



## INVESTOR PRESENTATION

Year-end and Q4 2023



# MAIN TOPICS

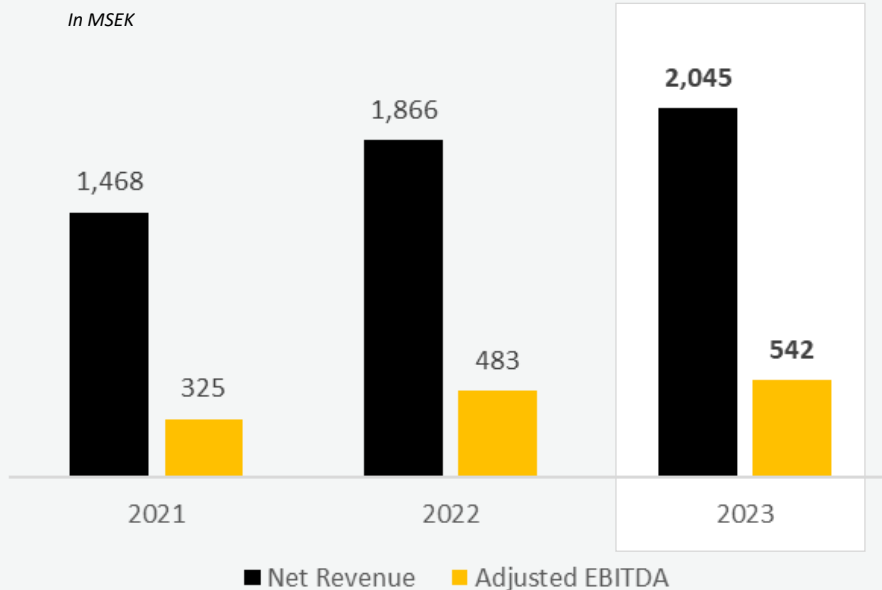


- Q4 2023 and Full Year Results
  - Year in Review
  - Industry Backdrop
  - Industry Impact
  - 2024 Approach and Strategy
  - 2024 Outlook
  - Medium to Long-term Outlook
  - Financial Discussions
  - Summary
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# Another Record Year

In MSEK

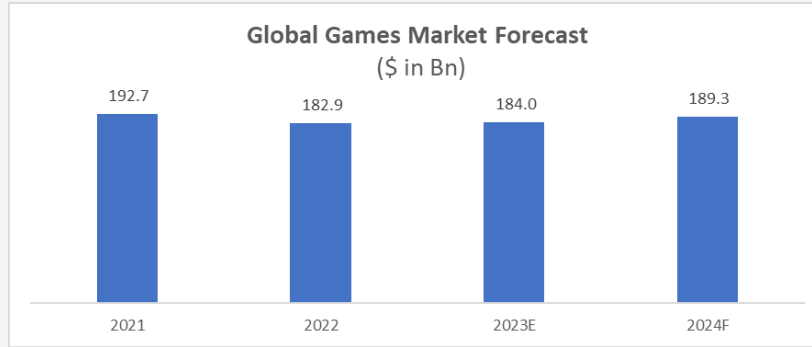


- **Q4 results**
  - > Net Revenue of SEK 473mm
  - > Adjusted EBITDA of SEK 98mm
- **Full year 2023 results**
  - > Net Revenue of SEK 2.05bn
  - > Adjusted EBITDA of SEK 542mm
- **Performance against target**
  - > Net Revenue 7% below SEK 2.2bn target
  - > Adjusted EBITDA near the top of the target range of SEK 484-550mm
- **Net Revenue shortfall due to:**
  - > Overall sector weakness
  - > Resulting pressure on service business units
- **All in all, a solid year registering 10% organic growth, significantly outpacing 0.6% industry growth for 2023**

