



Thunderful

YEAR-END REPORT

February 2021

THUNDERFUL GROUP – A NORDIC POWERHOUSE



AT A GLANCE

- A primarily pan-Nordic gaming group of companies active in two segments: Games (development & publishing) and Distribution
- The group was recently strengthened in Q4 through the acquisition of Coatsink Ltd and Station Interactive AB.
- Today, we are happy to announce the acquisition of Headup GmbH, a German game publisher and developer.
- The largest shareholders are Bergsala Holding AB (25%), Swedbank Robur (8,0%), Brjann Sigurgeirsson Holding AB (6,2%) and Lyngeled Holding AB (6,2%).
- The main office is in Gothenburg (SE), with additional offices in the Nordic countries, UK, Germany and Hong Kong.
 - Central distribution centres for the group located in Borås (SE) and Tampere (FI)



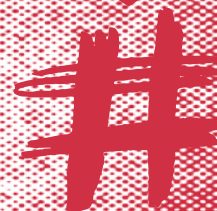
FINANCIAL HIGHLIGHTS 2020

REVENUE
3.0
SEK BN

ADJ. EBIT MARGIN
8.8
%

ADJUSTED EBIT
271
SEK M

OPERATIONAL HIGHLIGHTS 2020



EMPLOYEES
350

GAME RELEASES
OF OWN IPS
25
#

NINTENDO
PARTNERSHIP SINCE
1981

GAMES IN DEVELOPMENT
12
#

BRAND PORTFOLIO
100
C.

GROUP BUSINESS STRATEGY

EXECUTION ACROSS CORE SEGMENTS



- Asset care of existing IP portfolio
- Manage existing contracts and partnerships
- Diversification of distribution channels

MAINTAIN IP-CENTRIC BUSINESS



- Platform deals
- Subscription-based and streaming-based gaming
- Increase number of private labels

ACCELERATE INVESTMENTS



- Bigger and more profitable investments in games
- Further leverage multi-medium
- Add-on acquisitions





GROUP FINANCIAL DEVELOPMENT

AT A GLANCE

- 2020 has been an intense year characterized by strong growth and good profitability.
- Both Thunderful Games and Thunderful Distribution have expanded revenues significantly.
- Thunderful Distribution's EBITDA dropped in the fourth quarter:
- Mix effects:
 - We've sold more game consoles and game accessories, where margins are lower than for games and toys.
 - During the quarter, the Distribution segment launched fewer major games than usual, and stronger console sales affected the gross margin negatively.
- Covid-19:
 - The second wave of the pandemic meant tighter restrictions during the fourth quarter, especially in our neighboring Nordic countries.
 - This affected sales in certain product categories, such as toys, which are sold in physical stores to a greater extent than other distributed products.
- Thunderful Games has tripled the number of game developers, who are working on more and bigger games than before.
- We scale up both through organic growth and add-on acquisitions.

REVENUE (MSEK)

Q4 2020	Q4 2019	CHANGE
1,288	1,005	28%
FY 2020	FY 2019	CHANGE
3,082	2,116	46%

ADJUSTED EBIT (MSEK) ¹⁾

Q4 2020	Q4 2019	CHANGE
97	122	-21%
FY 2020	FY 2019	CHANGE
271	209	30%

EBIT FY 2020 of 215 MSEK adjusted for depreciations of non-cash issue from Group restructuring and depreciation of intangible assets from acquisitions (+41,4 MSEK) and other external costs from acquisition transactions costs (+14,7 MSEK)
 EBIT Q4 2020 adjusted for depreciations of non-cash issue from Group restructuring and depreciation of intangible assets from acquisitions (+13,8 MSEK) and other external costs from acquisition transactions costs (+14,7 MSEK)



ESTABLISHED MODEL FOR M&A: EXECUTING ON STRATEGY

SIGNIFICANT ACQUISITIONS IN Q4

Coatsink Software Ltd

- Game developer/co-developer/publisher
- Based in Sunderland, UK
- 100 FTEs

Station Interactive AB

- Game developer/co-developer
- Based in Karlshamn, Sweden
- 35 FTEs

SIGNIFICANT ACQUISITIONS AFTER Q4

Headup GmbH

- Game publisher/developer/distributor
- Based in Cologne, Germany
- 15 FTEs

Add-on acquisitions are and will remain an important enabler of Thunderful's strategy and future growth.



