



ANNUAL REPORT 2021

**TO BE A LEADER IN A WORLD
WHERE EVERYONE CAN PLAY**



OUR MISSION IS TO PROVIDE CREATIVE ENTERTAINMENT PRODUCTS OF THE HIGHEST QUALITY FOR PEOPLE OF ALL AGES

Thunderful Group was founded in 2019 as a Group with the opportunity to provide creative, high-quality entertainment products to people of all ages.

We are driven by our vision “To be a leader in a world where everyone can play”, and we work actively with development, publishing and investment in games, as well as with distribution of Nintendo products, games, game accessories and toys.

The operations fulfil an important societal function, in which our product and service range today create conditions for creativity and learning, as well as digital communication and entertainment.

We work continuously to develop our offering and a sustainable value chain. This generates value for our customers and other stakeholders, while strengthening, at the same time, our position as a supplier of creative entertainment products also in the future.





OUR SEGMENTS



Games

Today, playing games is the most common form of entertainment, and the gaming sector is by far the largest sector in entertainment. Our Games business segment develops games, publishes games and invests in game projects, with operations conducted within the three divisions *Development, Publishing and Investment*.



Distribution

Every day, games and toys are transported from the manufacturer to vendors by truck, train and plane. Our Distribution business segment is active in the distribution of Nintendo products, games, gaming accessories and toys. We work for this to be achieved efficiently and sustainably. The operations are conducted through the three divisions *Bergsala, Nordic Game Supply and Amo Toys*.



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⚡ Included in the audited annual accounts and consolidated accounts.



“ WE HAVE STRENGTHENED ALL PARTS OF OUR BUSINESS AND WE HAVE ALSO IMPROVED OUR WAY OF DOING BUSINESS. ”



THUNDERFUL GROUP AN INTERNATIONAL GROUP IN GAMES AND ENTERTAINMENT

With 28 subsidiaries and 408 employees in Europe, Thunderful Group is an international Group that develops, publishes and invests in games as well as distributes Nintendo products, games, game accessories and toys. Operations are primarily conducted through the Group's six divisions, divided into the two business segments Games and Distribution.

SUBSIDIARIES

#28

EMPLOYEES

408



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THIS IS THUNDERFUL GROUP

Well-functioning business model

The Group’s key strategy entails diversified operations with a common purpose. The structure, with two complementary business segments, enables cash flows from Thunderful Group’s stable distribution operations to be reallocated to the Games segment, where a higher growth rate and return on invested capital can be achieved.

Successful products and partnerships

Through its Games segment, Thunderful Group has had several successful game launches, and today has a broad portfolio of popular IPs. This is an important success factor for the Group, as is its Nordic distribution of Nintendo products through the Bergsala division since 1981, as well as several other strategic partnerships. The Group also offers a wide range of popular games, game accessories and toys.

Stable financial position

The Group’s positive earnings trend, together with good cost control and considerable potential for stable cash flows from the Distribution segment, has contributed to a stable financial position. This strong financial position provides conditions for further acquisitions and continued investment.

Superior industry expertise and strong entrepreneurial spirit

Thunderful Group is the result of several different companies having successfully merged, with a clear and strong entrepreneurial approach to the operation of each company. The many years of industry experience of the management team and the board provide great strength for the Group’s strategic management and operational development alike.



Decentralised organisation with local responsibility

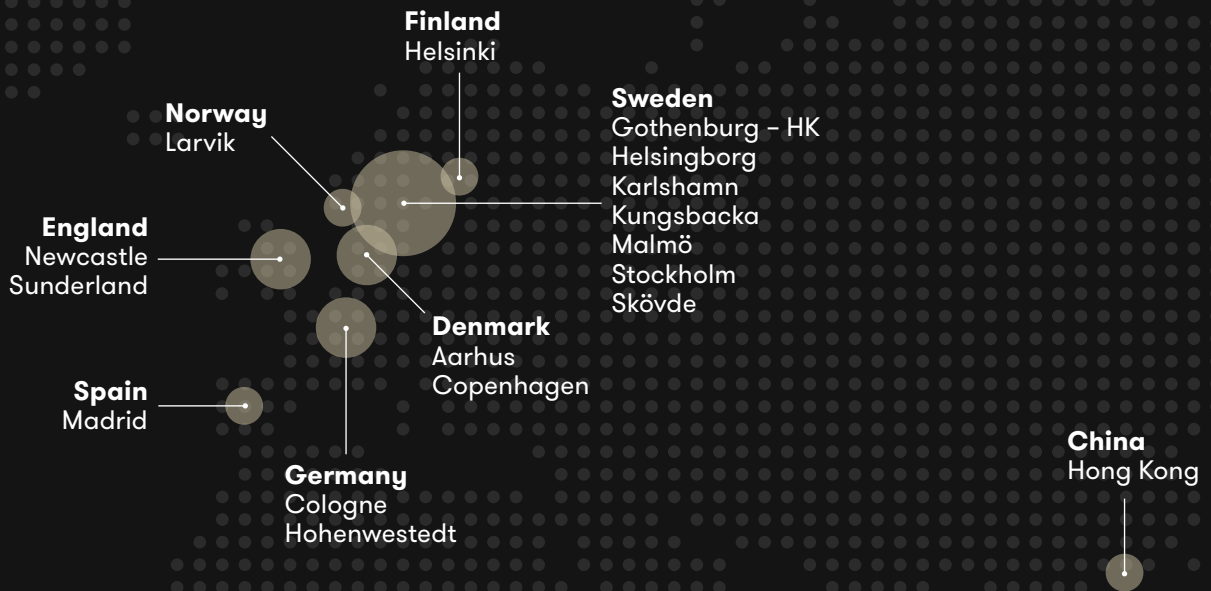
Thunderful Group has a clearly decentralised organisation, in which the operations, with the exception of certain central functions, are conducted within the framework of the two business segments and through the six divisions: Development, Publishing, Investment, Bergsala, Nordic Game Supply and Amo Toys. Local decision-making in the operations improves the dialogue with stakeholders, strengthens the offering and increases flexibility.

SEGMENTS

#2

DIVISIONS

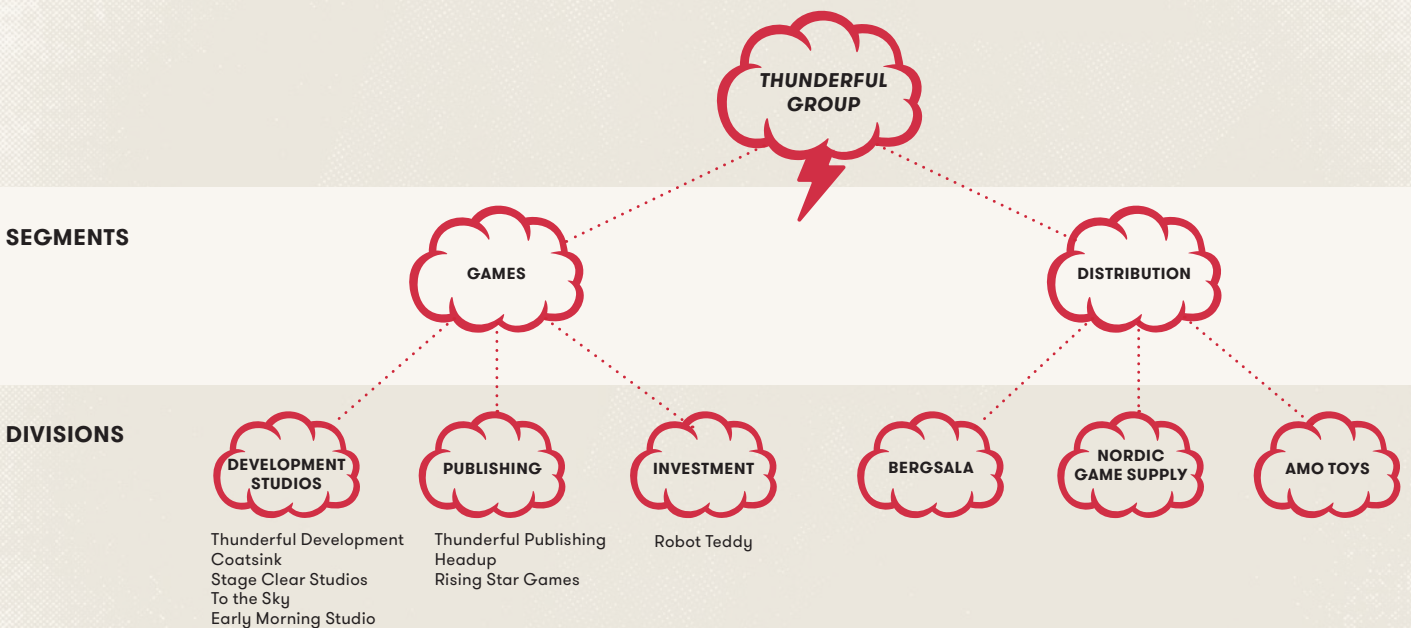
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Strong position in the market

Through its two business segments and diversified operations, Thunderful Group has a strong international position and presence. Moving forward, the growth agenda targets both organic and acquisition-based growth, focusing on the Group's continued expansion and globalisation.

Organisation





AN INTENSE YEAR CHARACTERIZED BY STRONG GROWTH AND GOOD PROFITABILITY



“ WE HAVE STRENGTHENED ALL PARTS OF OUR BUSINESS AND WE HAVE ALSO IMPROVED OUR WAY OF DOING BUSINESS. ”

Thunderful Group wraps up 2021 with acquisitions, healthy sales and a new investment division.

As we closed our books on 2021, we were pleased to sum up a strong first year for Thunderful Group as a listed company, where we have grown considerably. Our ranks have expanded from 334 to 408 colleagues, and we are now also represented in even more territories than before.

Our growing Games segment

In 2021 the net sales of our Games segment grew by 127 percent while adjusted EBITA was 163 percent higher than the previous year, and our organic growth is moving in the right direction. While growing, we have also been building for the future. We have strengthened every area of our business, and we have also improved our business practices.

Growth is fascinating in and of itself. However, in order to be realized to its full potential, growth must be harnessed and accompanied by appropriate measures of control. Seeing this, we have fortified our leadership across Thunderful Group, and mainly so in the Games segment. We strive to retain and develop the leaders of the companies that join us, and many of them have taken on leading roles in Thunderful Group. We now have a proper leadership team in place to shepherd future expansion – a team with a powerful mix of brilliance, experience and entrepreneurship.

Part of our business strategy is to acquire complementary businesses, intellectual property rights and development/publishing studios. Since the last quarter of 2020 we have acquired eight exciting gaming companies, each with their own characteristics. The German publisher Headup is now integrated and leads our publishing efforts, and adding Stockholm-based mobile game developer Early Morning Studio to the family has paved the way for more acquisitions in the games-as-a-service space. Spanish developer Stage Clear Studios adds vital porting experience, while UK-based business development consultancy Robot Teddy broadens our network and leads our game investment projects.

We will continue building the group stone by stone, and we will continue our M&A efforts. To that end we have recently secured a revolving credit facility with Danske Bank of MEUR 55 to be used for new acquisitions, additional investments and more.



2021

GROWTH AND PROFITABILITY IMPROVEMENT IN DISTRIBUTION, LOWER PROFITABILITY BUT ORGANIC GROWTH IN GAMES.

KEY FIGURES

THE GROUP	2021	2020
Operating income, MSEK	3,273.8	3,082.3
Net sales, MSEK	3,140.8	3,047.8
Gross profit, MSEK	956.3	693.2
Gross margin, %	29.2	22.5
Operating profit (EBIT), MSEK	208.8	214.9
Operating margin (EBIT margin), %	6.4	7.0
EBITA, MSEK	278.1	256.8
Adjusted EBITA, MSEK	298.8	271.5
Adjusted EBITA margin, %	9.1	8.8
EBITDA, MSEK	335.8	276.7
Adjusted EBITDA, MSEK	356.5	291.4
Adjusted EBITDA margin, %	10.9	9.5
Profit for the period, MSEK	132.2	137.4
Net working capital, MSEK	883.4	541.1
Cash flow from operating activities, MSEK	-64.9	-88.6
Interest-bearing net debt, MSEK	210.2	-305.1
Interest-bearing net debt / adjusted EBITDA LTM	0.6	-1.0
Earnings per share before dilution, SEK	1.91	2.65
Earnings per share after dilution, SEK	1.90	2.64

Becoming a 360-degree company

We have added a new investment division to our Games segment. The new division lets us cast a wider net and be involved in as many excellent game projects – and companies – as possible.

We develop games. The games we make are mainly based on our own IPs, and we think that quality is vital to earning success. According to Metacritic, which is a standard quality benchmark for games, movies and entertainment in general, our scores are best in class among our peers. Game development is very hands-on, however, and we can only work on so many games at any given time.

We publish games. We release our internally developed games ourselves, but we also publish games developed by others. Publishing is more hands-off than development, so we can publish more games in a year than we can develop. As part of the publishing process, we often invest in the externally developed games that we publish.

But we want to be involved in even more games, and so we are starting to invest in game projects. Simply investing in game projects is even more hands-off than publishing, and that's why we established the Thunderful Investment division. Games is a hit-driven business, and Thunderful Investment can vastly increase the number of tickets we hold, and further leverage the good relations we have with the platform owners. What's more, we believe there can be strong synergies with development and publishing. Some developers just want to continue to develop their games, and can rely on the strategic support of Robot Teddy.

Our new division ticks an important box for the Games segment. When we talk to exceptional gaming companies, we can now offer investments, co-development, publishing, self-publishing support, business development and M&A. We now think of ourselves as a 360-degree game company.



Our solid Distribution segment

In 2021 our Distribution segment was characterized by growth and improved profitability, but also by binding of capital. It has been a challenging year for the segment, which has been affected by logistical difficulties and the global shortage of semiconductors. The shortage of semiconductor components has affected all industries that use electronics to some extent, and in the wake of the pandemic, the world's supply chains have faced (and still face) challenges.

Despite the disruptions, our Distribution segment has delivered good results. Considering the challenges from the outset, that is certainly no small feat. To counter the uncertainty surrounding deliveries, when possible we have ordered large product quantities to our warehouses, and we therefore close the fourth quarter with unusually high volumes in stock. Balancing the inventory will be one of our challenges in 2022.

Recently we extended our Nintendo distribution agreement, which nowadays covers the Nordics and the Baltic states. The agreement has been extended by two years, which is standard practice. The new agreement contains no material changes from the existing one. Last year we also celebrated a remarkable and unique milestone: 40 years with Nintendo. We have been their business partner ever since Owe Bergsten, the founder of Bergsala and the largest shareholder in Thunderful Group, secured the rights to sell Nintendo Game & Watch consoles in Sweden. Both Owe and I have special ties with Japan, and we aim to be one of Nintendo's preferred business partners also going forward.

Running a dynamic business in an unstable world

The omnipresent pandemic has reigned for two long years, and although it is far from over, the world has responded: efficient vaccines have been developed and more people are getting vaccinated. The war in Ukraine has overtaken Covid-19 on the list of global concerns, and the invasion has disrupted the world order. For the Ukrainian population, this is a catastrophe. But it also has far-reaching implications for countries near the region and elsewhere.

Uncertainty and unrest typically induce hesitation on the stock market, along with rising interest rates and inflation. Thunderful Group does not own or operate businesses in Ukraine or Russia, and our exposure to those markets is also limited. However, we do collaborate with a development studio in Ukraine, and

we are the publisher of a game studio in Belarus that denounces the war. It is our duty to keep ourselves informed of the situation for our business partners, and although the conditions are atrocious in Ukraine, they are telling us that they are safe and getting by.

Defining sustainability efforts and core values

Perhaps less tangible, but equally important on a global scale, are sustainability efforts. We are running a growth company, and growth must be sustainable. As we all know, we must change our ways for our planet to remain a viable home to the human race. In this year's annual report, we start outlining our work with sustainability for both the Games and Distribution segments. We have a long road ahead of us, but we are now on our way. Reporting on our sustainability work will be a fixture in coming annual reports.

Sustainability isn't only about the environment, and as we grow it becomes increasingly obvious that we must establish best practices to handle governance and social matters. We have therefore created a model that we call our North Star, which is a guide to our core values, and how we must operate with responsibility. We talk about that too in this annual report. It is a simple set of directions to ensure that we are – and continue to be – a diverse, inclusive, sustainable, commercially focused and efficiently run company.

In conclusion

In 2022 we aim to generate stronger cash flows in the Distribution segment, and our Games segment will be involved in more game projects than ever before.

We will develop and improve our company culture and values. The people are the company, and the companies that make up Thunderful Group must be as attractive employers as possible. There is a positive sentiment throughout the group, and the hard work of every colleague is paying off. I want to take the opportunity here to thank everyone within the company. We are on a remarkable journey. **You are Thunderful.**

Gothenburg, April 2021

Brjann Sigurgeirsson
CEO

The period January – December 2021

- Revenues increased by 6.2 percent to MSEK 3,273.8 (3,082.3).
- Adjusted EBITA increased by 10.1 percent to MSEK 298.8 (271.5), corresponding to an adjusted EBITA margin of 9.1 percent (8.8).
- Adjusted EBITDA increased by 22.3 percent to MSEK 356.5 (291.4), corresponding to an adjusted EBITDA margin of 10.9 percent (9.5).
- Operating profit (EBIT) decreased by 2.8 percent to MSEK 208.8 (214.9), corresponding to an operating margin of 6.4 percent (7.0)
- Profit for the period amounted to MSEK 132.2 (137.4)
- Earnings per share after dilution amounted to SEK 1.90 (2.64).
- Cash flow from operating activities amounted to an outflow of MSEK 64.9 (88.6).
- During the year, Thunderful Group acquired game publisher and developer Headup, animation company Tussilago, newly-started game studio To The Sky, game studio Stage Clear Studios, business development company Robot Teddy and game developer Early Morning Studio.
- Thunderful Group's subsidiary Coatsink Software Ltd entered into new game development agreements for a value exceeding MUSD 20.

Selection of significant events after the balance sheet date

- Bergsala AB has extended its distribution agreement with Nintendo of Europe GmbH.
- Thunderful Group entered into a confirmed credit facility of MEUR 55 with Danske Bank.

See Note 40 for all significant events after the balance sheet date.



CONTINUOUS DEVELOPMENT AND ADAPTATION TO PREVAILING DRIVING FORCES AND TRENDS

Global gaming market

For many years, the gaming industry has been the largest business segment in the global media and entertainment market, where players compete for part of consumers' leisure time. Growth in the gaming industry is primarily driven by an increasing proportion of the population playing, but also by, for example, new consumption patterns and new pricing models, such as subscription and streaming services.

According to the Global Games Market Report for 2021, published by Newzoo, the global games market has grown strongly in recent years and was, in 2021, estimated to have sales of approximately USD 176 billion. The report also expects continued growth over the next few years at an annual average rate of 9 percent and a total market of USD 219 billion in 2024.

An increasing share of sales takes place via digital distribution channels through platforms including Steam and Epic Game Store. Digital distribution has made the Group's games available globally. Revenues are mainly attributable to North America and Europe.



Driving forces

- A growing population, an increasing proportion of which consumes games
- New revenue and pricing models
- Increasing average gaming consumption per person
- Continued strong growth in mobile gaming

Trends

- Paradigm shift towards streaming of gaming and the technology companies' entrance into the global gaming market
- Production and development tools for conversion
- Global market consolidation



Nordic distribution market

In recent years, the Nordic distribution market has been characterised by negative or zero growth, mainly due to decreased physical distribution of hardware and software, which has primarily affected Nordic Game Supply.

The distribution of Nintendo products is driven mainly by so-called console cycles, that is, Nintendo's launches of game consoles.

The distribution of toys in the Nordic region has, in recent years, shown somewhat negative or zero market growth and is considered to be a mature market that is characterised by low economic impact and low technical development.

All of Thunderful Group's distribution markets are characterised by a competitive landscape with a few major players, a complex market and extensive needs for working capital. The total available distribution market is expected to remain constant over the upcoming years, without significant growth. For market participants, growth opportunities derive from the number of players decreasing and the proportion of own brands increasing.



Driving forces

- Console cycle-driven gaming market for hardware and software
- Nintendo's global development
- Complex market dynamics
- Rising average sales prices for toys

Trends

- Growing distribution market for own brands
- Fewer toy stores in a competitive and fragmented market
- Growing interest in e-sports



Adapted for a new market model

There are currently two prevailing business models in the computer game industry. One is a premium model, in which the player pays for a game once: when the game is purchased, either physically in-store or digitally downloaded. The premium model is suited to games that are products (game as a product), that is, games that, like a film or a book, have a beginning, a middle and an end. Today, most games for PC and consoles are launched as premium games.

The other is a free-to-play model, in which the player usually downloads the game for free and can spend money buying content along the way (in-app purchases), or can “pay” by taking part in advertising. The games are maintained for a long time and can be equated with a service (game as a service) rather than a product. Today, most games for mobile devices are launched as free-to-play.

Most of the games that Thunderful Games currently develops, publishes and invests in are premium games. This means that our games are well-suited for sales in traditional stores, both physical and digital, although it also makes it easy to include them in subscription services, such as Xbox Game Pass or PlayStation Plus. These services are comparable to Netflix for movies and Spotify for music. They only provide premium games and do not allow in-app purchases or advertising. Our games also perform well in terms of quality, which is an additional factor in negotiating favourable terms for our games on the subscription services, which we believe will increase in importance in the future. Finally, we have a strong leadership team in place with good contact networks among the platform owners.

“ THUNDERFUL GAMES IS WELL EQUIPPED FOR THE PARADIGM SHIFT WE ARE NOW SEEING. ”

We therefore consider Thunderful Games to be well-equipped for the paradigm shift that we are now witnessing. Strong unit sales for gaming releases will generally decrease in importance. Constructive negotiations when initiating game projects and in connection with the catalogue of existing games will be more important.

That said, free-to-play is also here to stay. The business model completely dominates the mobile side, which will not change, and games for PC and console are increasingly being released as games as a service. We will therefore continue to also acquire developers with knowledge and success in free-to-play.





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BUSINESS MODEL AND VALUE GENERATION

TWO COMPLEMENTARY BUSINESS SEGMENTS...



Games

High growth and volatile cash flows in connection with game launches.

Development

Mainly develops high-quality, narrative-driven single-player games, primarily for PCs and consoles. The main IP is SteamWorld.

Publishing

Publishing of internal and external games from western studios via Thunderful Publishing AB and Headup GmbH, as well as Japanese games via Rising Star Games Ltd.

Investment

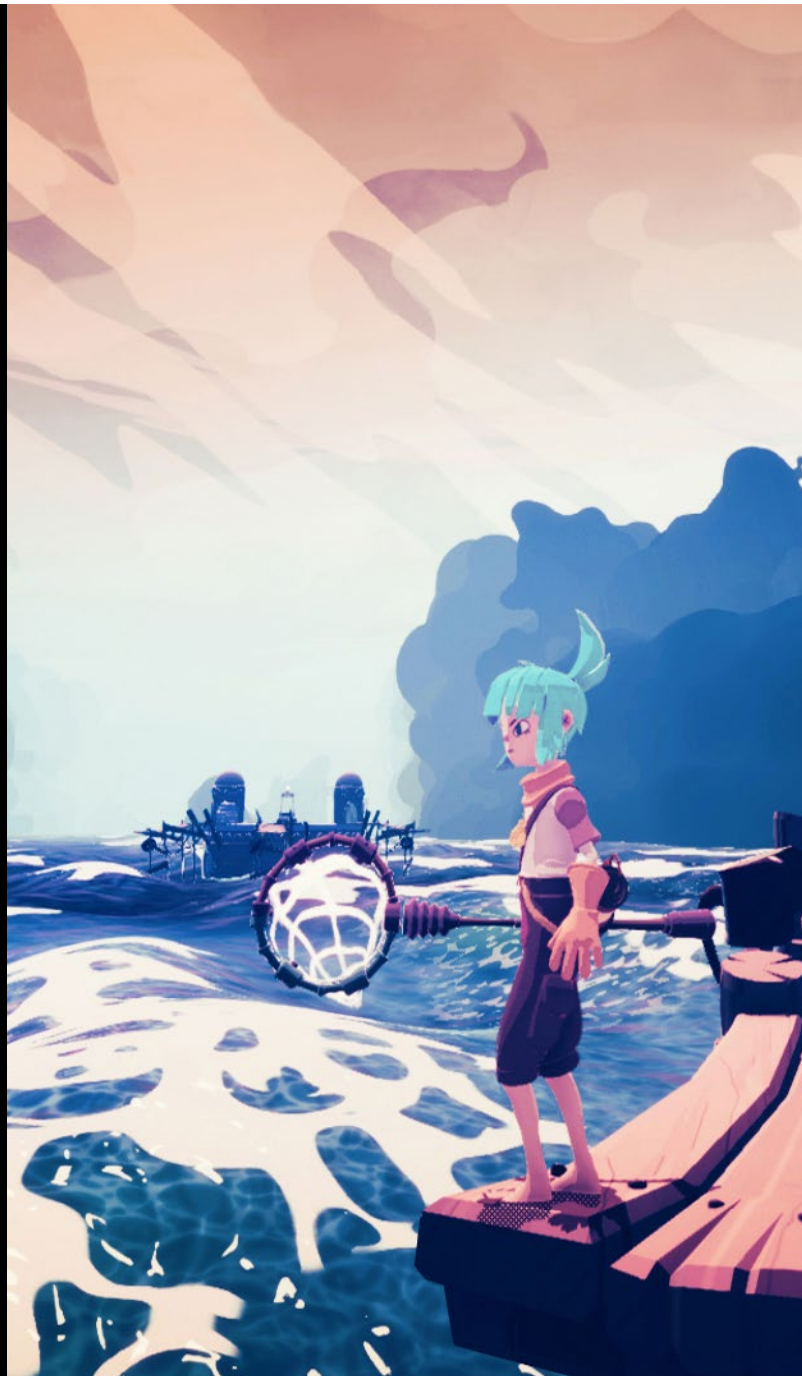
As a partner to game developers, we invest in game projects to complement the range and broaden the pipeline of games.

SHARE OF NET SALES

11%

SHARE OF EBITA

44%





Distribution

Financial stability and potential for substantial generation of operational cash flow.

Bergsala

Swedish distributor of Nintendo since 1981. Distributor for the entire Nordic region and the Baltic states since 2012.

Amo Toys

Distributor of toys in the Nordic countries. Distributes about 70 brands, 6 of which are own brands.

Nordic Game Supply

Distributor of game consoles, physical games and game accessories in the Nordic countries. Distributes about 40 brands, 7 of which are own brands.

SHARE OF NET SALES

89%

SHARE OF EBITA

56%





... ENABLES INVESTMENTS IN GROWTH AT LOWER RISK AND CONTRIBUTES TO MULTIDIMENSIONAL VALUE GENERATION

The purpose of the Group's structure is to reallocate cash flows from Distribution to investments in Games to enable and accelerate growth. This can be achieved both organically through more and better games, as well as through complementary acquisitions of IP and companies.

The financial stability of the Distribution segment means that these investments can be made at a lower financial risk than by comparable gaming companies.

Thunderful Group generates value

For customers, partners and end-users

- High-quality games and gaming experiences
- Strong and well-developed publishing business
- Close and well-functioning partnerships, gaming investments, development and publishing services
- Safe, efficient and sustainable distribution process

For employees

- Employs about 400 people
- Competitive working conditions
- Inclusive workplaces with opportunities for development and involvement
- Safe and favourable working environments

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GAMES RELEASED IN
THUNDERFUL DEVELOPMENT

MSEK 238.7

IN PERSONNEL COSTS



For shareholders

- Broad exposure to large parts of the gaming industry's value chain
- Well positioned for organic growth in a market with strong underlying global growth
- MSEK 294 invested in Thunderful Games during the year

For society

- Products and services that contribute to creativity and learning, as well as to digital communications and entertainment

+3%

NET SALES

+8%

ADJUSTED EBITA

CREATIVE ENTERTAINMENT PRODUCTS OF THE HIGHEST QUALITY FOR PEOPLE OF ALL AGES



CLEAR STRATEGY FOR CONTINUED PROFITABLE GROWTH

Thunderful Group's overall business strategy is based on three strategic focus areas deriving from the Group's diversified revenues, strong cash flows, financial stability and portfolio of brands and intellectual property rights. In addition, each business segment pursues its own strategies.

- Accelerated investments
- Maintain and develop IP-centric operations
- Quality implementation in the Group's business segments



Accelerated investments

Thunderful Group has identified three priority areas for investment:

- **Increased rate of investment in game development and publishing** – based on its existing portfolio of games, Thunderful Games is able to develop more and larger games with the same philosophy that characterised previous games. Internally secured financing means, among other things, that Thunderful Group can employ more staff to maintain good growth and maintain the same high level of quality, despite the games increasing in both number and size.
- **Investments allowing intellectual property rights and brands to be used in creating and developing experiences on new media and platforms** – this may involve, for example, creating board games based on games developed in-house, partnering with developers of game accessories or licensing intellectual property rights to TV series developed and produced by third parties.
- **Acquisition of complementary operations and intellectual property rights** – for a long time, the global gaming industry has been marked by extensive consolidation, giving financially strong players opportunities to strengthen their portfolios of intellectual property rights and supporting organic growth.

See the **Acquisitions** section on page 20 for more information.

Maintain and develop IP-centric operations

Thunderful Group's business strategy is characterised by a focus on intellectual property rights. The Group has access to a broad portfolio of both proprietary and externally owned intellectual property rights and brands. In the Games segment, focused work is in progress to develop proprietary intellectual property rights. The objective is to safeguard a presence in channels and on platforms, which may be subscription- and streaming-based to a greater extent in the future. Good relationships with platform owners can also result in deeper commercial relationships, in which platform owners, for example, invest in Thunderful Group's game development projects to



sustain the inflow of new content to their platforms. Within Distribution, Thunderful Group works strategically to increase the share of proprietary brands. This is expected to strengthen the Group's previously stable financial position and to increase profitability.

Quality implementation in the Group's business segments

In cultivating the value of the Group's assets and key contractual relationships, it is important to maintain an entrepreneurial culture with a strong focus on quality in implementation. This is achieved by retaining and continuing to develop personnel and internal expertise, as well as through collaborations and partnerships.

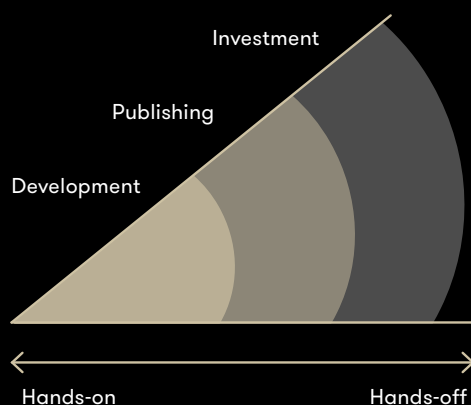
“ FOR THE FUTURE, WE SEEK TO INCREASE OUR INVESTMENTS IN GAME PROJECTS. ”

Increased investment

For the future, we seek to increase our investments in game projects. We primarily develop games based on our own IP, and the games must be good. In Metacritic's latest ranking, we scored best in class among our peers, and now have about 270 game developers across Europe. However, as game development requires focused resources, working hands-on with one project at a time, we can only work on a fairly limited number of games at any given time.

In addition to publishing games that we have developed in-house, we also publish games developed by others. Publishing is more hands-off than development, and we can therefore publish more games than we can develop. As part of the process, we often invest in the externally developed games that we publish – at the end of 2021, we had invested MSEK 155 in our pipeline of externally developed games.

Nonetheless, we seek partnership in additional game projects. Investing in games is even more hands-off than publishing, which is why we initiated Thunderful's Investment division. The intention is for the new division to increase the opportunities for achieving hit games, and we believe that strong synergies can be derived between development and publishing. The division is an important piece of the puzzle for the Games segment, and we are now a 360-degree gaming company that works with development, publishing, investment and M&A.





ACQUISITIONS ARE AN IMPORTANT PART OF THE GROWTH STRATEGY

Thunderful Group intends to continue growing organically through investments in game development and through acquisitions, primarily of independent game developers with the following characteristics:

- Driven by dedicated entrepreneurs
- Complementary, high-growth operations
- IP-centred
- Presence in PC and console games

Majority investments

Thunderful Group offers game developers a full investment combined with various financing options.

Ownership

Thunderful Group seeks dedicated contractors who intend to stay with us by becoming shareholders in Thunderful Group.

Supportive owner

Thunderful Group is, and will continue to be, a committed and supportive owner with opportunities to provide similar investments as the other subsidiaries are receiving.

Platform expertise

Thunderful Group has a long history of favourable relationships with platform owners, which acquired companies within the Group can use in their operations.

Decentralised control

Thunderful Group does not seek to integrate new operations fully into existing subsidiaries, preferring for sellers to maintain a personal shareholding and encouraging entrepreneurship.

Strategic guidance and synergies

Thunderful Group offers acquired Group companies important guidance and knowledge sharing.





Example of a successful acquisition: Coatsink

We had been successful at Coatsink. In thinking about the next step, we began having conversations with Thunderful about a potential acquisition. We soon realised that our visions for the future were aligned in terms of what we wanted our companies to achieve. Given our successes, there were multiple companies interested in buying us, but Thunderful offered something special. They recognised the value of what we had built as a company and wanted to maintain that. They wanted to give us the freedom to continue doing what were doing so well. Of course, they offered ways of enhancing what Coatsink was capable of, but letting us keep our identity and work to our strengths were key factors for us to join Thunderful.

One of the key things Coatsink has brought to Thunderful is entry to the VR market on a large scale. We've been heavily involved in this emerging industry that is only growing stronger, and our established partnership with Meta brings huge value to the organisation. We continue to work closely with them on VR titles, emerging technologies and more. Coatsink is also able to take more risks. That's partly about our diverse revenue streams and financial success, but being part of a bigger organisation like Thunderful provides the backing to take chances that can have huge financial rewards, without hugely negative impact if they don't work.

From a development perspective, we now have access to a lot more developers, so there is more we can take on and more flexibility when it comes to expanding projects that we are working on. In conversations with platform

**“OUR ESTABLISHED PARTNERSHIP
WITH META BRINGS HUGE VALUE
TO THE COMPANY GROUP.”**

owners, we have gone from being able to offer just one or two titles at a time with Coatsink as an independent company, to offering 30 or 40. External partners are enthusiastic about this and are more proactive and responsive than they have ever been before, allowing us to do deals of a far bigger scale. That is a direct and clear result of the strength delivered by this acquisition.

Coatsink continues to follow a philosophy of diversifying – a philosophy reflected across Thunderful and that Coatsink plays a part in providing. We have our own IPs that we develop internally at Coatsink, partner projects, our successful publishing efforts and work for hire. We continue to enjoy a fantastic relationship with Meta, working on games for the Quest, Quest 2 and future products. We also continue to work with their innovative tech teams, collaborating on a wide-range of research and development projects. These are of huge benefit to Coatsink and Thunderful, not only in terms of the immediate revenue they bring in. We are also laying the groundwork for the tech that comes next for Meta, which means that we are well-placed to be involved when it comes to creating content for that tech when it comes to market.

Tom Beardsmore, CEO, Coatsink



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GOALS AND GOAL FULFILMENT

THUNDERFUL GROUP'S MEDIUM TERM FINANCIAL TARGETS

Growth



Games

The business segment's target is to deliver annual organic sales growth exceeding 25 percent, supplemented by additional acquisitions.

TARGET

>25%

OUTCOME

-4.8%

Comment 2021:

- Strong organic growth in Distribution, driven primarily by an expanded portfolio of distributed brands in gaming accessories.
- During the first three quarters of the year, Games reported negative organic growth driven by delayed game launches. In the fourth quarter, Games showed positive organic growth.

Focus 2022:

- **In Games:** Continue the trend from the fourth quarter of 2021 of achieving organic growth by entering into agreements with platform holders for the existing game portfolio and for several of the games in development.
- **In Distribution:** Continue to increase our market share in the distribution of gaming accessories and toys.



