



ANNUAL REPORT 2022



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OUR MISSION

Our mission is to provide creative entertainment products of the highest quality for people of all ages

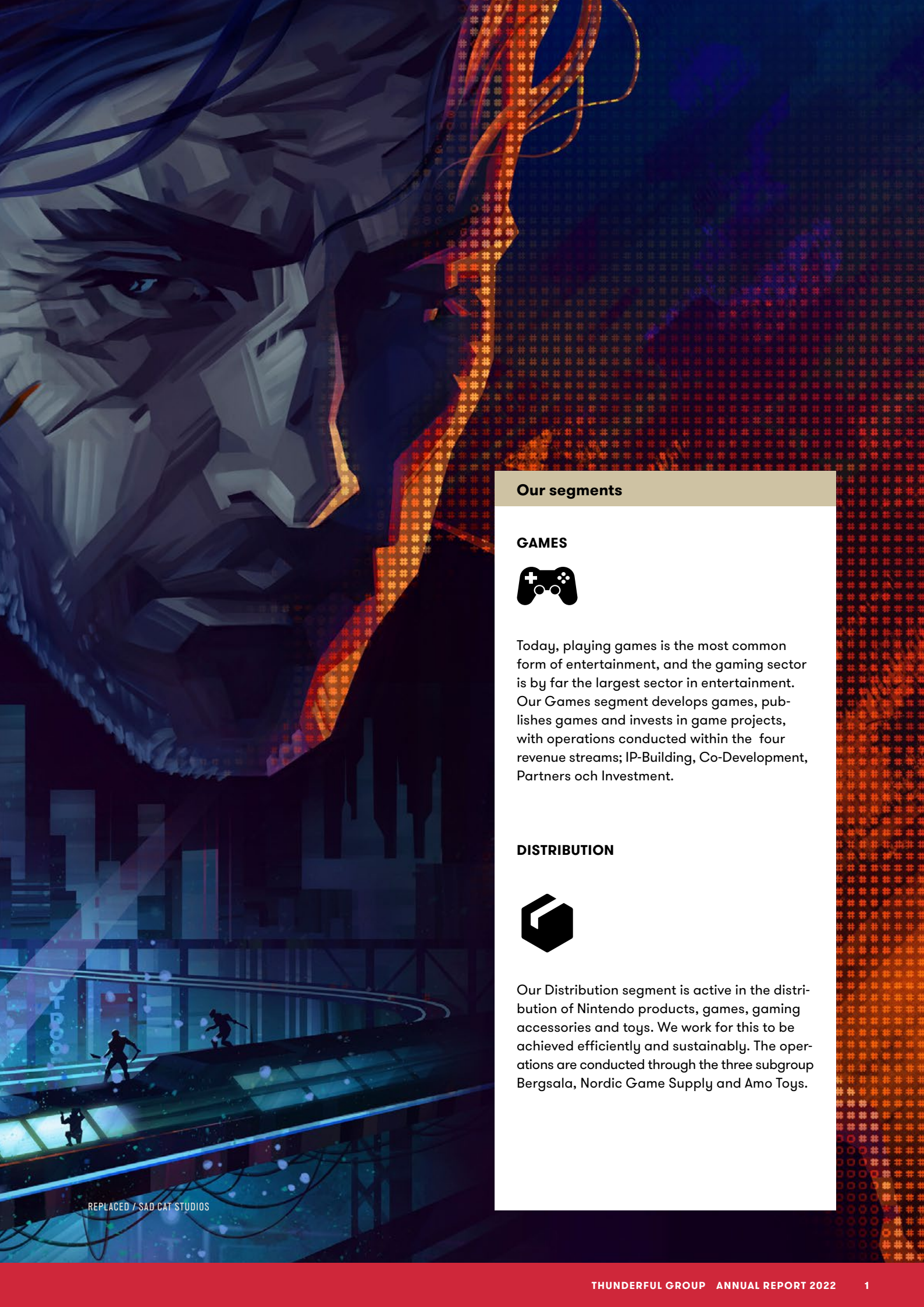
Thunderful Group was founded in 2019 as a Group with the opportunity to provide creative, high-quality entertainment products to people of all ages.

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 segment develops games, publishes games and invests in game projects, with operations conducted within the four revenue streams; IP-Building, Co-Development, Partners och Investment.

DISTRIBUTION



Our Distribution 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 subgroup Bergsala, Nordic Game Supply and Amo Toys.



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Thunderful Group an international group in games and entertainment

With 28 subsidiaries and 478 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 conducted through the two segments Games and Distribution.

#28

Subsidiaries

478

Employees



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THIS IS THUNDERFUL GROUP

Thunderful's diversified business enables continued development

Well-functioning business model

The Group's key strategy entails diversified operations with a common purpose. The structure, with two complementary 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 experience of the management team and the board provides great strength for the Group's strategic management and operational development alike.

Global and decentralised organisation with local responsibility

Thunderful Group has a decentralised structure which creates plenty of scope for entrepreneurial freedom, with assistance from a handful of Group-wide support functions.

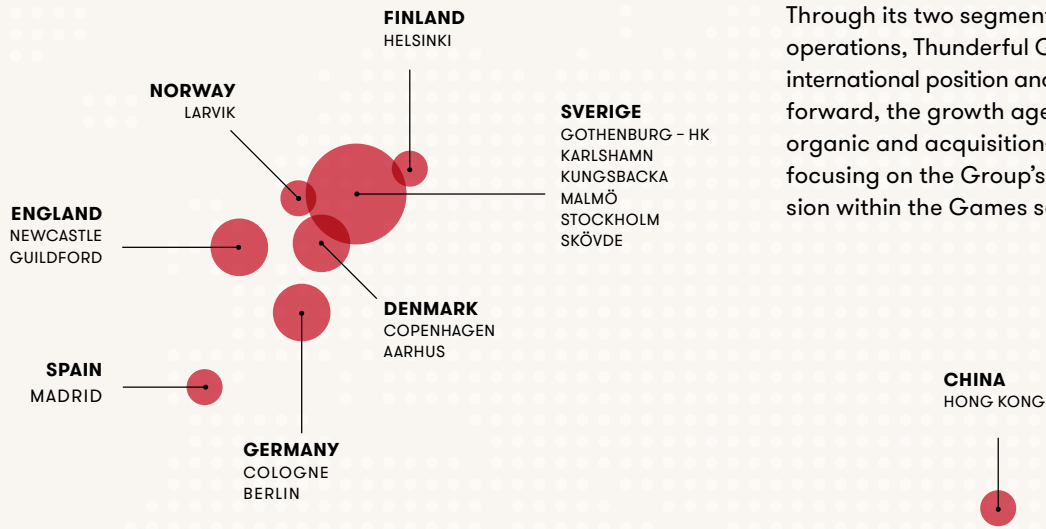
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Segments

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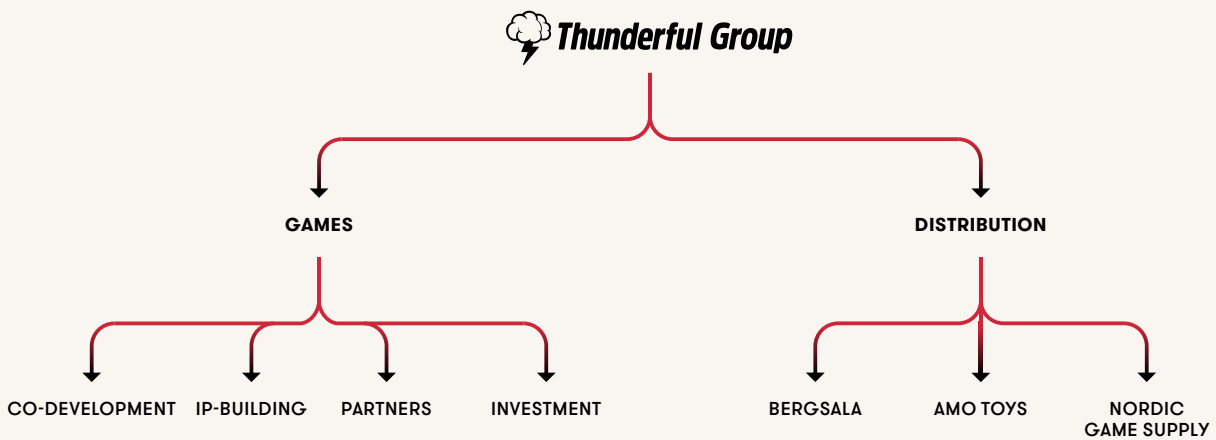
Countries

Strong position in the market



Through its two 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 within the Games segment.

