

# Thunderful Group AB (publ) to divest the remaining distribution businesses to become a pure-play games company

**Thunderful Group AB (publ) (“Thunderful Group” or the “Company”) has today entered into a share purchase agreement to divest the remaining distribution businesses AMO Toys AB, Bergsala Aktiebolag, Thunderful 1 AB as well as the distribution services company Thunderful Solutions AB, together (the “Subsidiaries”). The agreed purchase price amounts to MSEK 634 on a cash and debt free basis (the “Transaction”). The buyer is Bergsala NDP AB (the “Buyer”), a newly incorporated company owned by Thunderful Group’s largest shareholder and board member, Owe Bergsten. The divestment will enable Thunderful Group to fully amortise its existing bank facility with Danske Bank and focus on its games segment, consisting of Game publishing, Game development and Co-development & Partner services (together referred to as “New Thunderful”).**

## **Background and rationale**

As a result of the weaker-than-anticipated performance across Thunderful Group from 2022 and onwards, the net debt and leverage have increased materially. The distribution segment has been negatively affected by the macro-economic downturns, supply chain issues, inventory build-up, and losses generated by Nordic Game Supply. The performance in the games segment has mainly been impacted by a post-covid stagnation since 2021, lack of steering, a diverse strategy with lack of synergies between the Company’s segments, and over-investments made in the last few years that have proven challenging to sustain given the current industry climate. In order to decrease the debt burden and to obtain necessary liquidity to continue to execute its long-term strategy within the games segment, Thunderful Group has decided to divest the remaining part of the distribution operations. The view of the Board of Directors is that the Transaction is in the best interest of the shareholders and employees, and that it will enable New Thunderful to focus on value creation in the mid- to long-term.

The Board of Directors believes that a more refined and focused strategy within game publishing and game development will enable Thunderful to operate more efficiently, unlocking potential for profitable growth and higher margins. The Transaction will lead to a full repayment of the outstanding debt facility with Danske Bank and provide necessary liquidity to continue executing on the long-term strategy within the games segment.

*“I am pleased that we have found a solution that will put the company in a much stronger financial position as we will be able to fully amortise our credit facility and have sufficient liquidity to execute on our initiatives in the games segment,” says Patrick Svensk, Chairman of Thunderful Group, and continues “Together with the restructuring initiatives announced on 17 January 2024, the transaction will enable us to focus on our mid- to long-term strategic objectives of creating shareholder value through growth in the games segment.”*

*“I have been part of Thunderful Group since the formation in connection with the IPO in 2020. Unfortunately, the company has gone through a very tough time, with changing industry dynamics and*

*consumer behaviour. I am pleased that we have agreed on a solution that will provide the company with liquidity to continue our initiatives in the games segment. Following the transaction, I will continue to be fully committed as the largest shareholder of Thunderful Group and will be present in the Board of Directors also going forward,”* says Owe Bergsten, Founder of Bergsala and largest shareholder in Thunderful Group.

### **The Transaction in brief**

- The agreed purchase price amounts to MSEK 634, on a cash and debt free basis, of which MSEK 595 will be paid in cash at closing and the remaining MSEK 39 will be payable in cash on 30 June 2025.
- Closing is expected to occur on 28 June 2024 and will be subject to certain customary conditions, including approval at a shareholders’ meeting.

### **Evaluation of alternatives**

The Board of Directors has evaluated a number of alternatives to the Transaction in order to assess the possibility to decrease financial indebtedness and provide sufficient financial headroom going forward. Such evaluation has included i.e. a potential rights issue and/or divestment of certain other assets.

On 16 February 2024, the Board of Directors received a non-binding indication of interest from Owe Bergsten, including key terms for a potential transaction. Owe Bergsten has not been involved in the Board of Director’s assessment and evaluations of the Transaction, or other potential transactions since 16 February 2024.

The Independent Bid Committee of the Board of Directors of Thunderful Group has appointed BDO Deal Advisory as an independent valuation expert to evaluate the fairness from a financial point of view for the shareholders of Thunderful Group regarding the Transaction. According to the valuation assessment, BDO Deal Advisory has concluded that the Transaction is fair from a financial point of view for the shareholders of the Company. Additionally, BDO Deal Advisory has concluded that following the Transaction, New Thunderful will be sufficiently capitalised to cover the liquidity needs in the short to mid-term based on the forecasts provided by Thunderful Group.

Given the difficult financial situation, assessment of available alternatives, and considering the fairness opinion and the material available to the Board of Directors, the Board of Directors assesses that the Transaction constitutes the most attractive alternative for Thunderful Group and its shareholders. Therefore, the Board of Directors (excluding Owe Bergsten due to conflict of interest) has resolved to propose that the shareholders of Thunderful Group vote in favour of the Transaction.

### **New Thunderful**

Following the completion of the Transaction, as well as the divestment of Nordic Games Supply previously announced on 26 April 2024, Thunderful Group will become a pure-play games company. New Thunderful will continue to focus on games development and publishing of games. The operations will be centred around the three business segments Publishing, Game development and Co-Development & Partner services, providing a diverse set of revenue streams with different characteristics and risk profiles.