Distribution

The business segment (excluding the Nintendo business) targets delivering annual organic growth of 5-7 percent. Nintendo products are excluded here due to their close correlation with the development of the Nintendo brand and its platform launches.

TARGET

>5-7%

OUTCOME

25.0%

Profitability



Games

The business segment strives to maintain an EBITA margin of at least 35 percent.

TARGET

≥35%

ADJUSTED EBITA, 2021

33.4%



Distribution

The business segment (excluding the Nintendo operations) strives to maintain an EBITA margin of 8 percent.

TARGET

8%

ADJUSTED EBITA, 2021

6.2%

Comment 2021:

- In Games, delayed game launches in Thunderful Development have had a negative impact.
- In Distribution, there have been mix effects where the division with the lowest EBITA margin, Nordic Game Supply, showed strong growth in 2021.

Focus 2022:

- **In Games:** Maintain a disciplined view of the internal game development schedule set out during the latter part of the pandemic.
- **In Games:** Develop the latest acquisitions, which have a significantly higher profit margin than other companies in the Games segment.
- **In Distribution:** Continue to derive cost efficiencies in logistics, which began to have an effect in the fourth quarter of 2021.

Capital structure

The Group strives to have interest-bearing net debt in relation to adjusted EBITDA before items affecting comparability (on a rolling 12-month basis) corresponding to a multiple of less than 1.5, excluding temporary deviations following acquisitions.

TARGET

<1.5X

ADJUSTED EBITA, 2021

0.6

Dividend policy

The Group intends to re-invest profit and cash flow in organic growth initiatives and acquisitions to strengthen value generation and does not therefore intend to pay an annual dividend in the medium term.



OUR SEGMENTS

TWO DECENTRALISED BUSINESS SEGMENTS BUILD STRONG AND CLOSE CUSTOMER RELATIONSHIPS

Our two complementary business areas – Games and Distribution – afford us a strong international position based in the Nordic region. Games focuses on developing, publishing and investing in games and Distribution on the distribution of Nintendo products, games, game accessories, toys and more.

The local entrepreneurial spirit within the organisation is complemented by the Group's framework and approach. This provides the best possible conditions for our operations, and contributes to strong customer relationships and a high degree of customer satisfaction. Local decision-making contributes positively to our dialogue with our stakeholders, our offering and our flexibility.



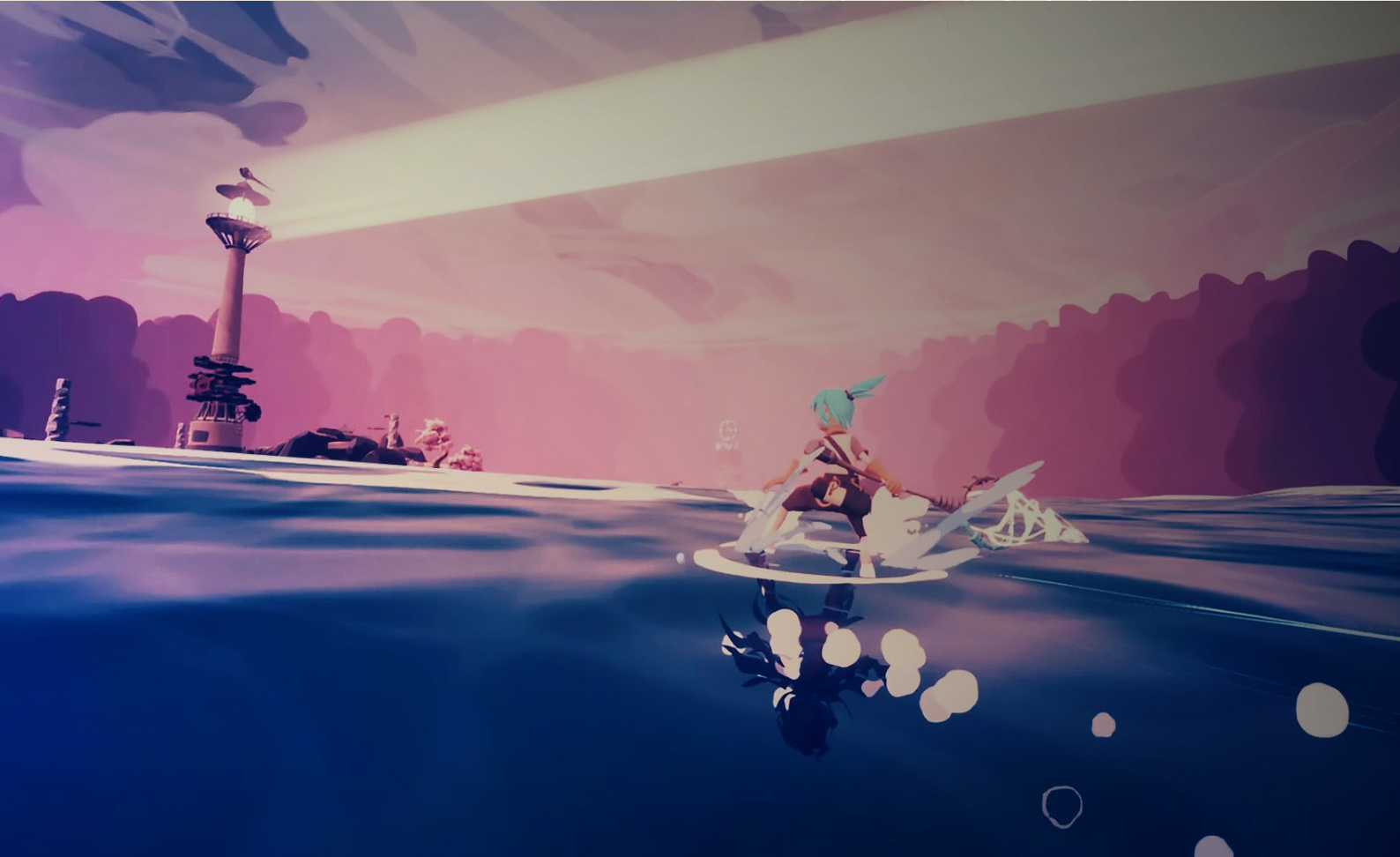
Games

Development, publishing and investments in games



Distribution

Distribution of Nintendo products, games, game accessories, toys and more





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GAMES

A 360-DEGREE GAMING COMPANY WITH DEVELOPMENT, PUBLISHING AND AN INVESTMENT DIVISION



In this Games section, the Vice President of each division presents what happened in 2021 and looks forward to 2022. Finally, Chief Games Officer Agostino Simonetta and Kathrin Strangfeld, VP of Business Management, summarize the segment's business development over the past year.

The section also contains tables of games released in 2021 and games announced for future launch as of February 17, 2022.

NET SALES

MSEK 354.0

ADJUSTED EBITA MARGIN 2021

33.4%

TOTAL GROWTH

+126.6%



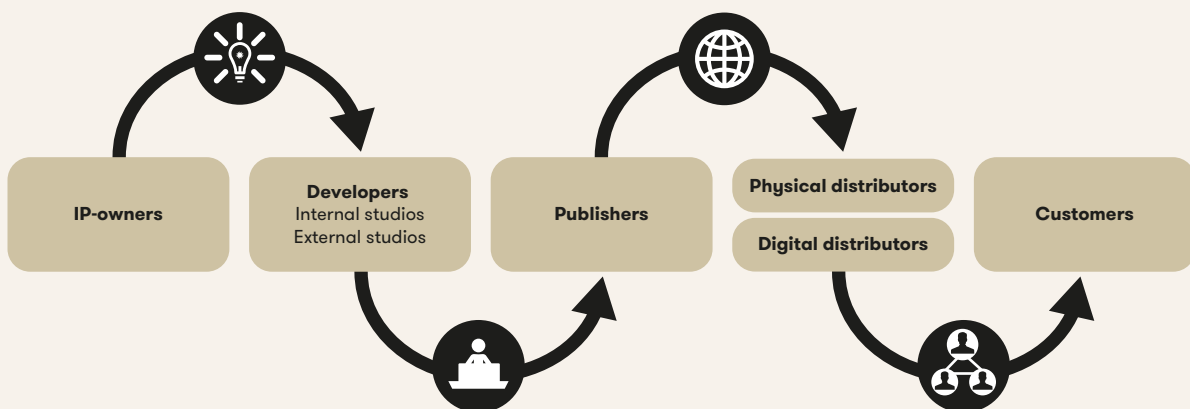
Value chain

Thunderful Games develops, publishes and invests in games. The business segment comprises three divisions:

Thunderful Development Studios, with game development teams from formerly independent game studios, such as Image & Form, Zoink, The Station and Coatsink. The development strategy builds on high-quality, content-rich games developed in-house for PCs, consoles and mobile devices.

Thunderful Publishing, with publishing teams in several European countries that during 2021 were integrated into a common organisation and conducting publishing activities under one single brand. The division publishes games developed both within the Group and externally.

Thunderful Investment, focused on investing in external game development projects. The purpose is to broaden the catchment area for good games and game studios, as well as offering synergies in the form of development support, publishing services and acquisitions.





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DEVELOPMENT STUDIOS

Thunderful Development Studios

Thunderful Development Studios is the collective name for Thunderful's nine internal game development companies. For example, this includes game development teams from Image & Form, Zoink and also acquired companies such as Coatsink and Early Morning Studio. Thunderful Studios develops internal IPs and does collaborations, work for hire and more. The main focus is single-player games for PC, console and mobile. The game development teams often collaborate with Thunderful's internal

publishing business. When a game is fully developed, it is transferred to the publishing team, which in turn is responsible for the games reaching the end customer.

In 2021, several major titles were released, including Lost In Random, The Gunk, Wavetale and Jurassic World: Aftermath Part 2. At the end of the year, 17 individual games were in internal development within the group.

AVERAGE RATING ON METACRITIC FOR THE LATEST TEN GAMES

80 / 100

GAMES SOLD

16 MILLION

NUMBER OF EMPLOYEES

270

GAMES RELEASED

#41



Eddie Beardsmore – VP of Development Studios

Throughout the course of 2021, we signed off a number of exciting new projects and could shift developers onto ongoing ones after the release of our aforementioned titles. This included Thunderful Skövde (previously Guru Games) and Thunderful Karlshamn (previously The Station) moving into full production on Thunderful IPs after we acquired the studios in 2019 and 2020 respectively. I'm particularly excited that we were also able to upscale our work on SteamWorld Headhunter, the next entry in our acclaimed SteamWorld series. The game got a great reception when we revealed it at our Thunderful World digital showcase, and that hype and anticipation only fuels our desire to deliver as we continue to work hard on the game.

From my perspective as Vice President of Studios, Thunderful's growth as an organisation over the last couple of years has been a boon to our development efforts too, allowing us to strengthen and accelerate ongoing and future projects. Indeed, we've ended 2021 with 17 internal games in development across console, PC, VR, mobile and streaming platforms. Among those are three yet-to-be-announced SteamWorld games and an unannounced VR IP. There is fantastic stuff in the works, from internationally renowned IP to innovative new titles, all of which I am very excited about. This ongoing work means that there is even bigger and better to come from our internal teams.

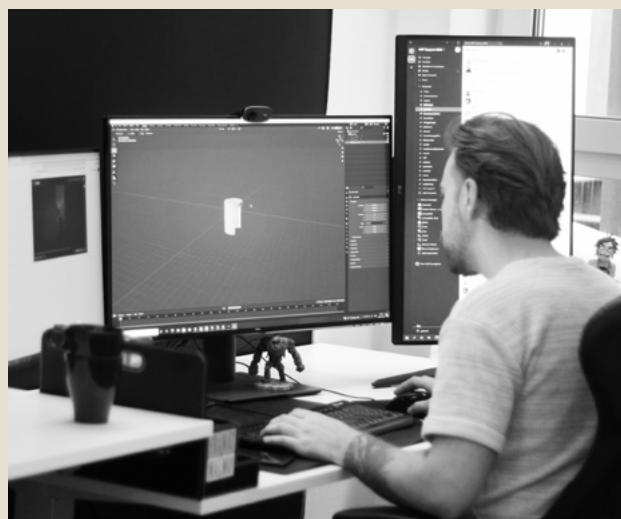
One of the things I am pleased with is the diverse approach we are taking to building our portfolio of games. We pay close attention to ensuring that our titles offer a breadth of diversity in terms of genre, audiences and the platforms they are available on as we seek to fulfill our mission of providing creative entertainment products of the highest quality for people of all ages. We will continue to focus on core console and PC markets, but our strength in the VR sector is an example of how this approach helps us stand out from competitors. With Coatsink's long-term deal with Meta in place and a launch title in development for Sony's recently unveiled PSVR 2, we have used this year to put ourselves in a fine position to leverage our expertise in that area and continue to be one of the key players in VR gaming.

I am always looking for ways to improve on how we develop games, and I am proud of what we've done in 2021 and optimistic about the future. Our growing organisation boasts a host of great development talent, including the likes of Image & Form, Zoink, and Coatsink. We have built

a development environment that respects the autonomy of each studio when it comes to their creative process and vision, while also ensuring we have the flexibility to have our studios and developers support and enhance each other's work. Early Morning Studio, who we acquired in 2021, illustrates this. We're allowing the studio the freedom to continue to do what they do best when it comes to creating successful evergreen mobile titles, but we're also able to support them in bringing their games to consoles and PC, thanks to our established expertise in those areas. Conversely, other areas of our business can benefit from drawing on their knowledge of mobile games and the free-to-play sector.

We have only just begun reaping the benefits of this approach. You've seen some of what we can do in the four titles we've released in 2021, but in the current projects we are working on the kinds of best-in-class games that will help establish us as one of the premiere forces in the world of game development.

“ I AM ALWAYS LOOKING FOR WAYS TO IMPROVE ON HOW WE DEVELOP GAMES. ”





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DEVELOPMENT STUDIOS



Games developed and launched internally since 2010

Game description					Platform				
Title	Launch	Self-published	IP ownership	Genre	PC	Console	Mobile	Streaming	VR
SteamWorld Tower Defense	2010	✓	Owned	Strategy	○	●	○	○	○
Swing King	2010		Owned	Action	○	○	●	○	○
Pinch	2010	✓	Owned	Puzzle	○	○	●	○	○
Billions	2011		3rd party	Facebook	○	○	○	○	○
Anthill	2011	✓	Owned	Strategy	○	●	●	○	○
Pinch 2	2011	✓	Owned	Puzzle	○	○	●	○	○
Wobblies	2011		3rd party	Puzzle	○	○	●	○	○
PlayStation All Star Island	2012		3rd party	Action	○	○	●	○	○
Ajapa	2012	✓	3rd party	Puzzle Adventure	○	○	●	○	○
Fatty	2012		Owned	Action-Comedy	○	○	●	○	○
Pinch 2 Special Edition	2012	✓	Owned	Puzzle	○	○	●	○	○
Adventure Time	2013		3rd party	Action	○	○	●	○	○
SteamWorld Dig	2013	✓	Owned	Adventure	●	●	○	●	○
Stick It To the Man!	2013		Owned	Action	●	●	○	○	○
Disney 7D	2013		3rd party	Action	○	○	●	○	○
Chip	2013	✓	Owned	Puzzle	●	○	●	○	○
Disney Doc McStuffin	2014		3rd party	Adventure	○	○	●	○	○
Esper	2014		Owned	Puzzle	○	○	○	○	●
Zombie Vikings	2015	✓	Owned	Action	●	●	○	○	○
SteamWorld Heist	2015	✓	Owned	Strategy	●	●	●	●	○
Esper 2	2015		Owned	Puzzle	○	○	○	○	●
Zombie Vikings: Stab-a-thon	2016	✓	Owned	Action	●	●	○	○	○
Shu	2016	✓	Owned	Action-Platform	●	●	○	○	○
SteamWorld Dig II	2017	✓	Owned	Adventure	●	●	○	●	○
Gang Beasts	2017		3rd party	Party	●	●	○	○	○
Augmented Empire	2017		Owned	Tactical RPG	○	○	○	○	●
A Night Sky	2017		Owned	VR experience	○	○	○	○	●
Flipping Death	2018	✓	Owned	Action	●	●	○	○	○
Fe	2018		Owned	Action	●	●	○	●	○
They Suspect Nothing	2018		Owned	Mini-game/comedy	○	○	○	○	●
Kingdom Two Crowns	2018		3rd party	Survival-Action	●	●	○	○	○
SteamWorld Quest	2019	✓	Owned	Cards	●	●	●	○	○
Ghost Giant	2019	✓	Owned	Adventure	○	●	○	○	○
Shadow Point	2019		Owned	Puzzle Adventure	○	○	○	○	●
FB Rooms	2020		3rd party	Party	○	○	●	○	○
Transformers: Battlegrounds	2020		3rd party	Strategy	●	●	○	○	○
Jurassic World Aftermath	2020		3rd party	Action	○	○	○	○	●
Lost In Random	2021		Owned	Action-Adventure	●	●	○	○	○
Jurassic World Aftermath Part 2	2021	✓	3rd party	VR Action Stealth	○	○	○	○	●
Wavetale	2021	✓	Owned	Action-Adventure	○	○	○	●	○
The Gunk	2021	✓	Owned	Action-Adventure	●	●	○	○	○

● Available ○ Not available



SECTION

Thunderful Publishing

Thunderful’s publishing division was founded in 2018 with the mission to publish games developed by external parties that match the high standards of the company’s internally developed titles. Thunderful Publishing supports its third-party developers by leveraging its expertise and contacts to bring their games to a global audience.

Thunderful Publishing deals with external platform owners on behalf of third-party developers, using its well-established relationships with Xbox, PlayStation,

Nintendo and other platform owners to find the right partnerships for each title and bring the game to market on those systems. The publishing division also undertakes marketing and public relations activities on behalf of third-party development partners to generate awareness and interest in their titles.

In the end of of 2021 all of the combined publishing units across the organisation had a total of 45 titles in the pipeline.

AGREED FUTURE INVESTMENTS
 IN EXTERNAL GAMES

MSEK 155

NUMBER OF EXTERNALLY DEVELOPED
 AND ANNOUNCED GAMES

#31

NUMBER OF PARTNERS IN THE LIST OF
 GAMES ANNOUNCED FOR THE FUTURE

#30

NUMBER OF EXTERNALLY DEVELOPED
 AND ANNOUNCED GAMES

#17



Dieter Schoeller – VP of Publishing

It really feels like a completely new ballgame for Thunderful: we have restructured and professionalised the publishing entity on all levels. We've built up different units to handle internally developed titles versus externally licensed titles, moved the units to an agile setup that allows for high levels of efficiency and flexibility, set up new framework licensing agreements and task-based product management systems and are looking continuously at optimising all levels of publishing.

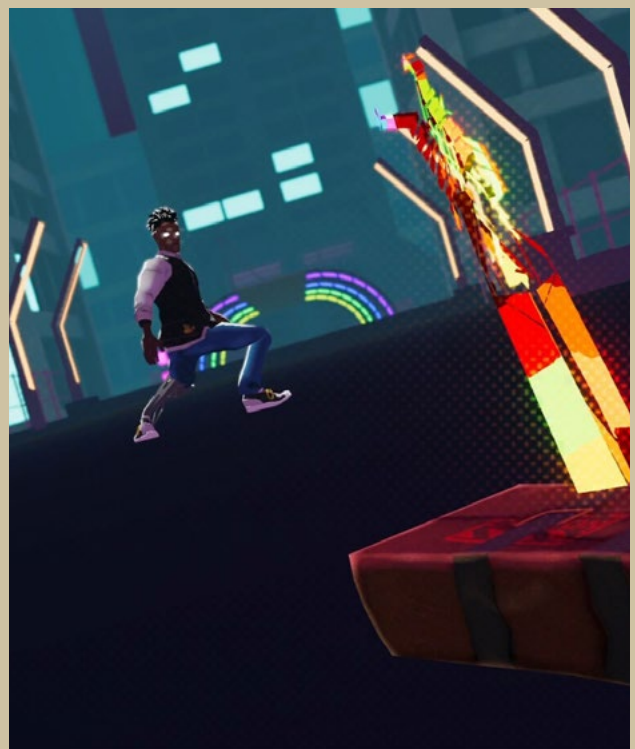
The merging of Thunderful and Headup's publishing units this year provided a fantastic opportunity for us to reflect on and define our strategy when it comes to publishing going forward. While the majority of our lineup is composed of single-player titles, we've already taken steps in branching out and signing more multiplayer titles, and we've defined several other areas of interest, looking at revenue-optimising metrics such as retention-based games, sandbox, Games as a Service and established IP acquisition. We will always keep an eye open for "hidden gems" in the making – it's important to us that we retain our flexibility and ambition when it comes to taking on uncertain but promising creative bets. Having said that, we will balance that by adding a dedicated layer of "detached" pure data analysis to the setup, sharpening our process going forward. The driving force for all of this is about reaching the bar we set for any game with the Thunderful name on it. Thunderful has had high standards for our internal productions in the past and our goal is to ensure that our third-party portfolio meets those high standards.

It's an indication of where we are headed as a publishing division that in the relatively short time the teams have been merged, we've already achieved so much. In 2021, we published 15 titles, including Pumpkin Jack: New-Gen Edition, Industria, White Shadows and many more. To see that we've got titles in such a range of genres, developed by studios from Brazil, to Japan, to Sweden, all generating this kind of buzz, shows a diversity of vision and breadth of ambition that is clearly working given the attention our games are getting. Additionally a total of 13 games were announced during the year, making it a total of 24 titles in the publishing pipeline by the end of 2021.

As important as this marketing aspect of our role is, there's also a lot that goes on behind the scenes that isn't so visible. We pride ourselves in supporting developers to fulfill their creative vision and deliver it to the big-

gest audience possible, leveraging our contacts and expertise to deal with platform holders on their behalf. I couldn't be more pleased with the building blocks we've put in place in 2021. Our reorganised and strengthened publishing division has already delivered this year and will achieve even more in 2022 and beyond.

“ OUR REORGANISED AND STRENGTHENED PUBLISHING DIVISION HAS ALREADY DELIVERED THIS YEAR AND WILL ACHIEVE EVEN MORE IN 2022 AND BEYOND. ”





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PUBLISHING



Releases through Publishing in 2021

Game description			Platform				
Titel	Lansering	Genre	PC	Console	Mobile	Streaming	VR
Curious Expedition 2 - Full Steam Launch	28 Jan 2021	Roguelike Strategy	●	○	○	○	○
Lonely Mountains: Downhill [Switch Physical Release]	18 Feb 2021	Racing	○	●	○	○	○
Natsuki Chronicles	18 Feb 2021	Shoot'Em Up	●	●	○	○	○
Harvest Moon: One World	2 Mar 2021	Simulator	○	●	○	○	○
The Fabled Woods	25 Mar 2021	Narrative Short Story	●	○	○	○	○
Outbuddies DX [PS4]	31 Mar 2021	2D Metroidvania	●	●	○	○	○
Scarlet Hood and the Wicked Wood	8 April 2021	Fantasy Puzzle Adventure	●	○	○	○	○
Say No! More	9 April 2021	Casual	●	●	●	○	○
Aerial_Knight's Never Yield	19 May 2021	Platformer	●	●	○	○	○
Lost At Sea	15 Jul 2021	Walking Simulator	●	●	●	○	○
Gigapocalypse	22 Jul 2021	Arcade	●	○	○	○	○
Escape from Naraka	29 Jul 2021	FPS/Platformer	●	○	○	○	○
Get Packed Fully Loaded	29 Jul 2021	Party	●	○	○	○	○
Curious Expedition 2	11 Aug 2021	Roguelike Strategy	●	●	○	○	○
Islanders Console Edition	11 Aug 2021	Strategy	○	●	○	○	○
Cardaclysm	13 Aug 2021	Card Combat	●	●	○	○	○
Source of Madness	22 Sep 2021	Roguelike Action	○	○	○	○	●
Industria	30 Sep 2021	FPS	●	○	○	○	○
Silver Chains	20 Oct 2021	Horror	●	●	○	○	○
Moonglow Bay	26 Oct 2021	RPG	○	●	○	○	○
Pumpkin Jack	27 Oct 2021	Platformer	●	●	○	○	○
Pixel Heroes Megabyte & Magic	5 Nov 2021	RPG	○	●	○	○	○
Curious Expedition 2 - Highlands of Avalon - PC	16 Nov 2021	Roguelike Strategy	●	○	○	○	○
White Shadows	7 Dec 2021	Puzzle Platformer	●	●	○	○	○
Firegirl: Hack 'n Splash Rescue	14 Dec 2021	Roguelike Platformer	●	○	○	○	○

● Available ○ Not available



Thunderful Investment

One of the highlights of 2021 for Thunderful was to kick off our new investment pillar, Thunderful Investment. The division was founded in the fourth quarter as we acquired Robot Teddy, a business development consultancy renowned throughout the industry for its connections and knack for finding new gems. Robot Teddy is headed up by founder Callum Underwood, with Ranjani Nataraajan as COO, and continues to work with its clients and partners, which include Among Us developer Innersloth, SUPERHOT, Gang Beasts developer Boneloaf, What The Golf? developer Triband, Bunnyhug and many more. Robot Teddy brings years of experience and a demonstrable record of success working in self-publishing, funding, scouting and business development. With the support of Thunderful, Robot Teddy is now able to leverage its talent working in these areas more effectively than ever before.

Leading Thunderful Investment, Robot Teddy's established expertise in the areas of funding and investment will be harnessed to reach a growing target group of developers in need of funding for development and/or self-publishing. It will also fulfill Thunderful Group's strategic goal of accelerating investments in the Games' segment, evident not just in the establishment of this new division, but also in other recent mergers and acquisitions.

Complementing the company's established and growing development and publishing divisions, the formation of Thunderful Investment sees Thunderful become a 360-degree company with the flexibility and capability to engage with developers on a whole raft of different terms. Thunderful can publish games, develop new IP, or engage in a fruitful relationship with developers who don't want to publish with the company, via the new investment pillar. Thunderful can deliver across and leverage its publishing, development and investment segments, tapping into resources throughout the company as and when they are needed. This makes Thunderful a more rounded proposition than before, and provides a flexibility competitors are lacking when it comes to engaging with external partners.

Two funds open opportunities for developers

Thunderful Investment establishes two new funds to bridge gaps where there is currently a lack of options in the industry. The first of the new funds targets game prototypes and vertical slices. The demand to find funding among developers is high and there is currently a gap when it comes to prototype funding – though a small

“ 2022 WILL BE THE YEAR WHERE THUNDERFUL INVESTMENT REALLY GETS UNDERWAY ”

number of government funds do exist, there has never been a profitable private model with a clear exit path.

This fund will help fill the gap for independent developers and reflects the reality of an industry where there are plenty of studios who don't want to be acquired or work with a publisher. The fund will challenge norms in the industry, and bring in fresh ideas and new talent. It will open up the industry to marginalised developers, help create new kinds of games and help us find the next big thing.

The second fund is a more traditional fund that will support the development of VR games, a booming sector that is rife with opportunity when it comes to self-publishing. VR is a segment in which Thunderful is already highly successful and will continue to be invested in – Coatsink have worked on many VR games and are currently working on a launch title for PlayStation's recently announced PSVR 2 headset. Similarly, Robot Teddy are supporting multiple VR games including Among Us VR and SUPERHOT VR. This fund is another way that Thunderful and Robot Teddy will strengthen their position in the VR ecosystem and again brings flexibility in terms of how the company is able to engage with external developers working in VR. Thunderful aims to find and bring to market the next top ten VR game, and this new fund will play an important role in helping to achieve this.

The establishment of Thunderful Investment was a big success for Thunderful in 2021 in terms of its strategic goals, and how it positions the company going forward with its three pillars of development, publishing and investment. Of course, given that this didn't come together until relatively late in the year, the positive impact that the new segment will bring to the business is yet to be fully unleashed. 2022 will be the year where Thunderful Investment really gets underway and we can showcase how becoming a 360-degree games company will shift the boundaries of how we can do business and what we are able to achieve.

Agostino Simonetta, Chief Games Officer, and Kathrin Strangfeld, VP of Business Management, summarize Thunderful Games 2021

There is a lot for us to reflect on in 2021 when it comes to how Thunderful has grown and changed as a business. Our efforts throughout the year have been driven by a clear idea of what we want Thunderful to be: a diverse, inclusive and sustainable company where all colleagues feel comfortable, valuable and respected, where we celebrate difference and minimise negative impacts on the environment communities and society, empowering our people to deliver first class gaming experiences to players all over the world. We are commercially focused, gearing our activities towards maximum profitability and revenue stream optimisation, and we aim to be efficiently run, aligning people, budgets and processes with the company's vision, strategy and goals for continuous improvement. We've taken steps that are allowing us to realise that, but we won't stop there. 2021 has been a year to lay foundations that pave the way for us to continue driving towards that guiding vision.

2021 is a year where we have focused on building a 360-degree company. With development, publishing and the formation of our new investment pillar founded at the end of the year, there are no limitations on the ways in which we are able to engage with developers and produce high-quality gaming experiences. We have the flexibility to invest in promising prototypes, publish titles from the best studios, develop relationships with external developers who do not necessarily want a publishing partner, create top-quality games based on our strong internal IP, work with licensed IP from the biggest brands in the world, such as LEGO and others. Ensuring we have these complimentary pillars in place and having the flexibility these offer us is one of our most important achievements in how it sets us up for the work we do going forward.

This is a year where we have worked hard to develop, professionalise and improve efficiency across the group. In terms of our business goals specifically, it is important for us to have a dedicated VP leading each segment. We now have that with Tom Beardsmore bringing his experience as CEO and founder of Coatsink to his role of Vice-President of Business and Strategy, Eddie Beardsmore as Vice-President of Studios, Callum Underwood as Vice-President of Investment and Dieter Scholler as Vice-President of Publishing, alongside our roles as Vice-President of Business Management and Transformation (Kathrin Strangfeld) and Chief Games Officer (Agostino Simonetta). With a unique combination of industry veterans leading the organisation, with our experience at PlayStation and

“ THROUGH STRONG ACQUISITIONS, A NEW INVESTMENT DIVISION AND A NEW MANAGEMENT TEAM, THUNDERFUL IS A MORE EFFICIENT AND EXPERIENCED COMPANY THAN BEFORE. ”

Xbox complementing our executive colleagues' experience leading and founding successful companies that cover all aspects of the industry, we have a secure and experienced foundation to work from.

During 2021 we've extended and strengthened our relationships and collaborations with key platforms and partners. Our strong relationship with Meta continues as we leverage our VR experience to produce content for them as part of our long-term partnership. We also continue to enjoy a fantastic relationship with Xbox, releasing The Gunk as an Xbox console exclusive via Game Pass among the many other titles we released on their platforms during the course of the year.

We've made significant investments across the group throughout the year too. We spent 189 MSEK on six acquisitions during the year, each bringing different experience and value to complete a piece of the puzzle. We also invested 60 MSEK in game development and 45 MSEK into publishing titles. We expect to increase the speed of acquisitions in 2022, supported by a credit of €55 million secured with Danske Bank for the purpose of new acquisitions and investments within the Games segment.

Thanks to our work in 2021, making fantastic acquisitions, creating our new investment pillar, putting a new leadership team in place and more, Thunderful is a more rounded, efficient and experienced company than it has ever been before. We've seen those benefits in our successes throughout the year, but many of these changes were about putting building blocks in place for which we will reap the rewards in the years to come. When it comes to taking this chance to reflect again next year, we will undoubtedly be pleased with how we used 2021 to set us up for even greater success.