Organisation





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CEO COMMENT

Strong development in Games and positive cash flow in Distribution

2022 began with weak profitability in the Games segment followed by sequential improvement over all four quarters resulting in strong profitability in the final quarter of the year. Organic growth in Games reached 3 percent, driven by a strong performance during the second half of the year typified by 23 percent organic growth in Q4. The Distribution segment reported weak profitability but made a significant contribution to the Group's strong cash flow.



The Group reported net sales of MSEK 3,031 (3,141) and an adjusted EBITA of MSEK 285 (299). Cash flow arising from the Group's operating activities amounted to MSEK 498 (-65) and the Group's net indebtedness reduced over the year to MSEK 118 (210) at year-end. Thunderful Group's aim is to use the cash flow generated by Distribution to invest in the Games segment. In 2022, Thunderful maintained a high rate of investment in Games, investing MSEK 292 (294) into Games while the Group's free cash flow following investing activities developed very positively, amounting to MSEK 196 (-382). This is the first year since 2019 in which free cash flow following investing activities was positive and it is gratifying to see that those initiatives undertaken during the second half of the year in the Distribution segment have borne fruit.

Distribution: strong cash flow but weak profitability in two out of three companies

In the Distribution segment, net sales amounted to MSEK 2,516 (2,787) while the adjusted EBITDA amounted to MSEK 98 (188) and the adjusted EBITA amounted to MSEK 77 (177).

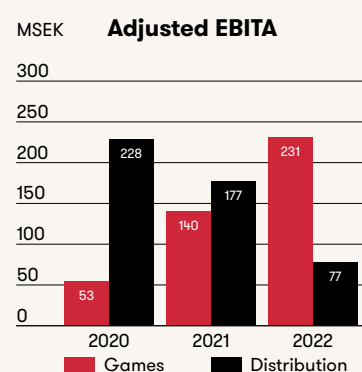
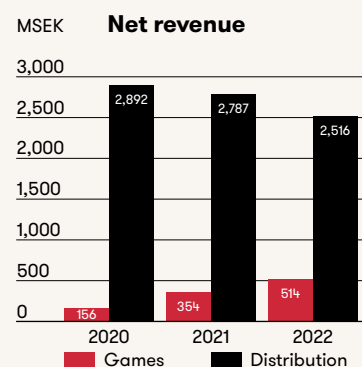
“Interest and expectations have never been greater ahead of a year of launches”

Subsidiary Bergsala had a stable 2022 with an adjusted EBITDA of MSEK 99 (104). Bergsala distributes Nintendo products in the Nordic and Baltic regions and has seen continued strong demand for the Nintendo Switch console while the sale of Switch games has also developed positively. Access to consoles was limited during much of the year due to a global semiconductor shortage, which meant that Bergsala sold fewer consoles in 2022 than it did in 2021.

KEY PERFORMANCE INDICATORS

GROUP	2022	2021	Δ%
Operating income, MSEK	3,215.8	3,273.8	-1.8%
Net revenue, MSEK	3,030.7	3,140.8	-3.5%
Gross profit, MSEK	1,102.5	956.3	15.3%
Gross margin, %	34.3%	29.2%	
Operating result (EBIT), MSEK	196.1	208.8	-6.1%
Operating margin (EBIT margin), %	6.1%	6.4%	
EBITA, MSEK	279.3	278.1	0.4%
Adjusted EBITA, MSEK	284.8	298.8	-4.7%
Adjusted EBITA margin, %	8.9%	9.1%	
EBITDA, MSEK	370.1	335.8	10.2%
Adjusted EBITDA, MSEK	375.6	356.5	5.4%
Adjusted EBITDA margin, %	11.7%	10.9%	
Profit for the period, MSEK	121.2	132.2	-8.3%
Net core working capital, MSEK	705.8	1,042.0	-32.3%
Cash flow from operating activities, MSEK	497.5	-64.9	866.6%
Interest-bearing net debt, MSEK	118.3	210.2	-43.7%
Interest-bearing net debt/ adjusted EBITDA LTM	0.3	0.6	-47.0%
Earnings per share before dilution, SEK	1.72	1.91	-9.9%
Earnings per share after dilution, SEK	1.72	1.90	-9.5%

See note 40 for the definition of key performance indicators



The other two distribution companies – Nordic toy distributor Amo Toys and Nordic gaming accessory distributor Nordic Game Supply – faced a very challenging 2022. During the first half of the year, the companies continued to increase their inventories which reached a historic record high of MSEK 929 at the end of June. Both companies had a strong focus on reducing inventory during the second half of the year, and at year-end the Group's inventory amounted to MSEK 650.

These high levels of inventory have been a strong cost driver for both companies, which had a significant negative impact on profitability throughout the year. The structured clearance sale held between August and December also had a negative impact on profitability, but this has now concluded. The companies have avoided inventory write-downs and have furthermore delivered strong cash flows.

Ahead of 2023, Thunderful Distribution has a better structure in place to improve its profitability. In addition to the above reductions in inventory, a number of cost efficiencies were implemented towards the end of 2022. These include reductions in staff headcount at Nordic Game Supply and a warehouse move at Amo Toys as it becomes the final company to move into the Group's shared distribution facility in Jönköping.

Games: restructuring and game launches drive growth and enhanced profitability

Net sales in the Games segment amounted to MSEK 514 (354) while the adjusted EBITA amounted to MSEK 231 (140). Games reported weak profitability during the first half of the year and the growth in profit during the second half of the year was primarily driven by game launches. Contributions from game launches to net sales increased on a quarterly basis, totalling MSEK 108 for the full financial year.



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CEO COMMENT

In 2022, Thunderful Games was restructured based on four clear revenue streams: IP-Building, Co-Development, Partners, and Investments. This is a new, integrated and decentralised structure which provides significant scope for entrepreneurial freedom in our studios with the support of a range of Group-wide support functions. Additionally, clearer ownership is established based on these four revenue streams. Internally, this change has been positively received and has established the right conditions for continued growth.

From a financial perspective, the major achievement of the year is the delivery by two of these revenue streams – Co-Development and Partners – of a relatively even EBITA of approximately MSEK 50 per quarter during Q2-Q4. Neither of these revenue streams are dependent on investments and much of the revenue derives from longer-term contracts. This creates predictability and good visibility both in terms of profit generation and cash flow.

IP-Building – encompassing all publishing activities relating to internally and externally developed games – has developed well on a quarterly basis throughout 2022. The year began with three loss-making quarters and concluded with a high profit in Q4. The driving force behind this growth in profits on a quarterly basis over the year was the increase in net sales from game launches. During Q4, the launch of the game Somerville by Jumpship, which Thunderful acquired, contributed to an improvement in earnings, but IP-Building also reported positive results excluding acquisitions and organic growth during Q4 was 23 percent, compared with the organic growth rate for the year as a whole at 3 percent.

It is most gratifying that our production and marketing teams who have come together to spend the year working hard on preparing for a plethora of games launches are now finally enjoying sales success. These successes are a boost to morale and self-confidence ahead of our major launches scheduled for 2023.

