



H1 2023
Results



Group Operational Highlights



Strong revenue growth against a backdrop of a **highly competitive market**



M&A to accelerate **new own IP** for **astragon**

Portfolio diversity & Licensing partners



Own IP portfolio, which now represents **39%** of Group revenues, grew **32%**, with **back catalogue** accounting for **79%** revenues



People; engagement survey now across **all divisions**
Meet Steve 😊

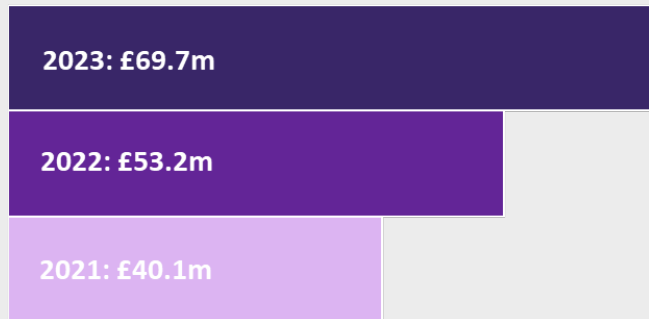


H1 Insights & market context

H1 2023 Revenue Highlights

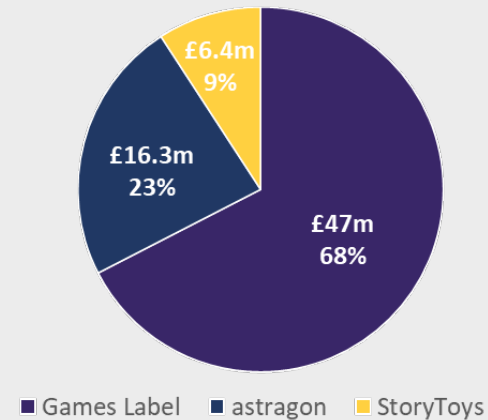


Group Revenue



- Record revenues (31% growth) from a combination of new releases and app launches alongside multiple DLC and app updates
- Diverse portfolio and broader customer demographic

Divisional Revenue

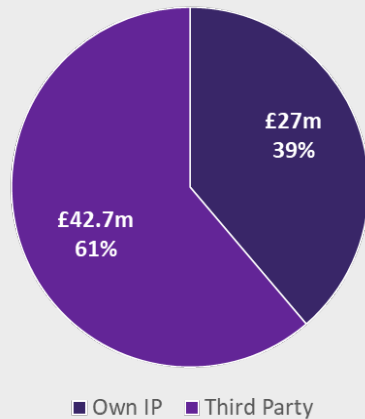


- All three divisions contributed strong topline growth
- astragon standout performer (+109%), benefitting from continued strength of H2 2022 own IP launches

H1 2023 Portfolio Highlights

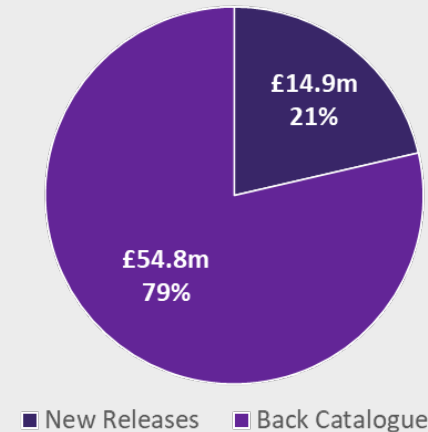


Revenue by IP



- Own IP titles revenues (+32%)
 - Key drivers were *HLL*, Construction and Police Simulator and GWYF
- Third party IP title revenues (+30%)
 - Key drivers were Games Label's portfolio including new releases Dredge & Trepang2 and StoryToys app sales

Revenues by portfolio



- Continued strength of the Group's broadening portfolio
- New release revenues contributed 21%, predominantly from the Games Label
- Back catalogue generated 79% of revenues (+3%)



Games Label

H1 2023 revenue highlights



- Games Label continues to perform well with H1 revenue growth of 15%
- 5 new titles released, including **Dredge** and **Trepang2** and **Summon Quest** launched on Apple Arcade
- 2 existing titles released on additional platforms
- 17 new DLC packages released across 13 titles
- Content portfolio now comprises over 800 digital revenue lines
- Team17 Games Label's **Farmside** and **Dredge** were nominated in seven categories at the Develop:Star Awards. **Dredge** was crowned the winner in Best Small Studio category

H2 Outlook focus

- **Dredge** more DLC paid and free content for Players! **Trepang2** is launching on Console with paid and free DLC . Additional months on sale for H2 early releases **Gord**, **Moving Out 2**, **Blasphemous 2**- due to earlier release.
- **Headbangers – Rhythm Royale** due in Q4 - in Games pass, also **Blasphemous2** on PS4/XboxOne-Gen 8. Q4. Solid back catalogue!

