



Thunderful

Press release 2020-11-17, Gothenburg

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Thunderful Group intends to list its shares on Nasdaq First North Premier Growth Market

Thunderful Group AB (“Thunderful Group” or the “Company”), a primarily Nordic gaming group within development and publishing of games as well as distribution of Nintendo products, toys, and gaming accessories, today announces its intention to launch an initial public offering of its shares (the “Offering”) and to list its shares on Nasdaq First North Premier Growth Market (“First North Premier”). The Offering is expected to consist of existing shares in the Company offered by selling shareholders and new shares issued by the Company.

Thunderful Group’s board of directors, together with the Company’s principal shareholders Bergsala Holding AB, Brjann Sigurgeirsson Holding AB, and Lyngeled Holding AB (together the “Selling Shareholders”), consider a listing to be an important step in the Company’s development and have therefore decided to apply for listing on First North Premier.

The Offering and listing will provide Thunderful Group with access to the capital markets and enable Thunderful Group to raise new capital from a diversified base of Swedish and international investors to support its growth strategy. In addition, it allows the Selling Shareholders to sell a portion of their current shareholding in order to create a liquid market for the shares.

Furthermore, the Company’s board of directors considers a listing to be favourable for the Company as it is expected to increase awareness among customers, suppliers, partners and potential acquisition targets.

Consensus Småbolag, Delphi Fondene, Knutsson Holdings AB, Naventi Fonder, Provobis, Strand Kapitalförvaltning and Vasastaden have undertaken to acquire shares in the Offering for an amount of not more than SEK 600 million on a valuation of up to approximately SEK 3.4 billion (total market value of all issued shares of the Company post-money).

“In recent years, we have worked hard to establish a structure with synergies within the group. Looking ahead, we will use our strong cash flows for investments within development and publishing of games as well as new acquisitions. We see a high growth rate in the global gaming industry and the gaming share of the population is expected to continue to grow. It now feels exciting to be able to offer new shareholders opportunities to be part of our continued journey”, says Thunderful Group’s CEO, Brjann Sigurgeirsson.

“Although our individual businesses have been established for a long time, the journey for Thunderful Group has just begun. Our common goal is to provide entertainment products of the highest quality, and it will remain central after the company’s listing as well”, says main owner Owe Bergsten.

“Thunderful Group has a stable financial situation and strong positions in the different segments of the gaming market. We have a clear growth agenda going forward with continued investments and acquisitions. A broader ownership base, access to the capital markets and increased brand awareness are important prerequisites for achieving Thunderful Group’s strategic goals. A listing on First North Premier is therefore a natural next step in the development of the group”, says Thunderful Group’s chairman of the board of directors, Mats Lönnqvist.

The Offering in brief

The Offering is expected to consist of existing shares in the Company offered by the Selling Shareholders, and new shares issued by the Company that are expected to provide Thunderful Group with proceeds of approximately SEK 750 million, before deduction of transaction costs. Thunderful Group intends to use the net proceeds to finance additional acquisitions within the business segment Thunderful Games, for investments in Thunderful Games, among other things through development of more and larger high-quality games, and for repayment of current shareholder loans and credit debts that, among other things, arose in connection with the acquisition of Coatsink Software Ltd (“Coatsink”). All measures are expected to have a positive effect on Thunderful Group’s opportunities for growth and to constitute an important component of delivering on the Company’s strategic goals.

The shares in the Offering will be offered to institutional investors in Sweden and abroad, as well as to the general public in Sweden, Norway, Denmark and Finland.

Consensus Småbolag, Delphi Fondene, Knutsson Holdings AB, Naventi Fonder, Provobis, Strand Kapitalförvaltning and Vasastaden have, subject to certain conditions, undertaken to acquire shares in the Offering for an amount of not more than SEK 600 million on a valuation of up to approximately SEK 3.4 billion (total market value of all issued shares of the Company post-money).

Full terms, conditions and instructions for the Offering will be included in the prospectus that will be prepared by the Company in connection with the Offering and the listing. The prospectus will be published on Thunderful Group’s website, www.thunderfulgroup.com, following approval from the Swedish Financial Supervisory Authority.

About Thunderful Group AB

Thunderful Group was founded in 2019 after a restructuring of the company groups Thunderful, Bergsala, Amo Toys and Nordic Game Supply in order to create a new strong player in the segment of development and publishing of games, as well as the distribution of Nintendo products, computer games, video games, mobile games, gaming accessories and toys.