This year, the market team has announced several games that have garnered greater interest from gamers and the press than past Thunderful announcements. Our internal studios have announced the release of SteamWorld Build, while upcoming releases from external studios include Planet of Lana, Replaced and Viewfinder.

Game launches have been the primary driving force behind Thunderful Games' pleasing increase in growth during 2022, but even when excluding game launches Thunderful Games has achieved an increase in profits on a quarter by quarter basis. Our Co-Development and Partners revenue streams have generated stable profits ensuring good visibility and predictability for profits and cash flows, while the games back catalogue on offer has swelled over the last two years by 47 games from 2021 and 2022 launches. Thunderful Games is no longer solely dependent on game launches – it is now in a position where successful launches can help Thunderful Games to reach new heights.

Interest and expectations from the press and gamers alike have never been greater ahead of a year of launches than they are for 2023, which is a source of both satisfaction and challenge to us.

Gothenburg, April 2023.
Anders Maiqvist, Acting CEO

Full year January–December 2022

- Net revenue decreased by 3.5 percent to 3,030.7 MSEK (3,140.8 MSEK).
- Operating profit (EBIT) decreased by 6.1 percent to 196.1 MSEK (208.8 MSEK), corresponding to an operating margin of 6.1 percent (6.4 percent).
- Adjusted EBITDA increased by 5.4 percent to 375.6 MSEK (356.5 MSEK), corresponding to an adjusted EBITDA margin of 11.7 percent (10.9 percent).
- Adjusted EBITA decreased by 4.7 percent to 284.8 MSEK (298.8 MSEK), corresponding to an adjusted EBITA margin of 8.9 percent (9.1 percent).
- Profit for the full year amounted to 121.2 MSEK (132.2 MSEK).
- Earnings per share after dilution amounted to 1.72 SEK (1.90 SEK).
- Cash flow from operating activities amounted to 497.5 MSEK (-64.9 MSEK).
- Thunderful acquired the British game development studio Jumpship Ltd.
- Thunderful entered into an agreement regarding changes of additional earn-out component in relation to the acquisition of Coatsink Software Ltd.
- Thunderful entered into an agreement regarding changes and payment of additional earn-out component in relation to the acquisition of Robot Teddy Ltd.
- Thunderful started a dialogue with the Swedish Financial Supervisory Authority concerning information given in relation to the publication of the Year-End Report for 2020.
- Bergsala AB prolonged the distribution agreement with Nintendo of Europe GmbH.
- Thunderful entered into a confirmed credit facility of 55 MEUR with Danske Bank.
- Brjann Sigurgeirsson stepped down from his position as CEO. The board of directors appointed the former CFO Anders Maiqvist as acting CEO. Lennart Sparud started as CFO during the year.

Events after the balance date

- Thunderful acquired, through subsidiaries, the German games developer Studio Fizbin GmbH and made an asset deal from distribution group TecTeam Scandinavia Holding AB through a subsidiary in the Distribution segment.
- The Swedish Financial Supervisory Authority decided to write off the investigation towards Thunderful Group concerning the information given by Thunderful in connection to the publication of the Year-End Report 2020.



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MARKET AND TRENDS

Continuous development and adaptation to prevailing driving forces and trends

Global gaming market

For many years, the gaming industry has been the largest 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 2022, published by Newzoo, the global games market for PC and console reached USD 92.3 billion in 2022, which was a decrease by -2.2 percent compared to 2021.

The CAGR between 2015 to 2022 amounted to 5.8 percent. The report, published by Newzoo, states that lack of hardware supply and delays to game releases hindered revenue growth in 2021 and 2022. The market consisted of 1.1 billion PC players and 611 million console players in 2022.



Driving forces

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

Trends

- A shift towards subscription services which may draw a greater share of streaming consumers to the global gaming market over time
- 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 a degree of negative 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 decrease over the years to come as a consequence of macroeconomic effects. For market participants, growth opportunities derive from a decline in the number of competitors while the proportion of own brands increases.

Driving forces

- Console cycle-driven gaming market for hardware and software
- Nintendo's global development
- Complex market dynamics

Trends

- The Nintendo Switch console cycle has to date exhibited several years of stable and high sales
- Consolidation in the reseller market both in home electronics and toy stores
- Continued decline in demand for gaming accessories is expected in 2023



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MARKET AND TRENDS

Thunderful Games is well adapted to the prevailing market trends

There are currently two prevailing business models in the computer games industry. One is a premium model, in which the player pays for a game upon purchase either physically in-store or as has become increasingly common, via a digital download. In the case of some games, this initial sale is sometimes followed up by further payments for downloadable content, known as DLC. The premium model is suited to games as a product, which refers to 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 the game displays advertising which generates revenues for the game developer. In some cases, players are able to pay to remove in-game advertising. The games are supported for a long time and can be equated with a service (game as a service) rather than a product.

The majority of games that Thunderful Games develops, publishes and invests in are premium games. This means that Thunderful's 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, PlayStation Plus or Apple Arcade as these services prefer games that do not contain advertising. These services are comparable to Netflix for movies and Spotify for music. They primarily provide premium games. Thunderful's 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. Thunderful Games has maintained strong partnerships with the platforms that facilitate subscription services and the sale of individual games according to the premium model, which means that Thunderful Games is well equipped for the prevailing market trends characterised by an increasing share of subscription services.

Strong unit sales for gaming releases will generally decrease in importance. Support from revenue-generating platforms in connection with the launch of gaming projects has increased in significance for Thunderful Games and other operators in the industry in recent years, and this trend is expected to continue in the years to come.

“Thunderful Games is well equipped for the prevailing market trends.”

The trend towards subscription services relates primarily to premium games, but games as a service – typically on a free-to-play basis – are dominant in the mobile games market and growing in the PC and console markets. Thunderful Games has completed an acquisition focusing on free-to-play for both mobile games and PC/console games, but this remains a very small portion of Thunderful Games' total sales.



WAVETALE / ZOINK





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BUSINESS MODEL AND VALUE CREATION

Two clearly defined segments...



Games

High growth and positive profitability developments in recent years

IP-Building

Development and publishing of proprietary games with own IP and the publishing of externally developed games with licensed IP. Dependent on high rates of investment and offers the potential for very high rates of profitability when published games achieve commercial success.

Co-Development

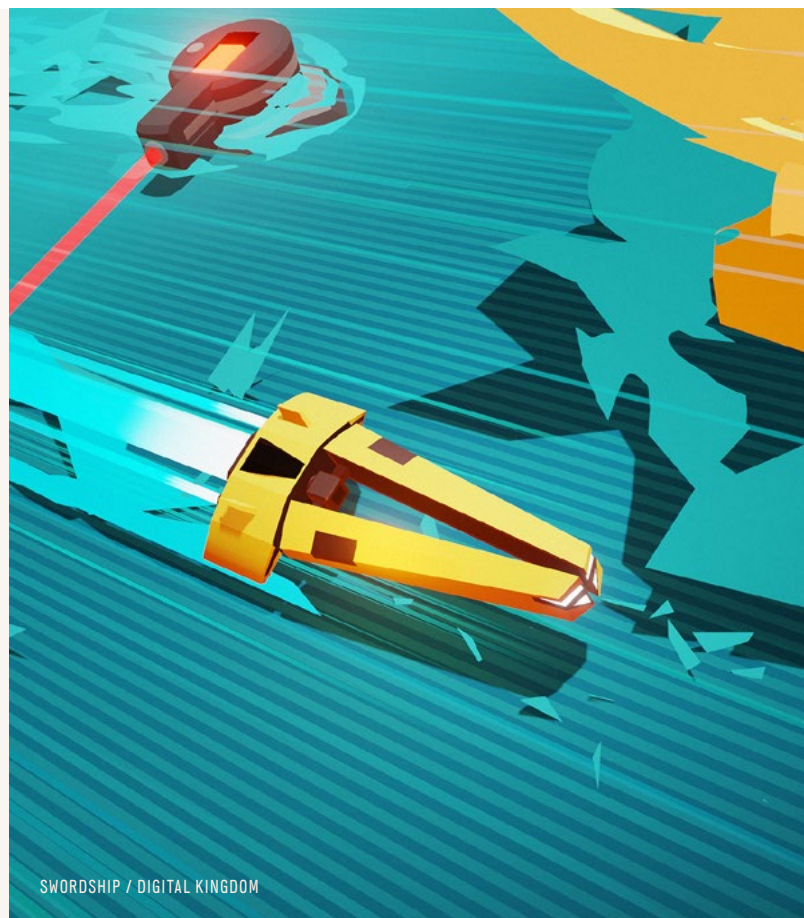
Development within Thunderful Studios on behalf of external licence owners. Creates predictable revenues with stable and high margins without any need for investment.