H1 2023 revenue highlights

Revenue growth

109%

Own IP*

85%

*% revenues

- Revenues up 109%
- Strong performance underpinned by own IP revenues in particular **Construction Simulator** and **Police Simulator**
- Launched 12 paid DLC, two season passes and free content updates to select own IP titles
- Independent Arts Software acquisition (April 2023) bolsters own IP development capabilities (with 45 people)
- Announced a partnership with Randwerk Games to publish **ABRISS – build to destroy**, adding second title to their Simulation label

H2 Outlook focus

- New third party title launches of **ABRISS – build to destroy** and **Howl**
- Own IP launch of **Firefighting Simulator – The Squad** on Switch as a new platform for the brand
- Planned DLC updates for **Construction Simulator**, **Police Simulator** and **Bus Simulator**

H1 2023 revenue highlights

Revenue growth  39%

Third party IP*  100%

*% revenues. All apps and content are developed and owned internally, though categorised as third party under license



- Strong H1 with revenues up 39%
- Payable active subscribers continue to grow, up c25% across H1
- Developed and launched 134 app updates across existing back catalogue and new releases
- Extended and strengthened relationships with key license partners including Mattel, Marvel Entertainment, Sesame Workshop, The LEGO® Group and The Walt Disney Company
- Launched 3 new apps in H1 2023, **Barbie Color Creations**, **LEGO® DUPLO® DISNEY – MICKEY AND FRIENDS** and **Marvel HQ**
- **Disney Coloring World+** launched on Apple Arcade in May
- StoryToys has further consolidated its reputation with leading brands wishing to extend their reach into the edutainment space

H2 Outlook focus

- Strong H2 pipeline, with multiple new content updates planned
- Launch of **LEGO® DUPLO® WORLD+** on Apple Arcade in July 2023
- Story Toys a partner very much in demand for the biggest global kids brands

H1 2023 P&L



Gross Profit

2023: £30.2m (43%)

2022: £25.5m (48%)

2021: £20.2m (50%)

Impacted by sales mix & royalties, higher expensed dev costs and amortisation charges

Adjusted EBITDA*

2023: £16.5m (24%)

2022: £18.2m (34%)

2021: £16.5m (31%)

£1.7m reduction impacted by gross profit and admin costs, H2 improvement expected

Admin Expenses*

2023: £15.6m

2022: £8.1m

2021: £4.4m

H1 weighted with increased marketing and operational costs

Adjusted EPS*

2023: 8.6p

2022: 10.4p

2021: 10.1p

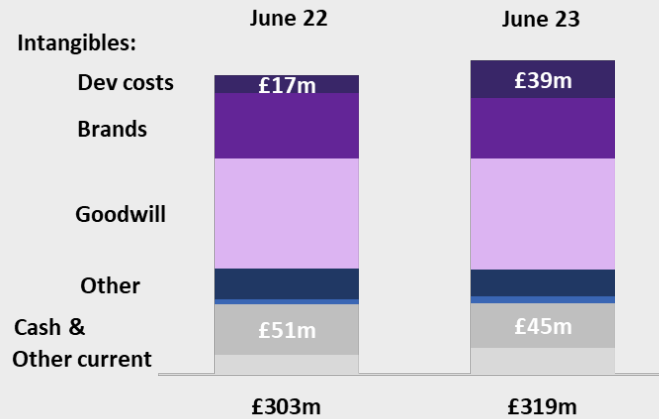
Reflects H1 elevated costs, new shares and changes in Group tax rate

*Adjusted EBITDA is defined as operating profit adjusted to add back depreciation of property, plant and equipment, right of use assets, amortisation of intangible assets (excluding capitalised development costs), share based payment costs and all acquisition related adjustments and fees. Adjusted admin expenses exclude acquisition-related fees and charges

Balance sheet

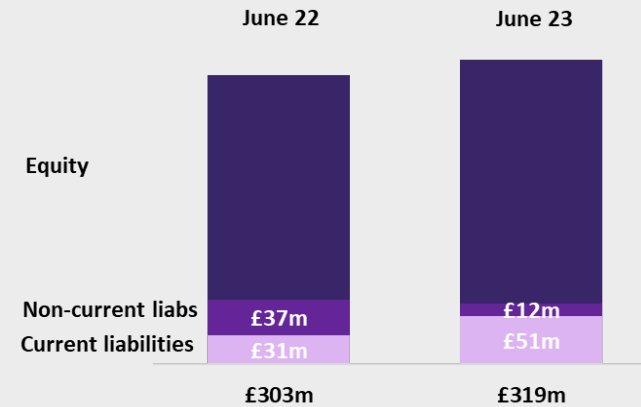


Change in assets



- Increased capitalised development costs reflect groupwide investment in future titles
- 142% operating cash conversion reflects seasonal working capital movements, but otherwise are in line with trading

Change in equity & liabilities



- Contingent consideration movement from non-current to current liabilities less £12m payments leaving a balance of £19m outstanding
- Other movements in liabilities are in line with trading