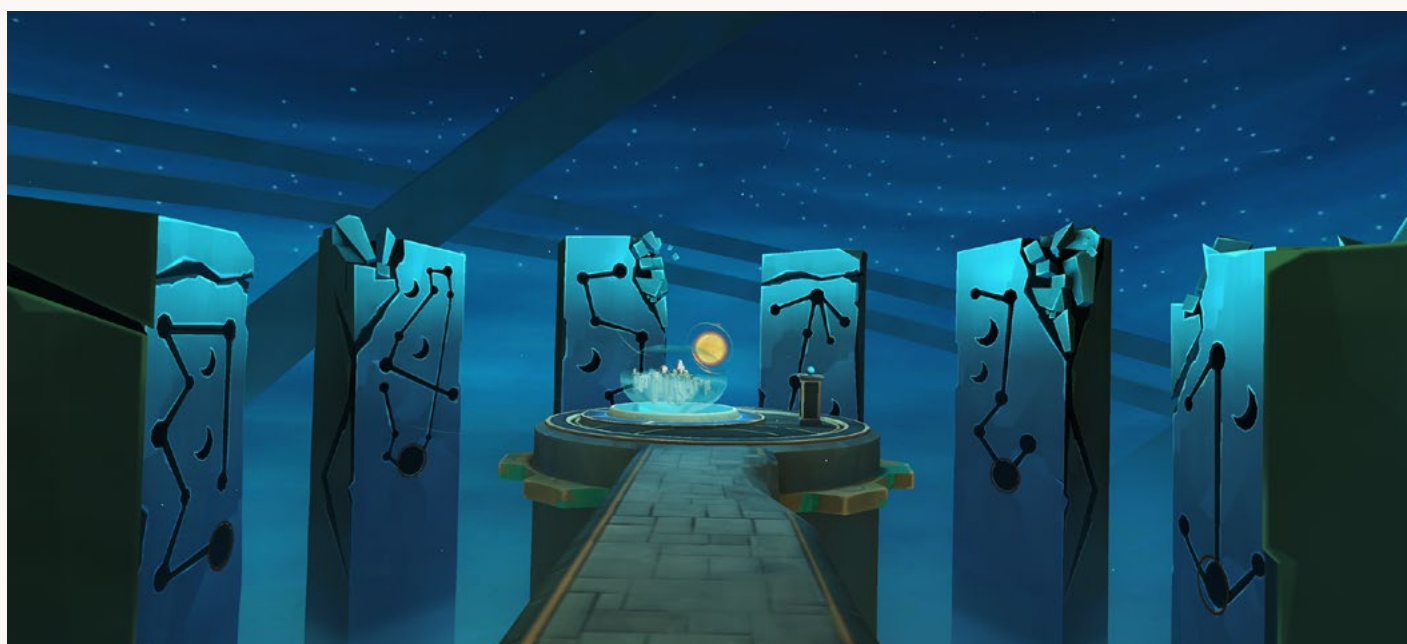


INVESTMENT

Announced launches of internally developed Thunderful games as of February 17, 2022

Game description				Platform					
Title	Launch	Publisher	Genre	Own IP	PC	Console	Mobile	Streaming	VR
The Gunk	2022, 1H	Thunderful	Action Adventure	✓	●	○	○	○	○
Vendir: Plague of Lies	2022, 1H	EMS	CRPG	✓	●	●	●	○	○
Wavetale	2022, 1H	Thunderful	Action-Adventure	✓	●	●	○	○	○
Shadow Point	2022, 1H	Coatsink	Puzzle Adventure	✓	○	○	○	○	●
"Strawberry" (a SteamWorld IP game)	2022, 1H	Thunderful	Puzzle	✓	○	○	●	○	○
"Jaffa" (a Jurassic World IP game)	2022, 1H	Coatsink	Survival Horror	✓	●	○	●	○	○
Tinkertown	2022, 2H	Headup	Sandbox	✓	●	●	○	○	○
"Cicada"	2022, 2H	Coatsink	Adventure / Survival	✓	●	●	○	○	○
"Salted Caramel"	2022, 2H	Coatsink	Sports Action	✓	○	○	○	○	●
"Coffee" (a SteamWorld IP Game)	2022, 2H	Thunderful	Citybuilder	✓	●	●	○	○	○
SteamWorld Headhunter	2023	Thunderful	Third Person Action	✓	●	●	○	○	○
"Chocolate"	2023	Coatsink	Sandbox Adventure	✓	●	○	○	○	○
"Caramel" (a SteamWorld IP Game)	2023	Thunderful	Turn-based tactical Shooter / Strategy	✓	●	●	○	○	○
"Date"	2023	Coatsink	VR Co-op survival	✓	○	○	○	○	●
"Mango"	2023	Thunderful	Roguelike Action	✓	●	●	○	○	○
"Vanilla"	2024	Thunderful	Horror Stealth	✓	●	●	○	○	○
"Lemon"	2024	To The Sky	Third Person Action-Adventure	✓	●	●	○	○	○

"Unannounced game name" ● Available ○ Not available



Announced launches of externally developed Thunderful games as of February 17, 2022

Game description			Platform				
Title	Launch	Genre	PC	Console	Mobile	Streaming	VR
The Ramp	2022, 1H	Casual Sport Simulation	○	●	○	○	○
Firegirl	2022, 1H	Roguelike Platformer	○	●	○	○	○
Curious Expedition 2	2022, 1H	Roguelike Strategy	○	●	○	○	○
Crowns and Pawns	2022, 1H	Point'n'Click	●	○	○	○	○
Super Meat Boy Forever	2022, 1H	Platformer	○	○	●	○	○
Source of Madness	2022, 1H	Roguelike Action	○	●	○	○	○
Gigapocalypse	2022, 1H	Arcade	○	●	○	○	○
Industria	2022, 1H	First Person Shooter	○	●	○	○	○
Hell Pie	2022, 1H	3D Platformer	●	●	○	○	○
Swordship	2022, 1H	Arcade	●	●	○	○	○
Get Packed: Couch Chaos	2022, 1H	Action Puzzle	○	●	○	○	○
Moonglow Bay	2022, 1H	Casual RPG	○	●	○	○	○
Cloud Gardens	2022, 1H	Creative	○	●	○	○	○
"Cheesecake"	2022, 1H	Puzzle Adventure	●	●	●	○	○
Cursed to Golf	2022, 2H	Roguelike Sports	●	●	○	○	○
Paper Cut Mansion	2022, 2H	Roguelike Action	●	●	○	○	○
Replaced	2022, 2H	Action Adventure	●	●	○	○	○
Togges	2022, 2H	Puzzle Adventure	●	●	○	○	○
"Peanut Butter"	2022, 2H	Souls-like / Action RPG	●	●	○	○	○
"Cinnamon"	2022, 2H	Arcade Style Shooter	○	○	○	○	●
Planet of Lana	2023	Puzzle Platformer	●	●	○	○	○
Glide Rush	2023	Time Trial racing	●	●	○	○	○
Laika: Aged Through Blood	2023	Motorvania	●	●	●	○	○
"Hazelnut"	2023	Action Platformer	●	●	○	○	○
"Raspberry"	2023	Survival RPG	●	●	○	○	○
"Moon Mist"	2023	Third Person Action	●	●	○	○	○
"Coconut"	2023	First Person Puzzle Adventure	●	●	○	○	○
"Cashew"	2023	Platformer	●	●	○	○	○
"Maple"	2023	Third Person Action	●	●	○	○	○
"Lime"	2023	Roguelike FPS	●	●	○	○	○
"Peach"	2023	Metroidvania	●	●	○	○	○

"Unannounced game name" ● Available ○ Not available



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DISTRIBUTION

WELL-ESTABLISHED AND COMPETITIVE NORDIC DISTRIBUTION BUSINESS



NET SALES

MSEK 2,786.8

ADJUSTED EBITA MARGIN 2021

6.2%

TOTAL GROWTH

-3.6%

GROWTH EXCL. BERGSALA

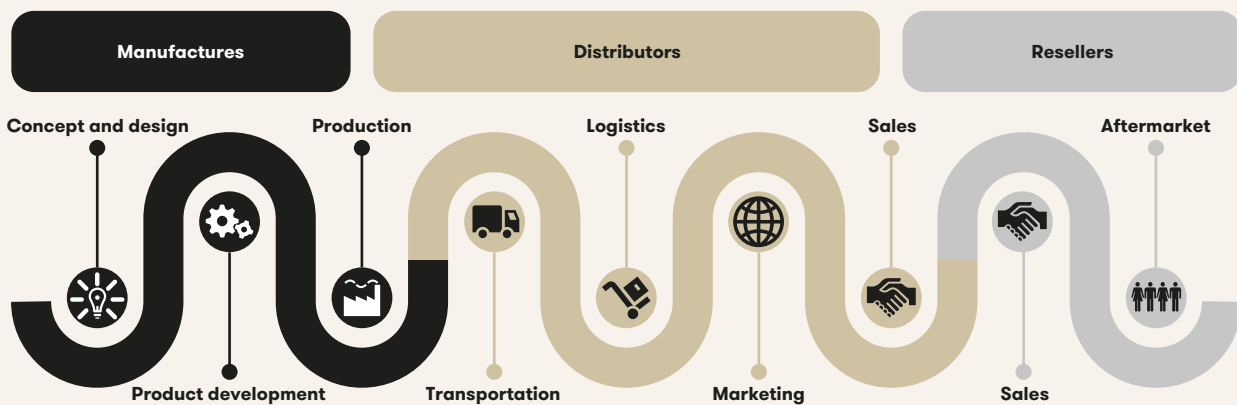
+25.0%



Value chain

Thunderful Group is a distributor for third-party manufacturers and has historically worked primarily with distribution to resellers, so-called B2B distribution. With end consumers increasingly having migrated to digital marketplaces, such as Amazon, Elkjøp, Bilka and CDON in

recent years, Thunderful Group has, through its subsidiaries Bergsala, Amo Toys and Nordic Game Supply, also increased its presence in these digital marketplaces, thus also distributing directly to end consumers, so-called B2C distribution.



Strategy for Distribution

Distribution has four primary areas of strategic focus:

- Maintain relationships
- New contracts
- Own brands
- Strengthen the Group

Maintain relationships

Maintaining the good relationships and partnerships that the subsidiaries Bergsala, Amo Toys and Nordic Game Supply have with brand owners and customers is fundamental to being able to continue securing and negotiating profitable contracts and to gaining access to the strongest brands globally.

New contracts

Based on the business segment's existing brand portfolio, the Group intends to increase the number of brands, so that Amo Toys and Nordic Game Supply will be able to reach new consumer groups.

Own brands

The Group will work strategically to develop and strengthen Amo Toys and Nordic Game Supply's own brands. This is expected to further strengthen the business segment's profitability and increase the subsidiaries' control in the distribution value chain.

Strengthen the Group

The Group will allocate operating cash flows from the distribution operations to enable investment in the Games business segment. Investments must be made responsibly and in a manner that does not adversely affect the distribution business.



Bergsala – Distributor of Nintendo products in the Nordic region

Bergsala was founded in 1976 and has, since 1981, exclusively distributed and sold Nintendo's hardware and software in Sweden. Since 2012, Bergsala has also been responsible for distribution in the rest of the Nordic and Baltic countries. Historically, the collaboration has been renewed for two years at a time, with the agreement most recently being renewed in

February 2022 and the partnership with Nintendo having continued uninterrupted for more than 40 years.

As Bergsala only distributes Nintendo products, the company's financial development is dependent on Nintendo's success in the Nordic and Baltic countries.

NET SALES

MSEK 1,308.3

CONSOLES SOLD

9 MILLION

GROWTH

-23.4%

GAMES SOLD

20 MILLION

ADJUSTED EBITDA

8.0%

SWEDISH DISTRIBUTOR
OF NINTENDO SINCE

1981





Interview with Henrik Mathiasen – CEO of Bergsala

What is your view of the past financial year?

For our industry, 2021 was a turbulent and challenging year. After a massive increase in demand for home entertainment products and our record sales in 2020, we continued to see very high demand for Nintendo Switch console products. Unfortunately, due to a combination of semiconductor shortages and problems in the global supply chain, we were not able to fully meet this high demand for consoles. On the positive side, however, we saw significant growth in sales of physical games and accessories during the year, deliveries of which were not limited in the same way.

We ended the year strongly, in our high season, the fourth quarter, having broken sales records and re-established the Nintendo Switch as the best-selling console in the Nordics.

What have been Bergsala's most important success factors and how do you see the future?

In 2021, we made significant investments to improve our data collection. We now have even better opportunities to monitor our customers' through-sales and the markets

in which we are active. Thanks to this improved access to data and advanced analysis tools, we now have a good starting position for being able to forecast market trends and to predict changes at the earliest stage possible. To date, the result has been an improved availability of key software.

This data-driven approach, linked to our business operations, will remain a focus for 2022 and beyond.

What do you see as most important in your own role going forward?

I am very proud to lead an amazing organisation with some of the most experienced and talented people in the Nordic video game market. For me, an important objective is supporting our team and each individual employee in their personal and professional development. I strive to generate the greatest possible empowerment within the organisation and for all employees to feel that they are an important and integrated part of our operations. I also prioritise regular meetings with our various stakeholder groups.

Going forward, I will continue to focus on digital development within Bergsala, to support our team and our partners with updated market information and business tools.



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AMO TOYS



AMO Toys – 57 years of experience in toy distribution

Amo Toys is a Nordic distributor of toys. The company markets and distributes a number of toy products and brands, such as L.O.L., Surprise, Baby-Born and Little Tikes.

Among the company’s external distribution partners, the collaboration with MGA is the largest, with MGA accounting for more than half of Amo Toys’ sales.

Amo Toys currently has about 70 brands in its portfolio, 6 of which are own brands, including Happy Friend, Happy Baby and Junior Home.

NET SALES

MSEK 493.6

BRANDS

APPROX. 70

GROWTH

+3.1%

OWN BRANDS

#6

ADJUSTED EBITDA

6.1%

AMO OY FOUNDED

1965



Interview with Henrik Matilainen - CEO of Amo Toys

What are your comments on the past year?

To sum up 2021, we are very pleased with the increase in sales that we saw during the year, despite a challenging logistics situation with increased expenses and delayed deliveries. However, as costs for sea containers were extremely high and availability was limited, we were unfortunately forced to use air freight more than was originally planned.

What has made Amo Toys successful despite complex market dynamics?

We have been good at anticipating the right trends and have grown significantly in stress toys, games, puzzles and plush categories, which has added status to our product portfolio. We have also had a more balanced sales distribution between markets and retailers than previously. At the same time, we can state that the supply chain has presented us with challenges, with increased shipping expenses and a higher proportion of air freight to be able to secure the goods.

How do you see the future and what do you focus on as you continue developing the business?

Going forward, our focus is on securing deliveries at an earlier stage than in 2021, meaning that we will place

orders earlier and confirm delivery status on a weekly basis. In 2022, we will also be focusing particularly on ensuring that we receive enough Squishmallows toys.

What do you see as the most important thing to prioritise in your own work in the future?

As I see it, for me it is about trying to predict the right trends and the demand for brands and products, to be able to make accurate purchasing commitments. I also need to make sure that our organisation focuses on the right things and the most important brands. A key aspect will also be achieving a lower inventory value at the end of the year, which means focusing on making the right purchases and securing logistics earlier.

**“ WE HAVE BEEN GOOD AT
ANTICIPATING THE RIGHT TRENDS. ”**





Nordic Game Supply – leading Nordic distributor of video/computer games and associated accessory equipment

Nordic Game Supply distributes game consoles, games and game accessories in all of the Nordic countries. From the outset in 2010, the company has distributed physical games and game accessories, such as headsets, keyboards, mice, streaming equipment, game chairs and various types of merchandise, such as clothing and accessories.

Nordic Game Supply's brand portfolio consists of approximately 40 brands, 7 of which are own brands, including Piranha, Wistream and Legend.

Operations include the physical distribution in Sweden, Norway and Denmark for game companies Take-Two and Konami. The company is also a distributor for brands including HyperX, Razer and Thrustmaster, which are some of the game industry's most well-known manufacturers of game accessories. The company also distributes merchandise from well-known game titles such as Fortnite and Minecraft.

NET SALES

MSEK 984.9

BRANDS

APPROX 40

GROWTH

+39.8%

OWN BRANDS

#7

ADJUSTED EBITDA

5.5%

NORDIC GAME SUPPLY FOUNDED

2010



Interview with Morten-Stig Johansen – CEO of Nordic Game Supply

What is your view on the financial year 2021?

2021 was a special year, with an abnormal income distribution between the first and second half of the year. Historically, the first half of the year normally accounts for slightly less than 30 percent of sales, while last year it accounted for more than 40 percent. As we place 80 percent of our purchase orders during the first half of the year, the abnormal distribution of revenue over the year had a negative effect on our inventory turnover rate.

How do you work to meet current market trends and continue to develop and streamline the distribution process?

Maintaining a close dialogue with our customers is an important prerequisite for us in our efforts to meet current market trends and to identifying new ones. As it has been difficult to meet customers physically at various trade fairs and in their offices since mid-March 2020, we have invested in upgrading our exhibition premises in Aarhus, and will continue to invest in that. This will be how we meet our customers in the upcoming years and we are working on a number of initiatives to make sure our customers have a special experience visiting us.

Together with our Hong Kong office, we have developed a new digital logistics tool that ensures better and faster delivery information for incoming goods from China. The tool will give sales personnel access to real-time data with greater precision than today. This will provide several benefits as we plan and conduct our sales.

What sets Nordic Game Supply apart from the competition?

I would like to say that we are more flexible and loyal than our competitors. Leading retailers in the Nordic region have noted that Nordic Game Supply is a close ally, which differs from its competitors by acting as the retailer's extended arm. We can get the goods delivered faster than they can, we are more reliable in our handling of delivery and product development than our competitors and we understand our mission and the contributions we can make throughout the supply chain.

Can you comment on your own brand initiatives?

We began the process four years ago and have now ended up with a number of projects developed in collaboration with several leading players. Our own brands form a central part of our strategy for bringing goods to the market. Our product portfolio now stands on three legs – distribution of products on behalf of third parties, distribution of our own brands and distribution of goods manufactured under license. For us, this mix ensures a stable and varied product platform that helps minimise risk and increase our opportunities to invest in our personnel.

How do you see the future and what do you see as most important in your own role going forward?

If you compare sales over a perspective of three to four years, I generally take a very positive view of how the market is developing. We have just experienced two special years that have stood out, with 2020 and 2021 having been highly favourable years for the kinds of products that Nordic Game Supply sells. In 2022, it is more likely that we will see a return to more normal market conditions.

During 2022, I will need to ensure that our organisation focuses on the right things and it will be crucial to achieve a lower inventory value at the end the year, which means focusing on accuracy in our purchasing.





SUSTAINABILITY REPORT

SUSTAINABILITY REPORT

This report has been prepared in accordance with the Annual Accounts Act and relates to the Thunderful Group, unless otherwise stated. See the table below for page references.

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Governing documents

Thunderful Group applies a Group-wide Code of Conduct with which all employees are expected to comply in their daily work. The Code serves as a guide for the Group's employees regarding attitudes and compliance with the law, both internally and in business relationships. The Code of Conduct consists of the Group's common policy documents, which are in turn based on the UN Global Compact's 10 principles for sustainable business. The Code of Conduct contains the following policy documents:

- Business ethics and anti-corruption
- Social conditions and personnel
- Human Rights
- Environment

The Code of Conduct is revised at the local and operational level by the four members of the Group Management team, the CEO, CFO, CGO and CDO. The Code of Conduct is revised and approved annually by the Board of Directors. Ethics and compliance with the Code of Conduct form the basis of the operations, not only because this makes sense, but also because it is right. This also fosters trust and credibility in Thunderful Group internally, and in relationships with customers, partners and other stakeholders. However, with the help of the policy documents comprising the Code of Conduct, the Group seeks to create a shared responsibility and strives to become the most successful and responsible player in the gaming industry.





TO BE A LEADER IN A WORLD WHERE EVERYONE CAN PLAY

Thunderful Group's vision is "to be a leader in a world where everyone can play". This vision expresses not only an ambition to be a market leader, but also to create a world in which everyone can participate, by including different perspectives, points of view and diversity. To make this a reality, Thunderful Group needs a clear inner compass and to always be able to think one step ahead.

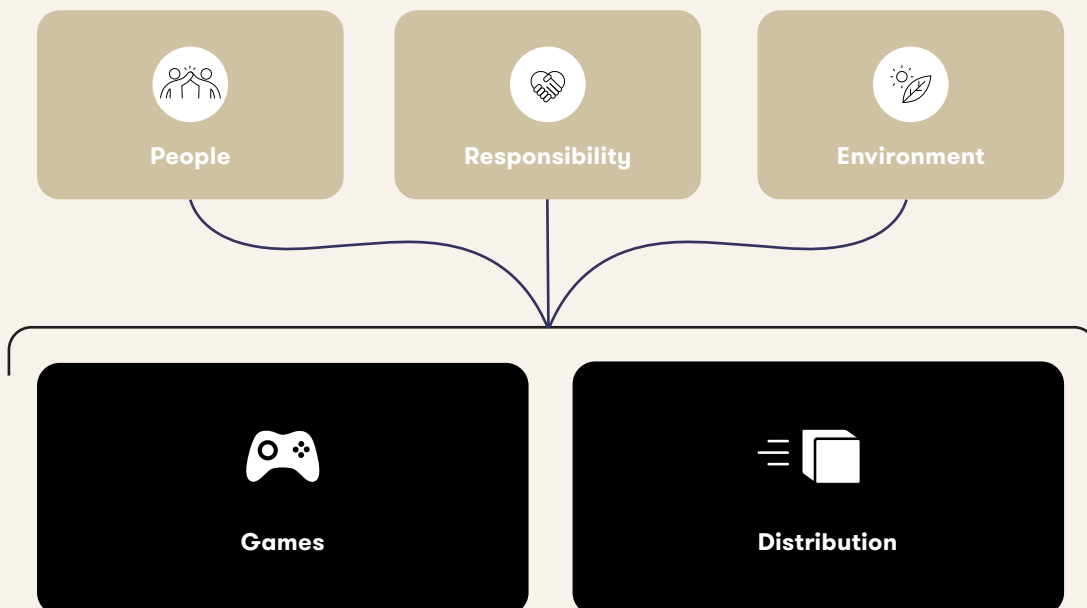
Thunderful Group operates primarily in two areas: in the global gaming industry as a developer, publisher and investor, and, in the Nordic distribution industry, as a distributor of games, game consoles, game accessories and toys. The two business areas have different value chains and impacts, and face different challenges. What they share is their focus on people, responsibility and the environment. This enables Thunderful Group, among other things, to coordinate a conglomera-

rate of different companies without losing the strong identities of the individual companies. The sustainability journey has begun, and will continue in 2022.

The section Risks and Risk Management on pages 66–71 describes the Group's risks and risk management based on four categories of risks. The section also describes how the Group's sustainability risks run like a common thread through the four risk categories. Detailed description of the Group's identified sustainability risks can therefore be found in the section Risks and Risk Management on page 66–71.

The picture below shows the Group's common focus areas. For an overview of Thunderful Group's various stakeholder groups and the group's multidimensional value creation, see pages 14–17.

Thunderful Group's common focus areas







PEOPLE

Thunderful Group's guiding star

Not only is Thunderful Group growing organically, but to a large extent also growing by acquiring other companies in the Games segment. The acquired companies are led by dedicated entrepreneurs and have their own identities, which the Group seeks to reinforce while also deriving synergies. Read more about Thunderful Group's acquisition criteria on page 20.

The Group has begun an extensive HR process to develop Group values, norms and guidelines. The process builds on all of the companies in the Thunderful Group, identifying the best aspects of all of the various company constellations, and from there forming the pillars on which the Group's common values and norms will rest in the future. Thunderful Group wants to create an open, supportive and inclusive corporate culture, and has therefore developed a guiding star for the model.

**“SEEKING TO CREATE AN OPEN,
 SUPPORTIVE AND INCLUSIVE
 CORPORATE CULTURE”**



Recognising and celebrating individual differences and enabling a workforce reflective of the diverse societies in which we live.

Minimising negative impact on the environment, communities and society.

Align people, budgets and processes with the company's vision, strategy and goals, striving for continuous improvement.

Activities are geared towards maximum profitability and revenue stream optimisation.

An inclusive environment where all colleagues feel comfortable, respected, valued, seen and heard – and can, individually and collectively, deliver their best work.

People and culture

A global HR manager will join the company in 2022. This is an initial step in establishing a centralised HR function that will support the Group and assist its work going forward.

Part of the centralisation process is to train personnel in making objective decisions, to eliminate discrimination, and to increase diversity and inclusion in the recruitment process. Further ambitions are to develop a joint on-boarding program for new employees, and to systematically develop and follow up career development.

Going forward, systems and data management at the global level will also be reviewed to facilitate structured collection and follow-up of employee information. Starting in 2022, the Group

hopes to get started with global employee surveys to follow up on how employees feel and be able to take part in constructive feedback. In 2022, the Thunderful Group will start several different global committees with representatives from different parts of the organisation to advance the committees' efforts.

Geographically, Thunderful Group is a dispersed and global group. The reason for centralising employee issues, recruitment and career development is to create an open and accessible corporate culture in which geographical distances have little effect on the organisation.





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PEOPLE

Reduced sick leave during the pandemic

For two years, Thunderful Group’s approach has been characterised by the global pandemic, which was also probably reflected in reduced sick leave among the coworkers. The opportunity to work from home has meant that many have been able to work despite having mild cold symptoms on occasion. This will be followed up, however, as the Group believes that the balance between work and leisure is important, and that employees who feel unwell should be able to rest and recuperate.



Initiatives for better health and well-being

In 2021, one of Thunderful Group’s companies, Coatsink, participated in the The Better Health at Work Award process. The process aims to improve health, safety and well-being in the workplace. During the year, Coatsink carried out a series of activities, initiatives and campaigns linked to health and well-being. Coatsink provided information on the prevention and treatment of cancer and the negative effects of drugs and alcohol. Furthermore, the organisation chose to focus on issues such as sleep, healthy attitudes to food and nutrition as well as mental and physical well-being.

COWORKERS

	2021	2020
Number of employees	408	334
New employees	57	65
Staff turnover	17%	20%
Sick leave	1%	1%

AVERAGE NUMBER OF FULL-TIME EMPLOYEES PER GEOGRAPHICAL REGION

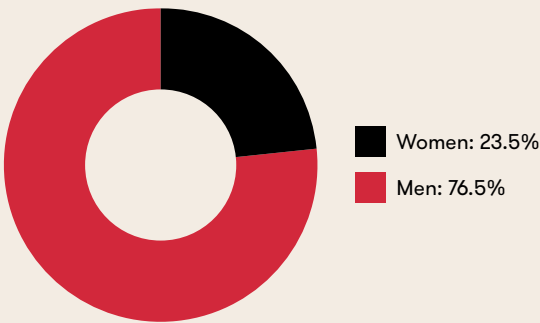
	2021
Sweden	198
Norway	9
Denmark	30
Finland	12
Germany	21
UK	96
Spain	41
Other	1



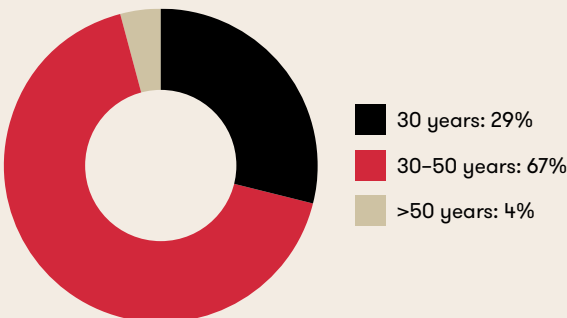
The gaming industry - a male-dominated industry

Thunderful Group believes that everyone, regardless of gender, ethnic origin, belief, sexual orientation, age or disability, should have the opportunity to participate in working life on equal terms. Respecting the equal value of all people is of great importance to the Group, and contributes to an inclusive and cohesive work culture. The Group works actively to try to even out the gender distribution and to interest more women in the gaming industry, which currently remains a male-dominated industry. The design of advertisements will be taken into account in the recruitment processes to ensure that advertisements are aimed at both men and women. Other measures include making several recruitment steps anonymous, as well as training in making objective decisions for recruiting staff.

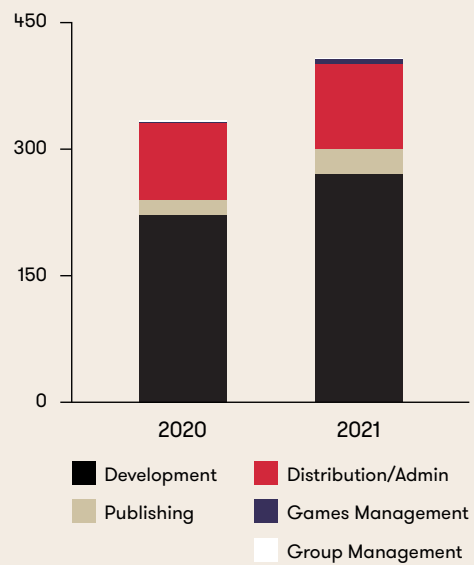
GENDER DISTRIBUTION



AGE DISTRIBUTION



NO OF FTES PER OCCUPATIONAL CATEGORY





RESPONSIBILITY

Different value chains and supplier levels

At Thunderful Group, we understand the importance of taking responsibility, no matter what everyone is working on. Distribution and Games have different supplier and value chains. Also, on the distribution side, value chains differ between the companies, depending on whether the company only distributes or also produces goods. Read more about Thunderful Group's distribution companies on page 40.

A common goal for the Group is to deliver games and products that are responsibly developed at all levels. Thunderful Group applies a Group-wide Code of Conduct, as well as a Code of Conduct for the distribution companies which are involved in production operations based on the two well-known member organisations that are described below. These documents are important tools for ensuring that laws, regulations and ethical guidelines are complied with. Thunderful Group also assumes that all of the Group's suppliers comply with current legislation and ethical guidelines.

Responsible distributors

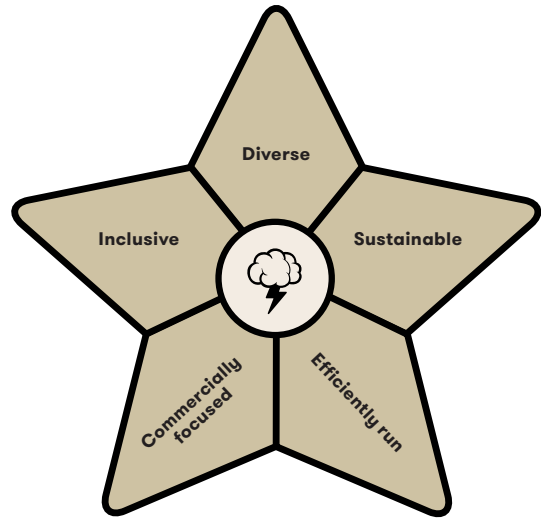
For the producing distribution companies, employment conditions in their factories and the quality of their products are absolutely crucial for us to be able to launch their products on the Nordic market. Certifications from the International Council of Toy Industries (ICTI)¹⁾ and Business Social Compliance Initiative (BSCI)²⁾ together with our internal Code of Conduct are the central governing documents that form the basis for Thunderful Group to be able to cooperate with suppliers and comply with legal requirements.

The EU also imposes tough demands. For example, the toys we distribute must pass several directives, standards and regulations. Before the products are distributed, we test them. We do not proceed with products that fail to meet our quality requirements.

Follow-up of human rights and social conditions in the factory

ICTI is a non-profit member organisation that aims to protect the rights and well-being of factory workers, as well as to promote safety standards for toys and social responsibility at the supplier level. BSCI is a member organisation that also aims to ensure better social working conditions and compliance with human rights at the supplier level. We are keen to see that our partners join one of these organisations and undergo their

¹⁾ International Council of Toy Industries (toy-icti.org)
²⁾ amfori BSCI Brochure-compressed.pdf



certification programs. Such certification helps Thunderful Group ensure that human rights are not violated by the supplier. It also means that employees receive a fair wage, that their health and safety are protected, and that no child labour or forced labour occurs at the relevant factory. Suppliers unable to seek certification from the aforementioned organisations must sign the Thunderful Group's Code of Conduct for Distribution. The Code is formulated in accordance with the two organisations' requirements.

Thunderful Group's distribution companies continuously monitor all suppliers to ensure that the factories have up-to-date certification, or have signed Thunderful Group's Code of Conduct.

Responsible player in game development

To be a responsible player in game development and publishing, Thunderful Group has developed a five-pointed guiding star. Although all five perspectives are important, inclusion, diversity and sustainability are, above all, what set the agenda.

The Group seeks to reflect society, both through the range of games, as well as the Group's employees. Thunderful Group wants to create games that reflect different opinions and perspectives, and the games must be inclusive and accessible.

In 2022, Thunderful Group will initiate a diversity group with members from different backgrounds, who will systematically evaluate the games we create from the perspective of diversity. The initiative will harmonise with the objective of reflecting society and lead to increased diversification among the games on the market.

Thunderful Group's view on violence

Thunderful Group seeks to be a responsible company, and has therefore chosen to avoid developing games with elements of gambling or betting. The Group has also chosen not to focus on games containing lootboxes, and has historically avoided emphasising violence in games. Thunderful Group avoids game productions containing excessive violence. Being as inclusive as possible is a conscious choice.

Compliance from a Gaming perspective

All distribution channels and gaming platforms have guidelines and systems to ensure that age limits for games are complied with. If the age limit guidelines are not adhered to, the games may not be published. It is therefore important to comply with the age requirements. However, there are limits to

what we can achieve here, and Thunderful Group does not have, for example, the opportunity to monitor whether parents create accounts for children under 18 years of age.

Business ethics

Thunderful Groups has zero tolerance for corruption, and the Group-wide Code of Conduct clearly describes how employees are expected to act in all business relationships.

The Group believes that the contact points where corruption can occur are limited, both within Games and Distribution. Furthermore, we follow the ethical guidelines issued by ICTI and BSCI to ensure responsible business relationships. Suppliers having signed our Code of Conduct are expected to adhere to those guidelines.



Diversity contributes to inclusion

Diversity in games is about creating more differentiated heroes so that more players feel represented regardless of age, gender or background. In The Gunk, the heroine is Rani, a young woman with the courage to explore a mysterious abandoned world.

The game has been released to the Xbox platform, whose owner Microsoft is happy to highlight the importance of all players needing to be represented in computer games. It's just as easy to make women heroes in our games as men, and diversification helps make the games more interesting.

“ EVERYONE DESERVES THE OPPORTUNITY TO SEE THEMSELVES REPRESENTED IN GAMES ”

Quote from Sarah Bond: https://twitter.com/BondSarah_Bond/status/1487203423942426628



ENVIRONMENT

Thunderful Group's impact at the distribution level

Logistics

Thunderful Group uses four warehouses in Europe. Three partner logistics solutions are used in Sweden, Finland and Germany, and since Q3 2021, Thunderful has established its own warehouse in Torsvik, Jönköping, to which Nordic Game Supply moved in 2021.

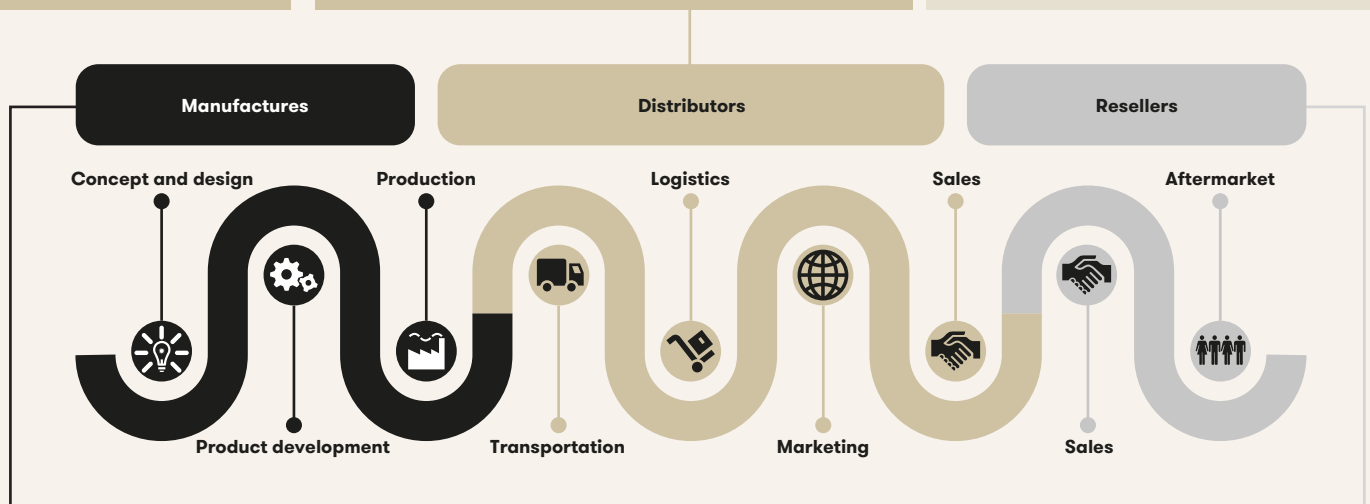
Transports

In certain instances, transports to our warehouse are ordered by our suppliers. In other instances, within Europe we collect the goods by truck or assign one of our select transport suppliers do so. Goods from suppliers in Asia are generally transported to Europe by ocean-going vessels and, in rare cases, by rail or air.

Goods such as bulk goods, general cargo or FTL are transported from our warehouse by truck. Transports takes place daily to all of the Nordic countries and, where applicable, to other European countries. Thunderful cooperates with 12 different transport companies for outbound transports.

We always strive to optimise the cargo space in the containers and cars that come from the suppliers' warehouses and factories, both for the sake of the environment and to be economical.

Thunderful Group finds it more difficult to control outbound shipments to dealers, as dealers decide how much and how often they want to order. Although we constantly strive for the highest possible degree of filling, this remains one of our clearest challenges.



Manufacturing

Thunderful Group does not operate its own factories, but has the opportunity to influence the production of its own brands conducted in OEM factories.

Thunderful Group has very limited opportunities for influence in cases where the Group distributes products to other brand owners.

Resellers

In connection with our products being sent to resellers, we take responsibility for our production. We follow packaging regulations aided by, for example, Recipo and TMR.

Thunderful Group's environmental work

Thunderful Group's primary environmental impact is deemed to occur in the distribution business, where, as a distributor, the Group is responsible for shipping to the Group's warehouse and out to the customer. Regarding transport, the Group partners only with serious market players who have well-established environmental processes. Today, Thunderful Group procures shipping services both directly and through third parties, to and from the Group's four different warehouses. Since 2021, Thunderful Group has started making demands on all procurements – requiring emission reports for CO₂ equivalents (CO₂e) from the entire production and transport chain in accordance with EN 16258. For the transport category of trucks, this means, for example, that CO₂ equivalents are measured in accordance with the of Well to Wheel concept.

For Thunderful, 2021 is the first year in which we are reporting our CO₂e emissions for transports to and from the Group's warehouse. Accordingly, there are no comparison figures for 2020. Emissions are divided according to the categories of (i) incoming transports, where Thunderful is responsible for transport to one of the Group's warehouses, and (ii) outgoing transports, where Thunderful is responsible for transport to the customer's warehouse or store.

CO₂e emissions from transport in 2021

	CO ₂ e emissions (tons)
Incoming transports	563.7
Outgoing transports	310.1
Total transport	873.8

Thunderful Group does not own any factories of its own, instead all production takes place at suppliers' facilities. For this reason, the Group works actively to ensure purchasing that is as accurate as possible to minimise unnecessary transportation and production. Thunderful Group is a registered warehouse-keeper and holds a permit from the Swedish Tax Agency to professionally handle taxable electronic goods in untaxed condition, requiring Thunderful Group to report chemical tax. The Group has chosen to report the chemical tax on customer invoices separately in order to increase transparency and environmental understanding.



The distribution centre will be self-sufficient in electricity

In 2021, Thunderful Group entered into an agreement to install solar cells on the roof of the Group's new distribution centre. The first stage of the installation will be completed in 2022 and after that the Group will be able to monitor electricity production in real time and to check this off against consumption. In the first stage, a 300 kWp capacity will be installed, although initial calculations show that the roof has capacity for a photovoltaic system with a capacity of up to 5,000 kWp. The goal is for the site to become self-sufficient in electricity for most of the year. Before the photovoltaic system is commissioned, and as a supplement after it has been commissioned, Thunderful Group will only buy renewable electricity for the new distribution centre via the electricity grid.