Partners

Providing service and support to external game developers who self-publish games. Creates predictable revenues with stable and high margins without any need for investment.

Investment

Ranging from investments in small prototype phases to the acquisition of major game development companies. Dependent on a high rate of investment and generates variable revenue shares from games that Thunderful has invested in.



17%

Share of net sales

75%

Share of EBITA



Distribution

High cash flow generation
and stable growth

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, 8 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, 12
of which are own brands.



83%

Share of net sales

25%

Share of EBITA



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BUSINESS MODEL AND VALUE CREATION

...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 achieving commercial success, as well as through complementary acquisitions of IP and companies.

The Distribution segment's high rates of cash flow generation entail a lower degree of financial risk in relation to these investments when compared with equivalent game developers in the industry.

Thunderful Group generates value

For customers, partners and end-users

- High-quality games and gaming experiences
- Strong and well-developed publishing business
- Strategic partnerships
- Safe, efficient and sustainable distribution process

For employees

- Employs about 480 people
- Competitive working conditions
- Inclusive workplaces promoting diversity and development
- Safe and favourable working environments

22

Released games during 2022

293 MSEK

In personnel costs during 2022



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
- 292 MSEK invested in Thunderful Games during the year

-3.5% **8.9%**

Net sales

Adjusted EBITA

For society

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

High-quality
development of games
suitable for all ages



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ACQUISITIONS

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

Ownership

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

Platform expertise

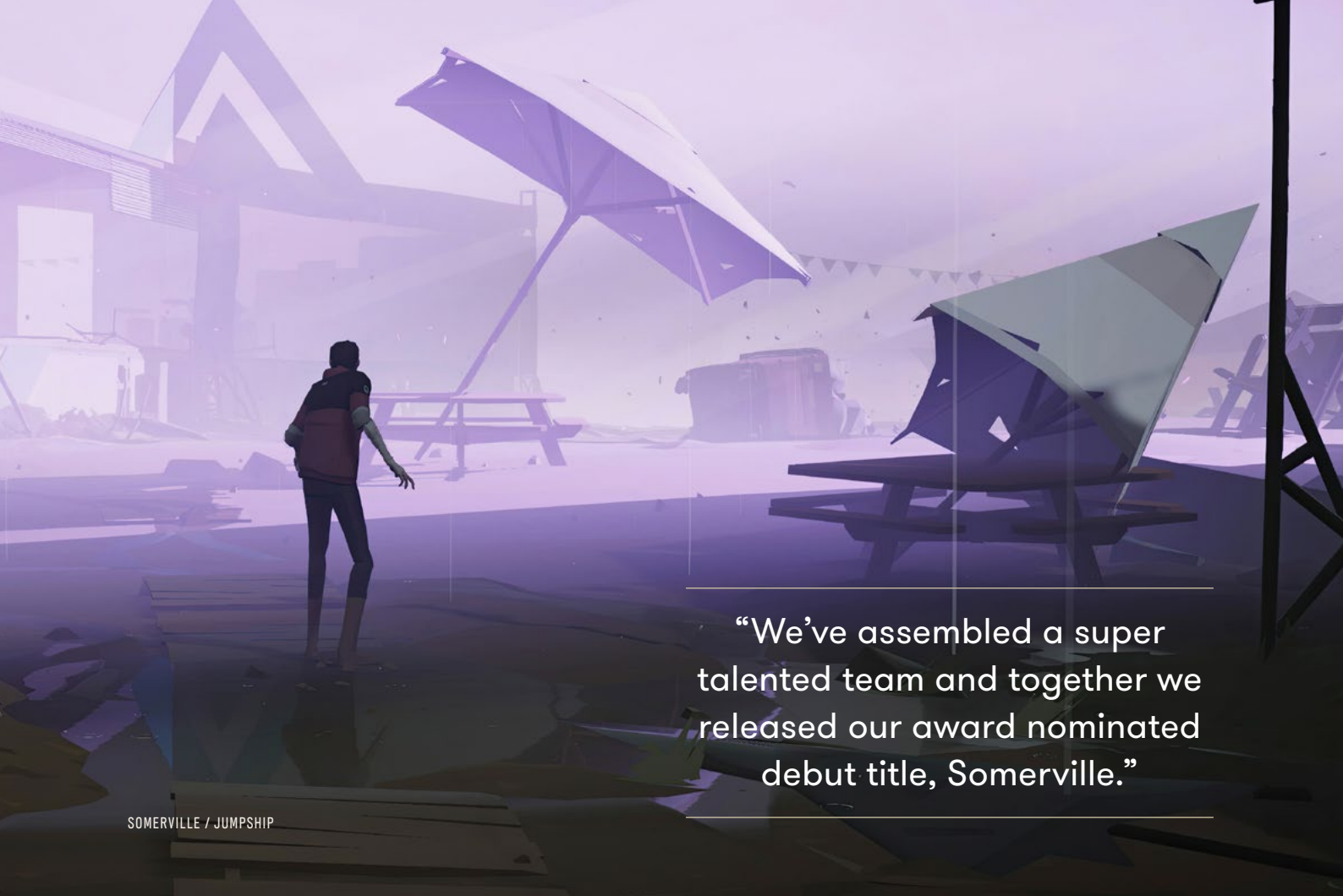
Thunderful Group has a long history of favourable relationships with platform owners, which acquired companies within the Group can use in their operations.

Decentralised control

Thunderful Group has a decentralised structure which creates plenty of scope for entrepreneurial freedom, with assistance from a handful of Group-wide support functions.

Strategic guidance

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



SOMERVILLE / JUMPSHIP

“We’ve assembled a super talented team and together we released our award nominated debut title, Somerville.”

UK-based Jumpship was founded in 2017 by Chris Olsen and Dino Patti, ex-CEO and co-founder of Playdead, the studio behind Limbo and Inside. Jumpship currently employs 19 staff. The studio was created with the mission to deliver unique experiences that treat their audience with respect and help expand the definition of interactive media. The studio’s first title, mysterious sci-fi narrative adventure Somerville, was released in November 2022. Jumpship was acquired by Thunderful Group in November 2022.

We’re really proud of what we’ve achieved at Jumpship since starting in 2017. We’ve assembled a super talented team and together we released our award nominated debut title, Somerville. However, being an independent games studio has its challenges. When we started to think about our future and how we wanted to stay together as a team and craft another unique experience for our fans, it brought into focus where we might benefit from a supportive partner. That’s where Thunderful comes in.

Our co-founder Dino Patti has known Thunderful’s Chief Strategy & Investment Officer Agostino Simonetta for a long time and built a strong relationship of trust. From this foundation, we got to know more about Thunderful and their vision over time and agreed that becoming part of the Thunderful family made perfect sense for us. Our strength as a studio is in our strong creative vision and our dedication to build games that challenge our audience emotionally and intellectually. With their established relation-

ships with key platform holders and expertise in putting games into the hands of players, becoming a part of Thunderful means access to an infrastructure and ecosystem that allows us to fully focus on our mission.