CASE IN POINT: ACQUISITION OF COATSINK

THE TRANSACTION IN BRIEF

- Thunderful acquired 100% of the Coatsink shares on 2 October 2020
- Total maximum consideration: GBP 65.5m**
 - Upfront consideration:** GBP 23 million, of which GBP 11.5 million in cash and GBP 11.5 million in shares
 - Earn-out consideration:** Up to GBP 42.5m which is reached only if Coatsink exceeds its financial target for 2021 and 2022. Will be paid in a mix of cash and shares
 - Following the transaction co-founders and several key employees of Coatsink will become shareholders in Thunderful

Earn-out period	x EBIT	% shares	% cash
January – June 2021	2x	0%	100%
July – December 2021	1.5x	0-50%	50-100%
January – December 2022	1x	0-50%	50-100%

KEY FINANCIALS

GBPm	Q1'20	Q2'20	Q3'20	YTD
Revenue	3.6	2.3	2.9	8.8
EBIT	1.3	1.0	1.2	3.5
EBIT margin, %	36%	42%	43%	40%

RATIONALE FOR THE TRANSACTION

- Further strengthens the Games segment by adding Coatsink's attractive platform partnerships and publishing deals, e.g. through Coatsink's strong relationship with Facebook/Oculus.
- Coatsink's in-house projects under development, including Jurassic World Aftermath Part 2, will be a strong complement to Thunderful's development pipeline during 2021-2023.
- Adding 100 FTEs increases Games' capacity significantly.
- Thunderful and Coatsink share similar philosophy and mindset among the developers – showing great respect for each other's development and products.



THUNDERFUL GAMES – SNAPSHOT

AT A GLANCE

- High-quality games with strong content and gameplay across various genres
- IP-centric, AA-level development
- Customer satisfaction is central – ten most recent releases have an average Metacritic release score of c. 80 with the highest SKU at 91/100
- Recent acquisitions will significantly strengthen Thunderful's development and publishing capabilities
- New offices and locations increase recruiting power

HIGHLIGHTS

GAMES SOLD # 30M	INTERNAL GAMES RELEASED # 36	YEARS IN THE INDUSTRY # 23
EMPLOYEES # 260	GAMES IN DEVELOPMENT # 12	METACRITIC SCORE ¹⁾ AVG. 80

NET SALES (MSEK)

Q4 2020 64.7	Q4 2019 31.5	CHANGE 105%
FY 2020 156.2	FY 2019 100.9	CHANGE 55%

EBIT/EBITA (MSEK)¹⁾

Q4 2020 19.2	Q4 2019 2.2	CHANGE 800%
FY 2020 53.1	FY 2019 30.9	CHANGE 72%

EBIT for the period FY 2019, Q4 2019, Q1-Q3 2020 and EBITA for Q4'20.

LOST IN RANDOM AND THE GUNK

Development

Publishing

LOST IN RANDOM

Description: Go on a journey with Even and her sidekick Dicey to play the odds and break the curse of Random

Developer: Thunderful Development

Publisher: EA

Platform: PlayStation 4, PlayStation 5, Xbox Serie X, Switch, and PC via Origin and Steam

Age rating: Everyone 10+, PEGI 12

Pricing: TBD by EA

Timing: 2021



THE GUNK

Description: A duo of outer-space explorers chance upon a dangerous planet plagued by a corruptive gunk

Developer: Thunderful Development

Publisher: Thunderful Publishing

Platform: Exclusive on Xbox Series X, Xbox One and Windows PC

Age rating: Everyone 10+, PEGI 12

Pricing: Standard edition - \$29.99

Timing: 2021



JURASSIC WORLD AFTERMATH 2 AND PROJECT AMBITION

Development

Publishing

JURASSIC WORLD AFTERMATH PART 2

Description: Jurassic World Aftermath Part 2 is a suspenseful, survival VR adventure coming soon to the Quest platform

Developer: Coatsink

Publisher: TBA

Platform: TBA

Pricing: TBA

Timing: 2021



PROJECT AMBITION

Description: Project Ambition is a 2.5D construction and survival game with a heavy focus on multiplayer co-op and physics orientated hilarity

Developer: Coatsink

Publisher: Coatsink

Platform: PC, PlayStation 5, Xbox Series X, Switch, Stadia

Pricing: TBA

Timing: 2022



PUBLISHING: ONWARD

Development

Publishing

ONWARD

Description: Onward combines mil-sim gameplay with the experience of playing in virtual reality.