# Year in Review

| Key Objectives for 2023   | Successful Results   |
|---|--|
| <b>Deliver solid revenue and profit growth</b>  | <ul style="list-style-type: none"><li>• 10% Net Revenue growth</li><li>• 27% Adjusted EBITDA margin</li><li>• SEK 438mm of cash flow from operations</li></ul>   |
| <b>Reduce business and balance sheet risks</b>  | <ul style="list-style-type: none"><li>• Fully paid down debt</li><li>• SEK 481mm of cash reserve</li><li>• Shutdown underperforming projects and business</li></ul>  |
| <b>Refocus strategy and communicate the long-term vision</b>                                    | <ul style="list-style-type: none"><li>• Our first capital markets day hosted in Sep 2023</li><li>• Vision of becoming a leader in the mid-market publishing</li><li>• Core franchise focused products</li><li>• SEK 3bn of Net Revenues and SEK 1bn of Adjusted EBITDA target for 2026</li></ul> |
| <b>Initiate new plan, investing in mid-market publishing opportunities with core franchises</b> | <ul style="list-style-type: none"><li>• MechWarrior 5: Clans development underway</li><li>• Publishing deal for Cold Iron's second title</li><li>• Initiated concept explorations for H1Z1</li></ul>   |

# Industry Backdrop



Source: Top chart from Newzoo January 2024 report.

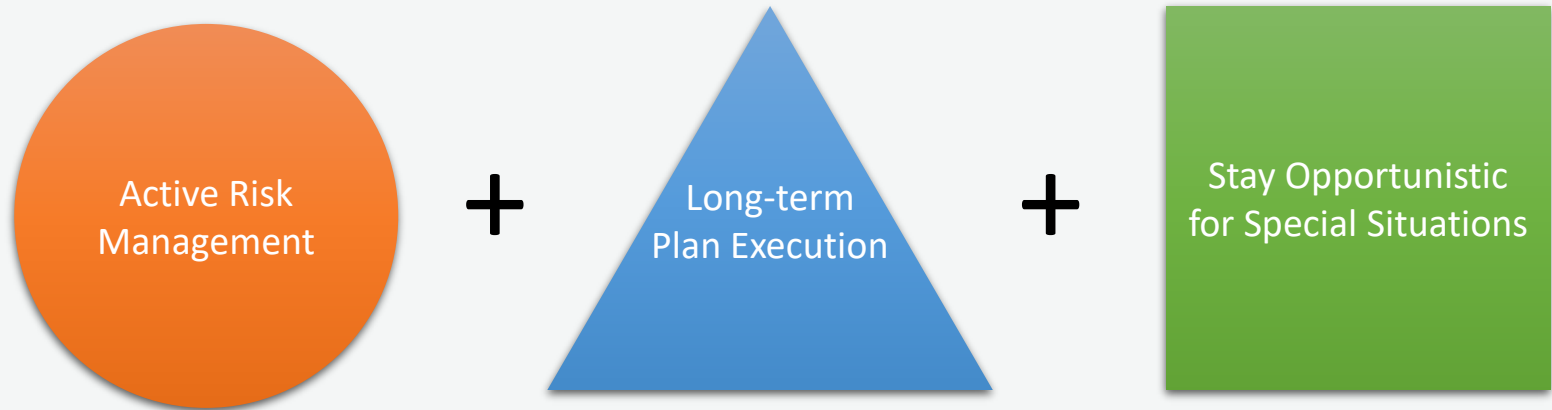
- **Industry pain going on now for 2+ years**
- **2023 saw a slight growth of 0.6%, but a decline when adjusted for inflation**
- **2023 set another unwanted record with job losses**
- **Are we almost out of the tunnel? Not so sure**
- **Paying for “irrational exuberance”**
- **It will take some time for supply and demand to rebalance**

# Industry Impact

- **Adversely impacted across a few areas:**
  - > Work-for-hire business weakness
  - > Service business project delays and cancellations
  - > Pressure on live service metrics – My Singing Monsters bucked the trend but no doubt still weighed down
- **Even so, still delivered 10% organic Net Revenue growth for the year**
  - > Relative to many of our peer set and the overall industry, a solid outcome
  - > Strong balance sheet with no debt and solid liquidity
- **Not out of the woods yet...industry likely under further pressure in 2024**
  - > Expected pressure on our 2024 performance
  - > Must maintain conservative approach for the year