We will see benefits across all aspects of our games’ lifecycles, including support with PR, social media, and marketing, making deals with platform holders, business development opportunities and beyond. This is why it makes sense for a small studio like us to be able to plug into a larger organization like Thunderful.

I think a concern many studios have when it comes to becoming part of a larger entity is what it means for their freedom. This is something we discussed a lot as a team because the integrity of our creative vision is vital. What we have found in Thunderful is a partner who respects that and wants all acquired studios to retain their entrepreneurial and creative freedom. That was a big factor in deciding they were the right fit. They have steadily been building a family of game studios that each have their own identity, ideas and areas of expertise, connected by an umbrella of services that supports their autonomy and creative vision. We love that we set our own creative course while having the backing of Thunderful to deliver on what we want to achieve with our next project and the many to come.

Claire Bossiere, Studio Director Jumpship



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TARGETS AND TARGET FULFILMENT

Thunderful Group's medium term financial targets

Growth



Games

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

>25%

Target

2,6%

Outcome



Distribution

The 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 console launches.

>5–7%

Target

-17,3%

Outcome

Comment 2022

- Weak sales development in Distribution, primarily as a result of significantly lower market demand for gaming accessories.
- In the first three quarters of the year, Games reported negative organic growth. During Q4, Games reported positive organic growth of 22.8 percent.

Focus 2023

- **In Games:** Continue the trend from 2022 of achieving organic growth by successful game launches and continued focus on Co-Development and Partners.
- **In Distribution:** Continue to increase our market shares in the distribution of toys and stabilise sales of gaming accessories.

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 1.5x excluding temporary deviations following acquisitions.

<1,5X

Target

0,3X

Outcome

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.

Profitability



Games

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

≥35%

Target

37,3%

Outcome



Distribution

The segment strives to maintain an adjusted EBITA margin of 8 percent.

8%

Target

3,0%

Outcome

Comment 2022

- **Games** benefitted positively from successful game launches, acquisitions and agreed platform deals.
- **Distribution** profitability is coming under pressure as a result of weak development in Nordic Game Supply and Amo Toys due to the clearance sale of products and high costs associated with logistics.

Focus 2023

- **In Games:** Continue to develop the four distinct revenue streams to avoid dependency on successful game launches.
- **In Distribution:** Take advantage of cost efficiencies made in logistics in 2022 and continue work to reduce inventory.



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GAMES

Thunderful Games



Thunderful Games adopts a 360° strategy that is focused on the company's four distinct revenue flows: IP-Building, Co-Development, Partners and Investment. The strategy behind these four pillars is to provide four distinct revenue flows where predictable and stable revenues establish profitability that can be used for long-term investments while minimising the effect of individual game revenues on the company as a whole.

The section also contains tables of games released in 2022 and games announced for future launch as of 23 February 2023.

514.4 MSEK

Net sales

37.3%

Adjusted EBITA margin 2022

+45.3%

Net sales growth





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IP-BUILDING

IP-Building

IP-Building efforts are focused on developing, expanding and publishing IPs, either owned by Thunderful, by external partners, or through licensing. With Thunderful having multiple studios and driving an M&A agenda, it is able to develop and expand on existing IPs, as well as experiment with new IPs. The IP-Building pillar is dependent on investments and can generate high profit once the games have been launched.

In 2022, Thunderful launched 22 games in total, with 13 games in development, and an additional 18 games in the publishing pipeline. Examples from this year include the successful launch of “Somerville”, “LEGO™ Bricktales”, “The Last Hero of Nostalgaia” and “Cursed to Golf”. Thunderful has continued to expand on one of its most popular IPs, the SteamWorld Universe, with four games currently in development. One of the four in-development titles, “SteamWorld Build”, was announced in January 2023 and has been Thunderful’s most successful announcement ever as per industry standard metrics.

Share of Thunderful Games net sales FY2022



■ IP-Building

- Improved revenues from releases in 4 consecutive quarters
- Strengthened marketing and production teams
- Stable contribution from back catalogue despite negative market sentiment
- IP-Building contributed with positive EBITA from Q4