ENVIRONMENT



Our production responsibility

Companies that produce, import, sell or distribute electronic products and batteries bear a particular responsibility as producers. This means that companies must declare and pay for products they market, as well as taking care of equipment that has out-served its purpose. The amounts are to cover the costs of handling the products when they are no longer functional. This financial guarantee is reviewed by the Swedish Environmental Protection Agency. Thunderful Group has joined the authorised collection organisation Recipo³⁾ which ensures proper compliance with producer responsibility. Recipo's vision is a sustainable society in which electronic products never end up in landfill, but are instead recycled to become new products. Recipo operates a leading collection system for electronics and its own plastic recycling facility, Recipo Material. Recipo has full control over how the collected plastic material in electrical scrap is taken care of and reused in new electronic products.

Thanks to Recipo, Thunderful Group's products can be recycled, disassembled and ground into pellets to create new products from recycled materials.

The Packaging Act

The purpose of this law is to reduce the use of packaging materials and packaging as much as possible, and to ensure that packaging materials can be reused. According to the law, companies are obliged to pay for the cartons, corrugated cardboard and plastic that reach the market. Our Swedish distribution companies are affiliated with TMR⁴⁾, which works to effectively take care of packaging. To further reduce the amount of packaging, the Group's distribution companies will examine the possibilities of setting requirements and influencing packaging production.

Challenges for the distribution side

We see a great challenge in requiring that our suppliers use suitable materials and avoid plastics. Even if the ambition is to be at the forefront, it is often difficult for a smaller player in the market to have an influence.

The recycling rate is another challenge from an environmental and climate perspective. Thunderful Group wants to be involved in enabling circular business models, that is that all products and packaging are recycled correctly so that they can be further refined to provide new recycled materials.

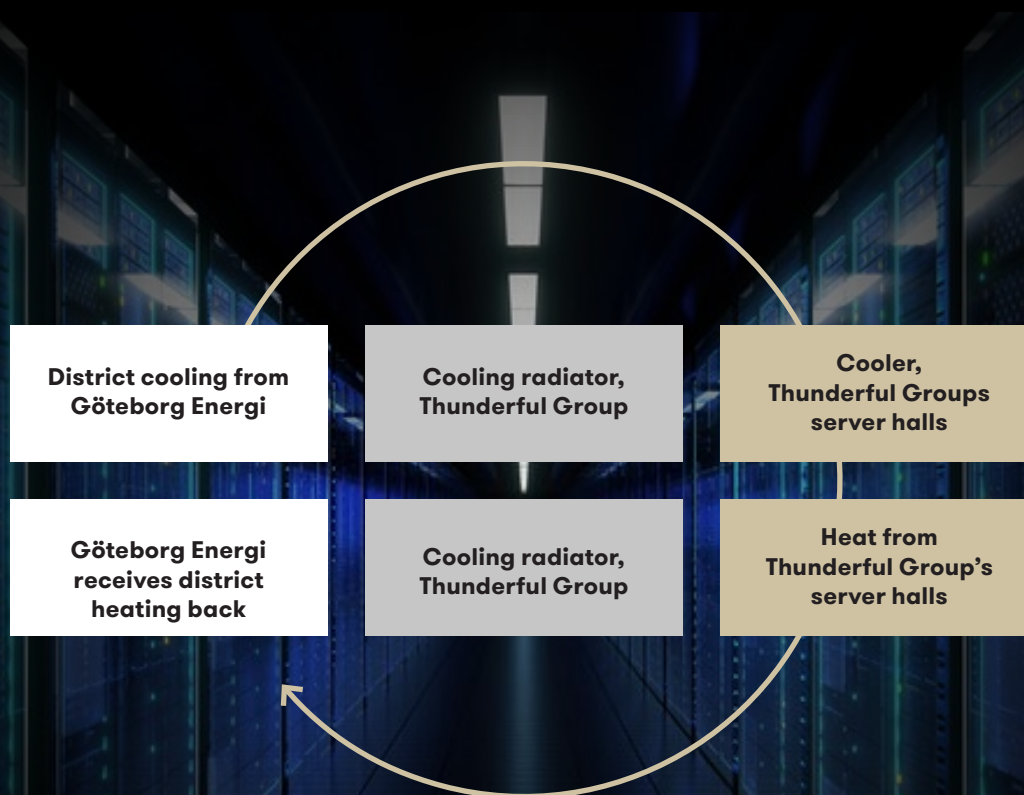
³⁾ Producer responsibility – Recipo.se

⁴⁾ Tailor-made packaging collection system | TMR

The partnership with Göteborg Energi creates energy-efficient server halls

In the Games segment, server halls have major impact on the environment and climate. In 2021, the Gothenburg office grew out of its premises and moved to new ones. In the new office, three new server rooms were created and the centralisation of Thunderful Group's server halls began. The new server hall houses the computing power for Thunderful Distribution in Sweden, large parts of Publishing and a majority of the Swedish studio operations within Games.

During the preparation of the new server hall, a collaboration was initiated with Göteborg Energi. The solution is one in a zero-sum game where cooling radiators cool the hall with district cooling from Göteborg Energi, while the heat generated is recycled to become district heating. This is both a cost-effective and environmentally friendly solution which means that the only energy for cooling used in the server hall is for the fans, which is a very small part of the total energy consumption.





ENVIRONMENT

Climate change and IT security

The new server hall has been adapted to the increased risks of, for example, floods and changing weather conditions that climate change brings with it. It is equipped with heat alarms and water sensors located at floor level. Otherwise, no equipment is installed at floor level to avoid any water damage at an early stage. Assessing and securing the risks that climate change entails is a natural part of IT security.

IT security is a matter of knowledge

Thunderful Group has several IT technicians who work with security and firewall solutions to protect incoming and outgoing traffic. A large part of the IT threats relate to internal threats, that is, threats arising from negligent internal handling. This question is closely linked to knowledge about, for example, what not to open or click on in e-mails that could trigger an external threat. To raise the internal level of knowledge, training is required. Thunderful Group is currently working on this and will continue to develop in these areas to minimise threats.







THE SHARE AND SHAREHOLDERS

Thunderful Group has been listed on Nasdaq Stockholm since December 2020 and its shares are traded on First North Premier Growth Market (ticker: THUNDR).

In 2021, the share price of Thunderful Group's share fell by 29.8 percent from its opening price of SEK 81.90 on 4 January to its closing price of SEK 57.50 on 30 December. The highest closing price was quoted on 22 February at SEK 108.60 and the lowest closing price was SEK 51.80 on 17 December. During the year, a total of 3,644,162,664 Thunderful Group shares were traded in a total of 252,246 trades. The share traded on 100 percent of the year's trading days, with an average daily turnover of SEK 14,403,805, with an average of 997 trades per day and an average spread of 0.47 percent. At the end of the year, Thunderful Group's market capitalisation amounted to approximately SEK 4,037.3 million.

Total return

The total return on Thunderful Group's share in 2021, that is, the price change including reinvested dividends, was a negative 29.8 percent.

Dividend and dividend policy

Thunderful Group intends to reinvest profit and cash flow in organic growth initiatives and acquisitions to strengthen value generation and does not therefore intend to pay an annual dividend in the medium term.

Share capital

As of 31 December 2021, Thunderful Group AB's share capital amounted to SEK 702,146.02, divided between 70,214,602 shares with a quota value of SEK 0.01 each. Each share carries one vote and entitles the holder to the same proportion of the Company's assets and earnings and confer equal rights to dividends.

Financial reports and other financial and general information can be found on the Group's website www.thunderfulgroup.com

CEO Brjann Sigurgeirsson is responsible for IR matters, telephone: +46 708 161632, e-mail: brjann@thunderfulgroup.com

Shareholders

At the end of the year, Thunderful Group had 8,232 (6,855) shareholders. The largest shareholders are Bergsala Holding AB with 24.4 percent, Swedbank Robur Fonder with 8.2 percent, Brjann Sigurgeirsson with 6.2 percent and Klaus Lyngedal with 6.1 percent. Of the total number of shares in the company, 28.2 percent are held by institutions. Foreign ownership amounts to 21.4 percent.

Stock market contacts

Thunderful Group's contacts with the stock market are mainly based on quarterly financial reporting, press releases and presentations by Thunderful Group in various contexts.



Name	Shares	Capital and votes, %
Bergsala Holding AB	17,163,028	24.4
Swedbank Robur Fonder	5,739,674	8.2
Brjann Sigurgeirsson (privately and in holding company)	4,325,000	6.2
Lyngeled Holding AB	4,275,000	6.1
Knutsson Holdings AB	2,200,000	3.1
Naventi Fonder	1,451,079	2.1
Consensus Asset Management	1,300,000	1.9
ODIN Fonder	1,300,000	1.9
Hinapulkka & Allihuuppa Oy	1,260,000	1.8
Lancelot Asset Management AB	1,200,000	1.7
TOTAL TOP 10	40,213,781	57.3
Others	30,000,821	42.7
TOTAL	70,214,602	100.0

Information on Nasdaq First North Premier Growth Market

Nasdaq First North Premier Growth Market ("First North") is an alternative marketplace operated by Nasdaq Stockholm. It does not have the same legal status as a regulated marketplace. Companies listed on First North are covered by First North's rules rather than the legal requirements for trading

on a regulated marketplace. An investment in a company that trades on First North involves a higher risk than one in a company that is listed on a regulated market. Companies must apply to the stock exchange and obtain approval before trading on First North can commence. A certified adviser guides the company through the listing process and ensures that the company always meets First North's standards.

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RISKS AND RISK MANAGEMENT

Thunderful Group is continuously exposed to various risks that could be significant and could have consequences for the Company's future operations, earnings and financial position. Thunderful Group works continuously to monitor and manage these risks and other uncertainties. The focus is on preventing risks, as well as on assessing how risk management can be turned into opportunities.

Risk diversification

The ability to identify, assess, manage and monitor risks is an important part of the governance and control of Thunderful Group's business operations. A clear part of the Group's strategy is that the objectives of both segments are to be achieved through well-balanced risk-taking.

Thunderful Group has a well-diversified business. The Distribution segment is divided into three well-diversified areas for a large number of customers and a large portfolio of supplier contracts. Within each distribution company, there are risks related to customer concentration and supplier concentration, but for the segment as a whole, the diversification represents a conscious spread of risk.

In the Thunderful Games segment, a third division, Investments, was launched in 2021 to further increase risk diversification. Previously, the Development division worked with the development of self-financed titles, as well as externally financed titles to reduce the financial risk per gaming project. In 2021, the Publishing division's ambition was to increase the number of game titles during future releases in order to increase the spread of risk between the individual game projects.

Risk management

Thunderful Group has established processes for the Group's risk management. The risks are divided into four categories and, within these categories, there is an additional division into areas of responsibility, which are delegated to the four members of the Group Management team, the CEO, CFO, CGO and CDO. The vast majority of risks are managed at the local and operational level, which in practice means that the CFO, CGO and CDO have appointed local and operational managers for individual risks. These people are mainly management team members within Thunderful Games, CEOs of subsidiaries within Thunderful Distribution, as well as HR, finance and others responsible for the relevant processes.

The highest governing body for risk management is the Board of Directors and its Audit Committee, which continuously address the risks identified in this section.

Risks

Thunderful Group has chosen to group its risks into four areas. The following pages first present a risk map with consequences, likelihood, priority and focus in 2021 for each area of risk. A more detailed description of each area of risk is then given.

Strategic risks are internal and external factors that can affect Thunderful Group's operations and ability to achieve the strategic and financial objectives of the operations. Read more about Thunderful Group's strategy and financial targets on pages 18–23.

Operational risks are risks that Thunderful Group can largely control and prevent itself and that mainly concern employees, gaming projects, supplier and customer relations and environmental impact. Read more about Thunderful Group's work with diversity and environmental impact on pages 48–63.

Legal risks is about Thunderful Group having operations in which considerable values are generated through IP rights, with the operations being subject to numerous laws, regulations and rules.

Financial risks refer, among other things, to risks related to maintaining future profitability and credit risks that could adversely affect the Group's profits. There are also valuation and accounting risks. Read more about Thunderful Group's financial risk management on pages 89–90.

Sustainability risks run like a common thread through these areas and involve risks related to employees, climate impact, anti-corruption and human rights. Read more about Thunderful Group's sustainability work on pages 48–63. The Corporate Governance Report on pages 72–77, includes a detailed description of the internal control aimed at managing risks in connection with the financial reporting processes.

Risk by category	Risk area	Consequence	Likelihood	Priority	Focus in 2021
Strategic risks					
Market	Adaptation to current market trends	High	Low	High	▶
	Competition with other game developers and other entertainment industries	High	Low	Low	▶
	Inventory build-up and impairment needs	Low	Medium	Low	▶
Acquisitions	Additional acquisitions	Low	Medium	High	▶
	Integration of acquired operations	Low	Medium	Low	▶
External factors	Pandemics, political, economic and other external events	Medium	Low	Low	▼
	Extreme weather due to climate change	Medium	Low	Low	▶
IT systems	Functional and reliable IT systems	Medium	Low	Low	▼
Operational risks					
Employees	Attracting and retaining employees	High	Medium	High	▶
	Attracting and retaining senior executives and other key personnel	High	Medium	High	▲
	Physical and mental health in the workplace	High	Medium	High	▲
	Recruitment	Medium	Medium	Medium	▲
Game projects	Internally developed game projects are not successful	High	Medium	High	▲
	Internally developed game projects are delayed	Medium	Medium	Medium	▶
	Externally developed game projects are not successful	Low	High	Medium	▶
	Development of games for different platforms and relationships maintained with all platforms	Low	Medium	High	▶
Supplier relations	The contract with Nintendo	High	Low	High	▼
	Establishing and maintaining supplier relationships	High	Low	High	▶
	Logistics services	Medium	Low	Low	▼
	Human rights at the supplier level	High	Low	Low	▶
	Anti-corruption	High	Low	Low	▶
Customer relationships	Limited number of major customers	Medium	Low	Medium	▶
Environmental impact	Negative environmental impact and emissions	Medium	High	Medium	▶

▲ Increased ▶ Unchanged ▼ Decreased



RISK MANAGEMENT

Risk by category	Risk area	Consequence	Likelihood	Priority	Focus in 2021
Legal risks					
IP rights	Protection of intellectual property rights, know-how and trade secrets	High	Low	High	▶
Regulatory compliance	Compliance with regulations and adaptation to changes in applicable regulations	Low	Medium	High	▶
Open-Source	Software in the game development operations	Low	Low	High	▶
Financial risks					
Profitability	Maintaining future profitability	High	Low	High	▶
Credit risk	Exposure to resellers	Medium	Low	High	▶
Accounting	Valuation and accounting risks	Medium	Low	High	▶

▲ Increased ▶ Unchanged ▼ Decreased



Description

Risk by category	Risk area	Description of risk
Strategic risks		
Market	Adaptation to current market trends	The Group is dependent on its ability to innovate and to adapt to market trends and preferences. If the Group fails in this, it could lead to limited or no commercial success for the new games that are developed.
	Competition with other game developers and from other entertainment industries	The Group is subject to competition from other players in the gaming industry as well as other providers of entertainment services. If end users do not consider the Group's games to be sufficiently entertaining compared with competing games or other entertainment services, or if these are judged to be practicable at more affordable prices, provide more variety, interactivity, positive challenges and enjoyment, or if the Group fails to identify and adapt to prevailing user preferences and gaming trends, this could impede the Group's opportunities to develop and launch new games with commercial success.
	Inventory build-up and impairment needs	The Group is dependent on anticipating and responding to changes in consumers' preferences regarding games, gaming accessories and toys. These markets are sensitive to changes in consumer behaviour, trends and seasonal variations. If the Group fails to respond in time to trends and changes in consumers' preferences and accordingly adjust its purchases and inventories, this can result in non-sales, lower margins and/or write-downs of inventories, which in turn can have a significant negative impact on the Group's earnings and financial position.
Acquisitions	Additional acquisitions	The Group may make further acquisitions of game development operations. Evaluating an acquisition object's value and future potential at the time of acquisition can be difficult, which entails a risk that the Group pays too high a purchase price or that an acquisition object's future prospects are misjudged due to expectations or other anticipated benefits not materialising. Furthermore, due diligence in connection with acquisition processes can be time-, cost- and resource-intensive, which can have a negative effect on ordinary operations. If, on the other hand, the Group refrains from acquisitions, there is a risk that the Group's competitors will indirectly benefit from this through reduced competition for acquisition objects.
	Integration of acquired businesses	The Group and the acquired operations may be adversely affected, as integration processes may be more costly or more time-consuming than expected, or the expected synergies fully or partially fail to emerge. An acquisition process can also negatively affect the acquired operations' relationships with employees, give rise to unforeseen legal and organisational issues, questions about corporate culture and different views on how the business should best be conducted, especially as the Group primarily applies a decentralised acquisition model where acquired businesses retain a high degree of independence following acquisition. If the Group fails to manage the organisational development or otherwise adapt to new requirements as a result of acquisitions, the Group may find it more difficult to achieve growth targets and implement its strategy for Games, while future earning capacity and results may be significantly adversely affected.
External factors	Pandemics, political, economic and other external events	The Group's operations may be affected by general macroeconomic conditions, such as political, economic and consumer behavioural trends beyond the Group's control. Political, social or economic instability, natural disasters, trade restrictions, future tariffs or pandemics, such as Covid-19, could affect general demand for the Group's products, make it difficult to complete purchases from Asia and other geographic areas where the Group's suppliers have their operations, and affect the Group's organisation and daily operations through changes in working methods and work environment.
	Extreme weather due to climate change	Extreme weather events will become more common as a result of climate change. These pose a physical risk to Distribution, primarily with regard to transports from the factory and transports within the Nordic region. For Games, the risk is considered to be small as physical risks to server halls are managed by means of clear procedures and processes.
IT systems	Functional and reliable IT systems	The Group is dependent on well-functioning and reliable IT systems and business systems such as ERP systems to successfully develop games, invoice customers, run web shops, manage the Group's labour force, and more. If the Group suffers from disruptions, interruptions or intrusions, this could cause significant delays or interruptions in the Group's operations, as well as leading to increased costs for measures and management, which could, in turn, have a significant negative impact on the Group's earnings.



RISK MANAGEMENT

Operational risks		
Employees	Attracting and retaining employees	The Group needs to attract and retain employees with relevant expertise and experience in game development. If the Group fails to meet its personnel needs, this could lead to delays, interruptions and increased costs in the game development operations and, in the long term, risk having a significant negative impact on the Group's competitiveness and possibilities to realise its strategy and its growth objectives for the Games segment.
	Attract and retain senior executives and other key personnel	The Group is strongly dependent on its management team and other key personnel who have been active in the Group's two business segments for a long time and have thereby developed important relationships with partners, customers and resellers, as well as a good understanding of the Group's operations. If any of the Group's senior executives or other key personnel were to terminate their employment or choose to assume a new role in the organisation, it could be difficult for the Group to find suitable replacements with similar education and experience, which could lead to shortage of skills and delays in ongoing projects.
	Physical and mental health in the workplace	An unhealthy corporate culture with a poor work environment can cause increased sick leave. Striving for good physical and mental health in the workplace is therefore an important issue where the Group is establishing Group-wide norms and principles to promote good health and a beneficial working environment.
	Recruitment	The Games business area operates in what has historically been a male-dominated industry with homogeneous teams that do not reflect the broad market of players that the Group seeks to target. Not being able to recruit a diversity of people risks leading to games that suit the target group less well. The Group therefore works actively to build a culture that promotes diversity and inclusion to facilitate the recruitment of more heterogeneous teams.
Game projects	Internally developed game projects are not successful	The Group is dependent on successfully developing additional and new games as well as larger game titles in order to develop the Games business segment. If the Group fails in this, it could have material negative effects on the Group's earnings and possibilities to achieve growth and its long-term strategy for the Games segment.
	Internally developed game projects are delayed	The development and publishing of games are exposed to project-related risks that could involve increased costs, delays or interruptions, or that development requires more resources than originally planned. Interruptions, delays and setbacks in game development could also damage the Group's reputation.
	Externally developed game projects are not successful	The Group's publishing operations may fail to publish new game titles and there is a risk that published titles will not achieve commercial success. If a game receives negative criticism, for example due to design flaws, it is not certain that the Group and the game developer have the same view on how, or if, it is appropriate to make changes to the game and that the Group is ultimately unable to influence the game developer in the direction that the Group prefers. There is also a risk that the Group will not succeed in finding and contracting external game developers, that the Group will not be able to enter into agreements with external game developers on the terms sought by the Group, or that external game developers will not meet their obligations under agreements and/or the Group's expectations. All in all, this can lead to the Group not earning a return on its invested capital and/or rendering the release of new games more difficult or less successful.
	Development of games for different platforms and maintained relationships with all platforms	The Group is (and will in future be) dependent on developing games for various platforms, and establishing and maintaining relationships with distributors, primarily providers of digital distribution platforms, to be able to sell the games that the Group develops. If the Group fails to establish relationships with such players, or fails to establish relationships on favourable terms, this could make it difficult for the Group to reach end users and thus to generate sales revenue from games. This could thus have a significant negative effect on the Group's competitive situation and long-term earnings capacity. Should the Group have to identify and establish itself on alternative distribution channels to sell games, increased expenses could also be incurred.

Operational risks (continued)

Supplier relations	The contract with Nintendo	The Group company Bergsala distributes Nintendo products in the Nordic and Baltic countries and is completely dependent on Nintendo for its continued operations. Should the relationship with Nintendo deteriorate or cease, it could complicate Bergsala's operations or lead to the complete termination of its business.
	Establishing and maintaining supplier relationships	The Group needs to establish and maintain partnerships with manufacturers and suppliers of games, game accessories and toys. Failed, deteriorated or terminated partnerships could lead to the Group not being able to provide an attractive product range and thereby lose competitive advantages and impair its market position in the distribution operations.
	Logistics services	The Group uses warehouses to store games, game accessories and toys supplied by manufacturers and suppliers. These warehouses are leased by external property owners, with warehouse management being provided by external suppliers of warehousing and logistics services. Termination of, or deficiencies in, these services, may adversely affect operations in the form of increased expenses and delays. There is also a risk of damage to warehoused products due to, for example, fire, theft, sabotage or other accidents. This can lead to delayed deliveries and thus affect the Group's ability to meet its obligations to resellers.
	Human rights at the supplier level	Risks to human rights at the supplier level occur within Distribution, where the value chains differ from company to company. Some act only as a distributor without transparency in the supplier's production or supply chain, while others procure production of items. In such cases, the supplier is required to sign the Group's Code of Conduct for Distribution companies or alternatively to join BSCI or ICTI. Read more about the member organisations on page 56.
	Anti-corruption	There are few points of contact in the Group's operations where corruption could arise. In Games, it could arise in connection with acquisitions and in the publishing business. For Distribution, some points of contact entail risks in connection with production or choice of supplier. The Group manages risk through clear processes and a Group-wide Code of Conduct to which all employees are expected to adhere.
Customer relationships	Limited number of major customers	Terminated partnerships with resellers or financial difficulties for the resellers could lead to increased costs and loss of revenue. Should any of the Group's resellers terminate the agreement or end up in financial difficulties, the Group could be adversely affected in the short term. This could result in delays, credit losses, loss of revenue and adjustment costs to find new resellers to partner with, which could have a material negative effect on the Group's earnings and cash flow.
Environmental impact	Negative environmental impact and emissions	The largest negative environmental impact within the Group is in Distribution, whose value chain includes production, transport and handling of waste and recycling of physical products. Beyond that, the Group's environmental impact consists of office operations and server halls. The Group has decided to first map all emissions in order to subsequently be able to influence and minimise them.

Legal risks

IP rights	Protection of intellectual property rights, know-how and trade secrets	The Group is exposed to risks related to insufficient protection of intellectual property rights, know-how and trade secrets, because intellectual property rights form an essential part of the Group's assets, primarily in the form of copyright on in-house developed games and software, publishing licences to games whose rights are owned by third parties, trademarks, domain names and internal specific knowledge and know-how.
Regulatory compliance	Compliance with regulations and adaptation to changes in applicable regulations	The Group may fail to comply with regulations and fail to adapt to changes in applicable regulations. Changes in legislation and other regulations may partly mean that the Group needs to allocate additional resources for regulatory compliance measures, which may entail additional costs, and partly also affect the Group's sales opportunities. If the Group fails in its compliance measures, this could also lead to sanctions, fines, sales stoppages or other compensation claims from authorities or others, which could negatively affect the Group's reputation, for example through negative publicity. Failed compliance measures can thus have a significant negative impact on the Group's operations and earnings.
Open-Source	Software in the game development business	The Group uses open source software within the framework of game development operations. The use of open source software may mean that the Group must publish its source code in order not to violate relevant terms, or if breaches of terms occur, pay damages, rework games, stop distribution of games or take other measures that could take time, be costly and damage the Group's reputation or otherwise adversely affect the Group's operations.

Financial risks

For financial risks, see the Board of Director's report, pages 89-90.



CORPORATE GOVERNANCE REPORT

Legislation and Swedish Code of Corporate Governance

Thunderful Group AB, the Parent Company of Thunderful Group, is a Swedish public limited company. Prior to the listing on First North Premier, the Company's corporate governance has been based on the Swedish Companies Act (2005:551), the Swedish Annual Accounts Act (1995:1554) and other applicable laws and regulations, as well as the Company's Articles of Association and internal rules and instructions.

From the time of the listing of the Company's shares on First North Premier, the Company must also comply with First North Premier's rules for issuers, rulings from the Swedish Securities Council regarding good practice in the Swedish stock market and apply the Swedish Corporate Governance Code (the "Code"). The Code sets a higher standard for good corporate governance than the minimum requirements of the Swedish Companies Act and thus complements the Swedish Companies Act by setting higher corporate governance requirements in a number of areas, but at the same time enables the Company to deviate from these (following the principle of "comply or explain"). Such deviations, and the chosen alternative solution, shall be described, and the reasons for the deviation explained, in an annual Corporate Governance Report. The Company has not noted any deviations from the Code since the publication of the 2020 Annual Report and until the publication of this Annual Report.

General Meeting

In accordance with the Swedish Companies Act, the General Meeting is the Company's highest decision-making forum. At the Annual General Meeting, the shareholders exercise their right to decide on the Company's affairs in key issues, such as amendment of the Company's Articles of Association, election of the Board of Directors and auditors and appropriation of the Company's profit or loss. The Annual General Meeting must be held within six months from the end of the financial year. In addition to the Annual General Meeting, Extraordinary General Meetings may be convened. According to the Company's Articles of Association, notices of General Meetings shall be published in the Swedish Official Gazette (Sw. Post och Inrikes Tidningar) and be made available on the Company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in the Swedish daily newspaper Dagens Industri. Shareholders wishing to participate in a General

Meeting must be included in the shareholders' register maintained by Euroclear Sweden on the record date for the Meeting and notify the Company of their participation no later than on the date stipulated in the notice convening the Meeting. This date cannot be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and shall not fall earlier than on the fifth business day prior to the Meeting.

Nomination Committee

Provisions on the establishment of a Nomination Committee are found in the Code. The Nomination Committee's main task is to present appropriate candidates for the roles as Chairman of the Board, Board Members and auditor, as well as remuneration to these.

The ordinary Annual General Meeting held on 27 April 2021 resolved to adopt instructions and rules of procedure for the Nomination Committee. The Nomination Committee shall comprise the Chairman of the Board and three committee members appointed by the three largest shareholders as per 30 September.

If any of the three largest shareholders choose to waive their right to appoint a member to the Nomination Committee, or if a member refrains or resigns from the Nomination Committee before the assignment is completed, the Chairman of the Board shall offer the next shareholder (i.e. the fourth largest shareholder) to appoint a member of the Nomination Committee, and so on. The Nomination Committee appoints a chairman from among its members. The Chairman of the Board or any other of the Company's Board Members shall not be the chairman of the Nomination Committee.

The members of the Nomination Committee shall be announced no later than six months before the Annual General Meeting. If the shareholder structure changes significantly no later than seven weeks before the Annual General Meeting, a new member shall be appointed. When such a member has been appointed, this member shall replace the former member of the Nomination Committee who no longer represents one of the three largest shareholders. The members of the Nomination Committee shall not receive remuneration from the Company, unless the General Meeting decides otherwise.

Board of Directors

The Board of Directors is the highest decision-making body of the Company after the General Meeting. According to the Swedish Companies Act, the Board of Directors is responsible for the organisation and management of the Company's affairs, which means that the Board of Directors is responsible for, among other things, setting targets and strategies, securing processes and systems for evaluation of targets, continuously assessing the Company's financial position and evaluating the operational management. Furthermore, the Board of Directors is responsible for ensuring that proper information is given to the Company's shareholders, that the Company complies with laws and regulations and that the Company develops and implements internal policies and ethical guidelines. Moreover, the Board of Directors is responsible for ensuring that annual and interim reports are prepared in a timely manner. The Board of Directors also appoints the Company's CEO.

The members of the Board of Directors are elected annually at the Annual General Meeting for the period until the end of the next Annual General Meeting. According to the Company's Articles of Association, the Board of Directors shall comprise not less than four and not more than eight Board Members. Currently, the Board of Directors comprises five ordinary Board Members elected by the General Meeting.

According to the Code, the Chairman of the Board is to be elected by the Annual General Meeting. The role of the Chairman of the Board is to lead the Board of Directors' work and to ensure that the work is carried out efficiently, and that the Board of Directors fulfils its obligations.

The Board of Directors adheres to written rules of procedure which are revised annually and adopted at the constituent Board meeting. The rules of procedure regulate, among other things, the practice of the Board of Directors, tasks, decisions-making within the Company, the Board of Directors' meeting agenda, the duties of the Chairman of the Board and the allocation of responsibilities between the Board of Directors and the CEO. Instructions for financial reporting and instructions for the CEO are also adopted in connection with the constituent Board meeting. The Board of Directors' work is also carried out based on an annual briefing plan which fulfils the Board of Directors' need for information. The Chairman of the Board and the CEO maintain, alongside the Board meetings, an ongoing dialogue on the management of the Company.

The Board of Directors meets according to a pre-determined annual schedule and in addition to the constituent Board meeting, at least six ordinary Board meetings shall be held between each Annual General Meeting. In addition to these meetings there are informal contacts between the Board Members. In 2021, 16 Board meetings were held. All members have attended all meetings with the exception of Cecilia Ogvall who was absent from one meeting in 2021.

Board committees

The Board of Directors has established an Audit Committee according to the Swedish Companies Act and a Remuneration Committee according to the Code. A more detailed description of the Committees' current composition and tasks is presented below.

Audit Committee

The Audit Committee is comprised of the Chairman of the Board Mats Lönnqvist, also chairman of the Committee, and the Board Member Cecilia Ogvall. The Audit Committee shall, without it affecting the Board's responsibilities and tasks in general, monitor the Company's and Group's financial reporting, monitor the efficiency of the Company's and the Group's internal control, internal auditing (if such a function is established in the future) and risk management, keep informed about the auditing of the Annual Report and consolidated financial statements as well as the conclusions of the Audit Inspectorate's quality control. The Committee shall also review and monitor the auditor's impartiality and independence, and in particular note if the auditor provides the Company with services other than auditing services. To the extent that the Nomination Committee is not assigned this task, the Audit Committee shall also assist in the preparation of proposals for the General Meeting's decision of the election of auditors.

Remuneration Committee

The Remuneration Committee is comprised of the Board Members Tomas Franzén, chairman of the Committee, and Owe Bergsten. The Remuneration Committee's role is mainly to prepare the Board of Director's decisions in matters concerning (i) remuneration principles, remuneration and other terms of employment for the Group Management, (ii) to monitor and evaluate ongoing and during the year completed programs for variable remuneration to the Group Management, and (iii) monitor and evaluate the application of any guidelines for remuneration to senior executives which the General Meeting has adopted as well as current remuneration structures and remuneration levels.

CEO and other senior executives

The CEO is responsible for subordinating to the Board of Directors and the CEO's main task is to carry out the Company's ongoing management and the daily activities of the Company. The rules of procedure of the Board of Directors and the instructions for the CEO stipulate which matters the Board of Directors shall resolve upon, and which matters that fall within the CEO's responsibilities. Thunderful Group has a Group Management comprising four persons which, in addition to the CEO, Brjann Sigurgeirsson, is comprised of the Company's CFO, Anders Maiqvist, the Company's CGO, Agostino Simonetta, and the Company's CDO, Henrik Mathiasen.



Remuneration to Board Members 2021 (TSEK)

Name	Board fees	Salary	Other benefits	Bonus	Pension	Total remuneration, bonuses and pensions
Mats Lönnqvist	366.7	-	-	-	-	366.7
Owe Bergsten	176.7	-	-	-	-	176.7
Tomas Franzén	186.7	-	-	-	-	186.7
Oskar Burman	166.7	-	-	-	-	166.7
Cecilia Ogvall	183.3	54.0	-	-	-	237.3
Total:	1,080.1	54.0	0.0	0.0	0.0	1,134.1

Remuneration to Board Members, the CEO and senior executives

Remuneration to Board Members

The Annual General Meeting resolves remuneration to Board Members elected by the Annual General Meeting. At the Annual General Meeting on 27 April 2021, it was resolved that the Board remuneration until the next Annual General Meeting shall be paid with a maximum of SEK 1,500,000 based on full 12-month term between Annual General Meetings, of which a maximum of SEK 500,000 shall be paid to the Chairman of the Board and a maximum of SEK 250,000 to each of the other Board Members. Board Members are entitled to a fee in relation to the number of months each Board Member has held the position as from the time of election until the next Annual General Meeting is held.

The table below presents remuneration to the Company's Board Members as described above and refers to remuneration paid during the financial year of 2021 including any conditional or deferred remuneration and any benefits in kind that have been granted for services performed for the Group, regardless of by whom or in what capacity the services have been performed. All amounts are stated in SEK thousands and compensation has been paid by the Group companies.

Remuneration guidelines for senior executives

At the Annual General Meeting held on 27 April 2021, guidelines for remuneration for the CEO and other members of the Group Management were approved. The main principle is that remuneration and other terms of employment for senior executives shall be based on market terms and be competitive to ensure that the Group can attract and retain competent senior executives at a reasonable cost.

The total remuneration for the Group Management may comprise a fixed salary, variable remuneration, pension and other benefits. To avoid unreasonable risks taken by the management there must be a fundamental balance between fixed and variable remuneration. The fixed salary must therefore be sufficiently large in relation to the total remuneration paid to the Group Management to make it possible to reduce the variable remuneration to zero. The variable remuneration to a senior executive whose function or total remuneration level means that he or she can have a significant effect on the Group's risk profile, may not be higher than the fixed salary. Variable remuneration shall be linked to pre-defined and measurable targets, designed to promote the Group's long-term value creation.

Remuneration shall not discriminate on the basis of gender, ethnic background, national origin, age, disability or other irrelevant factors.

Remuneration to senior executives 2021 (TSEK)

Name	Salary	Other benefits	Bonus	Pension	Total remuneration, bonuses and pensions
Brjann Sigurgeirsson, CEO	633.4	79.7	0.0	67.4	780.5
Other members of Group Management ¹⁾	7,845.0	326.0	0.0	535.2	8,706.2
Total:	8,478.4	405.7	0.0	602.6	9,486.7

1) Other members of Group Management amounted to 3 people at the end of 2021. Remuneration for other members of Group Management includes former Head of Games Klaus Lynggeled until December 2021 and new Chief Games Officer Agostino Simonetta from July 2021.

In the case of employment regulated by laws and regulations other than Swedish, it may be necessary to make adjustments regarding pension benefits and other benefits to comply with local mandatory regulations or customs, while the general guidelines shall be applied as far as possible.

The table below presents remuneration to the senior executives and refers to remuneration paid during 2021 including any conditional or deferred remuneration and any benefits in kind (including i.a. car benefits) that have been granted for services performed for the Group, regardless of by whom or in what capacity the services have been performed. All amounts are stated in SEK thousands and compensation has been paid by the Group companies.

Incentive programs

The Group has implemented share-based incentive programs for some of the Company's Board Members and senior executives.