# 2024 Approach and Strategy

*Keeping it simple given the industry backdrop...not the time to be aggressive*



# 2024 Outlook

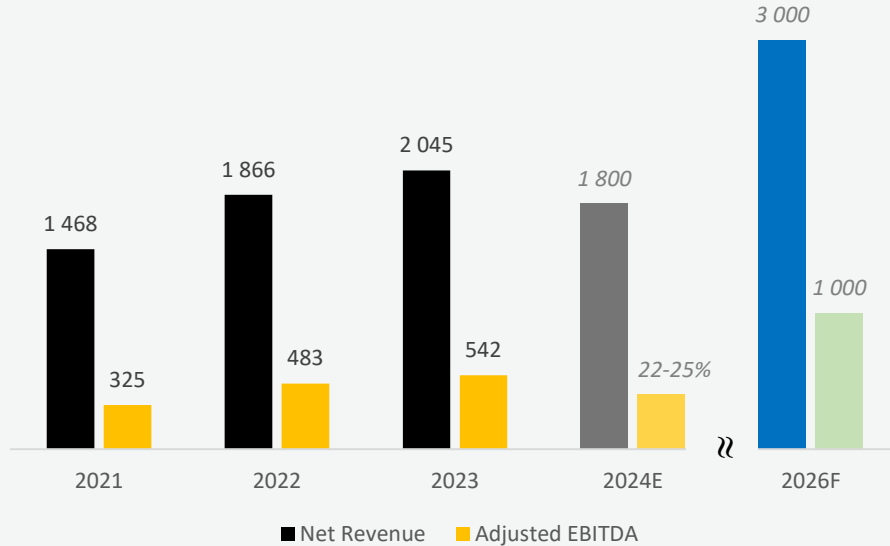
- **Expected to be a softer year due to:**
  - > Overall industry weakness likely will continue
  - > MSM normalizing at a nice level but below 2023 peak
  - > Returns on our on-going investments won't start until 2<sup>nd</sup> half of 2024
- **Main highlights expected for the year:**
  - > MechWarrior 5 Clans release 2H24
  - > Core Keeper releasing on consoles 2H24
  - > EverQuest's 25th and EverQuest 2's 20th anniversaries celebration content and events
- **Resulting conservative expectations for 2024:**
  - > Net Revenue of SEK 1.8bn
  - > Adjusted EBITDA margin in the 22-25 percent range
- **Market's tough but we will still deliver solid profitability and cash flows for year**



# Medium to Long-term Outlook

(MSEK)

**3 Year Forecast**



- **No changes to our medium to long-term plans and outlook**
- **Same target of SEK 3bn of Net Revenue and SEK 1bn of Adjusted EBITDA in 2026**
- **Industry situation this year should not impact on our long-term plans thanks to our solid foundation**