LEGO BRICKTALES / CLOCKSTONE STUDIO



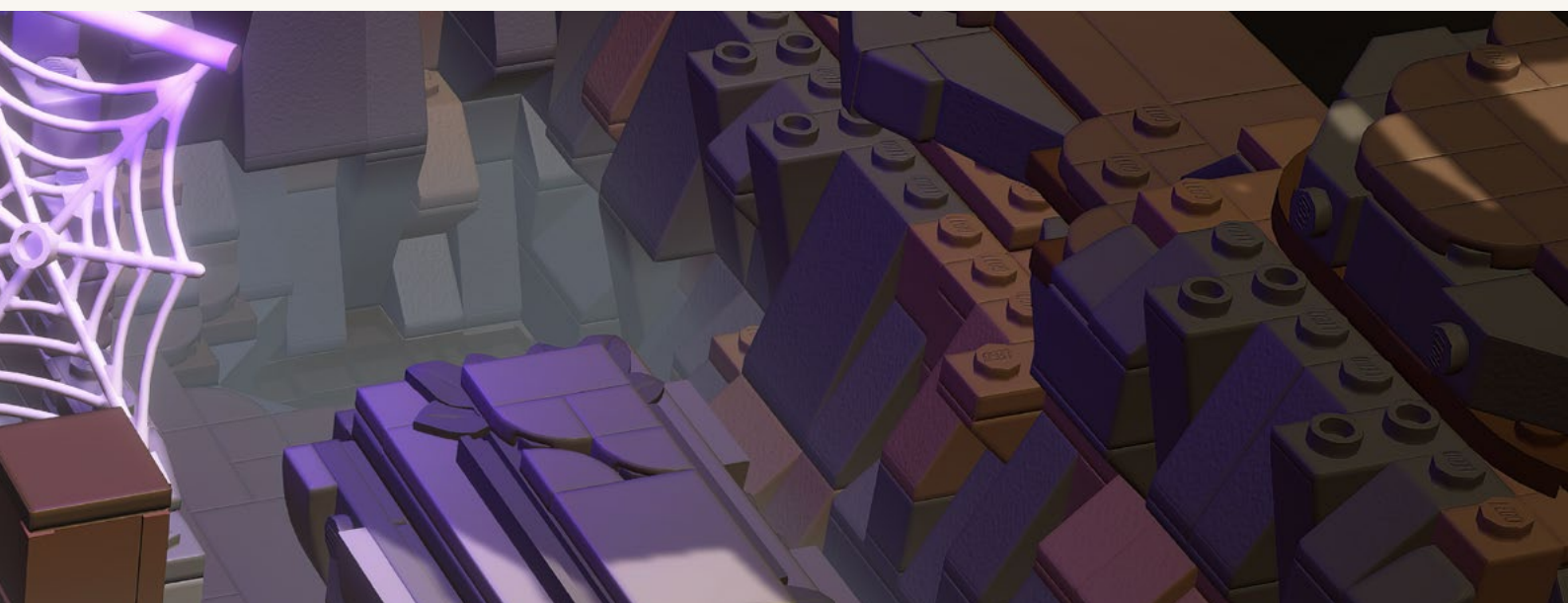
Games released during 2022

Game description

Platform

Title	Release	Publisher	Studio	Platform			
				PC	Console	Mobile	VR
The Ramp	2022-03-17	Coatsink	External	○	●	○	○
Curious Expedition 2	2022-03-17	Thunderful	External	○	●	○	○
Shadow Point	2022-03-22	Coatsink	Internal	○	○	○	●
Aerial Knight's Never Yield	2022-03-30	Headup	External	○	○	●	○
Get Packed: Couch Chaos	2022-04-28	Coatsink	External	●	○	○	○
The Gunk	2022-04-29	Thunderful	Internal	●	○	○	○
Crowns and Pawns	2022-05-06	Thunderful	External	●	○	○	○
Source of Madness	2022-05-10	Thunderful	External	●	○	○	○
Industria	2022-06-09	Headup	External	○	●	○	○
Cloud Gardens	2022-06-16	Coatsink	External	○	●	○	○
Firegirl	2022-06-22	Thunderful	External	○	●	○	○
Hell Pie	2022-07-21	Headup	External	●	●	○	○
Gigapocalypse	2022-08-04	Headup	External	●	●	●	○
Cursed to Golf	2022-08-18	Thunderful	External	●	●	○	○
LEGO Bricktales	2022-10-12	Thunderful	External	●	●	○	○
The Last Hero Of Nostalgaia	2022-10-19	Coatsink	External	●	●	○	○
Paper Cut Mansion	2022-10-27	Thunderful	External	●	●	○	○
Jurassic World: Aftermath Collection	2022-11-10	Coatsink	Internal	○	●	○	○
Somerville	2022-11-15	Jumpship	Internal	●	●	○	○
Swordship	2022-12-05	Thunderful	External	●	●	○	○
Togges	2022-12-07	Thunderful	External	●	●	○	○
Wavetale	2022-12-12	Thunderful	Internal	●	●	○	○

● Available ○ Not available





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CO-DEVELOPMENT

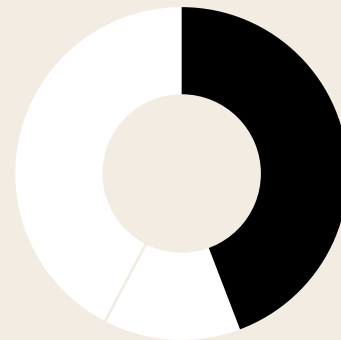
Co-Development

Co-Development encompasses development services provided by Thunderful Studio's Coatsink and Stage Clear in partnership with external parties. Long-term collaborative relationships have been prioritized with partners.

This revenue stream contributes predictable revenues with stable and high margins and revenue shares from developed games. There is no need for investment.



Share of Thunderful Games net sales FY2022



■ Co-Development

- Increased revenues in 4 consecutive quarters
- Signed new deals for 2023 and 2024 in H2
- Main EBITA contributor in 2022



STEAMWORLD BUILD / THE STATION



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PARTNERS / INVESTMENT

Partners

The Partner pillar covers consultancy services and support for third-party-developers who are self-publishing their own game or want strategy advice on their new or existing projects. Robot Teddy is leading this consultancy work with services across strategy, business development and business operations for the whole studio life cycle. Robot Teddy is currently working with a host of exciting partners with successful IP.

As with the Co-Development pillar, Partners provide the business with stable and predictable revenue with a high margin, and with revenue share from client-released games. There is no need for investment.

Share of Thunderful Games net sales FY2022



■ Partners

- Strengthened the team during 2022
- Increased revenues y/o/y (proforma)
- Onboarded new clients during 2022

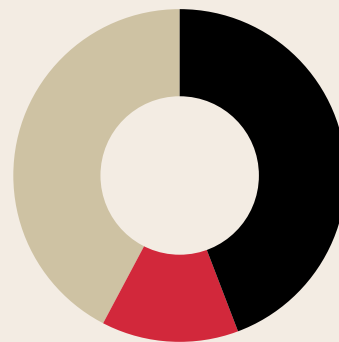


Investment

The Investment pillar includes investments ranging from the early prototype phase in game development projects to acquisitions of larger companies. The project investment revenue stream is dependent on a certain rate of investment and contributes with variable revenue shares from games in which Thunderful has invested.

Thunderful has an active M&A strategy and during 2021 acquired six companies. In November 2022, Thunderful acquired British studio Jumpship Ltd, the development studio behind “Somerville”.

Share of Thunderful Games net sales FY2022



- Co-Development
- Partners
- IP-Building

- No revenue contribution from game project investments yet
- Closed acquisition of Jumpship in Q4. Jumpship revenues reported in IP-Building revenue stream
- Invested in The Last Clockwinder, “one of the best games for PSVR2”, according to Polygon. Revenues recognized in Partners





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INVESTMENT

Announced releases of internally developed Thunderful Games as of February 23, 2023

Game description			Platform			
Title	Release	Publisher	PC	Console	Mobile	VR
Vendir: Plague of Lies	2023-02-21	Early Morning Studio	○	○	●	○
Jurassic World: Aftermath Collection	2023-02-22	Coatsink	○	○	○	●
Tinkertown	2023, 1H	Headup	●	●	○	○
Astronimo	2023, 1H	Coatsink	●	○	○	○
SteamWorld Build	2023, 2H	Thunderful	●	●	○	○
Islanders	2023, 2H	Coatsink	●	●	○	●
"Strawberry" (a SteamWorld IP Game)	2024	Thunderful	○	○	●	○
"Kokidon"	2024	Thunderful	●	○	○	○
"Date"	2024	Coatsink	○	○	○	●
SteamWorld Headhunter	2024	Thunderful	●	●	○	○
"Caramel" (a SteamWorld IP Game)	2024	Thunderful	●	●	●	○
"Lemon"	2024	To The Sky	●	●	○	○
"Vanilla"	2024	Thunderful	●	●	○	○

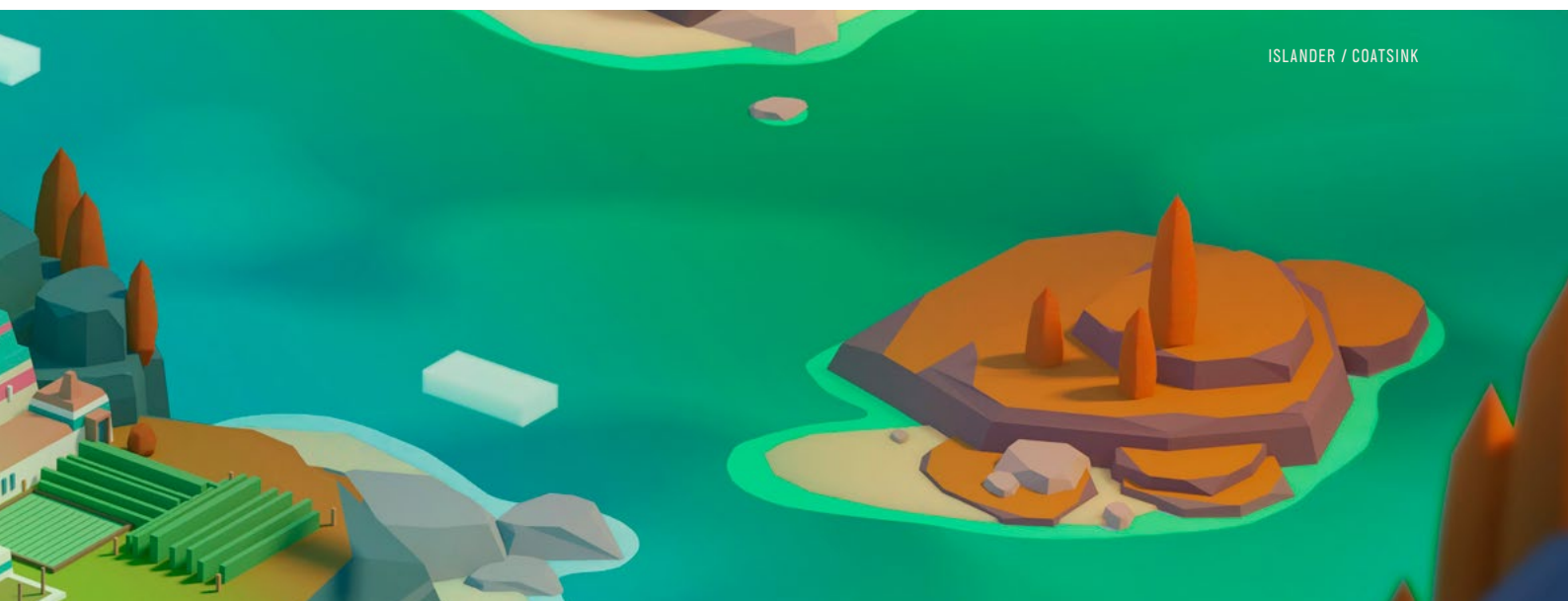
"Non-advertised game name" ● Released ● Under development ○ Not available