The terms of the incentive programmes are described below. The maximum number of shares that can be issued in total under both incentive programs, without consideration of potential future recalculation in accordance with the warrant terms for the respective programs, amounts to 519,220 shares, which corresponds to a dilution of approximately 0.74 percent based on the assumption that both programs are fully exercised and calculated on the number of shares in the Company as per 31 December 2021.

Warrant-based incentive program 2020/2023 (i)

At the Extraordinary General Meeting held on 2 September 2020 it was resolved to implement a warrant based incentive program for the CFO of the Group, the Group's Head of Distribution and certain key personnel in the Group through an issue of 350,870 warrants. The warrant program was implemented in October 2020 and a SEK 1.20 warrant premium was paid for each warrant.

Each warrant entitles the owner a right to acquire one new share in the Company to an exercise price of SEK 38.37 per share. The warrants can be utilised during the time period from and including 1 November 2023 to and including 30 November 2023. In case all issued warrants are fully utilised, a total of 350,870 new shares will be issued and the share capital will be increased by SEK 3,508.70, which corresponds to a dilution of approximately 0.50 percent based on the assumption that all warrants in the program are fully utilised and based on the number of shares in the Company as per 31 December 2020. The warrants are subject to customary recalculation provisions in connection with issues, etc.

Warrant-based incentive program 2020/2023 (ii)

At the Extraordinary General Meeting held on 2 September 2020 it was resolved to implement a warrant based incentive program for Board Members Oskar Burman and Cecilia Ogvall through an issue of 168,350 warrants. The warrant program was implemented in October 2020 and a SEK 1.20 warrant premium was paid for each warrant.

Each warrant entitles the owner a right to acquire one new share in the Company to an exercise price of SEK 38.37 per share. The warrants can be utilised during the time period from and including 1 November 2023 to and including 30 November 2023. In the event that all of the warrants issued are fully exercised, a total of 168,350 new shares will be issued and the share capital will be increased by SEK 1,683.50, which corresponds to a dilution of approximately 0.24 percent based on the assumption that all of the warrants in the program are fully exercised and based on the number of shares in the Company as per 31 December 2021. The warrants are subject to customary recalculation provisions in connection with issues, etc.

Internal control and risk management

According to the Swedish Companies Act, the Board of Directors is responsible for the Company's organisation and the management of the Company's affairs and must regularly assess the Company's and the Group's financial position and ensure that the Company's organisation is designed to make sure the accounting, asset management and the Company's financial conditions in other regards are adequately monitored.

The overall purpose of the internal control is to ensure that the Company's strategies and targets can be implemented and to ensure that the financial reporting has been prepared in accordance with applicable laws, accounting standards and other requirements imposed on listed companies. The Swedish Companies Act, the Swedish Annual Accounts Act and the Code govern the Board of Directors' responsibility for the internal control of the Company. In the rules of procedure for the Board of Directors, the instructions for the CEO and the instructions for financial reporting, all of which have been adopted by the Board of Directors, the allocation of the roles and responsibilities have been stated to contribute to an effective management of the Company's risks. The Board of Directors is also responsible for monitoring the Company's financial position, monitoring the efficiency of the Company's internal control and risk management, for staying informed about the audit of the Annual Report and consolidated financial statements, and for reviewing and monitoring the auditor's impartiality and independence.

Control environment

The Board of Directors bears the overall responsibility for internal control of financial reporting. To create and maintain a functioning control environment, the Board of Directors has adopted a number of policies and governing documents that regulate, among other things, financial reporting, but also IT security. These mainly comprise the rules of procedure for the Board of Directors, the instructions for the CEO, instructions for committees set up by the Board of Directors and instructions for financial reporting. The Board of Directors has also established an Audit Committee whose main task is to monitor the Company's financial reporting, to monitor the effectiveness of the Company's internal control, internal audit (to the extent such a function is established) and risk management, and to review and monitor the auditor's impartiality and independence.



The responsibility of the day-to-day work of maintaining the control environment rests primarily with the Company's CEO, who reports to the Board of Directors regularly in accordance with established instructions. The CEO shall regularly and, if needed, keep the Board of Directors informed of the condition and progress of the Group's business, revenues, earnings, financial position, cash flow and credit position. Furthermore, the CEO shall inform the Board of Directors of any significant business event for the Group and any event or circumstance whose existence, from the perspective of the Board of Directors, is significant to the Group.

In addition to the internal monitoring and reporting, the Company's external auditors report to the CEO and the Board of Directors during the financial year. The auditors' reporting keeps the Board of Directors informed of reliable documentation for the financial reporting in the Annual Report.

Risk assessment and control activities

The risk assessment work includes identifying and evaluating the risk of significant errors in the Company's operational process, which includes accounting and reporting at Group and subsidiary level. Risk assessment is carried out on an ongoing basis and in accordance with established guidelines focusing on the Company's significant business processes. Within the Board of Directors the Audit Committee is primarily responsible for continuously evaluating the risk situation of the Company, after which the Board of Directors conducts an annual review of the risk situation. The main purpose of control activities is to identify and limit risks. The Board of Directors is responsible for the internal control and the monitoring of the senior management. This is implemented through both internal and external control activities as well as through review and follow-up of the Company's policies and governing documents.

Information and communication

The Company has information and communication channels intended to promote the accuracy of financial reporting and to facilitate reporting and feedback from operations to the Board of Directors and the management, for example by making corporate governance documents such as internal policies, guidelines and instructions regarding the financial reporting available and known for affected employees. Financial reporting is implemented mainly in a Group-wide system with predefined report templates. The Company's financial reporting follows the laws and regulations that apply in Sweden and the local rules in each country where the business is conducted. The Company's information to the shareholders and other stakeholders is provided via the Annual Report and will in the future also be provided via interim reports and press releases.

Monitoring

The CEO ensures that the Board of Directors receives continuous reports on the development of the Company's operations, including the Company's results and position, and information about important events, such as the progress in individual projects.

In general, the CEO also reports on these issues at each Board meeting. The Board of Directors and the Audit Committee review the Annual Report and quarterly reports and carry on financial evaluations in accordance with the established plan. The Audit Committee monitors financial reporting and other related issues and continuously discusses these issues with the external auditors.

Auditing

As a public company, the Company is required to have at least one auditor to review the Company's and the Group's Annual Reports and accounting, as well as the Board of Directors and the CEO's administration. The examining must be as thorough and comprehensive as good auditing practice requires. The Company's auditor is appointed in accordance with the Swedish Companies Act and by the General Meeting. An auditor in a Swedish limited company thus has an assignment from, and reports to, the General Meeting and may not allow himself to be guided in his work by the Board of Directors or any senior executive. The auditor's reporting to the General Meeting takes place at the Annual General Meeting through the auditor's report.

According to the Company's Articles of Association, the Company must have one to two auditors and a maximum of one deputy auditor. A registered audit firm can also be appointed as auditor. The Company's current auditor is Grant Thornton Sweden AB with Patric Hofréus as auditor in charge. Remuneration to the Company's auditor is paid in accordance with an approved invoice. Remuneration to Grant Thornton Sweden AB was SEK 3.7 million for the financial year 2021 and pertained to auditing services for the Group.

Stock market information and insider rules

For listed companies, there is a requirement to give all stakeholders in the stock market simultaneous access to insider information about the Company, and there are insider rules in order to prevent market abuse.

The Board of Directors has, among other things, adopted a communication and insider policy in order to ensure an accurate and good quality of the Company's information and handling of insider information both internally and externally. The Chairman of the Board deals with overall shareholder-related issues, while the CEO has the overall responsibility of the Company's external communication.

Policies and guidelines regarding the information to be provided and insider rules as well updates and amendments are made available and known to the staff concerned, and the Group Management reviews the regulations with employees. The Company's regulations have been established in accordance with Swedish legislation, First North Premier's regulations and the Code, as well as the EU Market Abuse Regulation (MAR). All financial reports and press releases that are published after the listing will be published on the Company's website (www.thunderfulgroup.com) in direct connection with publishing.





BOARD OF DIRECTORS



Mats Lönnqvist

Chairman of the Board since 2020.

Born 1954.

Background and education:

B.Sc. in Economics and Business Administration, Stockholm School of Economics. Mats Lönnqvist has over 30 years of experience working in senior positions in economics and finance in international groups. Lönnqvist has inter alia been CFO in the government-owned company Securum, and CFO and deputy CEO of Biacore, Esselte, Postnord and SAS. Lönnqvist has extensive experience of board work and chairmanship from both privately owned and listed companies in Sweden and abroad. Since 2015, Lönnqvist has been working full-time with his board assignments.

Other assignments:

Chairman of the board in Hydros cand Group AB, Ovacon AB, Spendrup Holding AB and Östaholmen Bostadsproduktion AB. Board member in ayilima group AB, BAM Intressenter AB, Bordsjö Skogar AB, Förvaltnings AB Värde Invest, Norva 24 Group AB, Norva 24 AS, Norva 24 Holding AS, Porall AB, Prosero Security AB, Prosero Security Group AB, Prosero Security Holding AB, Resolvator AB, Solhem Property AB and Tagehus Holding AB. Deputy board member in Skerry Crow AB. CEO in Resolvator AB.

Holdings in the Company:

156,879 shares.

Favourite Thunderful game:

Lost in Random

Favourite Nintendo game:

Pikmin 3

Owe Bergsten

Board Member since 2019.

Born 1950.

Background and education:

Several civil engineering courses at Chalmers University of Technology. Owe Bergsten founded Bergsala in 1976 together with Pierre Sandsten and Lars-Göran Larsson and has been running and operating it since the beginning.

Other assignments:

Chairman of the board in Bergsala SDA AB, Handic Trading AB. Board member in Bergsala Holding AB, Logi & Bostu på Käringön AB and Orrviken Invest Aktiebolag.

Holdings in the Company:

17,371,693 shares.

Favourite Thunderful game:

SteamWorld Dig

Favourite Nintendo game:

Zelda: Wind Waker

Tomas Franzén

Board Member since 2020.

Born 1962.

Background and education:

Master of Science in Engineering at Linköping University. Tomas Franzén has many years of experience as CEO and Chairman of the Board within the Bonnier Group, Com Hem, Eniro and Song Networks (later TDC). Franzén is currently a professional board member and holds a number of positions in both listed and private companies.

Other assignments:

Chairman of the Board of AB Dagens Nyheter, AB Kvällstidningen Expressen, ayilima group AB, Bonnier Business Media Sweden AB, Bonnier Magazines & Brands AB, Bonnier News Group AB, Bonnier News Local AB, Bonnier News Sweden AB, Dagens Industri Aktiebolag, Elajo Invest Aktiebolag (publ), Fibertjänst Holding AB, Hall Media AB, Sappa Holding AB, Sydsvenska Dagbladets Aktiebolag, Tidnings AB Marieberg and TietoEvyry Corp. Board Member of Aktiebolaget Sappa, AIK Fotboll AB, Axel Johnson Aktiebolag, Bonnier Business Press AB, Den Digitala Väktaren i Sverige AB, Dustin Group AB, Fibertjänst Omsorg Sverige AB, Fibertjänst Sverige AB, Hydros cand Group AB, Liljedahl Group AB, Martin & Servera Aktiebolag, Ovacon AB, Safe Solutions CCTV Kameracentral AB, Safe Solutions Consulting i Sverige AB, Safe Solutions Consulting i Sverige Holding AB, Safe Solutions Teknik i Sverige AB, Svensk Satellitservice SMATV AB, TF Invest AB and Ultimate Padel Platform Sweden AB. CEO of TF Invest AB.

Holdings in the Company:

136,879 shares.

Favourite Thunderful game:

Wavetale

Favourite Nintendo game:

Super Mario Odyssey



Oskar Burman

Board Member since 2020.

Born 1975.

Background and education:

Upper secondary school education. Oskar Burman started working professionally in the gaming industry 25 years ago when he co-founded one of the first game developers in the Nordic countries, Unique Development Studios. Burman's previous experiences includes the start-up of Rovio's game studio in Stockholm, where he was part of creating Angry Birds 2, working as a Studio Manager at Avalanche Studios and being the Studio Manager for Easy Studios, part of EA DICE. Burman is currently the CEO of the game studio Fast Travel Games, which he also co-founded.

Other assignments:

Chairman of the board and CEO in Fast Travel Games AB. Board member in Stugan AB (svb).

Holdings in the Company:

1,600 shares and 84,175 warrants series 2020/2023 (ii).

Favourite Thunderful game:

Stick It To the Man!

Favourite Nintendo game:

Goldeneye 007



Cecilia Ogvall

Board Member since 2020.

Born 1966.

Background and education:

Masters of Laws, LL.M. at Uppsala University. Cecilia Ogvall has extensive international experience as Head of Legal Service at the financial service company Global Blue Group. Previously, Ogvall has worked as a lawyer at the law firms Vinge and MAQS. Previous experiences also include the roles as secretary and chairman of the board for the non-profit association SWEA London.

Other assignments:

Partner at Cecilia Ogvall Handelsbolag.

Holdings in the Company:

1,900 shares and 84,175 warrants series 2020/2023 (ii).

Favourite Thunderful game:

Anthill

Favourite Nintendo game:

Picross





GROUP MANAGEMENT

GROUP MANAGEMENT



Brjann Sigurgeirsson

CEO since 2019.
 Born 1967.

Background and education:
 Studies in literature at the University of Gothenburg, Sweden. Studies in graphic design at San Francisco City College, US Brjann Sigurgeirsson is the founder of Image & Form and has a background as a writer and graphic designer at Koyosha Co. Sigurgeirsson also has experience as game programmer for Subaru International.

Other assignments:
 Board member in Brjann Sigurgeirsson Holding AB.

Holdings in the Company:
 4,375,000 shares.

Favourite Thunderful game:
 SteamWorld Heist

Favourite Nintendo game:
 Super Metroid

Anders Maiqvist

Chief Financial Officer since 2019.
 Born 1983.

Background and education:
 Master's Degree in Industrial Economics at Chalmers University of Technology. Anders Maiqvist has been the CFO of Bergsala since 2016 and has previously been the CFO of People's Choice and deputy CEO and CFO of Prognosia.

Other assignments:
 Board Member of Benolly AB, Havs-katten AB and Maiassets AB. Deputy Board Member in Bergsala SDA AB and Luxlie AB.

Holdings in the Company:
 881,651 shares and 84,175 warrants series 2020/2023 (i).

Favourite Thunderful game:
 Stick It To the Man!

Favourite Nintendo game:
 Super Mario Bros 3

Agostino Simonetta

Chief Games Officer since 2021.
 Born: 1976.

Background and education:
 Studies in Philosophy & Psychology at the University of Genoa (ITA).

Other assignments:
 n.a.

Previous experience (selection):
 Former head of ID@Xbox Global Partnership Team, PlayStation Europe, SEGA Europe, THQ.

Holdings in the Company:
 12,839 shares.

Favourite Thunderful game:
 SteamWorld Dig 2

Favourite Nintendo game:
 Zelda Ocarina of Time

Henrik Mathiasen

Chief Distribution Officer since 2019.
 Born 1971.

Background and education:
 Business degree at Aarhus Business College, Denmark. Henrik Mathiasen is the co-founder of Nordic Game Supply, CEO of AMO Toys Scandinavia and has previously been the CEO of The Games Factory ApS.

Other assignments:
 Chairman of the board in Sunflower ApS. Board member in ITMM Holding A/S, Juna Pack A/S, Linuspro ApS, Nordic Nutrition Holding ApS and Pro-fit ApS.

Holdings in the company:
 735,000 shares and 84,175 warrants series 2020/2023 (i).

Favourite Thunderful game:
 The Gunk

Favourite Nintendo game:
 Mario Kart

Changes in Group Management:

Klaus Lyngsted was Head of Games until December 2021 and was replaced at that time by Agostino Simonetta.





REMUNERATION REPORT 2021

Introduction

This remuneration report describes how the guidelines for remuneration to senior executives for Thunderful Group AB (“Thunderful” or “the Company”), adopted by the Extraordinary General Meeting on April 27, 2021, were applied during 2021. The report also contains information on remuneration to the CEO the director and a summary of the Company’s outstanding share and share price-related incentive programs. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Board of Corporate Governance’s Rules on remuneration to senior executives and on incentive programs.

Further information on remuneration to senior executives can be found in Note 8 (Average number of employees) on page 110 in the annual report for 2021. Information on the remuneration committee’s work in 2021 can be found in the corporate governance report on pages 72–77 in the annual report for 2021.

Board fees are not covered by this report. Such fees are decided annually by the Annual General Meeting and are reported in the corporate governance report on pages 72–77 in the annual report for 2021.

Development in 2021

The CEO summarizes the Company’s overall results in his report on pages 6–7 in the annual report for 2021.

The company’s remuneration guidelines: scope, purpose and deviations

A prerequisite for a successful implementation of the Company’s business strategy and the safeguarding of its long-term interests, including its sustainability, is that the Company can recruit and retain qualified employees. This requires that the Company can offer market and competitive remuneration. The company’s remuneration guidelines enable senior executives to be offered total market and competitive remuneration. According to the remuneration guidelines, remuneration to senior executives may consist of the following components: fixed salary, variable cash remuneration, pension benefits and other benefits. The variable cash compensation must be linked to financial or non-financial criteria. They can consist of individualized quantitative or qualitative goals. The criteria must be designed so that they promote the Company’s business strategy and long-term interests, including its sustainability, by, for example, having a clear connection to the business strategy or promoting the executive’s long-term development.

The guidelines can be found in the corporate governance report on page 74 in the annual report for 2021. During 2021, the company has followed the applicable remuneration guidelines adopted by the Annual General Meeting. No deviations from the guidelines have been made and no deviations have been made from the decision-making process that according to the guidelines is to be applied to determine the compensation. The auditor’s opinion on the Company’s compliance with the guidelines is available on the Company’s website, www.thunderfulgroup.com. No compensation has been demanded back.

Total remuneration to the CEO during 2021 (TSEK)¹⁾

Name of executive (position)	Basic salary ²⁾	Other benefits ³⁾	Annual	Perennial	Extraordinary items	Pension cost ⁴⁾	Total remuneration	Proportion of fixed and variable remuneration
Brjann Sigurgeirsson, VD	633.4	79.7	0	0	0	67.4	780.5	780.5 / 780.5

1) With the exception of Multi-year variable remuneration, the table reports remuneration amounting to the year 2021. Multi-year variable remuneration is not applicable.

2) Including holiday pay.

3) Refers to car benefit.

4) Pension costs (column 6), which in their entirety refer to Basic salary and are determined by premium, have been fully reported as fixed remuneration.

Share-based payment

Outstanding share-related and share price-related incentive programs

In connection with the Extraordinary General Meeting on September 2, 2020, the company introduced warrant-based incentive programs for selected senior executives and board members. The company's CEO is not part of any outstanding share-related or share price-related incentive program.

Warrant-based incentive program 2020/2023 (i)

At the Extraordinary General Meeting on September 2, 2020, it was decided on a warrant-based incentive program for the Company's CFO, the Company's Head of Distribution and certain key personnel in Thunderful through the issue of 350,870 warrants. The warrant program was implemented in October 2020 and for each warrant a warrant premium of SEK 1.20 was paid. Each warrant entitles the holder to acquire a new share in the Company at an exercise price of SEK 38.37 per share. The warrants can be exercised during the period from 1 November 2023 to 30 November 2023. Upon full exercise of all issued warrants, a total of 350,870 new shares will be issued and the share capital will increase by 3,508.70 SEK. The warrants are subject to customary conversion terms in connection with issues, etc.

Warrant-based incentive program 2020/2023 (ii)

At the Extraordinary General Meeting on September 2, 2020, it was decided on a warrant-based incentive program for the Company's Board members Oskar Burman and Cecilia Ogvall through the issue of 168,350 warrants. The warrant program was implemented in October 2020 and for each warrant, a warrant premium of SEK 1.20 was paid. Each warrant entitles the holder to acquire a new share in the Company at an exercise price amounting to SEK 38.37 per share. The warrants can be exercised during the period from 1 November 2023 to 30 November 2023. Upon full exercise of all issued warrants, a total of 168,350 new shares will be issued and the share capital will increase by SEK 1,683.50. The warrants are subject to customary conversion terms in connection with issues, etc.

Short-term variable remuneration to Thunderful's CEO, etc.

During 2021, Thunderful did not have any short-term variable remuneration for the CEO or other senior executives.

Comparative information regarding changes in remuneration and the company's results

Changes in remuneration and the company's earnings during the last five reported financial years (income statement, IS) (TSEK)

	IS-4 vs IS-5	IS-3 vs IS-4	IS-2 vs IS-3	IS-1 vs IS-2	IS vs IS-1	IS 2021
Compensation to the CEO	-	-	-	-15.3 (-2%)	+54.1 (+7%)	780.5
The Group's operating profit	-	-	-	+5,807.1 (+3%)	-6,058.5 (-3%)	208,811.9
Average remuneration based on the number of FTEs* in the parent company	-	-	-	-	-	-

* Excluding members of Group management.



BOARD OF DIRECTORS' REPORT

Information regarding the operations

Thunderful Group AB, with its registered office in Gothenburg, is the Parent Company of a Group that develops and publishes games, and distributes, for example, Nintendo products (games, game consoles and accessories), game accessories and toys. Thunderful Group's overriding objective is to provide high-quality game experiences.

Thunderful Group was founded in 2019 after a restructuring of the Bergsala and Thunderful company groups with the aim of creating a strong player in the games industry. Thunderful Group operates within all segments of the games industry.

With its head office in Gothenburg and additional offices in Århus, Cologne, Copenhagen, Helsingborg, Helsinki, Hohenwestedt, Hong Kong, Karlshamn, Kungälv, Larvik, Madrid, Malmö, Skövde, Stockholm, and Sunderland, Thunderful Group develops, publishes and distributes high-quality entertainment products focusing on games based on IP rights held by the Group and others.

The Group's operations are divided into two business segments: Thunderful Games and Thunderful Distribution.

Thunderful Games

Thunderful Games develops, publishes and invests in games. The business segment comprises three divisions:

- Thunderful Studios, with game development teams from formerly independent game studios, such as Image & Form, Zoink, The Station and Coatsink. The development strategy builds on high-quality, content-rich games developed in-house for PCs, consoles and mobile devices.
- Thunderful Publishing, with publishing teams in several European countries integrated into a common organisation and conducting publishing activities under one single brand. The division publishes games developed both within the Group and externally.
- Thunderful Investment, focused on investing in external game development projects. The purpose is to broaden the catchment area for good games and game studios, as well as offering synergies in the form of development support, publishing services and acquisitions.

Thunderful Distribution

Thunderful Distribution operates in the distribution and sale of, among other things, Nintendo products, games, game accessories and toys. The business segment includes distributors Bergsala, Amo Toys and Nordic Game Supply. Bergsala has distributed Nintendo's products in Sweden since 1981. Amo Toys and Nordic Game Supply are Nordic distributors of games, game accessories, merchandise and toys. Brands distributed by Nordic Game Supply and Amo Toys include Rockstar, 2K Games, Razer, Thrustmaster, PowerA, Hori, L.O.L., BabyBorn, Little Tikes, GeoMag and Intex.



Significant events during the financial year

Acquisition of Headup GmbH

On 15 March 2021, German game publisher and developer Headup GmbH was acquired for an initial cash consideration of EUR 5.0 million. Headup GmbH, founded in 2009, is a well-established publisher and game developer active on all major platforms – consoles, mobile devices and PCs. The head office is located in Düren, outside Cologne in Germany. In 2020, sales amounted to EUR 4.2 million. The acquisition is in line with Thunderful Group's strategy to grow in the Games segment and in the Group as a whole. The acquisition strengthens Thunderful Group's international position, broadens the Group's network towards more development studios and creates synergy effects within the Group's publishing operations. Following the acquisition, Headup's CEO Dieter Schoeller took on the role of Head of Publishing within Thunderful Group, and is thus responsible for Thunderful's publishing operations in Sweden and Germany. Further details of the acquisition can be found in Note 34, Business acquisitions.

Game development agreements for a value of more than USD 20 million

On 30 April, Thunderful Group announced that the subsidiary Coatsink Software Ltd, after lengthy negotiations, had entered into game development agreements with the Facebook Group for a value of more than USD 20 million. As a result, the Purchase Price Allocation (PPA) from the acquisition of Coatsink was adjusted back to the PPA reported in Thunderful Group's prospectus, when the value of the agreement was first included in the calculation of the purchase consideration but was later adjusted down in the Annual Report when the estimates were reassessed. In accordance with IFRS 3, Note 37 reports the reassessment made for the 2020 full year by adjusting the PPA for the acquisition of Coatsink.

Acquisition of Stage Clear Studios, SL

On 2 September 2021, Spanish game development studio Stage Clear Studios, SL was acquired for an initial purchase consideration of EUR 1.0 million. Stage Clear Studios SL was founded in 2012 and is a well-established studio that develops games for consoles and PCs. The company is run by CEO Daniel Santos Fonseca, who is also one of the founders, and is headquartered in Madrid, Spain. Stage Clear develops games following its own concepts but also offers a wide range of other services. The studio specialises in full-scale game development, graphics production and porting of games (entailing additional versions of existing games being created so that they can be played on several different game platforms). Stage Clear has established itself as a robust and reliable development studio that delivers both on time and on budget. Further details of the acquisition can be found in Note 34, Business acquisitions.

Acquisition of Robot Teddy Ltd

On 27 October 2021, Robot Teddy Ltd, based in Newcastle, UK, was acquired for an initial cash consideration of GBP 7.0 million. The sellers also received GBP 3.0 million to reinvest in Thunderful Group through a directed issue of 575,338 new shares. Robot Teddy provides business and strategy development for a number of prominent games and game studios, such as Among Us, Gang Beasts, SUPERHOT and more. Robot Teddy is also involved in developing Fern Turtle's acclaimed Viewfinder game. Further details of the acquisition can be found in Note 34, Business acquisitions.

Acquisition of Early Morning Studio AB

On 16 November 2021, Early Morning Studio AB, based in Stockholm, was acquired for an initial purchase price of SEK 80.0 million. Early Morning Studio is known for its captivating RPG games that have found their audience in the mobile market. With the strong titles Vampire's Fall: Origins (2018) - with more than 10 million players to date - Champions of Avan (2021) and Vendir: Plague of Lies (full launch scheduled for 2022), Early Morning Studio has found a concept that makes them a valuable addition to the Thunderful family. Further details of the acquisition can be found in Note 34, Business acquisitions.

Multi-year overview, Group	2021	2020	2019
Net sales (SEK m)	3,140.8	3,047.8	100.9
Profit after financial items (SEK m)	168.9	170.5	30.5
Total assets (SEK m)	3,619.7	2,457.3	1,439.4
Equity/assets ratio (%)	49.7%	60.6%	36.0%
Average number of employees	407	248	65

Multi-year overview, Parent Company	2021	2020	5 Dec 2019 – 31 Dec 2019
Net sales (SEK m)	6.0	10.1	0.0
Profit after financial items (SEK m)	1.4	-52.2	-0.3
Total assets (SEK m)	2,846.4	2,373.6	1,064.4
Equity/assets ratio (%)	71.9%	82.1%	93.0%
Number of employees	4	3	0

Comment on multi-year overview

Consolidated net sales for the 2021 financial year amounted to SEK 3,140.8 million, compared with SEK 3,047.8 million for the preceding year. The Games segment shows growth of SEK 197.8 million, while the Distribution segment shows negative growth of SEK 104.8 million.

The following pages contain a profit analysis for the Group for the 2021 financial year.



Net sales

Consolidated net sales for the full year amounted to SEK 3,140.8 million (3,047.8), corresponding to an increase of 3.1 percent. Driving forces for net growth are reported under the business segments.

Business segments

Net sales in the Games segment increased by 126.6 percent to SEK 354.0 million (156.2) and in the Distribution segment, net sales decreased by 3.6 percent to SEK 2,786.8 million (2,891.6).

MSEK	2021	2020
Thunderful Games	354.0	156.2
Thunderful Distribution	2,786.8	2,891.6
- of which, Bergsala	1,308.3	1,708.4
- of which, Nordic Game Supply	984.9	704.6
- of which, Amo Toys	493.6	478.6
Other	0.0	0.0
Net sales	3,140.8	3,047.8

In the Distribution segment, net sales in Bergsala decreased by 23.4 percent to SEK 1,308.3 million (1,708.4), net sales in Nordic Game Supply increased by 39.8 percent to SEK 984.9 million (704.6) and net sales in Amo Toys increased by 3.1 percent to SEK 493.6 million (478.6).

Over the year, Bergsala experienced severe supply disruptions and had fewer major game releases than in the comparison period. In the comparison period, net sales were driven by the global success Animal Crossing New Horizon and good availability of hardware.

For Nordic Game Supply, the increase was largely driven by a new distribution contract with the Razer brand, and for Amo Toys, the difference compared with the comparison period was minor.

Thunderful Games reports negative organic growth of SEK 7.5 million. The companies acquired over the past 12 months contributed growth of SEK 205.3 million in net sales for the year. The negative organic growth was caused by the major launches of three games developed in house, in two cases in the fourth quarter and in one case at the end of the third quarter.

MSEK	Games	Distribution
Net sales growth, %	126.6	-3.6
- of which, organic, %	-4.8	-3.6
- of which, acquired, %	131.4	0.0

Gross profit

Gross profit for the full year amounted to SEK 956.3 million (693.2), corresponding to an increase of 38.0 percent and a gross margin of 29.2 percent (22.5). The profit trend is attributable to increased net sales in the Games segment, with a significantly higher gross margin than the Distribution segment, while net sales in the Distribution segment decreased.

Operating expenses

Expenses for merchandise and royalties decreased by 3.0 percent to SEK 2,317.5 million (2,389.1).

Other external expenses increased by 24.2 percent to SEK 328.1 million (264.1). Of the total increase in expenses of SEK 64.0 million, SEK 4.7 million derives from increased marketing expenses and SEK 6.0 million from non-recurring expenses. Other external expenses from acquired companies amounted to SEK 11.1 million.

Personnel expenses increased by 70.4 percent to SEK 238.7 million (140.1). Of the increase in expenses, 92.0 percent is attributable to the Games segment, in which most acquisitions have been made and where the management team was strengthened during the year. At the end of the year, the number of employees totalled 408 (334).

Depreciation/amortisation increased by 105.5 percent to SEK 127.0 million (61.8). The most important driving forces are PPA-related amortisation, deriving primarily from the acquisition of Coatsink Software Ltd, for which amortisation increased by SEK 27.5 million and increased amortisation of publishing licenses, quarter of 2021 from having previously been reported under prepaid gaming projects.

MSEK	2021	2020
Expenses for merchandise and royalties	-2,317.5	-2,389.1
Other external expenses	-328.1	-264.1
- of which, marketing expenses	-128.5	-123.8
- of which, acquisition-related non-recurring expenses	-10.3	-14.7
- of which, other non-recurring expenses	-10.4	0.0
Personnel expenses	-238.7	-140.1
Depreciation/amortisation and impairment of tangible fixed assets and intangible assets	-127.0	-61.8
- of which, PPA-related amortisation	-69.3	-41.8
Other operating expenses	-53.7	-12.4
Total operating expenses	-3,065.0	-2,867.5

MSEK	2021	2020
Thunderful Games	185.2	67.2
Thunderful Distribution	188.5	233.4
Other	-17.2	-9.2
Adjusted EBITDA	356.5	291.4
Adjusted non-recurring items (Games segment)	-8.4	0.0
Adjusted non-recurring items (Distribution segment)	-2.0	0.0
Adjusted non-recurring items (Other segment)	-10.3	-14.7
EBITDA	335.8	276.7
Adjusted EBITA margin		
Thunderful Games, %	44.3	36.5
Thunderful Distribution, %	6.6	8.1
Thunderful Group, %	10.9	9.5

The Group applies the following amortisation principles for its game development and for publishing licenses: Amortisation of completed game-development projects – degressive amortisation over two years: 1/3 amortisation during months 1 to 3 following release, 1/3 amortisation in months 4 to 12 following release and the remaining 1/3 in months 13 to 24 following release.

Adjusted operating profit, EBITDA

Adjusted operating profit before depreciation/amortisation and impairment of property, plant and equipment and intangible assets (EBITDA) for the full year amounted to SEK 356.5 million (291.4), corresponding to an adjusted EBITDA margin of 10.9 percent (9.5). Adjusted EBITDA is adjusted for total non-recurring items of a negative SEK 20.7 million (14.7), of which a negative SEK 10.3 million are attributable to acquisition-related non-recurring expenses, a negative SEK 0.7 million is attributable to the sale of a property in the Games segment, a negative SEK 7.7 million is attributable to the Thunderful World event in Games and a negative SEK 2.0 million is attributable to expenses for warehouse relocation in Nordic Game Supply.

Business segments

Adjusted EBITDA for the Games segment over the full year amounted to SEK 185.2 million (67.2), corresponding to an adjusted EBITDA margin of 44.3 percent (36.5).

Adjusted EBITDA for the Distribution segment over the full year amounted to SEK 188.5 million (233.4), corresponding to an adjusted EBITDA margin of 6.6 percent (8.1).

Adjusted operating profit, EBITA

Adjusted operating profit before acquisition-related amortisation (EBITA) for the full year amounted to SEK 298.8 million (271.5), corresponding to an adjusted EBITA margin of 9.1 percent (8.8). Adjusted EBITA is adjusted for total non-recurring items of a negative SEK 20.7 million (14.7), of which a negative SEK 10.3 million is attributable to acquisition-related non-recurring expenses, a negative SEK 0.7 million is attributable to the sale of a property in the Games segment, a negative SEK 7.7 million is attributable to the Thunderful World event in Games and a negative SEK 2.0 million is attributable to expenses for warehouse relocation in Nordic Game Supply.

Business segments

Adjusted EBITA for the Games segment over the full year amounted to SEK 139.7 million (53.1), corresponding to an adjusted EBITA margin of 33.4 percent (28.8).

Adjusted EBITA for the Distribution segment over the full year amounted to SEK 176.6 million (227.6), corresponding to an adjusted EBITA margin of 6.2 percent (7.9).



MSEK	2021	2020
Thunderful Games	139.7	53.1
Thunderful Distribution	176.6	227.6
Other	-17.5	-9.2
Adjusted EBITA	298.8	271.5
Adjusted non-recurring items (Games segment)	-8.4	0.0
Adjusted non-recurring items (Distribution segment)	-2.0	0.0
Adjusted non-recurring items (Other segment)	-10.3	-14.7
EBITA	278.1	256.8
Adjusted EBITA margin		
Thunderful Games, %	33.4	28.8
Thunderful Distribution, %	6.2	7.9
Thunderful Group, %	9.1	8.8

Operating profit, EBIT

Operating profit for the full year amounted to SEK 208.8 million (214.9), corresponding to an operating margin of 6.4 percent (7.0). Operating profit includes total non-recurring items of a negative SEK 20.7 million (14.7), of which a negative SEK 10.3 million is attributable to acquisition-related non-recurring expenses, a negative SEK 0.7 million is attributable to the sale of a property in the Games segment, a negative SEK 7.7 million is attributable to the Thunderful World event in Games and a negative SEK 2.0 million is attributable to expenses for warehouse relocation in Nordic Game Supply.

Business segments

Operating profit for the Games segment over the full year amounted to SEK 99.2 million (48.5), corresponding to an operating margin of 23.7 percent (26.3).

Operating profit for the Distribution segment over the full year amounted to SEK 137.4 million (190.4), corresponding to an operating margin of 4.8 percent (6.6).

MSEK	2021	2020
Thunderful Games	99.2	48.5
Thunderful Distribution	137.4	190.4
Other	-27.8	-24.0
Operating profit	208.8	214.9
Operating margin		
Thunderful Games, %	23.7	26.3
Thunderful Distribution, %	4.8	6.6
Thunderful Group, %	6.4	7.0

Net financial items

Net financial items amounted to an expense of SEK 39.9 million (41.4). Of the total net financial items, an expense of SEK 33.8 million comprises the net of exchange rate gains and losses.