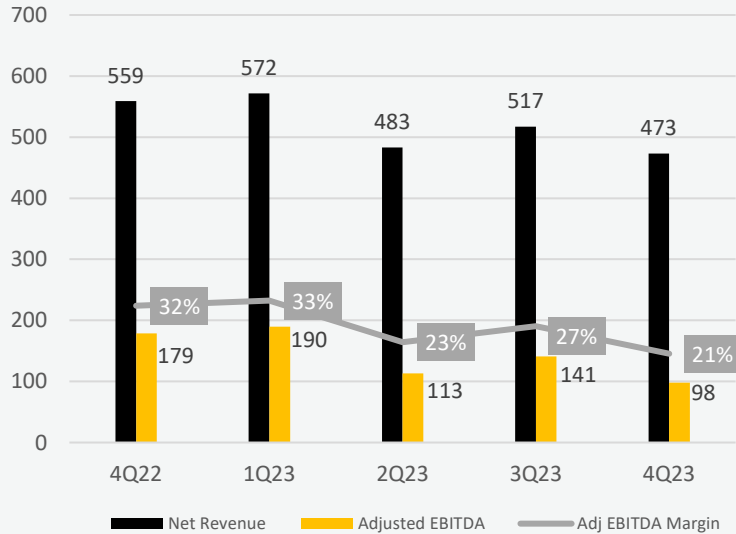


# FINANCIAL DISCUSSION

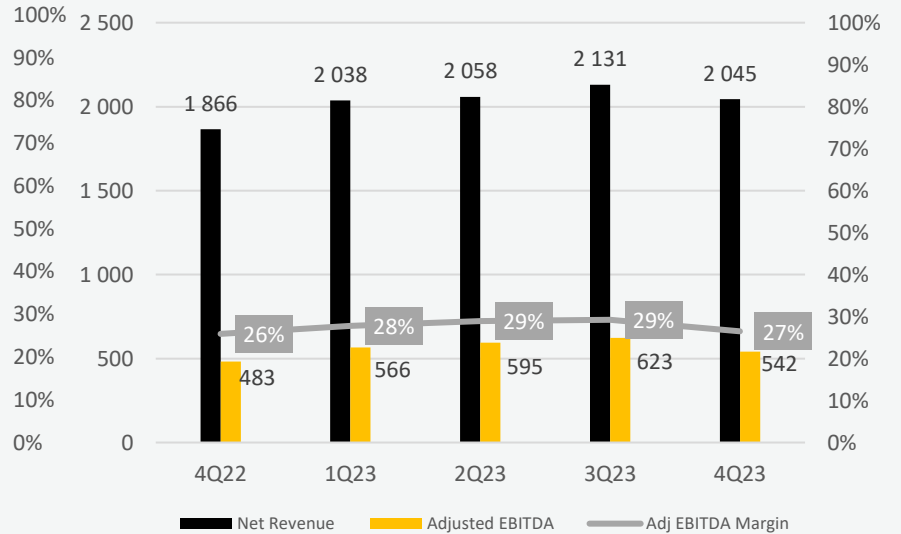


# Net Revenue and Adjusted EBITDA

QUARTERLY



LTM



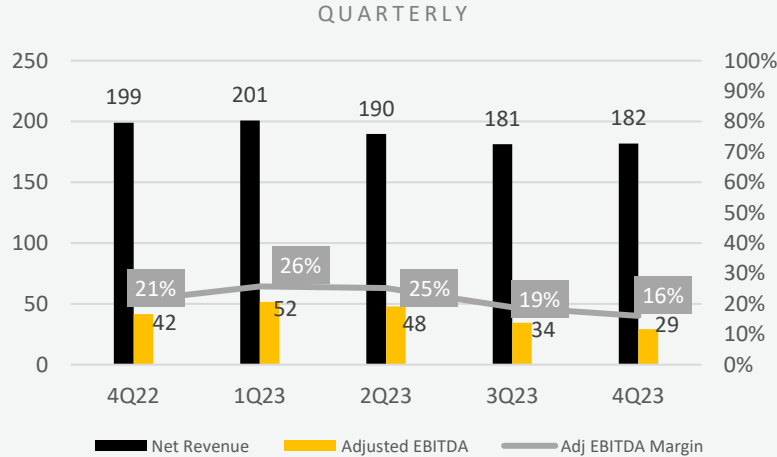
# Net Revenue and Adjusted EBITDA Mix

(MSEK)

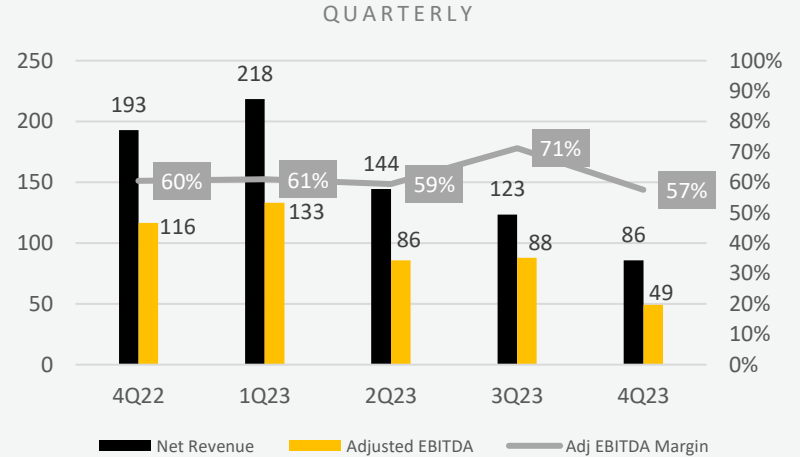
| Q4 Net Revenue Contribution |            |             |
|-----------------------------|------------|-------------|
| Daybreak                    | 182        | 38%         |
| Big Blue Bubble             | 86         | 18%         |
| Rest of the group           | 206        | 43%         |
| <b>Group total</b>          | <b>473</b> | <b>100%</b> |