Thunderful Group has a presence in all segments of the gaming industry. With headquarters in Gothenburg and additional Swedish offices in Karlshamn, Kungsbacka, Malmö and Skövde, as well as international offices in Denmark, Norway, United Kingdom, Germany and Hong Kong, Thunderful Group develops, sells and distributes high-quality entertainment products with a focus on games based on own IPs. The business is divided into two business segments; Thunderful Games and Thunderful Distribution.

Thunderful Games is made up of two subsegments; Thunderful Development, with a combined game development team from game studios Image & Form, Zoink, Guru Games and Coatsink, as well as Thunderful Publishing, which publishes games developed internally and by other game studios.

Coatsink, a British development studio and publisher, was acquired in October 2020. The acquisition was in line with the Group’s strategy to expand the Games segment through add-on acquisitions.

Through the acquisition Thunderful Group gained, among other things, attractive platform partnerships and publishing deals. The acquisition will accelerate and strengthen ongoing and future development projects, such as Coatsink's release of Jurassic World Aftermath on the Oculus Quest platforms in December 2020.

Thunderful Distribution, with operations in distribution and sales of, among other things, Nintendo products, gaming accessories and toys. This business segment includes the independent distributors Bergsala, Amo Toys and Nordic Game Supply. Bergsala has been distributing Nintendo's products in the Nordic region since 1981. Amo Toys and Nordic Game Supply are Nordic distributors of games, gaming accessories, merchandise and toys.

Financial highlights

	1 January – 30 September			Full year		
	2020PF ¹⁾	2020	2019	2019	2018	2017
<i>MSEK</i>	Unaudited			Audited		
Thunderful Group						
Total operating income	1,876.5	1,794.0	1,111.0	2,116.4	1,935.8	1,598.7
<i>Growth</i> ²⁾	68.9%	61.5%	<i>n.a.</i>	9.3%	21.1%	<i>n.a.</i>
Adjusted EBITDA ³⁾	234.4	195.4	98.7	229.9	166.0	154.3
<i>Adjusted EBITDA margin</i> ⁴⁾	12.5%	10.9%	8.9%	10.9%	8.6%	9.7%
Adjusted EBIT ⁵⁾	176.5	153.3	86.2	209.1	156.0	142.2
<i>Adjusted EBIT margin</i> ⁶⁾	9.4%	8.5%	7.8%	9.9%	8.1%	8.9%
Thunderful Games						
Net revenue	171.6	91.5	69.4	100.9	81.1	44.4
<i>Growth</i>	147.4%	31.8%	<i>n.a.</i>	24.4%	82.7%	<i>n.a.</i>
EBIT	56.4	33.3	28.7	30.9	16.6	19.5
<i>EBIT margin</i>	32.9%	36.4%	41.4%	30.6%	20.5%	44.0%
Thunderful Distribution						
Net revenue	1,683.3	1,683.3	1,009.3	1,976.8	1,815.7	1,545.9
<i>Growth</i>	66.8%	66.8%	<i>n.a.</i>	8.9%	17.5%	<i>n.a.</i>
EBITDA	153.3	153.3	60.9	181.5	147.1	132.5
<i>EBITDA margin</i>	9.1%	9.1%	6.0%	9.2%	8.1%	8.6%

- 1) Selected pro forma financials illustrating the effect of the Coatsink acquisition as if the acquisition had been completed on 1 January 2020. Full pro forma financials with supplemental information will be included in the prospectus that will be prepared by the Company in connection with the Offering and the listing.
- 2) Change in total operating income for the period, calculated as an increase in total operating income compared with the previous year, expressed as a percentage.
- 3) EBITDA excluding items affecting comparability.
- 4) Adjusted EBITDA in relation to total operating income.
- 5) Operating profit adjusted for items affecting comparability.
- 6) Adjusted operating profit in relation to total operating income.

Medium term financial targets

Growth

- Thunderful Games targets to deliver an annual organic sales growth exceeding 25%, complemented by add-on acquisitions, and;
- Thunderful Distribution (excluding the Nintendo operations) targets to deliver an annual organic growth of 5-7% and the growth of the Nintendo operations will be closely correlated to the developments of Nintendo and its platform releases

Profitability

- Thunderful Games targets to deliver an EBIT margin of at least 35%, and;
- Thunderful Distribution (including the Nintendo operations) targets to maintain an EBIT margin of 8%

Capital structure

- Thunderful Group targets to have a net-interest-bearing debt in relation to adjusted EBITDA before items affecting comparability (on a rolling 12-month basis) below 1.5x, excluding temporary deviations following acquisitions