Net profit for the year

Profit for the full year amounted to SEK 132.2 million (137.4), corresponding to a net profit margin of 4.0 percent (4.5).

Other comprehensive income

Other comprehensive income is affected by translation differences deriving from foreign operations, which amounted to SEK 79.0 million (0.0) for the full year.

Parent Company

For the full year, the Parent Company's net sales amounted to SEK 6.0 million (10.1), its operating loss to SEK 21.5 million (7.1) and its net profit for the year to SEK 14.4 million (64.0).

Financial position and liquidity

Consolidated total assets amounted to SEK 3,619.7 million on 31 December 2021, compared with SEK 2,542.1 million on 31 December 2020.

Working capital amounted to SEK 883.4 million on 31 December 2021, compared with SEK 541.1 million on 31 December 2020.

Consolidated equity amounted to SEK 1,799.9 million on 31 December 2021, compared with SEK 1,488.8 million on 31 December 2021.

Following the end of the financial year, Thunderful Group entered into a confirmed credit facility of EUR 55 million with Danske Bank. The facility replaces the existing EUR 32.5 million overdraft facility and will be used for acquisitions and investments in the Games segment, as well as for general corporate purposes.

Seasonal variations

Thunderful Group has a seasonal distribution business that is characterised by higher sales in connection with major commercial holidays. A significant part of the full-year sales and profit has historically been generated during the fourth quarter, which also means that operating expenses in relation to sales are generally high during the first to third quarter.

Cash flow and investments

Cash flow from operating activities for the full year amounted to an outflow of SEK 64.9 million (88.6).

Cash flow from investing activities for the full year amounted to an outflow of SEK 316.8 million (155.6).

Cash flow from financing activities for the full year amounted to an inflow of SEK 134.4 million (509.0).

Total cash flow for the full year amounted to an outflow of SEK 247.3 million (inflow 264.7).

MSEK	2021	2020
Development capex	59.6	20.2
Publishing license capex	45.1	n.a.
Acquisition capex	188.9	123.4
Other capex	23.2	12.0
Total investment	316.8	155.6

Over the full year, investments in internal game development amounted to SEK 59.6 million (20.2) and investments in publishing licenses to SEK 45.1 million (n.a.).

Acquisition investments over the full year amounted to SEK 188.9 million (123.4).

Other investments over the full year amounted to SEK 23.2 million (12.0).

Accordingly, total investment over the full year amounted to SEK 316.8 million (155.6).

The Parent Company's sales comprise intra-Group services.

Significant risks and uncertainties

The Group's strategic, operational, legal and financial risks are presented on pages 66-71. This section describes the Group's financial risks and how they are managed.

Financial risks

Profitability

The Group may fail to maintain profitability in the future and may experience uneven cash flows, for example due to seasonal variations or unsuccessful product launches.

Credit risk

The Group has significant exposure to its resellers in the Distribution business segment, primarily with regard to outstanding accounts receivable. On 31 December 2021, the total amount of such outstanding accounts receivable was SEK 866.6 million. The value of these receivables could be negatively affected if one or more customers become insolvent and/or enter bankruptcy. There is also a risk that customers will not pay for purchased products or pay later than expected, which is a risk that could increase during periods of economic decline or uncertainty. If the risks materialise, they could negatively affect the Group's cash flow and earnings.

Valuation and accounting risks

As of 31 December 2021 and 31 December 2020, the Group had goodwill and intangible assets (including capitalised development expenditure for games, publishing licenses and IT systems) whose book value amounted to SEK 1,649.2 million and SEK 946.0 million, respectively, corresponding to 45.6 percent and 37.2 percent of the Group's total assets, respectively.



The Group's financial risk management

The Group is exposed to risks related to liquid funds, accounts receivable, accounts payable, borrowings and foreign exchange. The risks include:

- Financing risks in relation to the Group's capital requirements
- Foreign exchange risks on commercial flows and net investments in foreign subsidiaries
- Credit risks relating to financial and commercial activities; and
- Interest-rate risks related to liquid funds and borrowings

Financing risk

Financing risk refers to the risk that the financing of the Group's capital requirements and refinancing of existing borrowings could become more difficult or more expensive. The risk may be mitigated by having maturity dates evenly distributed over time and by avoiding situations where short-term borrowings exceed liquidity limits. The Company's financial policy states that the CFO shall ensure that the remaining average credit duration of the total debt portfolio exceeds the decided minimum duration and that, at every given time, liquidity must be overseen and comply with this policy. On 31 December 2021, the Group had no liabilities to credit institutions and had a net debt of SEK 210.2 million.

Foreign exchange risk

Foreign exchange risk is defined as the risk that fluctuations in currency exchange rates have a negative impact on the Group's financial position, profitability or cash flow. Revenue and expenses are mainly generated in EUR, SEK, DKK and USD, of which a large part of the Group's revenue is received in EUR and DKK, while the Group's expenses mainly comprise purchases of goods in EUR and to some extent in USD. The Group is therefore exposed to fluctuations in the foreign exchange market, where changes in exchange rates could have a negative effect on the Group's profitability and earnings. In order to manage such effects, the Group hedges the foreign exchange risk within the framework of its financial policy, and the Group's overall currency exposure shall be managed centrally by the CFO. The Group's overdraft facility is denominated in EUR, which essentially eliminates a large part of the Group's total currency exposure. A sensitivity analysis of the Group's foreign exchange risk, divided into transaction risk and translation exposure, can be found in Note 36.

Credit risk

Credit risk on financial transactions refers to the risk that the counterparty is not able to fulfil its contractual obligations related to the Group's investment in liquid funds and derivatives. To limit the exposure to credit risk, the Group has adopted a policy that states that excess liquidity shall be deposited in bank accounts in the Group's main bank, be invested in securities issued by the main banks or be invested in government securities.

Credit risks in accounts receivable

Thunderful Group's customer base is characterised by recurring customers such as resellers and specialist retailers for companies in the Distribution segment and clearing accounts with various platform owners in the Games segment.

Sales are subject to normal delivery and payment terms. The financial policy defines how credit management is to be performed in the Group to achieve competitive and professional credit sales, limited bad debts, improved cash flow and optimised profit. Within the Distribution segment, the Company works with a large credit insurance company and has credit insurance for most of the total accounts receivable in the Distribution segment.

Interest-rate risk

Cash and cash equivalents

The financial policy states that an excessive holding of liquid funds should be avoided. Excess liquidity shall be used to offset external liabilities. The time to maturity for short-term investments shall match large disbursements, planned investments or dividend payments and may not exceed three months.

Borrowings

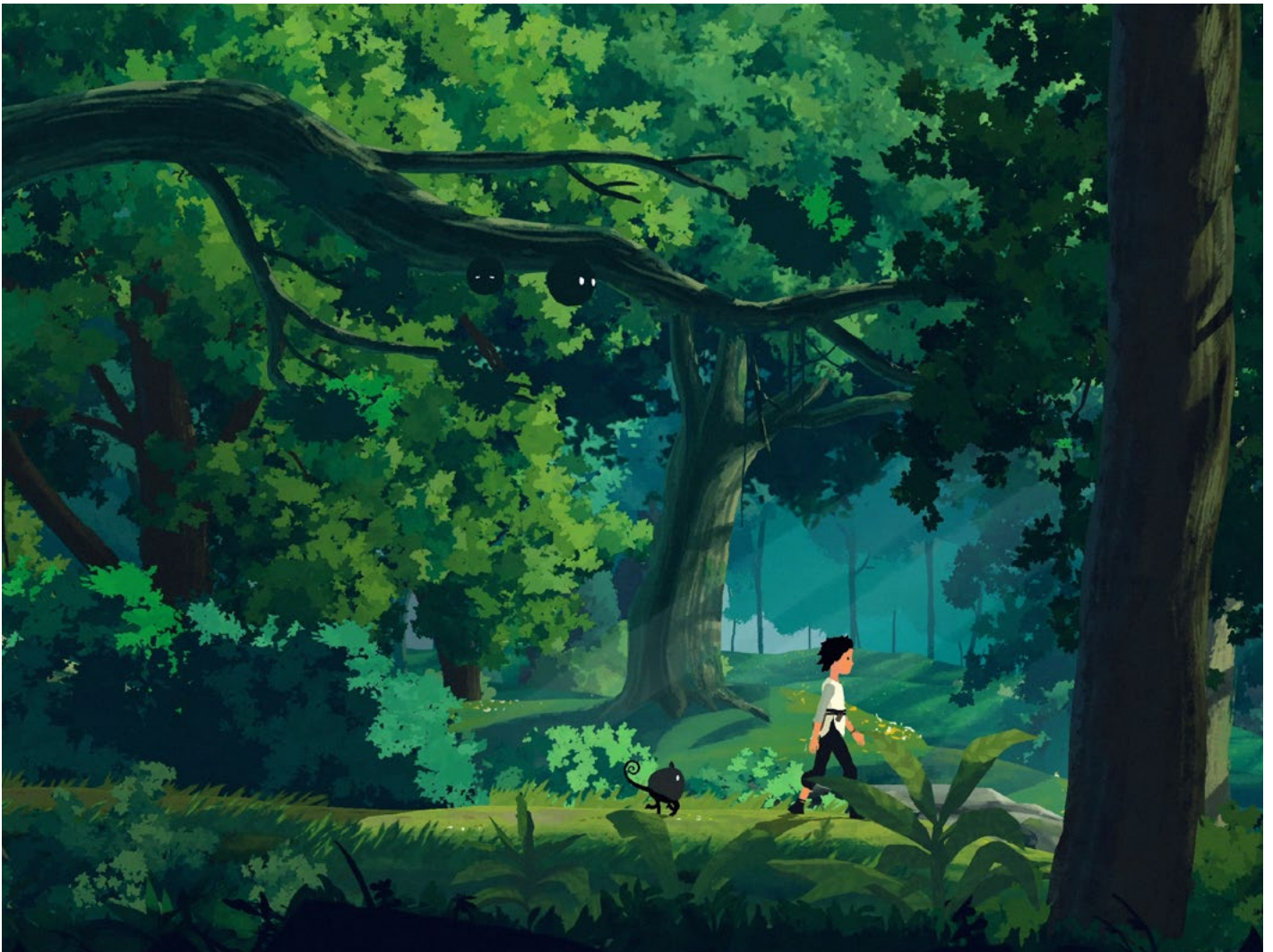
According to the financial policy, the Group's debt management is handled centrally by the CFO, to ensure efficiency and risk control. Loans shall primarily be raised at Parent Company level and be transferred to subsidiaries in the form of internal loans or capital contributions. Various derivative instruments may be used in this process to convert the funds to the required currency. Short-term financing may also be raised locally in subsidiaries in countries with capital restrictions.

Thunderful Group AB has entered into a cash pool with most of its subsidiaries and has a short-term line of credit with a major credit institution and, as of 31 December 2021, had utilised SEK 270.4 million of the total overdraft facility of EUR 32.5 million.

PROPOSED APPROPRIATION OF PROFIT

The Board of Directors proposes that the available funds

Share premium reserve	1,966,461,927
Retained earnings	64,340,777
Net profit for the year	14,384,761
	2,045,187,465
are to be carried forward	2,045,187,465





GROUP INCOME STATEMENT

MSEK	Note	2021	2020*
Net sales	4, 5	3,140.8	3,047.8
Capitalised work on own account		57.1	20.2
Other operating income		75.9	14.3
Operating income		3,273.8	3,082.3
Operating expenses			
Merchandise (Distribution)	6	-2,268.4	-2,361.9
Purchased game development services (Games)	6	-49.1	-27.2
Other external expenses	6, 7, 9	-328.1	-264.1
Personnel expenses	6, 8	-238.7	-140.1
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	6, 10	-127.0	-61.8
Other operating expenses		-53.7	-12.4
Total operating expenses		-3,065.0	-2,867.5
Operating profit		208.8	214.8
Profit from financial items			
Total financial items	11	-39.9	-41.4
Profit after financial items		168.9	173.4
Tax on net profit for the year	12	-36.7	-36.0
Net profit for the year		132.2	137.4
Other comprehensive income			
Translation difference, foreign operations		79.0	0.0
Comprehensive income for the year		211.2	137.4
Net profit for the year attributable to:			
Parent Company shareholders		132.2	137.4
Earnings per share before dilution, SEK		1.91	2.65
Earnings per share after dilution, SEK		1.90	2.64
Comprehensive income for the year attributable to:			
Parent Company shareholders		211.2	137.4
Average number of shares		69,322,610	52,067,926

* See Note 37 Reassessment of acquisition analysis in accordance with IFRS 3.

GROUP BALANCE SHEET

MSEK	Note	31 Dec 2021	31 Dec 2020*
ASSETS			
Fixed assets			
<i>Intangible assets</i>			
IT systems	13	3.6	3.3
Capitalised development expenditure, games	13	122.7	43.3
Licenses for publishing	13	57.5	0.0
Publishing and distribution relationships	13	297.3	334.4
Goodwill	13	728.0	362.5
Game rights	13	296.0	138.3
Customer relationships	13	120.0	45.5
Other intangible assets	13	24.2	18.7
		1,649.2	946.0
<i>Property, plant and equipment</i>			
Right-of-use assets	9, 14	114.6	19.9
Buildings and land	14	0.6	3.9
Equipment, tools, fixtures and fittings	14	14.8	4.3
		130.0	28.2
<i>Financial assets</i>			
Other securities held as non-current assets	17	0.1	0.1
Deferred tax assets	17	1.3	1.1
Other non-current receivables	17	7.0	3.5
		8.4	4.7
Total fixed assets		1,787.6	978.9
Current assets			
<i>Inventories, etc.</i>			
Finished goods and goods for resale	18	758.6	341.3
Advance payments to suppliers	18	5.4	150.5
		764.0	491.8
<i>Current receivables</i>			
Accounts receivable	19	866.6	619.4
Current tax assets		4.6	11.1
Other receivables		35.7	11.0
Prepaid game projects	20	0.0	31.8
Prepaid expenses and accrued income	20, 21	101.0	93.0
		1,007.9	766.3
Cash and cash equivalents	22	60.2	305.1
Total current assets		1,832.1	1,563.2
TOTAL ASSETS		3,619.7	2,542.1

* See Note 37 Reassessment of acquisition analysis in accordance with IFRS 3.



GROUP BALANCE SHEET CONT.

MSEK	Note	2021	2020*
EQUITY AND LIABILITIES			
Equity			
Share capital	23	0.7	0.7
Share capital subscribed but not registered		0.0	0.0
Other capital contributions		1,271.8	1,171.9
Other equity including net profit for the year		527.4	316.2
		1,799.9	1,488.8
Provisions			
Provisions for pensions and similar obligations	24	0.2	0.2
Deferred tax liabilities		156.9	114.3
Other provisions		2.0	2.6
		159.1	117.0
Non-current liabilities			
Non-current contingent purchase consideration	25	355.8	209.3
Non-current lease liabilities	9	91.2	13.4
		447.0	222.7
Current liabilities			
Overdraft facility	26	270.4	0.0
Advance payments from customers		0.0	0.0
Accounts payable	26	588.6	422.8
Current tax liabilities	27	50.4	45.5
Other liabilities	27	97.7	82.1
Current contingent purchase consideration	27	96.6	76.4
Current lease liabilities	9	20.5	5.8
Accrued expenses and prepaid income	20, 29	89.5	80.9
		1,213.7	713.5
TOTAL EQUITY AND LIABILITIES		3,619.7	2,542.1

* See Note 37 Reassessment of acquisition analysis in accordance with IFRS 3.

GROUP STATEMENT OF CHANGES IN EQUITY

MSEK	Share capital	Other capital contributions	Other equity including net profit for the year	Total capital
Opening balance, 1 January 2021	0.7	1,171.9	316.2	1,488.8
New share issue, acquisition of operations, Headup GmbH	0.0	25.3	0.0	25.3
New share issue, acquisition of operations, Stage Clear Studios, SL	0.0	4.1	0.0	4.1
New share issue, acquisition of operations, Robot Teddy Ltd	0.0	35.5	0.0	35.5
New share issue, acquisition of operations, Early Morning Studio AB	0.0	35.0	0.0	35.0
Transactions with owners	0.0	99.9	0.0	99.9
Total other comprehensive income for the year	0.0	0.0	211.2	211.2
Closing balance, 31 December 2021	0.7	1,271.8	527.4	1,799.9
Opening balance, 1 January 2020	0.5	294.8	222.7	518.0
New share issue, cash	0.0	7.0	0.0	7.0
New share issue, acquisition of operations, Coatsink Software Ltd	0.0	133.6	0.0	133.6
New share issue, IPO	0.2	749.8	0.0	750.0
IPO expenses, equity	0.0	-13.3	0.0	-13.3
Transactions with owners	0.2	877.1	0.0	877.3
Translation difference	0.0	0.0	-43.9	-43.9
Net profit for the year	0.0	0.0	137.4	137.4
Closing balance, 31 December 2020	0.7	1,171.9	316.2	1,488.8



GROUP CASH FLOW STATEMENT

MSEK	Note	2021	2020*
Operating activities			
Profit after financial items		168.9	173.4
Adjustment for non-cash items	31		
- Depreciation/amortisation and impairment		127.0	61.8
- Translation difference		31.2	-3.0
- Other adjustments		-0.9	5.0
		326.2	237.2
Income tax paid		-39.2	-28.8
Cash flow from operating activities before changes in working capital		287.0	208.4
Changes in working capital			
Change in inventories and advances to suppliers		-268.0	-31.8
Change in accounts receivable		-247.2	-152.5
Change in accounts payable		165.8	-48.9
Change in other working capital		-2.5	-63.8
Cash flow from operating activities		-64.9	-88.6
Investing activities			
Acquisition of subsidiaries/operations	32, 34	-188.9	-123.4
Investment in property, plant and equipment		-12.5	-3.4
Investment in capitalised development expenditure, games		-59.6	-20.2
Investment in publishing rights ¹		-45.1	n.a.
Investment in other intangible assets		-10.5	-8.2
Investment in financial assets		-3.6	-0.4
Sales of fixed assets		3.4	0.0
Cash flow from investing activities		-316.8	-155.6
Financing activities			
Change in overdraft facilities and liabilities to shareholders		270.4	-229.3
Borrowings		0.0	0.9
Repayments of lease liabilities		-16.9	-6.3
Amortisation of liability for contingent purchase consideration		-119.1	0.0
New share issue		0.0	743.7
Dividend paid		0.0	0.0
Cash flow from financing activities		134.4	509.0
Cash flow for the year		-247.3	264.7
Cash and cash equivalents at beginning of year		305.1	51.2
Exchange rate difference in cash and cash equivalents		2.4	-11.0
Cash and cash equivalents at end of year		60.2	305.1

* See Note 37 Reassessment of acquisition analysis in accordance with IFRS 3.

1) The intangible asset publishing licenses was added in 2021 following the reclassification of what were previously reported as prepaid game projects.

PARENT COMPANY INCOME STATEMENT

MSEK	Note	2021	2020
Net sales		6.0	10.1
Other operating income		0.1	0.0
Operating income		6.1	10.1
Operating expenses			
Other external expenses	6	-16.2	-13.0
Personnel expenses	8	-9.7	-4.2
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets		0.0	0.0
Other operating expenses		-1.7	0.0
Total operating expenses		-27.6	-17.2
Operating profit		-21.5	-7.1
Profit from financial items			
Total financial items	11	22.9	-45.1
Profit after financial items		1.4	-52.2
Appropriations		16.8	129.9
Tax on net profit for the year	12	-3.8	-13.7
Net profit for the year and comprehensive income for the year		14.4	64.0



PARENT COMPANY BALANCE SHEET

MSEK	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Fixed assets			
<i>Property, plant and equipment</i>			
Equipment, tools, fixtures and fittings		0.0	0.0
		0.0	0.0
<i>Financial assets</i>			
Shares in Group companies	15, 16	2,181.2	1,515.3
Total fixed assets		2,181.2	1,515.3
Current assets			
Receivables from Group companies	22	1,084.8	624.4
Other receivables		16.3	5.6
Prepaid expenses and accrued income		2.8	0.1
Total current assets		1,103.9	630.1
Cash and bank balances		0.0	228.3
TOTAL ASSETS		3,285.1	2,373.6
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	23	0.7	0.7
		0.7	0.7
<i>Unrestricted equity</i>			
Retained earnings		64.3	0.3
Share premium reserve		1,966.5	1,866.6
Net profit for the year		14.4	64.0
Total unrestricted equity		2,045.2	1,930.9
Total equity		2,045.9	1,931.6
Untaxed reserves			
Tax allocation reserve		27.5	21.4
Total untaxed reserves		27.5	21.4

PARENT COMPANY BALANCE SHEET CONT.

MSEK	Note	31 Dec 2021	31 Dec 2020
Provisions			
Deferred tax		0.0	0.0
Total provisions		0.0	0.0
Non-current liabilities			
Non-current liabilities	25	348.8	117.7
Total non-current liabilities		348.8	117.7
Current liabilities			
Overdraft facility	26	268.6	0.0
Liabilities to Group companies		484.6	189.3
Accounts payable	26	3.1	22.2
Tax liabilities	27	4.5	13.7
Other liabilities	27	97.0	76.6
Accrued liabilities	29	5.1	1.2
Total non-current liabilities		862.9	303.0
TOTAL EQUITY AND LIABILITIES		3,285.1	2,373.6





PARENT COMPANY ACCOUNTS

PARENT COMPANY CHANGE IN EQUITY

Parent Company, MSEK	Share capital	Share premium reserve	Statutory reserve	Retained earnings	Net profit for the year	Total
Opening balance, 1 January 2021	0.7	1,866.6	0.0	0.3	64.0	1,931.6
Appropriation of profit, approved by Annual General Meeting	0.0	0.0	0.0	64.0	-64.0	0.0
New share issue, acquisition of operations, Headup GmbH	0.0	25.3	0.0	0.0	0.0	25.3
New share issue, acquisition of operations, Stage Clear Studios, SL	0.0	4.1	0.0	0.0	0.0	4.1
New share issue, acquisition of operations, Robot Teddy Ltd	0.0	35.5	0.0	0.0	0.0	35.5
New share issue, acquisition of operations, Early Morning Studio AB	0.0	35.0	0.0	0.0	0.0	35.0
Total other comprehensive income for the year	0.0	0.0	0.0	0.0	14.4	14.4
Closing balance, 31 December 2021	0.7	1,966.5	0.0	64.3	14.4	2,045.9

Parent Company, MSEK	Share capital	Share premium reserve	Statutory reserve	Retained earnings	Net profit for the year	Total
Opening balance, 1 January 2020	0.5	989.5	0.0	0.0	-0.3	989.7
Appropriation of profit, approved by Annual General Meeting	0.0	0.0	0.0	-0.3	0.3	0.0
New share issue, cash	0.0	7.0	0.0	0.6	0.0	7.6
New share issue, acquisition of operations, Coatsink Software Ltd	0.0	133.6	0.0	0.0	0.0	133.6
New share issue, IPO	0.2	749.8	0.0	0.0	0.0	750.0
IPO expenses, equity	0.0	-13.3	0.0	0.0	0.0	-13.3
Net profit for the year	0.0	0.0	0.0	0.0	64.0	64.0
Closing balance, 31 December 2020	0.7	1,866.6	0.0	0.3	64.0	1,931.6

PARENT COMPANY CASH FLOW STATEMENT

MSEK	Note	2021	2020
Operating activities			
Profit after financial items		1.4	-52.2
Adjustment for non-cash items			
Other adjustments	31	-13.3	-6.1
		-11.9	-58.3
Income tax paid		-13.0	0.0
Cash flow from operating activities before changes in working capital		-24.9	-58.3
Changes in working capital			
Change in receivables		-436.0	-404.3
Change in current liabilities		303.2	212.7
Cash flow from operating activities		-157.7	-249.9
Investing activities			
Acquisitions of subsidiaries	32, 34	-220.1	-190.7
Cash flow from investing activities		-220.1	-190.7
Financing activities			
Loan repayments		-119.1	-74.7
Change in bank overdraft facility		268.6	0.0
New share issue		0.0	743.7
Cash flow from financing activities		149.5	669.0
Cash flow for the year		-228.3	228.4
Cash and cash equivalents at beginning of year		228.3	0.0
Exchange rate difference in cash and cash equivalents		0.0	-0.1
Cash and cash equivalents at end of year		0.0	228.3



NOTES

NOTE 1 NATURE OF THE OPERATIONS

Thunderful Group, develops and publishes games, and distributes, for example, Nintendo products (games, game consoles and accessories), game accessories and toys. Thunderful Group's overriding objective is to provide high-quality game experiences

The Parent Company, Thunderful Group AB, corp. reg. no. 559230-0445 is a limited company registered in Sweden and domiciled in Gothenburg. The address of the head office is Kvarnbergsgatan 2, SE-411 05 Gothenburg, Sweden.

The Thunderful Group has two segments:

- Thunderful Games (Games)
- Thunderful Distribution (Distribution)

The companies that develop games are reported in the Games segment. The Groups of companies selling game-related products and toys are reported in the Distribution segment.

The Group's financial statements for the financial year that ended on 31 December 2021 (including comparative figures) were approved by the Board of Directors 28 March 2022 (see Note 42). It is not permissible to change the financial statements after they have been approved.

NOTE 2 ACCOUNTING POLICIES, ETC.

This section provides an overview of the bases used in preparing the financial statements. For information concerning the recognition of specific items, refer to the relevant note.

The terms Thunderful Group, Thunderful, the Group or the Company refer to, depending on the context, Thunderful Development AB corp. reg. no. 559139-0728 or to the Group that is constituted by Thunderful Group AB corp. reg. no. 559230-0445 and its subsidiaries. Due to rounding-off differences, totals presented in tables and running text do not always tally with the calculated sum of the separate sub-components. The ambition is that every sub-component will correspond to its original source, which is why rounding-off differences affect the total when all sub-components are aggregated.

Basis for preparing the accounts

The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, the Swedish Financial Reporting Board's standard RFR 1 – Supplementary Accounting Rules for Groups and International Financial Reporting Standards (IFRS) as adopted by the EU. The financial statements have been prepared based on the assumption that the Group conducts its operations according to the going concern principle. Preparing financial statements in accordance with IFRS requires certain key estimates for accounting purposes to be applied. It also requires that management make certain assessments when applying the Group's accounting principles. The areas including a high degree of assessment, which are complex, or those areas where assumptions and estimates are of significant importance for the consolidated accounts are stated in Note 3.

For the presentation of financial statements in the consolidated financial statements, Thunderful Group has chosen to apply the following voluntary exemptions in IFRS 1:

- IFRS 3 Business Combinations has not been applied retrospectively to business combinations that became effective prior to 1 January 2018, which was the date of transition to IFRS by Thunderful Group.
- When applying IFRS 16 Leases, Thunderful has assessed whether a contract existing on 1 January 2019 contained a lease on the basis of facts and circumstances existing at that date rather than when the lease was entered into.
- Right-of-use assets have been measured at their carrying amount as if the new accounting regulations had been applied since the commencement date and the lease liabilities had been measured at the present value of the remaining lease payments at transition.
- The Group has also applied the following practical expedients when implementing IFRS 16:
 - i. Direct acquisition costs have been excluded from the measurement of right-of-use assets at the date of transition.
 - ii. Historical information has been used in assessing the lease term for contracts containing options to extend or terminate the lease.

Consolidation principles applied

In the consolidated financial statements, the operations of the Parent Company and the subsidiaries are consolidated up to and including 31 December 2021. All subsidiaries have 31 December as their balance sheet date.

All intra-group transactions and balance sheet items are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. In cases where unrealised losses on intra-group sales of assets are reversed on consolidation, the need to test the underlying asset is also tested from a group perspective. Amounts reported for subsidiaries in the financial statements have been adjusted where necessary to ensure compliance with the Group's accounting principles.

Profit and other comprehensive income for subsidiaries acquired during the year are reported from the date of acquisition or date of divestment, as applicable.

Business acquisitions

The Group applies the acquisition method when reporting business acquisitions. The compensation transferred by the Group to obtain a controlling influence over a subsidiary is calculated as the sum of the fair values of the transferred assets, assumed liabilities and the equity instruments issued by the Group, as of the acquisition date, which includes the fair value of an asset or liability arising through an agreed contingent purchase consideration. Acquisition expenses are expensed as they are incurred. Acquired assets and assumed liabilities are valued at fair value at the time of acquisition.

Definition of group companies

The consolidated financial statements include Thunderful Development AB and all companies over which the Parent Company (Thunderful Group AB) has control, meaning the power to direct the activities, exposure to variable returns and the ability to utilise its power. Because the new group was formed in December 2019, this was considered to be a reverse acquisition and Thunderful Development AB is therefore considered the accounting Parent Company while Thunderful Group AB is the legal Parent Company. When the group ceases to have control or significant influence over an entity, any retained interest in the entity is remeasured at fair value, with the change in value recognised in the combined consolidated statement of comprehensive income. At the end of 2021, the Group consisted of 28 (23) companies.

The following applies to companies that were added or divested during the year:

- Companies that have been acquired are included in the combined statement of comprehensive income as of the date when Thunderful Group AB gained control.
- No companies have been divested.

Income tax

In the consolidated financial statements, tax is recognised based on the taxable earnings generated by the entities included in these financial statements.

Income tax comprises both current and deferred tax. Income tax is recognised in comprehensive income, unless the underlying item is reported directly in equity or other comprehensive income. For these items, the related income tax is also recognised directly in equity or other comprehensive income. A current tax liability or tax asset is recognised for the estimated taxes payable or refundable for the current year or prior years. Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities and their tax values and loss carry-forwards. Deferred tax assets are recognised only insofar as it is probable that future taxable profits will be available against which the deductible temporary differences and loss carry-forwards can be utilised.

In the recognition of income taxes, Thunderful Group offsets current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities in the balance sheet in cases where Thunderful Group has a legal right to offset these items and the intention to do so.

Deferred tax is not recognised for the following temporary differences: goodwill that is not deductible for tax purposes, for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and for differences related to investments in subsidiaries when it is probable that the temporary differences will not be reversed in the foreseeable future. Deferred tax is measured at the tax rate that is expected to be applied to the temporary differences when they are reversed, based on the tax laws that have been enacted or substantively enacted as per the balance-sheet date. An adjustment of deferred tax assets/tax liabilities due to a change in the tax rate is recognised in the combined statement of comprehensive income, unless it relates to a temporary difference recognised directly in equity or other comprehensive income, in which case the adjustment is also recognised in equity or other comprehensive income. The measurement of deferred tax assets involves judgements regarding the deductibility of costs not yet subject to taxation and estimates regarding sufficient future taxable income to enable utilisation of unused tax loss carry-forwards in different tax jurisdictions.

Changes in accounting policies and disclosures

New standards applied as of 1 January 2021

A number of new standards and amendments to standards and interpretations are effective for financial years beginning after 1 January 2021 and these have not been applied in preparing these consolidated financial statements.



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Standards, amendments and interpretations regarding existing standards and that have yet to come into effect and that are not applied prematurely by the Group

As of the date on which these consolidated financial statements were approved, certain new standards, amendments and interpretations of existing standards that have yet to come into effect have been published by the IASB. These have not been applied prematurely by the Group.

The Board of Directors and the President assume that all relevant statements will be included in the Group's accounting principles when the statement comes into effect. New standards, amendments and clarifications not applied are not expected to have a material impact on the consolidated financial statements.

Pension obligations

The Group applies defined contribution pension plans except in one case where, in addition to these pension plans, an extra pension obligation and associated plan assets amounting to SEK 0.2 million have been included in the financial statements based on the estimated commitments for one of the employees transferred to the Thunderful Group. A defined contribution pension plan is a pension plan under which the Group pays fixed contributions to a separate legal entity (pension insurance company). The Group has no legal or informal obligations to pay additional fees if this legal entity does not have sufficient assets to pay all employee benefits related to the employees' service during the current or previous periods.

Translation of foreign currencies

Foreign currency transactions have been translated into the functional currency using the transaction-date exchange rate.

Financial assets and liabilities denominated in foreign currencies have been measured at the exchange rate prevailing on the balance-sheet date, and any exchange-rate differences are included in net profit for the year.

The financial statements are presented in Swedish krona (SEK), which is Thunderful Group AB's functional currency and the Group's presentation currency in accordance to IAS 21.

The balance sheets of foreign subsidiaries have been translated to SEK at the exchange rate applicable on the balance-sheet date. The statements of comprehensive income have been translated at the average exchange rate for the year.

Parent Company accounting policies

The Parent Company's annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation RFR 2. RFR 2 stipulates that in its Annual Report the Parent Company is

to apply International Financial Reporting Standards (IFRS) as adopted by the EU as far as this is possible within the scope of the Swedish Annual Accounts Act, and taking into account the relationship between accounting and taxation. The recommendation states the exceptions and additions to IFRS that are required.

The Parent Company applies the same policies as presented in Note 2 of the consolidated financial statements, subject to the exceptions stated below. The principles have been applied for all periods of time specified in the Parent Company's annual accounts.

Shares in subsidiaries

In the Parent Company, shares in subsidiaries are accounted for using the cost method less any impairment. Cost includes acquisition-related costs and any earn-outs.

Income tax

In the Parent Company, due to the connection between accounting and taxation, the deferred tax liability on untaxed reserves is reported as part of the untaxed reserves.

NOTE 3 ESTIMATES AND ASSESSMENTS

Use of estimated values

When preparing the consolidated financial statements in accordance with IFRS, management has used a number of estimates and assumptions in the recognition of assets and liabilities and in disclosures concerning contingent assets and liabilities. Actual outcomes using other assumptions and under other circumstances could differ from these estimates. Below, Thunderful Group has summarised the accounting policies that require more comprehensive subjective judgements on the part of management in respect of assumptions or estimates regarding matters that are inherently difficult to assess.

Revenue recognition

The Group's revenue recognition is combined with important estimates and assessments regarding when revenue is reported over time. Revenue recognition from ongoing projects is based on assessments of the outcome of ongoing projects.

Games are sold to end users through platform owners such as Valve, Epic, Nintendo, Sony and Microsoft. Assessments are then made regarding revenue, as reports from platform owners may be received up to 90 days after the end of the year.

These assessments are based on historical data and preliminary reports. Estimates deviating from those of management may result in a different outcome for the operations and a different financial position.

Capitalisation of game development expenses

The distribution between the research and development phases in new software development projects and determination whether the requirements for capitalisation of game development expenses are met require assessments. After capitalisation, Group Management monitors whether the accounting requirements for development costs continue to be met and whether there are indications that the capitalised expenses may be subject to a decrease in value.

The Group holds capitalised intangible fixed assets that have not yet been completed. These must be tested for impairment every quarter or when there is any indication of impairment. To be able to do this, an estimate must be made of future cash flows attributable to the asset or the cash-generating unit to which the asset is to be attributed when it is completed. An appropriate discount rate must also be determined in order to be able to discount these calculated cash flows.

Uncertainty in the estimate

Below is information on estimates and assumptions that have the most significant effect on accounting and measurement of assets, liabilities, income and expenses. The outcome of these may deviate significantly.

Contingent purchase considerations for nine acquisitions

The contingent purchase considerations attached to the acquisitions of Guiding Rules Games AB (Dec '19), Coatsink Software Ltd (Oct '20), acquisition of the assets of Station Interactive AB (Nov '20), Headup GmbH (Mar '21), acquisition of the assets of Tussilago AB (May '21), To The Sky AB (Aug '21), Stage Clear Studios, SL (Sep '21), Robot Teddy Ltd (Oct '21) and Early Morning Studio AB (Nov '21) have been valued on the basis of the acquired company's forecast profit over a period of between two and six years. If income and expenses deviate from the forecast, the additional purchase price may need to be revalued with the effect taken over the income statement.

Impairment of assets and useful life

Assets, including goodwill, publishing and distribution relationships, game rights customer relationships and other intangible assets are impairment tested annually for each cash-generating unit when events or changes indicate that the carrying amount of an asset may not be recoverable.

An asset whose value has declined is impaired to its value in use by applying a present value calculation of cash flows based on expected future outcomes. Differences in the estimation of expected future outcomes and the discount rates used could have resulted in different asset measurements.