Developer: Downpour

Publisher: Coatsink

Platform: PC VR, Oculus Rift, Oculus Quest, PS VR

Pricing: \$24.99

Release: 30 July 2020

Notable: Has grossed \$10M in 6 months on Oculus.





SECURED PIPELINE 2021–2023

FIRST-PARTY DEVELOPMENT RELEASES

2021: 4 TITLES
2022: 4 TITLES
2023: 4 TITLES

THIRD-PARTY PUBLISHING RELEASES

2021: 12 TITLES
2022: 7 TITLES
2023: 4 TITLES

225 DEVELOPERS AS OF DECEMBER 2020
(UP FROM 70 IN DECEMBER 2019)



THUNDERFUL DISTRIBUTION – SNAPSHOT

AT A GLANCE

- A truly diversified Nordic B2B distributor in three segments: Nintendo products (Bergsala), toys and boardgames (AMO Toys), and boxed games and gaming accessories (Nordic Game Supply)
 - Bergsala has held a unique partnership with Nintendo since 1981, hence being one of Nintendo’s oldest partners
 - AMO Toys’ history starts 1965 in Finland and has since been a real pioneer within the Nordic toy business
 - Nordic Game Supply is the leading independent distributor of boxed games and gaming accessories in the Nordics
- Thunderful Distribution’s EBITDA dropped in the fourth quarter:
- Mix effects:
 - We’ve sold more game consoles and game accessories, where margins are lower than for games and toys.
 - During the quarter, the Distribution segment launched fewer major games than usual, and stronger console sales affected the gross margin negatively.
- Covid-19:
 - The second wave of the pandemic meant tighter restrictions, especially in our neighboring Nordic countries.
 - This affected sales in certain product categories, such as toys, which are sold in physical stores to a greater extent than other distributed products.

NET SALES (MSEK)

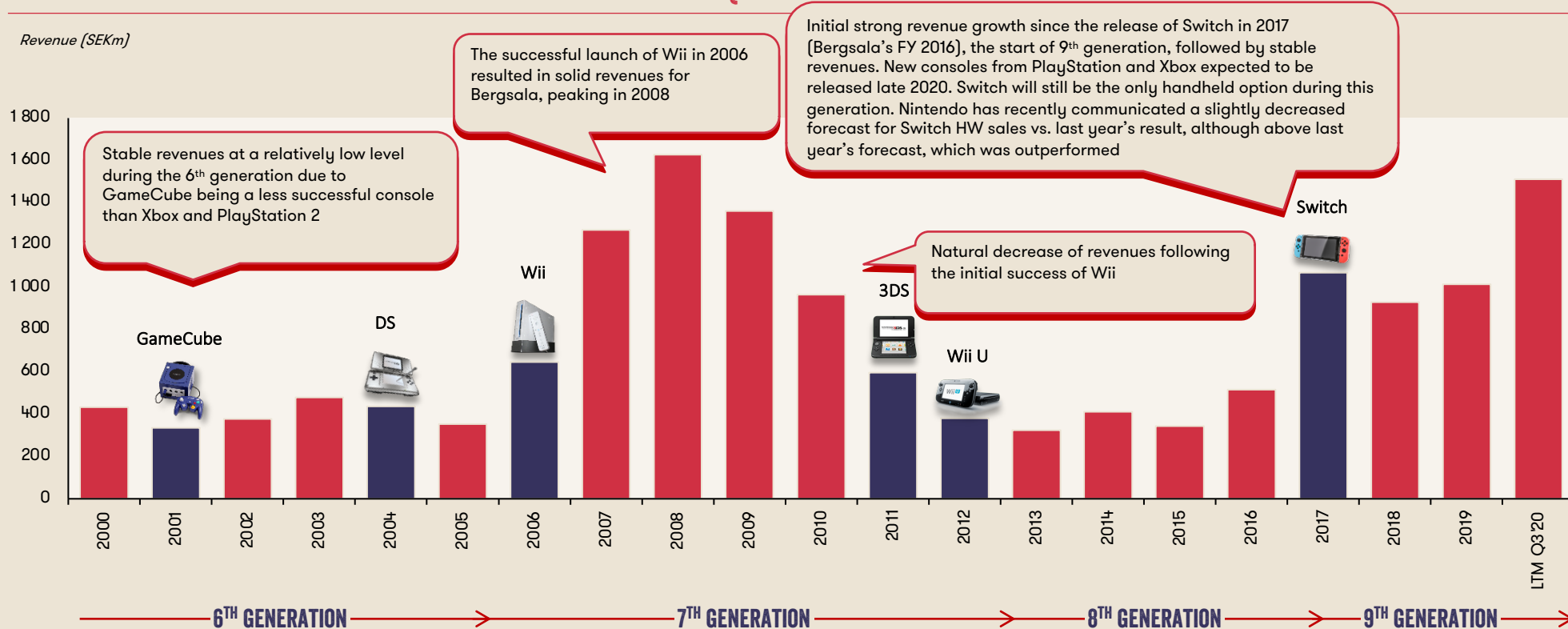
Q4 2020	Q4 2019	CHANGE
1,208	967	25%
FY 2020	FY 2019	CHANGE
2,892	1,976	46%

