

Regulatory press release
November 16, 2021 – Gothenburg

Thunderful Acquires Mobile Developer Early Morning Studio

Thunderful Group is pleased to announce that it has acquired Stockholm-based games developer Early Morning Studio. With an established record of success in the mobile gaming space, the team will strengthen Thunderful by bringing its mobile know-how to Thunderful's existing network of PC and console expertise.

The team of seventeen developers at Early Morning Studio is known for its immersive role-playing games that fill a unique opening in the market. With hit titles *Vampire's Fall: Origins* (2018) – with more than 10 million players so far – *Champions of Avan* (2021) and the in-development *Vendir: Plague of Lies* (scheduled for 2022), Early Morning Studio has a record of releasing quality titles that makes them a valuable addition to the Thunderful family. The indirect sellers are the joint founders and main owners, Emir Kuljanin and Kristian Andersson.

"Early Morning Studio is an exciting company that brings a lot of value to Thunderful," said Brjánn Sigurgeirsson, CEO of Thunderful Group. *"We're always looking for studios with an established record of putting out great games and Early Morning Studio is a prime example of that. They are a golden nugget on an upward curve and we're excited to be a part of their journey. Their mobile expertise will help support us as we continue to grow mobile alongside our console and PC business. Adding their knowledge of how to make engaging free-to-play titles to Thunderful will be a huge advantage in a segment that has a bright future ahead."*

Thunderful Group pays an initial consideration of SEK 80.0 million on a cash- and debt-free basis, whereof SEK 45.0 million are paid in cash and SEK 35.0 million are paid by set-off against newly issued shares in Thunderful Group. The subscription price per share shall be the volume-weighted average price for one Thunderful Group share listed on Nasdaq First North during the ten trading days immediately preceding the publication of this press release on Thunderful Groups website, corresponding to SEK 58.595 per share, which entitles the sellers to 597,321 shares in Thunderful Group.

In addition to the initial consideration an additional earn-out component of maximum SEK 270.0 million can be paid out to the seller. For the financial year 2021 the seller may obtain a maximum of SEK 16.0 million payable in cash subject to Early Morning Studio meeting adjusted EBIT levels in excess of 13.0 MSEK during said financial year. Furthermore, and provided that certain financial targets in accordance with the table below are met, the seller may receive additional earn-out payments of 1.0x adjusted EBIT for the financial years 2022-2023, 2024, 2025 and 2026 whereof a maximum of fifty percent may become payable in newly issued shares of Thunderful Group and the remainder in cash. The total maximum consideration for the transaction is therefore SEK 350.0 million. All newly issued shares are subject to a lockup period of 12 months from the time of allotment.



Financial year	Adjusted EBIT minimum
2022-2023	SEK 58,000,000
2024	SEK 38,000,000
2025	SEK 40,000,000
2026	SEK 60,000,000

During the period of January-December 2021, Early Morning Studio is expected to generate net sales of approximately SEK 17-19 million and an adjusted EBIT of SEK 12–13 million. The implied EV/Adjusted EBIT 2021 multiple will be 6.4x for the initial consideration, assuming a mid-range EBIT for 2021. Early Morning Studio remains an independent game development company and will be reported as part of the Thunderful Games segment.

“We’re really excited to be joining Thunderful,” said Early Morning Studio’s CEO Emir Kuljanin. “Having Thunderful’s support gives us the backing we need to realise our creative vision with the exciting mobile projects we have in the works. We’re delighted to be able to draw on their vast knowledge and experience to help us create the best games possible”.

Advisors

Setterwalls Advokatbyrå has acted as legal advisor and EY has acted as financial advisor.

Presentation and Q&A

In conjunction with the acquisition of Early Morning Studio, Thunderful Group has published a presentation and an interview with CEO Brjánn Sigurgeirsson. You can find them here:

<https://thunderfulgroup.com/investor-relations/reports-presentations-and-audiocasts>

This information is such information as Thunderful Group AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, at 07:25 CET on 16 November 2021.

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About Thunderful Group

Thunderful Group is a group of companies that develops, publishes and invests in games, while also distributing Nintendo products, games, game accessories and toys. The headquarters is located in Gothenburg, Sweden, with additional offices in Aarhus, Cologne, Copenhagen, Helsingborg, Helsinki, Hohenwestedt, Hong Kong, Karlshamn, Kungsbacka, Larvik, Madrid, Malmö, Newcastle, Skövde, Stockholm and Sunderland. The Group's overall goal is to provide high-quality entertainment products for people of all ages. Thunderful Group is listed on Nasdaq First North Premier. FNCA Sweden AB is appointed Certified Adviser, info@fnca.se, +46(0)8-528 00 399.