Announced releases and upcoming externally developed Thunderful Games as of February 23, 2023

Game description		Platform			
Title	Release	PC	Console	Mobile	VR
Moonglow Bay	2023, 1H	●	●	○	○
The Last Hero of Nostalgaia	2023, 1H	●	●	○	○
Super Meat Boy Forever	2023, 1H	○	○	●	○
LEGO Bricktales	2023, 1H	●	●	●	○
"Cinnamon"	2023, 1H	○	○	○	●
"Eggnog"	2023, 1H	●	●	○	○
Worldless	2023, 1H	●	●	○	○
Planet of Lana	2023, 1H	●	●	○	○
"Raspberry"	2023, 2H	●	●	○	○
Laika: Aged Through Blood	2023, 2H	●	●	○	○
Replaced	2023, 2H	●	●	○	○
Viewfinder	2023, 2H	●	●	○	○
"Cashew"	2023, 2H	●	●	○	○
"Rum & Raisin"	2023, 2H	●	●	○	○
"Lime"	2023, 2H	●	○	○	○
"Peach"	2024	●	●	○	○
"Maple"	2024	●	●	○	○
"Snowflake"	2024	●	●	○	○

"Non-advertised game name" ● Released ● Under development ○ Not available





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DISTRIBUTION

Well-established and competitive Nordic distribution business



2,516.2 MSEK

Net sales

3.0%

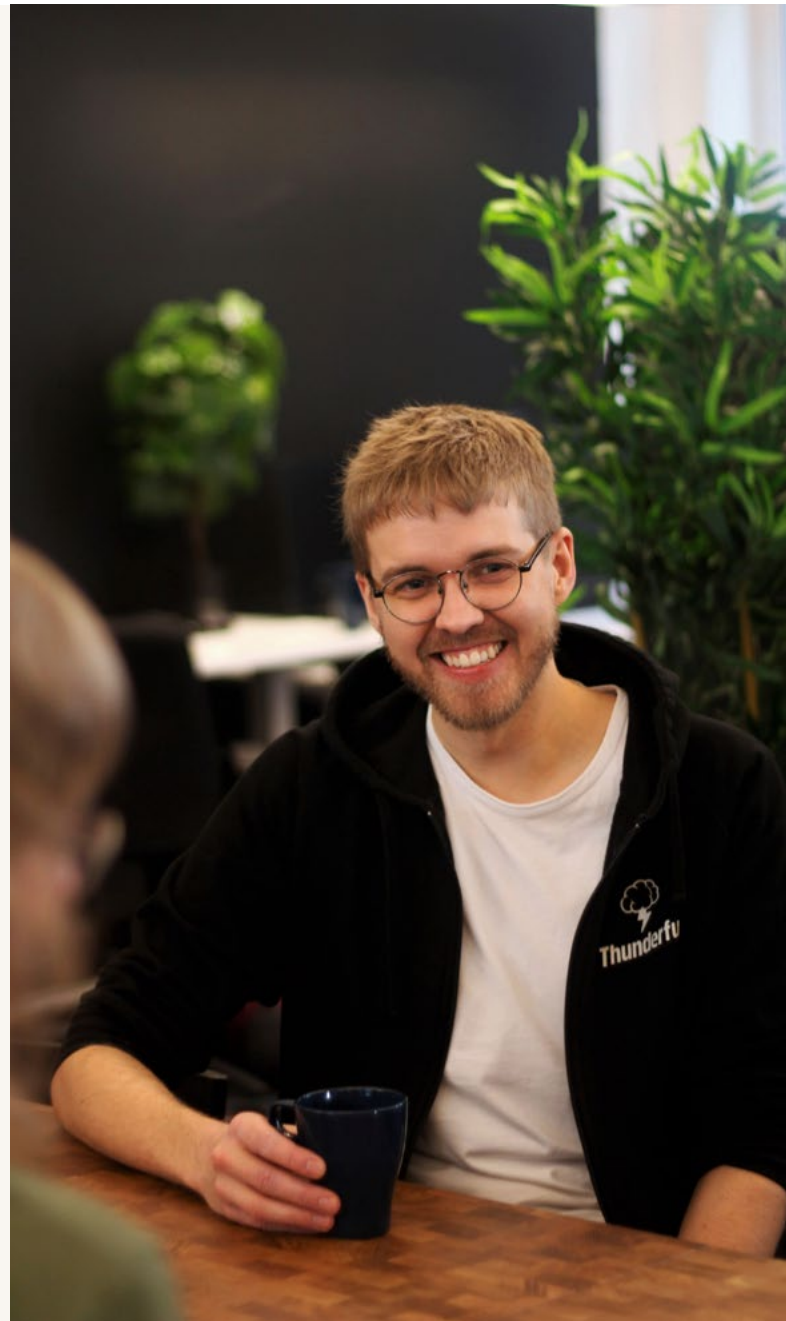
Adjusted EBITA margin 2022

-9.7%

Net sales growth

-17.3%

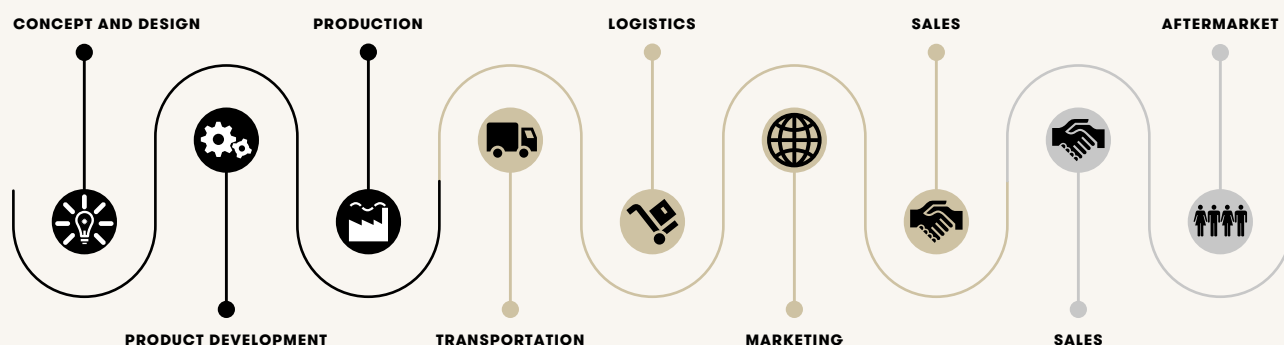
Growth excl. Bergsala



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 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
- 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.

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 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 segment. Investments must be made responsibly and in a manner that does not adversely affect the distribution business.



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BERGSALA



Bergsala – Distributor of Nintendo products in the Nordic region

Bergsala was founded in 1976 and has, since 1981, 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.



1,293.2 MSEK

Net sales

-1.2%

Net sales growth

7.7%

Adjusted EBITDA

1981

Swedish distributor of Nintendo since

9 MILLION

Consoles sold

20 MILLION

Games sold



Interview with Henrik Mathiasen – CEO of Bergsala



What is your view of the past financial year?