EBITDA (MSEK)

Q4 2020	Q4 2019	CHANGE
77	121	-36%
FY 2020	FY 2019	CHANGE
230	181	27%

BERGSALA REVENUE OVER TIME

BERGSALA REVENUE AND CONSOLE RELEASES DURING 2000–LTM Q3'2020



- Bergsala’s revenue has historically been dependent on the performance of Nintendo’s consoles.
- At the end of 2020, PlayStation and Xbox will introduce new consoles to accompany Switch in the 9th generation.
- However, Nintendo will keep a strong market position with Switch, being the only handheld option on the market.



OUTLOOK 2021

- Thunderful Games will release four AA games during 2021.
- Continued strong demand for Thunderful Distribution's products within consoles, games and game accessories.
- High-margin segments within Thunderful Distribution have been most affected by Covid-19. This should improve with vaccination and as restrictions ease.
- M&A: strong pipeline, multiple tracks and an active agenda to further strengthen Thunderful Games through add-on acquisitions via the cash flows from Thunderful Distributions.

KEY INVESTMENT HIGHLIGHTS



- 1 Huge and growing gaming market
- 2 Focused high-quality gaming studios
- 3 Accelerated investments supporting larger publishing deals
- 4 Leading Nordic distribution business
- 5 Diversified business with a unified purpose as key strategy
- 6 Strong cash flow generation
- 7 Entrepreneurial management team with significant ownership





Thunderful

APPENDIX



INCOME STATEMENT



MSEK	Quarter		Period	
	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net revenue	1,273.0	999.0	3,047.8	2,077.7
Activated work for own account	1.4	3.3	20.2	16.6
Other operating income	14.0	3.1	14.3	22.1
Total operating income	1,288.3	1,005.4	3,082.3	2,116.4
Costs for goods for resales and game projects	-1,005.1	-784.6	-2,389.1	-1,616.5
Other external expenses	-132.3	-60.3	-264.1	-169.4
Personnel expenses	-51.1	-29.3	-140.1	-100.6
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	-19.7	-8.3	-61.8	-20.8
Other operating expenses	-12.4	-	-12.4	0.0
Total operating expenses	-1,220.6	-882.5	-2,867.4	-1,907.4
Operating profit	67.8	122.9	214.9	209.1
Other financial expenses, IPO	-32.6	-	-32.6	-
Other interest income and similar items	74.3	2.5	110.4	6.9
Interest expenses and similar items	-60.5	-1.6	-122.1	-6.7
Total financial items	-18.8	0.9	-44.4	0.2
Profit before tax	49.0	123.8	170.5	209.3
Deferred tax	3.8	-1.9	5.5	-1.9
Current tax	-18.2	-21.7	-40.9	-39.5
Net profit for the period	34.6	100.2	135.0	167.8
Profit for the period is attributable to the shareholders:				
of the parent company	34.6	100.2	135.0	167.8
Earnings per share before dilution, SEK	0.60	0.69	2.57	3.36
Earnings per share after dilution, SEK	0.60	0.69	2.57	3.36
Average number of shares	58,005,932	100,000	52,067,926	100,000