The annual impairment testing of goodwill and other intangible assets with indefinite useful lives, including sensitivity analyses performed, did not indicate any need for impairment. Values assigned to publishing and distribution relationships are amortised on a straight-line basis over a period of ten years, as long-term collaborations with contracts renewed on an ongoing basis justify a longer amortisation period. See Note 13 for more information.

The value according to the balance sheet on 31 December 2021 was SEK 297.3 million for publication and distribution relationships, SEK 728.0 million for goodwill, SEK 296.0 million for game rights, SEK 120.0 million for customer relationships and SEK 24.2 million for other intangible assets.

Property, plant and equipment

Items of property, plant and equipment are depreciated on a straight-line basis over their expected useful life. The useful life of property, plant and equipment is estimated at 50 years for buildings. For inventories, technical installations and other equipment, it is estimated at 5 years. Management regularly reassesses the useful lives of all assets of significant importance. The value of property, plant and equipment according to the balance sheet on 31 December 2021 was SEK 15.4 million.

Leases

Accounting for leases requires the use of a number of different judgements, of which determining the discount rate and the lease term have been assessed as the most critical ones. The applied discount rates are established centrally and comprise the Group's calculated incremental borrowing rate for each entity determined by country, currency and contract duration. The model for determining the incremental borrowing rate is revised at least annually or when objective evidence indicates a need for revision in order to maintain the validity of the model. The lease term is determined based on the information available in the lease and other relevant facts and circumstances as per management's judgement. The lease term includes extension or termination options should such options meet the threshold for reasonable certainty. There may not always be specific clauses on e.g. termination, cancellation or renewal of a lease. In such cases, assessments are made based on the information available in the lease together with management's judgement of relevant circumstances. On 31 December 2021, the carrying amount of right-of-use assets was SEK 114.6 million (19.9) and total lease liabilities amounted to SEK 111.7 (19.2) million.

Of the carrying amount, the main value refers to the right-of-use assets attributable to leases for premises that have different types of extension and termination options. Changes in assessments of whether or not it is reasonably certain that such options will be exercised could have a significant impact on the carrying amounts for right-of-use assets and lease liabilities recognised under IFRS 16. As of 31 December 2021, this amount was, however, insignificant.

Deferred tax

In the preparation of the consolidated financial statements, Thunderful Group estimates the income taxes in each of the tax jurisdictions in which the Group operates as well as deferred taxes based on temporary differences. Deferred tax assets relating to loss carry-forwards and temporary differences are recognised in those cases when future taxable income is expected to permit the recovery of those tax assets. Changes in assumptions about future forecast taxable income and changes in tax rates could result in significant differences in the measurement of deferred taxes. On 31 December 2021, the Group recognised deferred tax



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assets of SEK 1.3 million (1.1), primarily pertaining to deferred tax on eliminated inter-company gains on inventories and deferred tax liabilities of SEK 156.9 million (114.3) pertaining mainly to the value of distribution relationships, game rights and customer relationships.

Current tax

Thunderful Group has no provisions for uncertain outcomes regarding tax audits and no tax proceedings are ongoing as of today.

Accounts receivable

Receivables are recognised net after provisions for expected credit losses. The net value reflects the amounts that are expected to be collected, based on circumstances known at the balance sheet date. Changes in circumstances such as higher than expected defaults or changes in the financial situation of a significant customer could lead to significant deviations in the measurement. On 31 December 2021, accounts receivable, net of provisions for expected credit losses, amounted to SEK 866.6 million (619.4). SEK 0.5 million was reserved for any expected credit losses and a customer loss of SEK 0.5 million was confirmed during the year.

Warranties

As is customary in the industry in which Thunderful Group operates, some of the products sold are covered by an original warranty, which is included in the price and which extends for a pre-determined period. Provisions for warranties are estimated based on historical data regarding service rates, cost of repairs and similar. On 31 December 2021, Thunderful Group's provision for warranty commitments amounted to SEK 2.0 million (2.6).

Disputes

Thunderful Group may become involved in disputes in the normal course of its business operations. Disputes may concern, for example, product liability, alleged defects in deliveries of goods and services, patent rights and other rights and other issues involving rights and obligations related to Thunderful Group's operations. Such disputes may prove to be costly and time consuming, and could disrupt normal operations. Moreover, the outcome of complex disputes can be difficult to foresee. It cannot be ruled out that a disadvantageous outcome of a dispute could prove to have an adverse impact on the Group's earnings and financial position. There were no material disputes on the date of issuance of this Annual Report.

Calculation of expected credit losses

When measuring expected credit losses, the Group uses forward-looking information, to the extent reasonable with improved forecast quality, which is based on assumptions regarding various future market effects and how these will impact one another.

Capitalised expenditure for computer game development

If an intangible asset is generated internally, it is classified either in a research phase or in a development phase. When the development phase is reached, the Group recognises the expenses generated as intangible assets. The intangible asset due to development is only capitalised if the criteria described under Capitalised development expenditure below are met. Expenditure for maintenance of software is expensed as it arises. Development expenses that are directly related to the development and testing of identifiable and unique software (game-development projects) that are controlled by the Group are recognised as capitalised development expenditure when the following criteria are met:

- technical feasibility to complete the asset for use or sale has been achieved,
- the Company intends to complement and use or sell the asset,
- the Company has the capacity to use or sell the asset,
- the Company understands that the asset will probably generate future economic benefits,
- technical, financial and other resources are available to complete the development of the asset,
- the Company has the capacity to reliably measure the expenses.

Normally, the development process is not initiated until the above criteria are met, which means that capitalisation in most cases begins at the start date.

Directly related expenses that are capitalised mainly consist of expenses for employees, external subcontractors and user testing. Intangible assets are recognised at cost less accumulated amortisation and impairment. The cost of an internally generated intangible asset is the sum of the expenses that arise from the date when the intangible asset first meets the above capitalisation criteria.

As of 2019, Thunderful, in accordance with industry practices changed the accounting estimate for the useful life from five-year straight-line amortisation to amortisation over two years from release with the following division: 1/3 amortisation during months 1 to 3 following release, 1/3 amortisation during months 4 to 12 following release and the remaining 1/3 during months 13 to 24 following release. Ongoing projects are not amortised but are impairment tested annually.

Publishing licences

Publishing licences are recognised at cost less straight-line accumulated depreciation and any impairment. Publishing licenses for are written off degressively over two years following release, 1/3 depreciation over months 1 to 3 after release, 1/3 depreciation over months 4 to 12 following release and the remaining 1/3 over months 13 to 24 following release. Ongoing projects are not amortised but are impairment tested annually.

All expenses that arise during the research phase are expensed as they are incurred. All expenses incurred during the development phase are capitalised when the following conditions are met; the Company's intention is to complete the intangible asset and to use or sell it and the Company has the conditions to use or sell the asset, it is technically possible for the Company to complete the intangible asset so that it can be used or sold and there are adequate technical, financial and other resources to complete the development and to use or sell the asset, it is probable that the intangible asset will generate future economic benefits and the Company can reliably calculate the expenses attributable to the asset during its development.

Intangible assets

Property, plant and equipment are recognised at historical cost less straight-line accumulated depreciation and any impairment. Goodwill is not subject to depreciation, as it is considered to have an unlimited economic life and is tested for impairment quarterly. In other respects, depreciation is calculated in accordance with the straight-line method and is based on the following expected useful lives:

IT systems	5 years
Publishing and distribution relationships	10 years
Game rights	2-9 years
Customer relationships	6-9 years
Other intangible assets	from 5 years and until perpetuity

Property, plant and equipment

Property, plant and equipment are recognised at historical cost less straight-line accumulated depreciation and any impairment. Land is not subject to depreciation, as it is considered to have an unlimited economic life. In other respects, depreciation is calculated in accordance with the straight-line method and is based on the following expected useful lives:

Right-of-use asset	Over each contract period
Buildings	50 years
Equipment and other technical facilities	5 years

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost includes all expenditure that is directly attributable to the purchase. Net realisable value is the estimated selling price in operating activities reduced by any applicable selling expenses. Obsolescence deductions are taken into account.

Cash and cash equivalents

Cash and cash equivalents are defined as cash and disposable balances with banks and corresponding institutions together with other current liquid investments that mature within 90 days of the acquisition date and can easily be converted into known amounts of cash and are subject to only an insignificant risk of value fluctuations. The Group applies a joint cash pool for the majority of the Group's companies

Equity

Share capital represents the nominal value (quotient value) of issued shares.

Other equity including net profit for the year contains all equity for the Group that is not share capital, including the share premium reserve, which contains potential premiums received in connection with the new issue of share capital. Any transaction expenses that are related to new issues of shares are deducted from the contributed capital, taking into account any income tax effects.

Operating expenses

Operating expenses are recognised in profit or loss when the service has been utilised or when the event has occurred. Warranty expenses are recognised when the Group enters into an obligation, which normally occurs when the product is sold.

NOTE 4 SEGMENT REPORTING

The Group has two segments:

- Thunderful Games ("Games")
- Thunderful Distribution ("Distribution")

Thunderful Games

Thunderful Games develops, publishes and invests in games.

The business segment comprises three divisions:

- Thunderful Studios, with game development teams from formerly independent game studios, such as Image & Form, Zoink, The Station and Coatsink. The development strategy builds on high-quality, content-rich games developed in-house for PCs, consoles and mobile devices.
- Thunderful Publishing, with publishing teams in several European countries integrated into a common organisation and conducting publishing activities under one single brand. The division publishes games developed both within the Group and externally.
- Thunderful Investment, focused on investing in external game development projects. The purpose is to broaden the catchment area for good games and game studios, as well as offering synergies in the form of development support, publishing services and acquisitions.

Thunderful Distribution

Thunderful Distribution operates in the distribution and sale of, among other things, Nintendo products, games, game accessories and toys. The business segment includes distributors Bergsala, Amo Toys and Nordic Game Supply. Bergsala has distributed Nintendo's products in Sweden since 1981. Amo Toys and Nordic Game Supply are Nordic distributors of games, game accessories, merchandise and toys. Brands distributed by Nordic Game Supply and Amo Toys include Rockstar, 2K Games, Razer, Thrustmaster, PowerA, Hori, L.O.L., BabyBorn, Little Tikes, GeoMag and Intex.



NOTES

Other

Costs that cannot be directly attributed to either of the two segments are recognised under Other. Examples of costs are transaction-related acquisition costs, certain Group Management functions and costs related to being a listed company.

Segment reporting

The companies that develop games are reported in the Games segment, these are: Thunderful Development AB, Image & Form International AB, Zoink AB, Coatsink Software Ltd, Guiding Rules Games AB, Stage Clear Studios, SL, Early Morning Studio AB and Thunderful Animation AB.

The companies that publish games are also reported in the Games segment, these are: Thunderful Publishing AB, Headup GmbH and Rising Star Games Ltd.

The company that invests in games is also reported in the Games segment: Robot Teddy Ltd.

The Groups of companies selling game-related products and toys are reported in the Distribution segment, these are: Bergsala, Amo Toys and Nordic Game Supply, as well as their joint management company Thunderful Solutions. The foreign subsidiaries of the distribution companies are located in Denmark, Norway, Finland, Germany and Hong Kong.

The segments are monitored regularly by the CEO.

The segments are responsible for operating profit before interest, tax and PPA-related depreciation (EBITA), while net assets, net financial items and taxes, as well as net debt and equity are not reported by segment. The segments' operating profit is consolidated in accordance with the same principles as for the Group.

MSEK	2021	2020
Thunderful Games	418.5	184.1
Thunderful Distribution	2,855.3	2,898.2
Other	0.0	0.0
Operating income	3,273.8	3,082.3

MSEK	2021	2020
Thunderful Games	99.2	48.5
Thunderful Distribution	137.4	190.4
Other	-27.8	-24.0
Operating profit	208.8	214.9
Operating margin, %		
Thunderful Games	23.7%	26.3%
Thunderful Distribution	4.8%	6.6%
Thunderful Group	6.4%	7.0%

NOTE 5 REVENUE RECOGNITION

Revenue types and flows

Thunderful Group's revenue derives in part from computer games (Games; publisher, developer or holder of game rights) and in part from distribution/sales of Nintendo products, video and computer games and toys (Distribution).

Games

Depending on whether a party is a publisher, developer or holds the rights on which the game is based, different parts of the gross revenue are received from the customer. For each agreement that the Group enters into as a party, an analysis is made of the role and what it entails in terms of accounting as principal or agent in the revenue stream.

When Thunderful acts as a publisher and investor for other game studios outside the Group, revenue from the game is distributed from the time it is released depending on the specific agreement between Thunderful and the external game studio. Depending on the weighting in the agreement, Thunderful will receive most of its investment after release before the external game studio receives its share. For Thunderful Publishing, agreed and paid instalments to a developer are considered prepaid and are subject to refund in accordance with the terms of the revenue sharing agreement after the game has been released.

With its own developed games and thus game rights, the earnings from sales derives primarily from digital platform operators such as Valve (Steam), Sony or Microsoft. In these cases, the payment streams from customers go via the platform operator who pays any VAT and charges its fee, usually 20-30% after deducting VAT, before the money reaches Thunderful. The platform operator is considered a customer of Thunderful, which means that revenue is recognised net, after the fee to the platform operator. Sold games are recognised as income during the period when the sale occurred.

Contract developers refers to when Thunderful develops a game for a publisher independent of Thunderful. An assignment usually entails two payment components from the issuer to Thunderful. One is based on the workforce involved in building the game, and the other is sales-based royalty. Thunderful's development for an independent publisher is considered a clear performance obligation that is met over time. The work of Thunderful in these types of projects is usually constant or nearly constant throughout the lifetime of the project. Revenue related to development is recognised in accordance with an input method, which means that the revenue is recognised straight-line since the effort is constant throughout the project's lifetime. Royalty is recognised during the period on which the calculation of royalties is based, in accordance with the guidelines for sales-based royalties in IFRS 15. The royalty amount recognised matches what is documented in a royalty reconciliation published by the issuer.

Development assignments on behalf of others are recognised as income during the period when consumed resources and agreed milestones (reconciliation times) were approved and paid for by the customer without risk of complaint and potential repayment.

Distribution

Revenue from the sale of game consoles, games, accessories and toys is recognised as revenue at a certain time, i.e. when the Group transfers control of the assets to the customer (reseller). In practice, the transfer of control, and thus revenue recognition, normally depends on the terms of delivery.

There are no variable considerations. Specific retail bonuses are available but only as a fixed bonus based on the selling price. The Group provides a product warranty in accordance with the terms and conditions for this warranty. Resellers and customers can return the product for repair or replacement if it does not work in accordance with the specification. These warranties are recognised in accordance with IAS 37.

Transaction price – volume discounts

The products are occasionally sold with volume discounts based on aggregate sales over a specific time period, normally 3–12 months. Revenue from these sales is recognised based on the price specified in the contract, less the estimated volume discounts. Accumulated experience is used to estimate and recognise the discounts using either the expected value method or an assessment of the most likely amount. Revenue is only recognised insofar as it is highly probable that a significant reversal will not occur. Contract liabilities are recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. The calculated volume discount is revised on each reporting date.

Receivables, contract assets and contract liabilities

A receivable is recognised when control of the products has been transferred as this is the point in time when the consideration is unconditional because only the passage of time is required before the payment is due. If consideration is conditional on further performance, a contract asset is recognised. If the Group receives an advance from a customer, a contract liability is recognised.

Payments from customers

Payment terms are based on local market conditions. The Group has no significant financing component included in the terms of payment.

Warranties

The most common warranty obligation for Thunderful is to replace a faulty component under legal and general practice. In those cases, the warranty obligation is recognised as a provision.

Freight charges

Freight charges may be included in the price of the product sold based on the contractual terms and conditions and revenue is recognised at the same time as revenue from the product sale.

Distribution of income

Thunderful Group's Distribution segment sells its products primarily in the Nordic countries. Geography is assessed to be an important attribute in the breakdown of revenue from Thunderful Group's Distribution segment.

Distribution of net revenue by country for the Distribution segment

Country	Group	
	2021	2020
Sweden	1,534.9	1,628.0
Norway	224.0	201.7
Finland	258.3	136.7
Denmark	556.6	711.6
Others	213.0	213.6
Total	2,786.8	2,891.6

Individual customers with more than a 10-percent share of consolidated net sales

Customer	2021		2020	
	Net sales	Share of total net sales	Net sales	Share of total net sales
Customer 1	646.4	20.6%	643.2	21.1%
Customer 2	n.a.	n.a.	460.9	15.1%
Total	646.4	20.6%	1,104.1	36.2%

Distribution of net sales after reporting over time

Category	2021		2020	
	Games	Distribution	Games	Distribution
Goods and services transferred at a certain time	225.6	2,786.8	80.6	2,891.6
Services transferred over time	128.4	0.0	75.6	0.0
Total	354.0	2,786.8	156.2	2,891.6

Total amounts for transaction prices regarding performance commitments from existing agreements that are wholly or partly unfulfilled as of 31 December 2021

Category	2022	2023
Expected revenues unfulfilled performance commitments	79.6	4.1



NOTES

NOTE 6 OPERATING EXPENSES

Cost of goods sold and other items

Goods for resale sold includes expenses for the acquisition of the goods, production warranties, environmental fees, warehousing and transport, exchange-rate differences on accounts payable and the effects of currency hedging and purchased games development services (which are presented separately below). Other costs are divided into external expenses, personnel expenses and depreciation.

MSEK	Group		Parent Company	
	2021	2020	2021	2020
Expenses for merchandise and royalties	-2,317.5	-2,389.1	0.0	0.0
Other external expenses	-328.1	-264.1	-16.2	-13.0
- of which, marketing expenses	-128.5	-123.8	0.0	0.0
- of which, acquisition-related non-recurring expenses	-10.3	-14.7	0.0	0.0
- of which other non-recurring expenses	-10.4	0.0	0.0	0.0
Personnel expenses	-238.7	-140.1	-9.7	-4.2
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	-127.0	-61.8	0.0	0.0
- of which, PPA-related amortisation	-69.3	-41.8	0.0	0.0
Other operating expenses	-53.7	-12.4	-1.7	0.0
Total operating expenses	-3,065.0	-2,867.5	-27.6	-17.2

NOTE 7 FEES TO AUDITORS

At the 2021 Annual General Meeting, Grant Thornton was elected auditor for the period up until the 2022 Annual General Meeting.

	31 Dec 2021	31 Dec 2020
Audit assignment	3.7	2.7
Other assignments	0.3	0.0
Tax advice	0.1	0.5
<i>Other auditing firms</i>		
Audit assignment	1.5	1.6
Other assignments	1.4	1.7

NOTE 8 AVERAGE NUMBER OF EMPLOYEES / SALARIES ETC

Average number of employees	2021		2020	
	Women	Total	Women	Total
<i>Parent Company</i>				
Sweden	0	4	0	3
	0	4	0	3
<i>Subsidiary</i>				
Sweden	43	193	40	169
Germany	4	17	0	0
Spain	9	10	0	0
Norway	2	8	3	9
Finland	7	13	7	12
Denmark	7	26	7	24
UK	24	93	7	27
International/Other	0	0	1	4
	96	360	65	245
Group total	96	364	65	248

Salaries and other remuneration	Group		Parent Company	
	2021	2020	2021	2020
Board of Directors and CEO	5.8	8.3	5.8	0.6
Other employees	212.5	201.2	6.3	2.3
	215.4	209.5	9.2	2.9
<i>Social security expenses</i>				
Pension expenses for the Board of Directors and the CEO	0.1	0.8	0.1	0.1
Pension expenses other employees	11.9	7.5	0.3	0.3
Other social security expenses	40.8	33.5	2.0	0.9
	52.8	41.8	2.4	1.3

Gender distribution among senior executives	Group		Parent Company	
	2021	2020	2021	2020
Proportion of women on the Board of Directors	4%	13%	20%	20%
Proportion of men on the Board of Directors	96%	87%	80%	80%
Proportion of women among other senior executives	0%	0%	0%	0%
Proportion of men among other senior executives	100%	100%	100%	100%

The information refers to the situation on the balance sheet date.

Remuneration guidelines for Group Management

Remuneration to Group Management has been paid in monthly salary, as well as through other taxable benefits such as a company car benefit.

NOTE 9 LEASES

The Group has office premises, vehicles and certain items of office equipment that are recognised in accordance with IFRS 16 Leases. The average lease term for office and warehouse premises is 5–10 years and the average lease term for vehicles is 3 years.

Balance sheet	Group	
	31 Dec 2021	31 Dec 2020
Right-of-use assets, cost	135.4	30.7
Right-of-use assets, acc. depreciation/amortisation	-20.8	-10.7
Right-of-use assets, carrying amount	114.6	19.9
Deferred tax assets	0.1	0.1
Interim receivables	-3.4	-0.9
Total assets	111.3	19.1
Current lease liabilities	20.5	5.8
Non-current lease liabilities	91.2	13.4
Retained earnings	-0.2	-0.2
Net profit for the year	-0.2	0.0
Total liabilities and equity	111.3	19.1
Income statement		
Lease expenses	18.1	7.0
Interest expenses	-1.2	-0.3
Depreciation	-17.1	-6.7
Deferred tax	0.0	0.0
Net loss for the year	-0.2	0.0

Cost	Group	
	31 Dec 2021	31 Dec 2020
Opening balance	30.9	10.4
Acquisitions for the year	113.8	24.6
Disposals for the year	-8.8	-3.9
Indexation	0.2	0.2
Revaluation	-0.2	0.0
Exchange rate differences, net	-0.5	-0.6
Closing balance	135.4	30.7
Accumulated depreciation/amortisation		
Opening balance	-10.2	-3.2
Depreciation/amortisation for the year	-17.0	-6.7
Disposals for the year	6.5	0.0
Exchange rate differences, net	-0.1	-0.8
Closing balance	-20.8	-10.7
Carrying amount	114.6	19.9

Right-of-use assets	Number of right-of-use assets	Interval remaining term (months)	Average remaining (months)	Number of leases with extension options	Number of leases with buy option	Number of leases with indexed variable fees	Number of leases with cancellation options
Office premises	15	1–114	28	28	0	15	15
Cars	34	1–36	19	19	18	0	30
Production equipment and forklifts	9	30–35	32	9	9	0	9
Current leases office premises	1	3	3	1	0	0	1
Current leases cars	1	4	4	1	0	0	1

The Group has office premises, vehicles and certain items of office equipment that are recognised in accordance with IFRS 16 Leases. The average lease term for office and warehouse premises is 5–10 years and the average lease term for vehicles and production equipment is 3–5 years.

An agreement is, or contains, a lease if the agreement transfers the right to determine the use of an identified asset for a certain period in exchange for compensation. Such an assessment is made when an agreement is entered into. The Group further classifies an identified lease as a current lease, as a lease of a low-value asset or as a standard lease. Current leases are defined as leases with a lease term of 12 months or less. The Group's definition of a low-value asset includes all personal computers, laptops,

telephones, office equipment and furniture, as well as all other assets with a value (when new) of less than SEK 50,000. Lease fees relating to current leases and leases of low-value assets are reported as operating expenses on a straight-line basis over the lease term. The Group applies the term "standard lease" to all identified leases that are categorised neither as current leases nor as leases of low-value assets.

Accordingly, a standard lease is a lease for which a right-of-use asset and a corresponding lease liability are recognised at the beginning of the lease, that is, when the underlying asset is made available for use. The Group's lease assets, in the form of right-of-use assets, as well as non-current and current lease liabilities are presented as separate items in the consolidated balance sheet.



NOTES

The assets and liabilities arising from leases are initially valued on the basis of a calculation of their present value. The lease liability is determined as the present value of all future lease fees on the commencement date, discounted applying the Group's calculated marginal loan rate, which is set per country and contract period (>12-36 months, >37-72 months and >72 months).

The following lease payments are included in the measurement of a lease liability:

- fixed fees, following deduction of any benefits in connection with the signing of the lease,
- variable lease fees that depend on an index or a price, initially measured using an index or price on the initial date,
- amounts expected to be paid by lessees in accordance with residual value guarantees,
- penalties payable on termination of the lease, if the lease term reflects that the possibility of terminating the lease agreement will be exercised.

Variable lease fees that do not depend on an index or a price (including property tax) are not included in the measurement of the lease liability. Attributable variable lease payments are reported on an ongoing basis in the consolidated statement of comprehensive income.

Subsequent measurement of the lease liability is made by reducing the carrying amount to reflect lease fees paid and increase the carrying amount to reflect the interest rate on the lease liability in accordance with the effective interest method.

A right-of-use asset is initially valued at cost, which includes the total lease liability originally valued at, lease payments paid at or before the commencement date, after deduction of any benefits in connection with the signing of the lease, any initial direct expenses, and costs for restoration (unless these costs arises in connection with the production of goods) with a corresponding commitment reported and valued as a provision in accordance with IAS 37. Subsequent measurement of the right-of-use asset is made at cost less accumulated depreciation, any impairment, as well as any effects from the revaluation of the lease liability. Revaluation of the lease liability, and the corresponding applicable adjustment of the right-of-use asset, is made when:

- the lease period changes or the assessment of an option to buy changes, the lease liability is then revalued by discounting the changed lease fees with a changed discount rate,
- lease fees change due to changes in an index or price or when the amounts expected to be paid out under a residual value guarantee change, the lease liability is then revalued by discounting the changed lease fees with an unchanged discount rate (unless the changes in the lease fees are a result of a variable interest rate, in which case a changed discount rate is used),
- the lease is changed, and the change is not reported as a separate lease, the lease liability is revalued by discounting the changed lease fees with a changed discount rate.

A right-of-use is normally amortised on a straight-line basis over the shorter of the asset's useful life and lease period. However, if it is deemed reasonably certain that the ownership of the underlying asset will be transferred at the end of the lease period, the asset is depreciated over the useful life. Depreciation of the right begins from the commencement date. Impairment of the benefit the right is determined and reported in accordance with IAS 36.

Lease fees paid regarding standard leases are reported partly as repayment of the lease debt and partly as interest expense in the Group's statement of comprehensive income.

Lease components are distinguished from non-lease components for leases regarding buildings (office premises, warehouses, etc). For leases regarding other types of assets (machinery, vehicles, etc.), lease components and any non-lease components are reported as a single lease component.

In determining the lease period, the possibility of extension is included only if it is deemed reasonably safe to extend. Periods that follow after the possibility of termination are included in the lease period only if it is deemed reasonably certain that the lease will not be terminated. The lease period is reconsidered if a significant event should occur or if the circumstances should change in a significant way.

NOTE 10 DEPRECIATION/AMORTISATION AND IMPAIRMENT

	Group	
	2021	2020
Thunderful Games	-45.5	-14.0
Thunderful Distribution	-11.9	-5.9
Thunderful Other	-0.3	0.0
PPA-related amortisation	-69.3	-41.8
Total	-127.0	-61.8

Impairment in both segments amounted to SEK 0 (0) million.

NOTE 11 FINANCIAL INCOME AND FINANCIAL EXPENSES / OTHER INTEREST INCOME AND SIMILAR INCOME ITEMS AS WELL AS OTHER INTEREST EXPENSES AND SIMILAR INCOME ITEMS

	Group		Parent Company	
	2021	2020	2021	2020
Interest income	0.1	27.8	0.0	0.0
Intra-group interest income	0.0	0.0	64.3	17.2
Course differences, positive	3.7	85.5	1.8	56.9
Interest expenses	-6.2	-41.2	-2.3	-3.5
Intra-Group interest expenses	0.0	0.0	-52.1	-13.2
Exchange rate differences, negative	-1.7	-80.9	-2.2	-69.8
Unrealised exchange rate differences, net	-35.9	0.0	13.4	0.0
Other financial items, IPO	0.0	-32.6	0.0	-32.6
Total	-39.9	-41.4	22.9	-45.0

NOTE 12 TAX

	Group		Parent Company	
	2021	2020	2021	2020
Current tax	-49.1	-41.5	-3.8	-13.7
Deferred tax	12.4	5.5	0	0
Tax included in net profit for the year	-36.7	-36.0	-3.8	-13.7

Capitalised deductible temporary differences

As of 31 December 2021, the Group had no loss carryforwards or other deductible temporary differences that were taken into account in the calculation of deferred tax assets. The Company analyses and assesses each case of non-capitalised items separately and makes active decisions about the situations in which deferred tax assets on temporary differences should be capitalised. The Group does not normally report deferred tax assets on temporary differences in situations where it is considered that opportunities to utilise these are limited.

NOTE 13 INTANGIBLE ASSETS

IT systems

Refers to the development and adaptation of business systems and an e-commerce platform and is amortised on a straight-line basis over 5 years.

Capitalised expenditure for computer game development

Consists of capitalised expenses of SEK 122.7 million for computer game development and depreciated over two years after release, 1/3 depreciation during month 1 to 3 after release, 1/3 depreciation in month 4 to 12 after release and the remaining 1/3 in month 13 to 24 after release. Ongoing projects are not depreciated but are tested for impairment in the event of any indication of impairment and at each quarter. No impairment was recognised in 2021.

Publishing licenses

Consists of publishing licenses for SEK 57.5 million within one of the Group publishing activities and is written off degressively over two years after release, 1/3 depreciation during months 1 to 3 after release, 1/3 depreciation in months 4 to 12 after release and the remaining 1/3 in month 13 to 24 after release. Ongoing projects are not depreciated but are tested for impairment in the event of any indication of impairment and at each quarter. No impairment was recognised in 2021.

Publishing and distribution relationships

In connection with the merger in December 2019, the various groups were valued at multiples that are normally used in comparable business events. The surplus value that then arose after elimination of equity is judged to consist in its entirety of the value of the very long business relationships that have existed within the Distribution companies with its suppliers, where the agreement with Nintendo lasted for 40 years and was renewed in 2022. There have also been long business relationships within the toy distribution that are expected to continue. As a result, the value of these distributor relationships was calculated at SEK 371.6 million as of 31 December 2019, which is depreciated on a straight-line basis over new period, which is estimated to be 10 years with reference to it here corresponding to the non-current relationship. The value as of 31 December 2021 amounts to SEK 297.3 million.

Game rights

Game rights include IP rights for games that are fully developed and under development as well as revenue rights for games that are fully developed and under development.

Game rights amount to SEK 296.0 million and are attributable to three acquisitions, two of which were completed in 2021. The depreciation period for the various components varies between 2-9 years where games under development is not written off until the game is fully developed.

IP right

Games developed internally where the Group company owns all IP rights to the game. For games under development, no depreciation takes place, but impairment tests are tested annually.



NOTES

Revenue rights

For some game titles developed by external game studios, the Group's companies receive a part of the game's net sales revenue. For games that are under development and have not yet been launched, there is no depreciation, but annual impairment tests are performed. No impairment was recognised in 2021.

Specification of depreciation period

IP rights, games:	5 years
IP rights, games under development:	No depreciation, commenced when the game is fully developed
Revenue rights, games:	9 years
Revenue rights, games under development:	No depreciation, begins when the game is fully developed
Revenue rights, contract:	2 years

Customer relationships

Customer relationships refer to non-current customer relationships primarily for the development of games on behalf of customers. Customers are generally large global companies operating in several different areas, including they provide game distribution platforms. Customers have on several occasions historically hired companies within Thunderful Group to develop games for the customer's game platform, in several cases the games have been exclusively distributed on the customer's game platform.

Customer relationships amount to SEK 120.0 million and are attributable to two acquisitions, one of which was completed in 2021. The depreciation period for the various components varies between 6–9 years.

Specification of depreciation period

Customer relations, revenue for game development:	6 years
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Other intangible assets

Other intangible assets include e.g. a trademark for a game studio with an indefinite economic life and a trademark for in-house developed games where the Group company has registered the games' trademark where the trademark can be used for future commercial activities. Trademarks for game titles are written off over 8 years and trademarks for game studios and similar companies are considered to have an indefinite period.

Specification of depreciation period

Brands, game studio:	Indeterminate
Brands, game titles:	8 years

Cost	Capitalised expenses for development work	Publishing and distribution relations
Opening balance, 1 January 2021	74.8	371.6
Internal development	85.8	0.0
Acquisitions of operations	6.0	0.0
Closing amortised cost, 31 December 2021	166.6	371.6
Opening depreciation/amortisation and impairment, 1 January 2021	-31.5	-37.2
Depreciation/amortisation and impairment for the year	-12.4	-37.2
Closing accumulated depreciation/amortisation and impairment, 31 December 2021	-43.9	-74.3
Closing carrying amount	122.7	297.3

Cost	IT systems	Publishing licenses
Opening balance, 1 January 2021	9.5	0.0
Reclassification	0.0	50.0
Acquisitions for the year	2.0	45.1
Closing amortised cost, 31 December 2021	11.5	95.1
Opening depreciation/amortisation and impairment, 1 January 2021	-6.2	0.0
Depreciation/amortisation from reclassification	0.0	-15.3
Depreciation/amortisation and impairment for the year	-1.7	-22.3
Closing accumulated depreciation/amortisation and impairment, 31 December 2021	-7.9	-37.6
Closing carrying amount	3.6	57.5

Cost	Customer relationships	
	Game rights	
Opening balance, 1 January 2021	0.0	0.0
Reclassification	143.1	46.8
Acquisitions of operations	166.4	78.0
Exchange rate difference through acquisitions of operations	-1.1	2.2
Closing amortised cost, 31 December 2021	308.4	127.0
Opening depreciation/amortisation and impairment, 1 January 2021	0.0	0.0
Depreciation/amortisation from reclassification	-4.8	-1.3
Depreciation/amortisation and impairment for the year	-7.6	-5.7
Closing accumulated depreciation/amortisation and impairment, 31 December 2021	-12.4	-7.0
Closing carrying amount	296.0	120.0

Cost	Other intangible assets
Opening balance, 1 January 2021	207.1
Reclassification	-189.9
Acquisitions of operations	4.9
Exchange rate difference through acquisitions of operations	3.2
Closing amortised cost, 31 December 2021	25.3
Opening depreciation/amortisation and impairment, 1 January 2021	-6.1
Depreciation/amortisation from reclassification	6.1
Depreciation/amortisation and impairment for the year	-1.1
Closing accumulated depreciation/amortisation and impairment, 31 December 2021	-1.1
Closing carrying amount	24.2

Goodwill

Goodwill is reported as an intangible fixed asset with an indefinite useful life at cost less accumulated impairment. As of 31 December 2021, goodwill amounted to SEK 728.0 million. All intangible fixed assets with an indefinite useful life are tested every quarter against the value not deviating negatively from the current book value and that there is no indication of impairment. Individual assets can be tested more often if there are indications of a decrease in value. In 2021, one of the subsidiaries has completed an asset acquisition of a business from a company outside the Group.

	Group	
	31 Dec 2021	31 Dec 2020
Opening cost	366.5	5.6
Acquisitions of assets for the year	0.3	14.0
Acquisitions of operations for the year	328.2	271.2
Recalculation	0.0	84.7
Exchange rate difference through acquisitions of operations	37.0	-9.0
Closing amortised cost	732.0	366.5
Opening impairment through non-cash issue	-4.0	-3.1
Impairment for the year	0.0	-0.9
Closing accumulated impairment	-4.0	-4.0
Closing carrying amount	728.0	362.5

Impairment testing of goodwill

In the quarterly impairment test, goodwill is allocated to the operating segments that are expected to benefit from the synergy effects from the business acquisitions where goodwill arises. Distribution is as follows, compared to its recoverable amount:

Goodwill per operating segment	Group	
	31 Dec 2021	31 Dec 2020
Games	728.0	362.5
Distribution	0.0	0.0
Total	728.0	362.5

The recoverable amount for each segment, defined as cash-generating units, is determined based on the discounted cash flow without taking potential future expansion of the operations or future restructuring into account. A comprehensive five-year forecast is used in the calculation, followed by extrapolating expected cash flows for the units' remaining useful lives with an estimated growth rate of 2 (2) percent after the forecast period and a weighted cost of capital before tax (WACC) of 14.2 percent (14.3). The recoverable amount in the segment Thunderful Games amounted to 3,154.4 MSEK using this methodology.