| Q4 Adj EBITDA Contribution |           |             |
|----------------------------|-----------|-------------|
| Daybreak                   | 29        | 30%         |
| Big Blue Bubble            | 49        | 50%         |
| Rest of the group          | 20        | 20%         |
| <b>Group total</b>         | <b>98</b> | <b>100%</b> |

## Daybreak



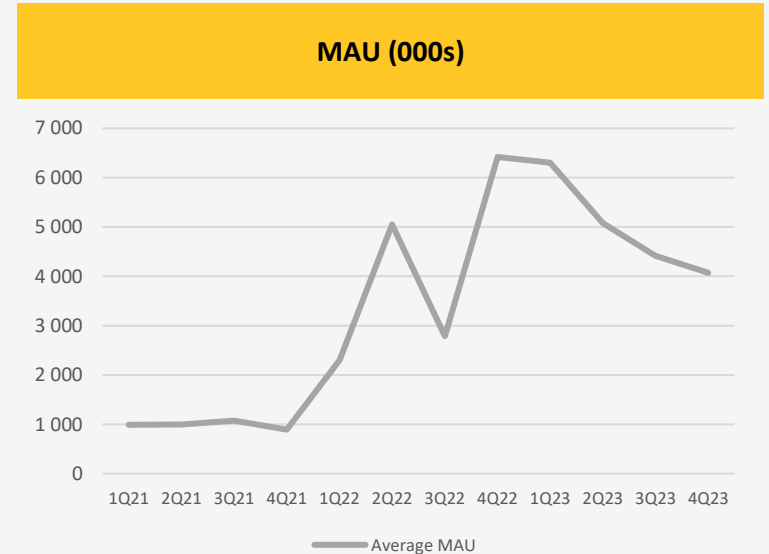
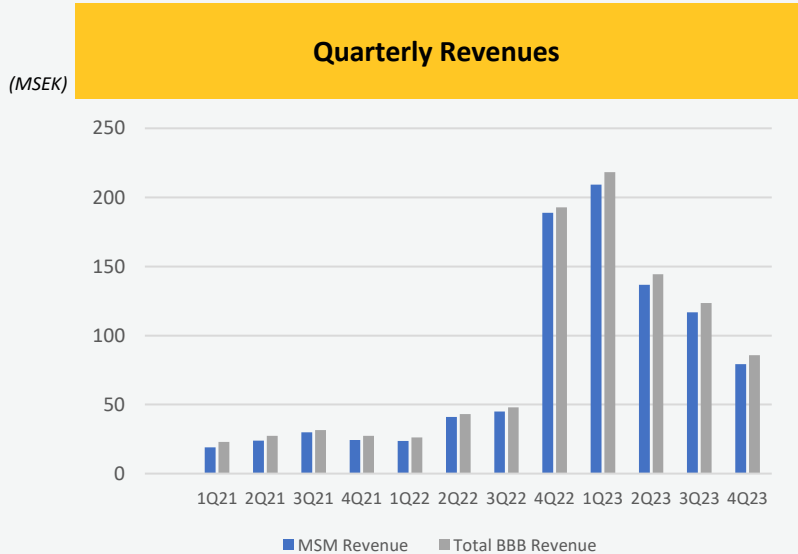
## Big Blue Bubble



