



Thunderful Group

ACQUIRES
EARLY MORNING
STUDIO

NOVEMBER 16, 2021



THIS IS THUNDERFUL GROUP

A European company operating in two business segments:

- **Games** – developing and publishing and investing in games for mainly PC and consoles
- **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

408*

GAMES IN
PUBLISHING PIPELINE

26*

GAMES IN
DEVELOPMENT

13*

BRAND
PORTFOLIO

c.100

NINTENDO
PARTNERSHIP SINCE

1981



* September 30 2021

BUSINESS STRATEGY

ACCELERATE INVESTMENTS

- Increase investments in the development and publishing of games.
- Acquire complementary businesses and intellectual property rights.
- Acquire development studios and other gaming companies that operate in a decentralized structure.

MAINTAIN AND DEVELOP IP-CENTRIC OPERATIONS

- Use IP rights and brands to create and develop experiences in new media and for new platforms.
- Ensure presence on platforms and in channels.
- Increase the share of proprietary brands.

HIGH-QUALITY PERFORMANCE IN THE GROUP'S BUSINESS SEGMENTS

- Uphold an entrepreneurial culture with strong focus on quality.
- Retain and develop staff and internal competence.
- Retain and develop co-operations and partnerships.



THE ACQUISITION OF
EARLY MORNING
STUDIO

EARLY MORNING STUDIO IN BRIEF

Early Morning Studio is an independent game studio founded by Emir Kuljanin and Kristian Andersson. The studio focuses on creating high quality old-school RPG games, and always assumes players are intelligent and can figure things out on their own. Their first hit, *Vampire's Fall: Origins* has been played by over 10 million players across 5 platforms.

- Headquarters in Stockholm, Sweden
- 17 distributed developers
- Released *Vampire's Fall: Origins* in 2018
- Released *Champions of Avan* in 2021
- Announced *Vendir: Plague of Lies* for release in 1H 2022

FOUNDED IN

2018

FY 2021 FCST SALES, SEK

17-19M

EM

EARLY MORNING
STUDIO

DEVELOPERS

17

FY 2021 FCST ADJ. EBIT, SEK

12-13M

RELEASED GAMES

2

RATIONALE FOR THE TRANSACTION

STRENGTHENING THUNDERFUL BY BRINGING MOBILE KNOW-HOW

- Profitable inroad into the mobile games market
- Experienced IP creators
- Established track record of qualitative games
- Engaging F2P titles with strong retention
- Consistent future pipeline

OUR AGENDA

- Decentralised ownership
- Utilise mobile expertise for future acquisitions
- Continue to develop the studio and gradually increase number of FTEs
- Involve Thunderful Publishing / Thunderful Development
- Develop IPs



TRANSACTION STRUCTURE AND FINANCING

TRANSACTION STRUCTURE

- **Upfront consideration: 80.0 MSEK on a cash and debt free basis**
 - 45.0 MSEK in cash
 - 35.0 MSEK in newly issued Thunderful Group shares
- **Earnout consideration: Up to 270.0 MSEK**
 - Subject to fulfilment of financial milestones until 31 December 2026, see next slide
 - Payable in up to 50% in shares and the remainder in cash
- **Total consideration: 350.0 MSEK**

FINANCING

- Preliminary management accounts expects net sales of 17-19 MSEK and adj. EBIT of 12-13 MSEK for FY2021.
- Upfront consideration of 80.0 MSEK is equivalent to 6.4x EV/Adjusted EBIT 2021, assuming mid-range EBIT for 2021.
- The cash consideration will be financed with available cash and credit facilities.
- For the share consideration, Thunderful Group will issue 597.321 shares to the sellers of Early Morning Studio at 58.595 SEK / share* resulting in a dilution of 0.86%.

* 10 days VWAP as of market close November 15, 2021



VENDIR
PLAGUE OF LIES

VENDIR
PLAGUE OF LIES



TRANSACTION STRUCTURE: EARNOUT

EARNOUT CONSIDERATION

- **Earnout consideration: Up to 270.0 MSEK**
 - For the financial year 2021 a maximum of SEK 16.0 million payable in cash subject to Early Morning Studio meeting adj. EBIT levels in excess of 13.0 MSEK during FY2021.
 - For the financial years 2022-2023, 2024, 2025, 2026, the seller may receive additional earn-out payments of 1.0x adj. EBIT payable in up to 50% in shares and the remainder in cash, provided that certain financial targets in accordance with the table below are met.
 - All newly issued shares are subject to a lockup of 12 months from the time of allotment.

Financial year	Minimum Adj. EBIT
2022-2023	58.0 MSEK
2024	38.0 MSEK
2025	40.0 MSEK
2026	60.0 MSEK



THANK YOU!