CASH FLOW STATEMENT



MSEK	Quarter		Period	
	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Profit after financial items	48.9	123.8	170.4	209.3
Depreciation	19.7	8.3	61.8	20.8
Other non-cash items	16.5	-4.3	5.0	-0.6
Paid tax	-6.1	-21.7	-28.8	-39.5
Cash flow from operating activities	79.1	106.1	208.4	190.0
Changes in working capital				
Change in inventory and advance to supplier	333.4	68.1	-31.8	-152.8
Change in accounts receivable	-58.0	13.1	-152.5	172.2
Change in accounts payable	-355.6	41.1	-48.9	44.5
Change in other working capital	-85.1	4.8	-63.8	-139.0
Cash flow from changes in working capital	-165.4	127.1	-297.1	-75.1
Investment activities				
Acquisition of business	-123.4	-2.5	-123.4	-2.5
Investments in fixed assets	-2.6	-19.3	-32.2	-32.7
Cash flow from investing activities	-126.0	-21.8	-155.6	-35.2
Financing activities				
Change of overdraft and owner loan	-263.3	-88.8	-234.7	39.5
Payment of lease liabilities	-	-3.6	-	-3.6
Dividend	-	-80.6	-	-80.6
Shareholders' contributions	743.7	-	743.7	-
Cash flow from financing activities	480.4	-173.0	509.0	-44.7
Cash flow for the period	268.1	38.4	264.7	34.9
Cash and bank at the beginning of the period	47.9	12.3	51.2	15.9
Exchange rate differences in cash and bank	-10.8	0.5	-10.8	0.5
Cash and bank at the end of the period	305.1	51.2	305.1	51.2

BALANCE SHEET



MSEK	31 Dec 2020	31 Dec 2019
ASSETS		
Intangible assets		
IT-systems	3.3	2.1
Balanced expenses for development work	43.3	22.9
Publishing and distribution relationships	334.4	371.6
Goodwill	277.8	2.5
Other intangible assets	202.5	-
Intangible assets	861.2	399.1
Rights of use	19.9	7.2
Buildings and land	3.9	4.0
Inventories	4.3	0.8
Tangible assets	28.2	12.0
Other non-current receivables	3.5	3.0
Other non-current securities holdings	0.1	0.2
Deferred tax assets	1.1	0.0
Financial assets	4.7	3.2
Total fixed assets	894.1	414.4
Current assets		
Advances to suppliers	150.5	113.1
Finished goods and goods for resale	341.3	347.0
Trade receivables	619.4	466.8
Other receivables	11.0	12.9
Current tax assets	11.1	2.7
Prepayments and accrued income	93.0	11.4
Prepaid game projects	31.8	20.0
Current assets	1,258.1	973.9
Cash and bank balances	305.1	51.2
Cash and bank balances	305.1	51.2
Total current assets	1,563.2	1,025.1
TOTAL ASSETS	2,457.3	1,439.5

BALANCE SHEET, CONTINUED



MSEK	31 Dec 2020	31 Dec 2019
EQUITY AND LIABILITIES		
Equity		
Share capital	0.7	0.5
Equity, including profit for the period	1,488.7	517.5
Equity attributable to equity holders of the parent	1,489.4	518.0
Provisions		
Provisions, guarantee reserve	2.6	1.3
Provisions for pensions	0.2	0.2
Other provisions	0.0	0.1
Deferred tax liability	114.3	78.8
Provisions	117.0	80.4
Non-current liabilities		
Other non-current liabilities	124.6	-
Non-current leasing liabilities	13.4	3.6
Total non-current liabilities	138.1	3.6
Current liabilities		
Liabilities to credit institutions	0.0	74.7
Debt to shareholders	0.0	154.6
Trade payables	422.8	471.7
Current tax liabilities	44.9	25.3
Other liabilities	158.3	52.8
Current leasing liabilities	5.8	3.0
Accrued and deferred liabilities	80.9	55.2
Total current liabilities	712.7	837.4
TOTAL EQUITY AND LIABILITIES	2,457.3	1,439.5



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