# My Singing Monsters KPIs



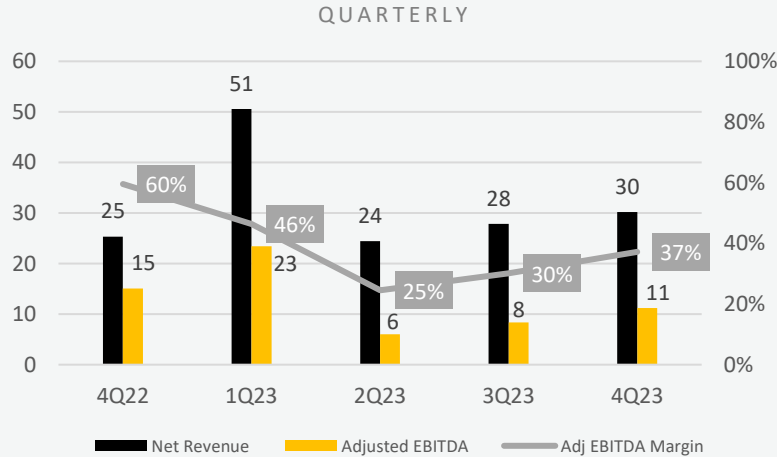
- BBB delivered SEK 85,8 million of Net Revenue for 4Q23
  - > 55.5% decline from 4Q22, which was the peak performance period
  - > 215% above 4Q21, which was the “normal” level prior to the viral uptick
- Based on the trends, we expect MSM to settle down on its new normalized level over the coming 6 months



# Net Revenue and Adjusted EBITDA Mix

(MSEK)

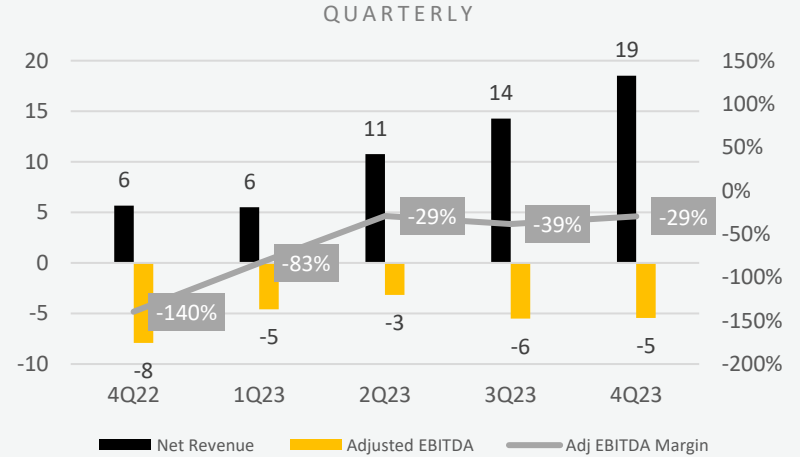
## Piranha



| Q4 Net Revenue Contribution |            |             |
|-----------------------------|------------|-------------|
| Piranha                     | 30         | 6%          |
| Toadman                     | 19         | 4%          |
| Rest of the group           | 424        | 90%         |
| <b>Group total</b>          | <b>473</b> | <b>100%</b> |

| Q4 Adj EBITDA Contribution |           |             |
|----------------------------|-----------|-------------|
| Piranha                    | 11        | 11%         |
| Toadman                    | -5        | -5%         |
| Rest of the group          | 92        | 94%         |
| <b>Group total</b>         | <b>98</b> | <b>100%</b> |

## Toadman



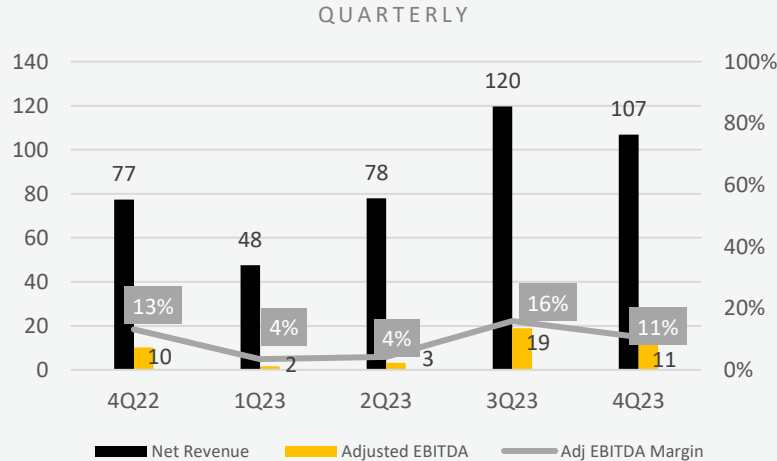
# Net Revenue and Adjusted EBITDA Mix

| Q4 Net Revenue Contribution |            |             |
|-----------------------------|------------|-------------|
| Fireshine                   | 107        | 23%         |
| Petrol                      | 50         | 11%         |
| Rest of the group           | 316        | 67%         |
| <b>Group total</b>          | <b>473</b> | <b>100%</b> |