- Publishing comprises publishing of internal and externally developed games and back catalogue revenues. New titles have a more volatile revenue profile while the back catalogue contributes with revenue with a stable margin.
- Game development includes development of internally developed games with own IPs. The revenue stream is dependent on investments and can generate high profitability levels when published games reach commercial success.
- Co-Development & Partner services includes game development on behalf of external partners and services and support to various partners and clients. The revenue stream from the Co-Development & Partners contributes to predictable revenue from development contracts with stable margins. In addition, revenue share from released games is generated with no further investment needs.

As announced on 17 January 2024, Thunderful Group has initiated a restructuring plan for the games segment of Thunderful Group with the purpose of lowering costs and increasing focus on areas with the best future growth and profitability prospects. The program is progressing according to plan with estimated annual cost reductions of MSEK 90-110 and equally improved cash flow. The program is expected to have full effect during the second half of 2024. New Thunderful is targeting to become cash flow positive at the end of 2025 and to reach revenues in excess of MSEK 450 in 2026 with an EBITDA margin exceeding 35 %.

*"Our current pipeline of games showcases our commitment to quality and innovation, and I firmly believe these new promising titles combined with our back catalogue will strengthen our position in the industry over the years to come,"* says Martin Walfisz, CEO of Thunderful Group.

### **The Transaction in detail**

The Buyer in the Transaction is a company wholly owned by Owe Bergsten, the largest shareholder of Thunderful Group and member of the Board of Directors. As such, the completion of the Transaction will require that at least nine-tenths of both the votes recorded and the shares represented at the relevant shareholders' meeting resolve to approve the Transaction.

- The Transaction is structured as a share sale where Thunderful Group will divest the share capital in Amo Toys AB together with its subsidiaries, Bergsala Aktiebolag together with its subsidiaries, Thunderful Solutions AB and Thunderful 1 AB.
- The agreed purchase price amounts to MSEK 634 on a cash and debt free basis, of which MSEK 595 will be paid in cash at closing and the remaining MSEK 39 will be payable in cash on 30 June 2025. The purchase price will be subject to post-closing adjustments measuring, as of closing, the excess or shortfall of core net working capital as compared to the agreed normalised level of core net working capital of MSEK 455.
- Following purchase price adjustments related to core net working capital and transaction costs, the expected net cash proceeds including the deferred payment are estimated to amount to approximately MSEK 610.
- In order to ensure that New Thunderful can conduct its business without any interruption following the Transaction, the distribution services company Thunderful Solutions AB has agreed to provide New Thunderful with certain services during a transitional period.
- Owe Bergsten, through Bergsala Holding AB, will enter into a customary lock-up undertaking restricting the ability to make certain dispositions in respect of Bergsala Holding AB's shares in Thunderful Group during a period of 360 days from the completion of the Transaction.

In connection with the Transaction, Thunderful Group will fully amortise its existing revolving credit facility of MEUR 55 with Danske Bank. As part of the Transaction, Thunderful will obtain a new MEUR 10.5 undrawn revolving credit facility (Sw. checkräkningskredit) from Danske Bank, with final maturity in June 2025. Based on (i) the net proceeds from the Transaction including the deferred payment, (ii) the new revolving credit facility from Danske Bank, (iii) the previously announced divestment of Nordic Game Supply, (iv) the previously announced divestment of Headup, (v) payment of outstanding earnout liabilities due during the first half of 2024, and (vi) operating cash flows in the second quarter of 2024, the management of Thunderful Group estimates that the total available liquidity will be approximately MSEK 200 as per 30 June 2024.

### **Conditions and timeline for closing of the Transaction**

Closing of the Transaction is conditional on the following:

- Shareholders of Thunderful Group to approve the Transaction at a general meeting with at least nine-tenths of both the votes cast and the shares represented at the meeting.
- The Subsidiaries receive necessary waivers from certain partners.
- The Buyer receiving necessary financing for the purpose of paying the agreed purchase price.
- Thunderful Group obtaining EUR 10.5 million undrawn revolving credit facility from Danske Bank.
- Other customary conditions for this type of transaction.

Closing of the transaction will take place as soon as the conditions for the Transaction are fulfilled and is expected to occur on 28 June 2024.

### **Webcast**

Thunderful Group will hold a live webcast concerning the Transaction today (May 21, 2024), at 10:00 CET. Access the webcast via link: <https://ir.financialhearings.com/thunderful-group-press-conference-may-2024>.

If you wish to participate via teleconference a dial-in number will be received by registering on the link below. After the registration you will be provided phone numbers and a conference ID to access the conference: <https://conference.financialhearings.com/teleconference/?id=5009632>.

### **Advisors**

ABG Sundal Collier acts as financial M&A advisor to Thunderful Group in connection with the Transaction. Setterwalls acts as legal advisor to Thunderful Group. PwC acts as financial and tax advisor to Thunderful Group. BDO Deal Advisory has provided a fairness opinion to the Board of Directors of Thunderful Group.

### **For more information, please contact:**

Patrick Svensk, Chairman of the Board of Directors of Thunderful Group, +46 708 66 07 30

Martin Walfisz, CEO, Thunderful Group, +46 705 37 19 10

Per Alnefelt, Interim CFO of Thunderful Group, +46 727 17 02 17

*This information is information that 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 above, at 2024-05-21 08:30 CEST.*

**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. It is headquartered in Gothenburg, Sweden, with offices in the United Kingdom, Spain, Germany, Denmark, Finland and Norway. 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.

**Attachments**

[Thunderful Group AB \(publ\) to divest the remaining distribution businesses to become a pure-play games company](#)