Dividend policy

- Thunderful Group aims to invest its profits and cash flows in organic growth initiatives and acquisitions to support value creation, and therefore, does not expect to pay annual dividends in the medium term

Key strengths and competitive advantages

- Operations on a large and growing gaming market
- High-quality focused games within the single-player genre
- Distinct strategy for increased investments in game development and publishing
- Diversified business with a focus on intellectual property rights
- Proven history of strong cash flow generation
- Leading position among the competition in Nordic distribution
- Entrepreneurial management team with extensive personal ownership

Advisers

Carnegie Investment Bank AB (publ) and ABG Sundal Collier AB act as Joint Global Coordinators and Joint Bookrunners. Setterwalls Advokatbyrå acts as legal adviser to the Company. White & Case acts as legal adviser to the Joint Global Coordinators.

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The information was submitted for publication at 08:00 CET on 17 November 2020

IMPORTANT INFORMATION

This announcement is not an offer to sell or a solicitation of any offer to buy any securities issued by Thunderful Group in any jurisdiction where such offer or sale would be unlawful.

Copies of this announcement are not being made and may not be distributed or sent into the United States, Australia, Japan, Canada or any other jurisdiction in which such distribution would be unlawful or would require registration or other measures. The securities referred to in this announcement have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), and accordingly may not be offered or sold in the United States absent registration or an exemption from the registration requirements of the Securities Act and in accordance with applicable U.S. state securities laws. Thunderful Group does not intend to register any offering in the United States or to conduct a public offering of securities in the United States.

Any offering of the securities referred to in this announcement will be made by means of a prospectus that will be published on Thunderful Group’s website, www.thunderfulgroup.com, following approval from the Swedish Financial Supervisory Authority. This announcement is an **advertisement** and not a prospectus for the purposes of Regulation (EU) 2017/1129 (together with any applicable implementing measures in any Member State, the “**Prospectus Regulation**”). Investors should not invest in any securities referred to in this announcement except on the basis of information contained in the prospectus and potential investors should read the prospectus before making an investment decision in order to fully understand the potential risks and rewards associated with the decision to invest in the securities. Any approval by the Swedish Financial Supervisory Authority of a prospectus should not be understood as an endorsement of the securities that are the subject of such prospectus.

In any EEA Member State other than Sweden (each, a “**Relevant Member State**” (including, for the avoidance of doubt, the United Kingdom during the Brexit transition period)), this communication is only addressed to and is only directed at qualified investors in that Relevant Member State within the meaning of article 2(e) of the Prospectus Regulation, that is, only to investors who can receive the offer without an approved prospectus in such Relevant Member State.

This communication is only being distributed to and is only directed at (a) persons who are located outside the United Kingdom, or (b) persons who are located in the United Kingdom that either (i) have professional experience in matters relating to investments falling within Article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”), or (ii) are high net worth entities or other persons to whom this announcement may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “**Relevant Persons**”). This communication must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Persons distributing this communication must satisfy themselves that it is lawful to do so.

FORWARD-LOOKING STATEMENTS

Matters discussed in this announcement may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as “believe”, “expect”, “anticipate”, “intends”, “estimate”, “will”, “may”, “continue”, “should” and similar expressions. The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although Thunderful Group believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The information, opinions and forward-looking statements contained in this announcement speak only as at its date and are subject to change without notice.

STABILIZATION MEASURES

In connection with the offer or sale of securities referred to herein, a financial advisor engaged by Thunderful Group may over-allot securities/conduct stabilization or effect transactions with a view to supporting the market price of the securities at a level higher than that which might otherwise prevail. Any stabilisation action or over-allotment will be conducted by the engaged financial advisor in accordance with all applicable laws and rules.

INFORMATION TO DISTRIBUTORS

For the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) national implementing measures, (together the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the offered shares have been subject to a product approval process, who have established that these shares are: (i) suitable for a target market consisting of non-professional investors and investors who fulfil the criteria for professional clients and eligible counterparties, each as defined in MiFID II, and (ii) suitable for distribution through all distribution channels that has been approved in MiFID II ("**Target Market Assessment**").

Irrespective of the Target Market Assessment, distributors should note that: the price of the securities in Thunderful Group may decline and investors could lose all or part of their investment; the Thunderful Group's securities offer no guaranteed income and no capital protection; and an investment in Thunderful Group's securities is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The target market assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to any offering.

The target market assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, purchase, or take any other action whatsoever with respect to the securities of Thunderful Group.

Each distributor is responsible for undertaking its own target market assessment in respect of the securities of Thunderful Group and determining appropriate distribution channels.