The assumption regarding the revenue trend during years 1–5 of the forecast period is made by management based on historical experience and is in line with external guideline values regarding industrial market growth. A sensitivity analysis of the assessments in the impairment test shows that there is no need for impairment even if the average weighted cost of capital before tax (WACC) reaches 26.2 percent, given that the other assumptions are unchanged.



NOTES

NOTE 14 PROPERTY, PLANT AND EQUIPMENT

Right-of-use assets

Refers to financial leases, which are depreciated on a straight-line basis over the lease term. See Note 9.

Other property, plant and equipment

Property, plant and equipment are recognised at historical cost less straight-line accumulated depreciation and any impairment. Land is not subject to depreciation, as it is considered to have an unlimited economic life. In other respects, depreciation is calculated in accordance with the straight-line method and is based on the following expected useful lives:

Buildings:	50 years
Equipment:	5 years

Cost	Buildings and land	Equipment	Total
Opening balance, 1 January 2021	4.1	28.0	32.1
Acquisitions for the year	0.7	12.0	12.7
Acquisitions of operations	0.0	0.7	0.7
Disposals for the year	-4.1	0.0	-4.1
Closing amortised cost, 31 December 2021	0.7	40.7	41.4
Opening depreciation/amortisation and impairment, 1 January 2021	-0.2	-23.7	-23.9
Reversal depreciation/amortisation divestment	0.2	0.0	0.2
Depreciation/amortisation and impairment for the year	-0.1	-2.2	-2.3
Closing accumulated depreciation/amortisation and impairment, 31 December 2021	-0.1	-25.9	-26.0
Closing carrying amount	0.6	14.8	15.4

NOTE 15 SHARES IN GROUP COMPANIES

	Parent Company	
	31 Dec 2021	31 Dec 2020
Opening cost	1,515.3	989.9
Acquisitions for the year	665.9	525.4
Closing amortised cost	2,181.2	1,515.3
Opening impairment	0.0	0.0
Impairment for the year	0.0	0.0
Closing accumulated impairment	0.0	0.0
Closing carrying amount	2,181.2	1,515.3



NOTE 16 SPECIFICATION OF PARTICIPATIONS IN GROUP COMPANIES

	Corporate identity number	Domicile	Share of equity	Share of voting rights	Number of shares	Carrying amount
Subsidiary						
Bergsala AB	556315-6412	Kungsbacka	100%	100%	1,000	350.0
Thunderful Development AB	559139-0728	Gothenburg	100%	100%	50,000	425.7
Amo Toys AB	556923-9428	Kungsbacka	100%	100%	600	175.2
Nordic Game Supply AB	559226-5333	Kungsbacka	100%	100%	500	39.0
Thunderful Solutions AB	559199-9940	Kungsbacka	100%	100%	500	0.1
Coatsink Software Ltd	07567431	Sunderland, UK	100%	100%	2,000,000	610.1
Thunderful Animation AB	559091-1474	Kungsbacka	100%	100%	500	2.5
Headup GmbH	207/5837/0539	Düren, Germany	100%	100%	26,000	114.3
Stage Clear Studio, SL	B/86440815	Madrid, Spain	100%	100%	900	30.3
Robot Teddy Ltd	10847056	Broadstairs, UK	100%	100%	2,151	221.7
Early Morning Studio AB	559175-8890	Gävle	100%	100%	5,263,158	212.3
Sub-subsidiaries						
Image & Form International AB	556544-1069	Gothenburg	100%	100%		
Zoink AB	556874-5185	Gothenburg	100%	100%		
Guiding Rules Games AB	556983-8005	Gothenburg	100%	100%		
Thunderful Publishing AB	559154-8721	Gothenburg	100%	100%		
Rising Star Games Ltd	5252507	Luton, UK	100%	100%		
Bergsala AS	917011508	Oslo, Norway	100%	100%		
Bergsala A/S	26350832	Copenhagen, Denmark	100%	100%		
Oy Bergsala AB	6671702	Vantaa, Finland	100%	100%		
Amo Toys AS	911743531	Oslo, Norway	100%	100%		
Amo Toys A/S	34050864	Tranbjerg, Denmark	100%	100%		
Amo Oy	0104667-6	Vantaa, Finland	100%	100%		
Amo Toys HK Ltd	-	Hong Kong, HK	100%	100%		
Nordic Game Supply A/S	32663834	Tranbjerg, Denmark	100%	100%		
Nordic Game Supply GmbH	19211 KI	Neumunster, Germany	100%	100%		
Nordic Game Supply HK Ltd	-	Hong Kong, HK	100%	100%		
To The Sky AB	559319-3427	Gothenburg	91%	91%		
						2,181.2

NOTE 17 OTHER ASSETS

Other assets consist of the following items:

	Group	
	31 Dec 2021	31 Dec 2020
Other receivables	7.0	3.5
Other securities held as non-current assets	0.1	0.1
Deferred tax assets	1.3	1.1
Total	8.4	4.7

NOTE 18 INVENTORIES

Inventory consists of the following

	Group	
	31 Dec 2021	31 Dec 2020
Merchandise	758.6	341.3
Total	758.6	341.3

Advance payments to suppliers consist of the following:

	Group	
	31 Dec 2021	31 Dec 2020
Merchandise	5.4	150.5
Total	5.4	150.5

Inventories are measured at the lower of cost and net realisable value. Obsolescence deductions are taken into account. Cost includes all expenditure that is directly attributable to the purchase. Net realisable value is the estimated selling price in operating activities reduced by any applicable selling expenses.



NOTES

NOTE 19 ACCOUNTS RECEIVABLE

Accounts receivable and other receivables consist of the following:

	Group	
	31 Dec 2021	31 Dec 2020
Accounts receivable, gross	867.1	619.9
Provision for bad debt losses	-0.5	-0.5
Total	866.6	619.4

Age distribution, accounts receivable	31 Dec 2021
Accounts receivable, not due	783.0
Overdue 0-30 days	53.8
Overdue 31-60 days	13.7
Overdue 61-90 days	10.3
Overdue >90 days	6.3
Expected bad debt losses	-0.5
Total	866.6

Changes in bad debt loss provision for the Group's doubtful receivables	
Provision for doubtful accounts receivable 1 Jan 2021 (IB)	-0.5
Provision for doubtful accounts receivable	-0.5
Bad debt losses	0.5
Reversed bad debt losses	0.0
Total	-0.5

Accounts receivable are measured at fair value on initial recognition and subsequently measured at amortised cost using the effective interest method, less any provision for expected losses. The Group applies the simplified approach for accounts receivable and uses a matrix to estimate the expected losses. The change in the provision is normally recognised in the statement of comprehensive income in other external expenses. No change was recognised for 2021. The expected loss calculation is based on historical data and is adjusted using a prospective analysis, including macroeconomic factors impacting the various customer segments and more specific factors such as signs of bankruptcy, known insolvency, etc. The companies regarded as having the highest credit risk through accounts receivable (primarily in the Distribution segment) commission a credit insurance company and insure most of their accounts receivable. The deductible in connection with an insured bad debt loss is 10 percent.

The carrying amount of the receivables is equal to their fair value, as the effect of discounting is not significant. Provisions for and utilisation of the reserve for bad debts are included in selling expenses.

NOTE 20 CONTRACT ASSETS

Contract assets consist of the following

	Group	
	31 Dec 2021	31 Dec 2020
Accrued income	84.3	67.7
Supplier bonus	2.9	7.8
Total	87.2	75.5

NOTE 21 PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses and accrued income consist of the following:

	Group		Parent Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Contract assets, see Note 20	87.2	75.5	0.0	0.0
Game projects	0.0	31.8	0.0	0.0
Other prepaid expenses	13.8	17.5	2.8	0.1
Total	101.0	124.8	2.8	0.1

NOTE 22 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as cash and disposable balances with banks and corresponding institutions together with other current liquid investments that mature within 90 days of the acquisition date and can easily be converted into known amounts of cash and are subject to only an insignificant risk of value fluctuations. The Group applies a joint cash pool for most of the Group's companies.

	Group		Parent Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Cash and bank balances	60.2	305.1	0.0	228.3
Total	60.2	305.1	0.0	228.3

Interest-bearing liabilities

Loans are initially measured at the fair value of the funds received after deductions for transaction costs. After the date of acquisition, the loans are measured at amortised cost using the effective interest method.

NOTE 23 SHARE CAPITAL, NUMBER OF SHARES

Share capital

As per 31 December 2021, Thunderful Group AB's share capital consists of 70,214,602 shares with a quotient value of SEK 0.01 per share. All shares are fully paid up. All shares entitle the holder to the same proportion of the Company's assets and earnings and confer equal rights to dividends.

Parent Company change in equity

Parent Company	Share capital	Share premium reserve	Statutory reserve	Retained earnings	Net profit for the year	Total
Opening balance, 1 January 2020	0.7	1,866.6	0.0	0.3	64.0	1,931.6
Appropriation of profit, approved by Annual General Meeting	0.0	0.0	0.0	64.0	-64.0	0.0
New share issue, acquisition of operations, Headup GmbH	0.0	25.3	0.0	0.0	0.0	25.3
New share issue, acquisition of operations, Stage Clear Studios, SL	0.0	4.1	0.0	0.0	0.0	4.1
New share issue, acquisition of operations, Robot Teddy Ltd	0.0	35.5	0.0	0.0	0.0	35.5
New share issue, acquisition of operations, Early Morning Studio AB	0.0	35.0	0.0	0.0	0.0	35.0
Comprehensive income for the year	0.0	0.0	0.0	0.0	14.4	14.4
Closing balance, 31 December 2021	0.7	1,966.5	0.0	64.3	14.4	2,045.9

NOTE 24 OTHER PROVISIONS

Provisions are recognised when the Group has an obligation as a result of an occurred event, and it is likely that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation on the balance-sheet date. Where the effect of time value of money is material, the amount recognised is the present value of the estimated expenditure.

Warranty provisions are recognised at the date of sale of the products covered by the warranty and are calculated based on historical data for similar obligations. Provisions for warranty commitments are recognised on the basis that the Group may need to assume the cost of repairing faulty products. Warranties are normally provided for one or two years from the date of sale.

Deferred tax liabilities in the opening balance of SEK 114.3 million pertain mainly to the value of distribution agreements and the surplus value from the acquisition of Coatsink Software Ltd. The year's acquisitions are mainly attributable to the acquisitions of Headup GmbH, Robot Teddy Ltd and Early Morning Studio AB.

The carrying amounts and changes to them are as follows:

	Warranty provisions	Deferred tax liability	Other provisions	Total
Opening balance, 1 January 2021	2.6	114.3	0.2	117.0
Acquisitions for the year	0.0	42.6	0.0	42.6
Reversals for the year	-0.6	0.0	0.0	-0.6
Closing balance, 31 December 2021	2.0	156.9	0.2	159.1



NOTES

NOTE 25 NON-CURRENT LIABILITIES

Non-current liabilities consist of the following

	Group		Parent Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Non-current contingent purchase consideration	355.8	209.3	348.8	117.7
Total	355.8	209.3	348.8	117.7

For additional information about business acquisitions, see Note 34 Business combinations.

NOTE 26 CURRENT LIABILITIES

Current liabilities consist of the following

	Group		Parent Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Current overdraft facilities	270.4	0.0	268.6	0.0
Accounts payable	588.6	422.8	3.1	22.2
Total	859.0	422.8	271.7	22.2

NOTE 27 OTHER LIABILITIES

Other liabilities consist of the following

	Group		Parent Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Current contingent purchase consideration	96.6	76.4	96.6	76.4
Current tax liabilities	50.4	45.5	4.5	13.7
Other current liabilities	97.7	56.6	0.4	0.2
Total	244.7	178.4	101.5	90.3

NOTE 28 CONTRACT LIABILITIES

Contract liabilities consist of the following

	Group	
	31 Dec 2021	31 Dec 2020
Customer bonuses	34.9	30.8
Prepaid revenues	5.0	2.3
Supplier commitments	4.2	0.0
Total	44.1	33.1

NOTE 29 ACCRUED EXPENSES AND PREPAID INCOME

Accrued expenses consist of the following

	Group		Parent Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Contract liabilities, see Note 28	44.1	33.1	0.0	0.0
Accrued personnel expenses	19.8	18.5	1.0	0.7
Other accrued expenses	25.6	29.3	4.1	0.5
Total	89.5	80.9	5.1	1.2

NOTE 30 FINANCIAL INSTRUMENTS

Supplementary information is presented in the following notes: General information on the Group's risk policy and more detailed information on Thunderful Group's most important financial instruments is provided in the Administration Report. Note 19 contains a description of accounts receivable and the credit risk associated with them.

This note describes the Group's principal financial instruments with respect to general terms and conditions, where this is considered relevant, and risk exposure and fair value at year-end.

Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the instrument's contractual terms and conditions. Purchases and sales of financial assets are normally recognised on the trade date, that is, the date on which the Group undertakes to purchase or sell the asset. At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs for financial assets and financial liabilities measured at fair value through profit or loss are expensed in profit or loss.

Financial assets

Classification and subsequent measurement

The Group classifies its financial assets in the following measurement categories:

- fair value through profit or loss,
- fair value through other comprehensive income, or
- amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments are those instruments that fulfil the definition of a financial liability from the issuer's perspective, such as accounts receivable, loan receivables and government bonds.

The Group classifies its debt instruments in one of the following two measurement categories:

Amortised cost: Assets held solely for the purpose of collecting contractual cash flows that solely comprise payments of principal and interest, and that are not identified as measured at fair value through profit or loss, are measured at amortised cost. The carrying amounts of these assets are adjusted with any expected credit losses that have been recognised (see "Impairment and expected loss" below). Interest income from these financial assets is recognised in financial net using the effective interest method.

Fair value through profit or loss: Assets that do not fulfil the criteria for amortised cost are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in financial net when it arises. Interest income from these financial assets is recognised in financial net using the effective interest method. Accounts receivable sold on non-recourse terms are categorised as "held for sale" with the gain or loss recognised in operating profit.

Debt instruments are only reclassified when the Group's business model for managing these assets is changed.

Equity instruments are instruments that meet the definition of equity from the issuer's perspective, which entails that they are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Gains and losses on equity instruments measured at fair value through profit or loss are included in financial net. The Group has no investments in equity instruments.

Impairment and expected losses

The Group assesses on a prospective basis the long-term expected credit losses associated with its financial assets that are not measured at fair value. When so doing, a rating model is utilised to facilitate making assessments about the probability of default. Based on this model, the Group recognises a provision for such

potential losses at each reporting date. The measurement of expected credit losses reflects an unbiased and probability weighted amount, based on reasonable and supporting information that is available, such as past events, current conditions and forecasts of future economic conditions. This model is used for cash and cash equivalents. For accounts receivables, the Group applies the "simplified approach" (see Note 19). For cash, a ratings-based approach is used to estimate the probability of default for each counterparty. Due to the high ratings of the counterparties and the short maturity, the impairment amount is insignificant.

Derecognition from the balance sheet

A financial asset, or a portion thereof, is derecognised from the balance sheet when the contractual rights to collect cash flows from the asset have expired, or when they have been transferred and the Group either (i) transfers substantially all of the risks and rewards associated with ownership, or (ii) neither transfers nor retains substantially all the risks and rewards associated with ownership and has not retained control over the asset.

Financial liabilities

Classification and subsequent measurement

All of the Group's financial liabilities, excluding derivative instruments, are classified and subsequently measured at amortised cost. Derivative instruments with negative fair values are classified at fair value through profit or loss.

Derecognition from the balance sheet

A financial liability is derecognised from the balance sheet when it is extinguished, meaning when the obligation specified in the contract is discharged, cancelled or expires.

Derivative instruments

Derivative instruments are initially measured at fair value on the date on which the derivative contract is entered into, and are subsequently remeasured at fair value. All derivatives are recognised as assets when fair value is positive and as liabilities when fair value is negative. Fair value gains or loss related to derivative instruments are recognised in profit or loss.

Net debt / Net cash

At the end of 2021, Thunderful Group had a net debt of SEK 210.2 million (305.1 at the end of 2020).



NOTE 31 ADJUSTMENT FOR NON-CASH ITEMS

	Group		Parent Company	
	2021	2020	2021	2020
Depreciation/amortisation and impairment	127.0	61.8	0.0	0.0
Translation difference	31.2	-3.0	-13.3	-6.1
Other adjustments	-0.9	5.0	0.0	0.0

NOTE 32 ACQUISITION OF SUBSIDIARIES/ OPERATIONS IN CASH FLOW STATEMENT

	Group		Parent Company	
	2021	2020	2021	2020
Acquisition of assets from Station Interactive AB	n.a.	-7.0	n.a.	0.0
Guiding Rules Games AB	n.a.	0.0	n.a.	0.0
Coatsink Software Ltd	n.a.	-116.4	n.a.	-190.7
Headup GmbH	-49.1	n.a.	-52.1	n.a.
Stage Clear Studios, SL	-8.1	n.a.	-11.0	n.a.
Robot Teddy Ltd	-84.4	n.a.	-106.8	n.a.
Early Morning Studio AB	-47.3	n.a.	-50.2	n.a.
Total	-188.9	-123.4	-220.1	-190.7

NOTE 33 RELATED PARTY TRANSACTIONS

Transactions between the Parent Company and its subsidiaries have been eliminated in the Group and are not reported in this Note. Transactions with key members of management and Board Members are disclosed in Note 8.

NOTE 34 BUSINESS ACQUISITIONS

Headup GmbH

On 15 March 2021, German game publisher and developer Headup GmbH was acquired for an initial cash consideration of EUR 5.0 million. Headup GmbH, founded in 2009, is a well-established publisher and game developer active on all major platforms – consoles, mobile devices and PCs. The head office is located in Düren, outside Cologne in Germany. In 2020, sales amounted to EUR 4.2 million. The acquisition is in line with Thunderful Group's strategy to grow in the Games segment and in the Group as a whole.

The acquisition strengthens Thunderful Group's international position, broadens the Group's network towards more development studios and creates synergy effects within the Group's publishing operations. Following the acquisition, Headup's CEO Dieter Schoeller took on the role of Head of Publishing within Thunderful Group, and is thus responsible for Thunderful's publishing operations in Sweden and Germany.

Purchase consideration for the acquisition:

MSEK	
Purchase consideration	
Cash and cash equivalents	50.8
Maximum contingent purchase consideration	61.0
- of which, newly issued shares	25.3
Total maximum purchase consideration	111.8
<i>Carrying amounts for identifiable net assets</i>	
Property, plant and equipment	0.7
Inventories	1.8
Other current assets	17.7
Cash and cash equivalents	1.6
Current liabilities	-14.5
	7.3
Other intangible assets	28.4
Deferred tax on other intangible assets	-8.5
Goodwill	84.6

In connection with the acquisition of Headup GmbH, 446,250 shares were issued at a price of SEK 56.80 per share. The newly issued shares carry a clawback provision and form part of contingent purchase consideration. SEK 50.8 million of the purchase consideration was financed with cash. The acquisition was implemented on a debt- and cash-free basis. The contingent purchase consideration is based on the company's EBIT performance during 2021, 2022 and 2023. The total contingent consideration is capped at EUR 6 million.

If Headup GmbH had been acquired on 1 January 2021, the acquisition would have contributed revenue of SEK 39.2 million and operating profit (EBIT) of SEK 2.8 million. Headup contributed revenue of SEK 31.4 million and operating profit (EBIT) of SEK 1.5 million from the acquisition date until and including 31 December 2021.

Stage Clear Studios, SL

On 2 September 2021, Spanish game development studio Stage Clear Studios, SL was acquired for an initial purchase consideration of EUR 1.0 million. Stage Clear Studios SL was founded in 2012 and is a well-established studio that develops games for consoles and PCs. The Company is run by CEO Daniel Santos Fonseca, who is also one of the founders, and is headquartered in Madrid, Spain.

Stage Clear develops games following its own concepts but also offers a wide range of other services. The studio specialises in full-scale game development, graphics production and porting of games (entailing additional versions of existing games being created so that they can be played on several different game platforms). Stage Clear has established itself as a robust and reliable development studio that delivers both on time and on budget.

Purchase consideration for the acquisition:

MSEK	
Purchase consideration	
Cash and cash equivalents	10.2
Newly issued shares	4.1
Maximum contingent purchase consideration	15.3
Total maximum purchase consideration	29.6
<i>Carrying amounts for identifiable net assets</i>	
Other current assets	4.0
Cash and cash equivalents	2.1
Current liabilities	-1.4
	4.7
Goodwill	24.9

In connection with the acquisition of Stage Clear Studios, SL, 65,025 shares were issued at a price of SEK 62.70 per share. SEK 10.2 million of the purchase consideration was financed with cash. The contingent purchase consideration is based on the company's EBIT performance during 2021 and on operational milestones during 2022–2025. The total contingent consideration is capped at EUR 1.5 million.

If Stage Clear Studios, SL had been acquired on 1 January 2021, the acquisition would have contributed revenue of SEK 31.3 million and operating profit (EBIT) of SEK 5.3 million. Stage Clear Studios contributed revenue of SEK 19.1 million and operating profit (EBIT) of SEK 3.4 million from the acquisition date until and including 31 December 2021.

Robot Teddy Ltd

On 27 October 2021, Robot Teddy Ltd, based in Newcastle, UK, was acquired for an initial cash consideration of GBP 7.0 million. The sellers also received GBP 3.0 million to reinvest in Thunderful Group through a directed issue of 575,338 new shares.

Robot Teddy provides business and strategy development for a number of prominent games and game studios, such as Among Us, Gang Beasts, SUPERHOT and more. Robot Teddy is also involved in developing Fern Turtle's acclaimed Viewfinder game.

Purchase consideration for the acquisition:

MSEK	
Purchase consideration	
Cash and cash equivalents	100.6
Newly issued shares	35.5
Maximum contingent purchase consideration	80.7
Total maximum purchase consideration	216.8
<i>Carrying amounts for identifiable net assets</i>	
Other current assets	15.4
Cash and cash equivalents	16.2
Current liabilities	-9.8
	21.8
Other intangible assets	82.9
Deferred tax on other intangible assets	-15.8
Goodwill	128.0

In connection with the acquisition of Robot Teddy Ltd, the sellers received SEK 35.5 million to reinvest in Thunderful Group through a private placement of 575,338 shares. SEK 100.6 million of the purchase consideration was financed with cash. The contingent purchase consideration is based on the company's EBIT performance and on operational milestones during 2022–2025. The total contingent consideration is capped at GBP 12 million.

If Robot Teddy Ltd had been acquired on 1 January 2021, the acquisition would have contributed revenue of SEK 52.0 million and operating profit (EBIT) of SEK 24.4 million, including transaction-related expenses and bonuses of SEK 16.5 million. Robot Teddy Ltd contributed revenue of SEK 4.9 million and operating profit (EBIT) of SEK 3.9 million from the acquisition date until and including 31 December 2021.



Early Morning Studio AB

On 16 November 2021, Early Morning Studio AB, based in Stockholm, was acquired for an initial purchase price of SEK 80.0 million. Early Morning Studio is known for its captivating RPG games that have found their audience in the mobile market. With the strong titles Vampire's Fall: Origins (2018) – with more than 10 million players to date – Champions of Avan (2021) and Vendir: Plague of Lies (full launch scheduled for 2022), Early Morning Studio has found a concept that makes them a valuable addition to the Thunderful family.

Purchase consideration for the acquisition:

MSEK	
Purchase consideration	
Cash and cash equivalents	48.7
Newly issued shares	35.0
Maximum contingent purchase consideration	127.2
Total maximum purchase consideration	210.9
<i>Carrying amounts for identifiable net assets</i>	
Intangible assets	6.0
Other current assets	4.2
Cash and cash equivalents	1.4
Current liabilities	-1.0
	10.6
Other intangible assets	137.9
Deferred tax on other intangible assets	-28.4
Goodwill	90.8

In connection with the acquisition of Early Morning Studio AB, 597,321 shares were issued at a price of SEK 58.595 per share. SEK 48.7 million of the purchase consideration was financed with cash. The contingent purchase consideration is based on the company's EBIT performance during 2021-2026. The total contingent consideration is capped at SEK 270.0 million.

If Early Morning Studio AB had been acquired on 1 January 2021, the acquisition would have contributed revenue of SEK 19.3 million and operating profit (EBIT) of SEK 14.3 million, including transaction-related expenses and bonuses of SEK 1.1 million. Early Morning Studio AB contributed revenue of SEK 3.9 million and operating profit (EBIT) of SEK 3.3 million from the acquisition date until and including 31 December 2021.

NOTE 35 MEASUREMENT AND EVENTS IN ADDITIONAL PURCHASE CONSIDERATIONS OVER THE YEAR

MSEK	2021	2020
As of 1 January	285.7	0.0
Contingent purchase considerations paid	-119.1	0.0
Incurred through acquisitions and recalculations	261.4	297.8
Translation differences	24.4	-12.1
As of 31 December	452.4	285.7

NOTE 36 SENSITIVITY ANALYSIS

Foreign exchange risk: Transaction risk

Transaction risk arises when future business transactions are expressed in a currency that is not the unit's functional currency. An overwhelming majority of the Group's transactions occur in currencies other than the unit's functional currency. Although the transactions are not hedged using financial instruments, natural hedging is however sought by means of the Group-wide cash pool, denominated in six currencies, and the distribution operations strive to handle purchases and sales in the same currency as far as possible.

The table below illustrates how operating profit would develop in the event of a currency fluctuation of ten (10) percent for each of the five (5) currencies with the largest net transactions in the Group.

Sensitivity analysis, transaction risk	2021
DKK/SEK +/- 10%	+/- 41.5
EUR/SEK +/- 10%	+/- 9.2
NOK/SEK +/- 10%	+/- 7.7
GBP/SEK +/- 10%	+/- 3.1
USD/SEK +/- 10%	+/- 0.1

Foreign exchange risk: Translation exposure

Translation exposure is the risk that arises when translating equity in foreign subsidiaries. Financial instruments are not used to hedge the translation exposure.

The table below illustrates how equity would develop in the event of a currency fluctuation of ten (10) percent for each of the two (2) currencies with the largest impact on the net foreign assets in the Group, including goodwill.

Sensitivity analysis, translation exposure	2021
EUR/SEK +/- 10%	+/- 21.2
GBP/SEK +/- 10%	+/- 18.4

NOTE 37 REASSESSMENT OF ACQUISITION ANALYSIS IN ACCORDANCE WITH IFRS 3

On 30 April, Thunderful Group announced that the subsidiary Coatsink Software Ltd, after lengthy negotiations, had entered into agreements with the Facebook Group for a value of more than USD 20 million. As a result, the Purchase Price Allocation (PPA) from the acquisition of Coatsink was adjusted back to the PPA reported in Thunderful Group's prospectus, when the value of

the agreement was first included in the calculation of the purchase consideration but was later adjusted down in the Annual Report when the estimates were reassessed. The revaluation made for the full year 2020 is reported in accordance with IFRS 3 in the following table.

MSEK	Original Full year 2020	Change 2020	Revalued Full year 2020
Net sales	3,047.80	0	3,047.80
Capitalised work on own account	20.2	0	20.2
Other operating income	14.3	0	14.3
	3,082.3	0.0	3,082.3
Operating expenses			
Merchandise	-2,361.9	0	-2,361.9
Purchased game development services	-27.2	0	-27.2
Other external expenses	-264.1	0	-264.1
Personnel expenses	-140.1	0	-140.1
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	-61.8	0	-61.8
Other operating expenses	-12.4	0	-12.4
Total operating expenses	-2,867.5	0.0	-2,867.5
Operating profit	214.8	0.0	214.8
Profit from financial items			
Financial income	110.4	2.9	113.3
Financial expenses	-122.1	0	-122.1
Other financial items, IPO	-32.6	0	-32.6
Total financial items	-44.4	3.0	-41.4
Profit after financial items	170.4	3.0	173.4
Deferred tax	5.5	0.0	5.5
Tax on net profit for the year	-40.9	-0.6	-41.5
Net profit for the year	135.0	2.4	137.4
Other comprehensive income for the year	0.0		0.0
Comprehensive income for the year	135.0	2.4	137.4
Net profit for the year attributable to:			
Parent Company shareholders	135.0	2.4	137.4
Comprehensive income for the year attributable to:			
Parent Company shareholders	135.0	2.4	137.4
Earnings per share before dilution, SEK	2.59	0.06	2.65
Earnings per share after dilution, SEK	2.59	0.05	2.64
Average number of shares	52,067,926	52,067,926	52,067,926

MSEK	Original Full year 2020	Change 2020	Revalued Full year 2020
ASSETS			
Fixed assets			
Intangible assets			
IT systems	3.3	0.0	3.3
Capitalised development expenditure, games	43.3	0.0	43.3
Publishing licenses	0.0	0.0	0.0
Publishing and distribution relationships	334.4	0.0	334.4
Goodwill	277.8	84.7	362.5
Game rights	138.3	0.0	138.3
Customer relationships	45.5	0.0	45.5
Other intangible assets	18.7	0.0	18.7
	861.2	84.8	946.0
Property, plant and equipment			
Right-of-use assets	19.9	0.0	19.9
Buildings and land	3.9	0.0	3.9
Equipment, tools, fixtures and fittings	4.3	0.0	4.3
	28.2	0.0	28.2
Financial assets			
Other non-current securities holdings	0.1	0.0	0.1
Deferred tax assets	1.1	0.0	1.1
Other non-current receivables	3.5	0.0	3.5
	4.7	0.0	4.7
Total fixed assets	894.1	84.7	978.8
Current assets			
Inventories, etc.			
Finished goods and goods for resale	341.3	0.0	341.3
Advance payments to suppliers	150.5	0.0	150.5
	491.8	0.0	491.8
Current receivables			
Accounts receivable	619.4	0.0	619.4
Current tax assets	11.1	0.0	11.1
Other receivables	11	0.0	11
Prepaid game projects	31.8	0.0	31.8
Prepaid expenses and accrued income	93	0.0	93
	766.3	0.0	766.3
Cash and cash equivalents	305.1	0.0	305.1
Total current assets	1,563.2	0.0	1,563.2
TOTAL ASSETS	2,457.3	84.8	2,542.1



NOTES

MSEK	Original Full year 2020	Change 2020	Revalued Full year 2020
EQUITY AND LIABILITIES			
Equity			
Share capital	0.7	0.0	0.7
Share capital subscribed but not registered	0.0	0.0	0.0
Other capital contributions	1,171.90	0.0	1,171.90
Other equity including net profit for the year	316.8	-0.6	316.2
	1,489.4	-0.6	1,488.8
Provisions			
Provisions for pensions and similar obligations	0.2	0.0	0.2
Deferred tax liabilities	114.3	0.0	114.3
Other provisions	2.6	0.0	2.6
	117.0	0.0	117.0
Non-current liabilities			
Non-current contingent purchase consideration	124.6	84.7	209.3
Non-current lease liabilities	13.4	0.0	13.4
	138.1	84.6	222.7
Current liabilities			
Overdraft facility	0.0	0.0	0.0
Liabilities to shareholders	0.0	0.0	0.0
Advance payments from customers	0.0	0.0	0.0
Accounts payable	422.8	0.0	422.8
Current tax liabilities	44.9	0.6	45.5
Other liabilities	158.3	0.2	158.5
Current lease liabilities	5.8	0.0	5.8
Accrued expenses and prepaid income	80.9	0.0	80.9
	712.7	0.8	713.5
TOTAL EQUITY AND LIABILITIES	2,457.3	84.8	2,542.1

NOTE 38 CONTINGENT LIABILITIES

The Group companies guarantee one another's commitments by means of an up & downstream guarantee.

NOTE 39 ASSETS PLEDGED FOR LIABILITIES TO CREDIT INSTITUTIONS

Chattel mortgages pledged as security for commitments amounted to SEK 260.3 million on 31 December 2021.

NOTE 40 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Subsidiary Bergsala AB has extended its distribution agreement with Nintendo of Europe GmbH. The new agreement is valid until 31 March 2024 and is essentially on equal terms with the current agreement.

Thunderful Group entered into a confirmed credit facility of EUR 55 million with Danske Bank. The facility replaces the existing EUR 32.5 million overdraft facility and will be used for acquisitions and investments in the Games segment, as well as for general corporate purposes.

Thunderful Group AB's CFO Anders Maiqvist decided to step down from his position as CFO. Maiqvist will remain CFO until a successor is appointed, and will then assist Thunderful with the Company's acquisition processes on a consultancy basis.

Thunderful Group AB has appointed Lennart Sparud as its new CFO. Among other things, Lennart Sparud has many years of experience as the CFO of the listed Hexatronic Group. Lennart Sparud will step in as the new CFO when his current employment ends.

The outbreak of war in Ukraine is not considered to have a significant impact on the Group's financial position as the Group does not have employees or contracted personnel in Ukraine, Russia or Belarus. Although no sales are made directly to customers in any of these countries, the Thunderful Games segment has some exposure to these countries via game distribution platforms. In 2021, indirect sales to these countries accounted for less than 0.1 percent of Thunderful Games' total net sales.

NOTE 41 DEFINITIONS OF KEY PERFORMANCE INDICATORS

Net sales

The business's main revenue, invoiced costs, incidental revenue and revenue corrections.

Profit after financial items

Profit after financial income and costs, but before taxes.

Total assets

The Company's combined assets.

Equity/assets ratio

Adjusted equity (equity and untaxed reserves less deferred tax) as a percentage of total assets.

NOTE 42 APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements for the financial year ending on 31 December 2021 (including comparison figures) were approved by the Board of Directors on 28 March 2022.

SIGNATURES

Gothenburg, 6 April 2022

Mats Lönnqvist
Chairman of the Board

Owe Bergsten

Oskar Burman

Tomas Franzén

Cecilia Ogvall

Brjann Sigurgeirsson
CEO

Our audit report was submitted on 6 April 2022

Grant Thornton Sweden AB

Patric Hofréus
Authorised Public Accountant





AUDIT REPORT

To the General Meeting of shareholders in Thunderful Group AB Corporate identity number 559230-0445

Report on the annual accounts and consolidated accounts Opinions

We have audited the annual accounts and consolidated accounts of Thunderful Group AB for the year 2021, with the exception of the sustainability report on pages 48–62, the corporate governance report on pages 72–80 and the remuneration report on pages 82–83. The annual accounts and consolidated accounts of the Company are included on pages 14–17, 22–28, 32, 40–42, 44, 46, 64–71, 78–80, 84–127 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Parent Company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not include the sustainability report on pages 48–62, the corporate governance report on pages 72–80 and the remuneration report on pages 82–83. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the Parent Company and the Group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities” section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other information than the annual accounts and consolidated accounts

This document also contains information other than the annual accounts and consolidated accounts and can be found on pages 1–13, 18–21, 29–31, 33–39, 43, 45, 47–63, 72–77, 81–83 and 131. The Board of Directors and the Managing Director are responsible for the other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the Company’s and the Group’s ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the Company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the Company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about

the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Thunderful Group AB for the year 2021 and the proposed appropriations of the Company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the Board Members and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.



Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the Company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the Company's and the Group's type of operations, size and risks place on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the Company's organisation and the administration of the company's affairs. This includes among other things continuous assessment of the Company's and the Group's financial situation and ensuring that the Company's organisation is designed so that the accounting, management of assets and the Company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration in accordance with the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the Company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any Board Member of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the Company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the Company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the Company, or that the proposed appropriations of the Company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgement and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the Company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgement with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the Company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the Company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Corporate Governance Statement

The Board of Directors is responsible for that the corporate governance statement on pages 72-80 has been prepared in accordance with the Annual Accounts Act. Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law is consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Gothenburg, 6 April 2022

Grant Thornton Sweden AB

Patric Hofréus
Authorised Public Accountant

OTHER INFORMATION

Financial calendar

Publication of 2021 Annual Report	6 April 2022
Annual General Meeting 2022	27 April 2022
Interim report Jan – Mar 2022	18 May 2022
Interim report Apr – Jun 2022	10 August 2022
Interim report Jul – Sep 2022	15 November 2022

For more information

Additional business information is available at the Group's website: thunderfulgroup.com

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