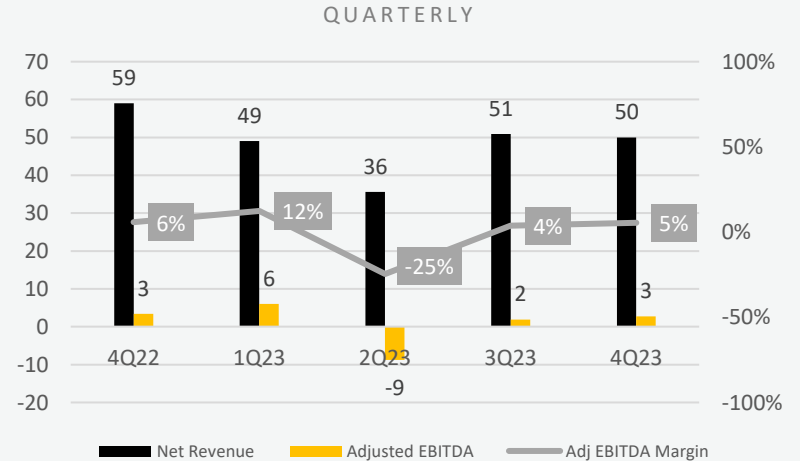
| Q4 Adj EBITDA Contribution |           |             |
|----------------------------|-----------|-------------|
| Fireshine                  | 11        | 12%         |
| Petrol                     | 3         | 3%          |
| Rest of the group          | 84        | 86%         |
| <b>Group total</b>         | <b>98</b> | <b>100%</b> |

(MSEK)

## Fireshine



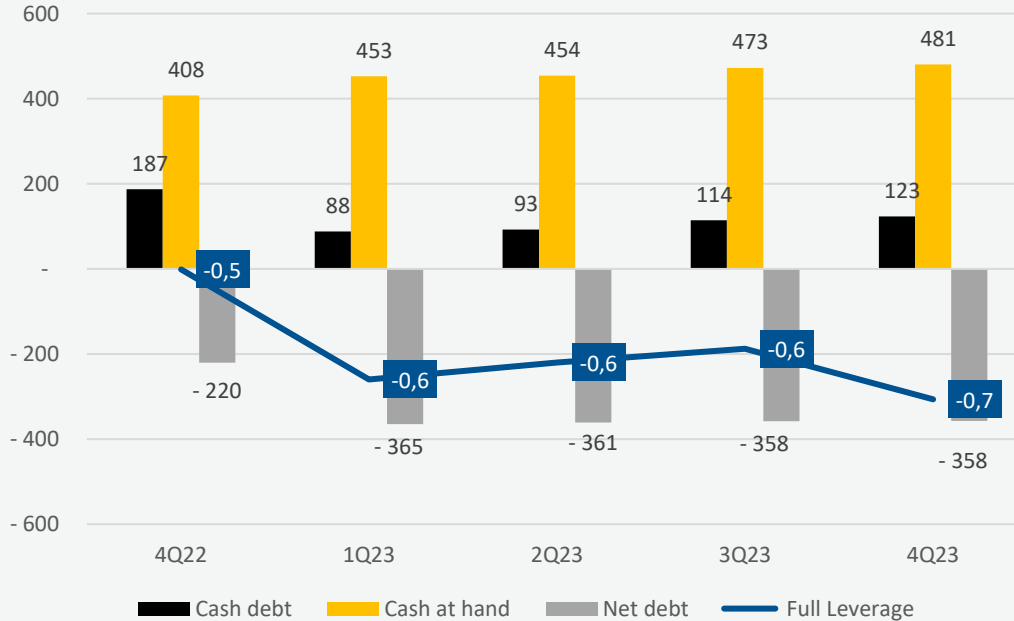
## Petrol



\*Excludes results for Innova, which was divested in 3Q22.