Cash and cash equivalents at the end of the period were £45m and the Group remains highly cash generative

Group Strategic Outlook



Established portfolio model

- Portfolio of own, third party & licensed IP
- Investment in pipeline of quality new releases and growing back catalogue portfolio
- Broadening genre and customer demographic

Stable growth engine

- Shared developer, platform and commercial partner knowledge / capability
- Games & app acquisition for new titles and franchise building expertise
- Commercial lifecycle management knowhow
- Cost management expertise

Selective M&A

- Strong cash generation underpins M&A
- High volume of inbound M&A opportunities
- Successful M&A track record, maintaining highly selective & disciplined approach

Strengthened leadership team

- Board:
 - Steve Bell, CEO designate
 - Frank Sagnier, Chair designate
 - Peter Whiting, NED & Chair of Remco
- New senior Group team members
- Bolstering key gaming, commercial and corporate experience

Revenues

- Games market in H2 remains highly competitive
- Full year revenue delivery de-risked after strong H1 trading and an early pipeline of H2 new releases

Margin improvement

- aEBITDA continues to be significantly H2 weighted
- Expect to see an improved aEBITDA margin in H2
- H2 cost phasing more favourable
- Cost efficiencies and controls identified

We expect to deliver full year results in line with current market expectations



H1 2023
Results



Thank You & Q&A



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Introducing Steve and Frank



Steve Bell, CEO designate



- Steve joins from his role as CEO at Iris Worldwide Holdings Limited, a global integrated marketing agency specialising in brand and digital marketing strategy
- Steve has extensive digital marketing expertise, being instrumental in leading Iris' commercial and M&A strategies
- Prior to co-founding Iris in 1999, he worked for the advertising agency Arc Worldwide

Frank Sagnier, Chair designate



- 25 years of gaming sector experience
- Previous senior roles with Codemasters, Electronic Arts, Acclaim Entertainment, Double Fusion, and Funcom
- As CEO of Codemasters, Frank built the iconic F1 racing brand, led a successful IPO in 2018 and \$1.2bn acquisition by EA in 2021

APPENDICES

Summary Income Statement

£m	Unaudited Six months ended 30 June 2023	Unaudited Six months ended 30 June 2022	Growth
Revenue	69.7	53.2	31%
Gross Profit	30.2	25.5	18%
Gross Margin	43.3%	48.0%	
Administrative Expenses	21.7	13.6	60%
Other Income	0.0	0.3	
Operating Profit	8.5	12.2	-30%
Adjusted EBITDA	16.5	18.2	-9%
Adjusted EBITDA Margin	23.7%	34.2%	
Net interest	0.4	1.0	
Profit before tax	8.1	11.2	-27%
Adjusted profit before tax	15.6	17.3	-10%
Tax	2.5	2.3	
Profit after tax	5.6	8.9	-37%
Adjusted Profit after tax	12.4	14.3	-13%
Basic EPS	3.9	6.5	-40%
Basic Adjusted EPS	8.6	10.4	-17%

PBT to Adjusted EBITDA Bridge



	Unaudited Half year ended 31 August	Unaudited Half year ended 31 August
£'000s	2023	2022
Profit before tax	8,106	11,169
Acquisition-related adjustments		
Acquisition fees	87	550
Fair value movement on acquisition balances	1,797	118
Other	(460)	188
Amortisation on acquired intangible assets	4,693	4,683
Interest on consideration (finance expense)	768	700
Share based compensation	612	(69)
Net interest	(343)	293
Depreciation	644	577
Amortisation on other intangibles	553	16
Adjusted EBITDA	16,457	18,225

Summary Balance Sheet & Cash flow

BALANCE SHEET	Unaudited Six months ended 30 June 2023	Unaudited Six months ended 30 June 2022
£m		
Non-current assets	246.0	231.4
Current assets	72.6	71.2
Total Assets	318.6	302.6
Non-current liabilities	12.3	36.7
Current liabilities	50.9	30.8
Total Liabilities	63.2	67.5
Equity	255.3	235.2
Total liabilities and equity	318.6	302.6

CASH FLOW STATEMENT	Unaudited Six months ended 30 June 2023	Unaudited Six months ended 30 June 2022
£m		
Cash generated from operations	30.5	28.3
Tax paid	-3.3	-3.4
Net cash inflow from operations	27.1	24.9
Net cash from investing activities	-32.0	-103.8
Net cash from financing activities	-0.3	75.9
Net increase in cash and cash equivalents	-5.1	-3.0
Cash & cash equivalents at beginning of period	50.8	55.3
Cash & cash equivalents at end of period	45.2	51.3
Operating cash conversion*	142%	139%

*Operating cash conversion is defined as cash generated from operating activities adjusted to add back payments made to satisfy pre-acquisition liabilities recognised under IFRS 3 "Business Combinations", divided by earnings before interest, tax, depreciation and amortisation ("EBITDA").