:
 - Short term earn outs of appr. 60 MSEK
 - SPA related payment (NWC price adjustment) of appr. 40 MSEK
- Deferred proceeds from the disposal of the distribution business of 39 MSEK will be received in Q2 2025

NET DEBT



KEY TAKEAWAYS

KEY TAKEAWAYS

- ✓ Transformed into a pure-play game publishing and development house
- ✓ Restructuring program concluded, with expected cost savings
- ✓ Back catalog and transactional sales continue to show healthy growth
- ✓ A focused strategy and operational excellence will help improve the group significantly in the coming years
- ✓ 2024 is a transition year and we still have challenges ahead



Q&A