# Net Debt to EBITDA Ratio and Cash

(MSEK)



## Q4 Cash Flow

|                                    |            |
|------------------------------------|------------|
| <b>Cash OB</b>                     | <b>473</b> |
| Operation                          | +101       |
| Investing                          | -63        |
| Financing                          | -6         |
| <b>Delta Cash</b>                  | <b>+33</b> |
| Currency fluctuations in liquidity | -24        |
| <b>Cash CB</b>                     | <b>481</b> |

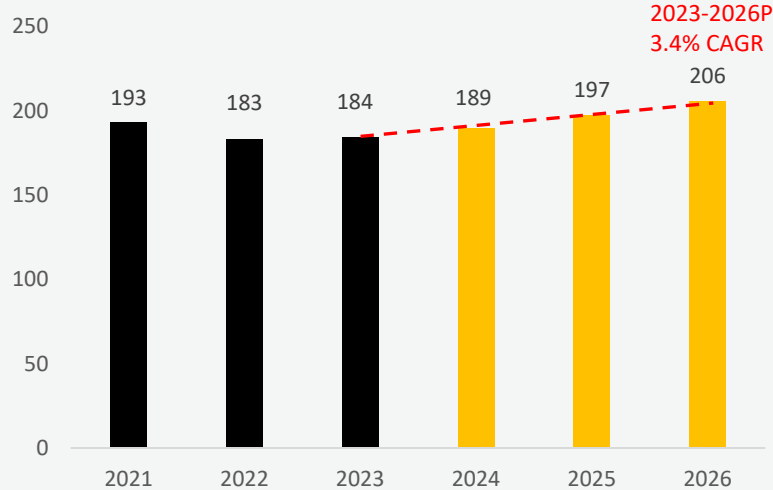
**Continues to strengthen our net cash position**



# Figures in Perspective

(USD in MM\$)

## Global Gaming Market

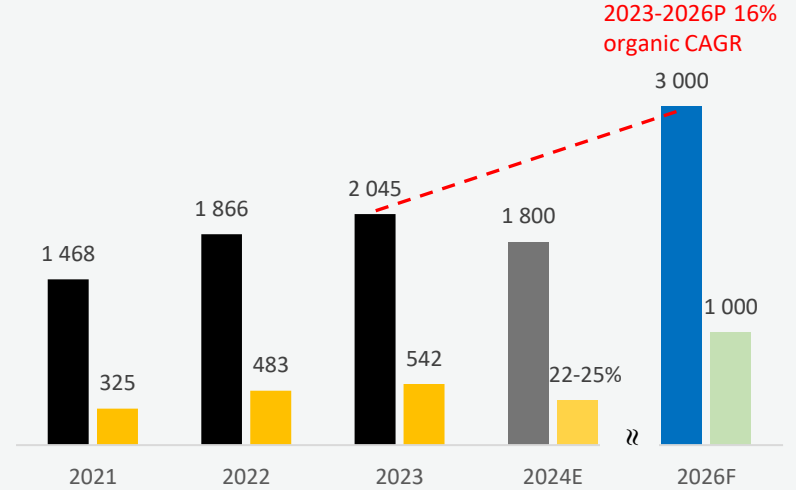


## Based on current trends

- 2024 is expected to be a transition year until the new growth initiatives starts to kicks-in
- Net Revenue of approximately SEK 1.8 billion
- Expect EBITDA margin in the range of 22-25 % for the full year 2024
- 2026 target for Net Revenue of SEK 3 billion and Adjusted EBITDA of SEK 1 billion, CAGR of 16%

(MSEK)

## EG7





# SUMMARY



# Summary

- **Stronger company today compared to where we were over the last couple years**
- **Overall gaming industry has been under pressure and likely to remain so for 2024**
- **In the face of market challenges, still achieved our key objectives and delivered solid results**
- **Our priority is driving shareholder returns and we firmly believe that successfully executing on our long-term vision is the best way**
- **Additionally, we will be starting the dividend distributions from Q1 2024**

# Q&A



COMPANY PRESENTATION