In the first half of 2022, we continued to see very high demand for our Nintendo Switch console, but the ongoing global semiconductor shortage meant we were not able to fully exploit our market potential. Nonetheless, we

managed to maintain sales at the same level as we achieved in the previous year.

During the second half of the year, we were unable to match console sales from the previous year. A combination of continued component shortages and a general downturn in demand during Q4 resulted in sales that were 20 percent lower than those in the previous year. Software sales were strong throughout 2022, with sales exceeding those for 2021.

We also extended our distribution agreement with Nintendo during the course of the year. What does this mean for Bergsala?

Of course it is a tremendous recognition of our local work with the brand that Nintendo has now once again extended this historic and lengthy partnership. The whole team is looking forward to continuing to develop Nintendo's position in the market in the time to come.

How have you further developed your work using data analysis in your business operations?

We completed our Business Intelligence project during 2022. Our in-depth gathering and analysis of inventory and sales data from all resellers has reinforced the quality of our sales forecasts, etc.

Going forward, what do you consider to be the most important single issue for Bergsala and for yourself?

To work together with all my incredible, talented colleagues as we continue to refine the many initiatives that we have implemented over the last two years.



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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., Squishmallows, Surprise, BabyBorn and Little Tikes.

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



524.0 MSEK

Net sales

1965

Amo Toys founded

+6.2%

Net sales growth

APPROX. 70

Brands

0.1%

Adjusted EBITDA

#8

Own brands



Interview with Henrik Matilainen – CEO of Amo Toys



How would you summarise 2022?

2022 was a challenging year for Amo Toys. Disruptions to supply chains in 2021 meant that we and our retail partners had larger inventories in early 2022 than was desirable. We have thus spent 2022 focusing on reducing inventory – which has been a success.

Which trends have you observed during the year, and how has Amo Toys adapted to these?

One key trend has been the rise of stuffed toys, including the Squishmallows brand which has been a driver in the advance of the product category. We have also identified a growing trend in the shape of consumers buying products in lower price categories, and we have also been successful with our own products in this area.

Describe the work you have done to reduce inventory in 2022.

We identified our high inventory value as an issue early in 2022 and drew up a detailed plan to reduce this over

the year. We have been working with our retail partners to develop promotions to increase demand for our products and this has paid dividends.

What are you doing to strengthen the EBITDA margin in 2023?

An important factor is ensuring we have a range that consumers want to buy – I am convinced that we do. Another factor – an extremely important one – is to buy the right products in the right quantities. We have been working hard on our purchasing processes and have thus been able to ensure that our forecasts and purchases are more precise. A third factor is ensuring the cost effectiveness of our operations – the move to our own warehouse in Torsvik has had a material impact in this respect.

What is most important going forward?

We need to remain successful at identifying trends while also continue the strong focus on inventory levels and operational efficiency. However, we also have to work closely with our suppliers and reseller partners to ensure world-class execution in the retail sector. We have a top quality, fantastic team at Amo Toys who enthusiastically tackle these areas on a daily basis.



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NORDIC GAME SUPPLY



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, 12 of which are own brands.

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.



699.1 MSEK

Net sales

-29.0%

Net sales growth

-0.3%

Adjusted EBITDA

2010

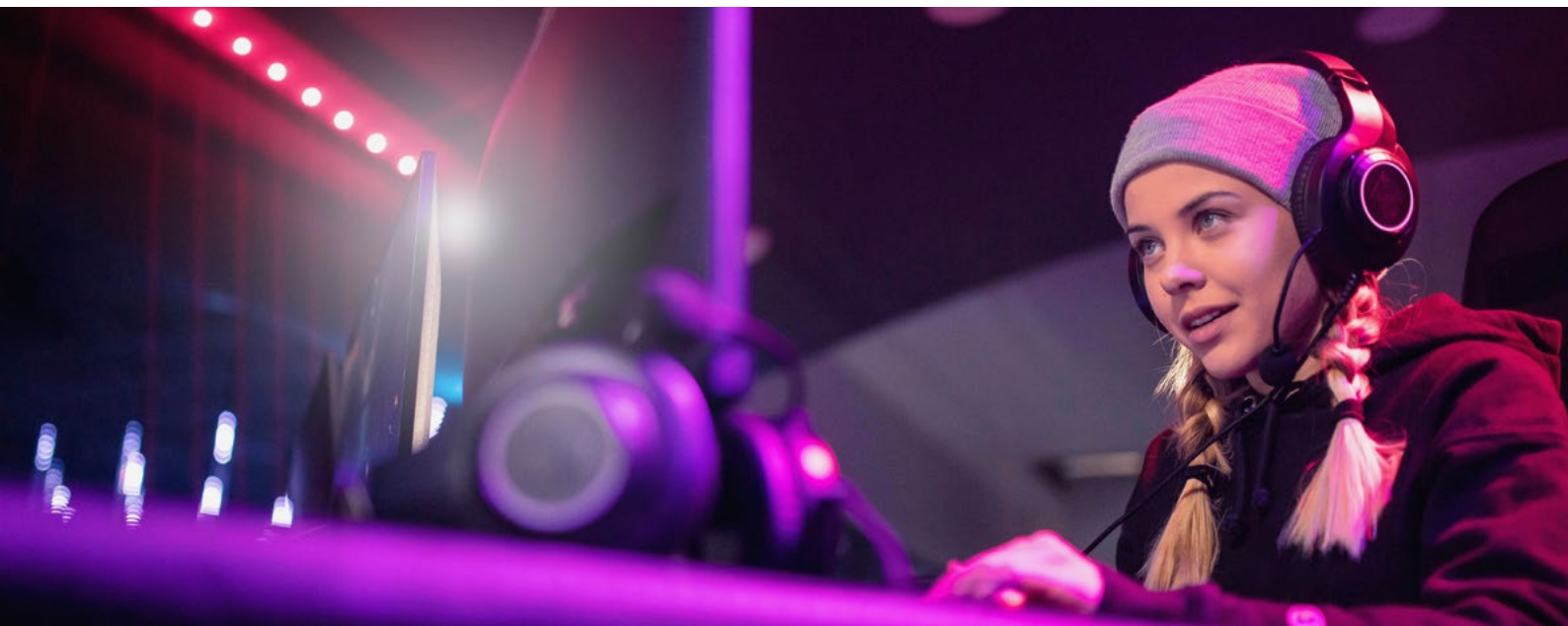
Nordic Game Supply founded

APPROX. 40

Brands

#12

Own Brands



Interview with Henrik Mathiasen – Acting CEO of Nordic Game Supply



How would you summarise the financial year?

2022 has been a challenging year for the industry, and that also applies to Nordic Game Supply. Supply chain disruptions in 2021 meant a large number of products were severely delayed, resulting in them only arriving in our warehouses in the first half of 2022.

This meant that we had increased inventory levels during the year across our full product portfolio. At the same time, we experienced a marked decline in demand following the pandemic.

You took up your post in Q3. What has your focus been as you have got back to grips with a role that is already familiar to you?

Our primary focus in the most recent quarters has been to reduce inventory. This will remain the aim throughout 2023 as well. In addition to this, we are seeking to reduce our fixed costs so that they match the current and future market situation.

You have downsized your headcount over the year by 20 percent. How have you managed to maintain the quality of delivery despite making efficiencies?

We have succeeded in restructuring duties and areas of responsibility without any negative impact on ongoing business operations.

What is Nordic Game Supply doing to strengthen its EBITDA margin in 2023?

We are working to ensure that we are investing in those products, customers and brands that generate the most value for Nordic Game Supply. As part of this process, we are carrying out a full-scale assessment of all our partnerships, while prioritising those partnerships that generate value for us.

What is your outlook on the future and what will you be focusing on in order to continue developing the business?

Based on the current macroeconomic conditions, I expect the market to remain challenging in 2023. Our focus will remain to adapt the company to these same conditions – this is something we have already embarked upon through a range of initiatives.



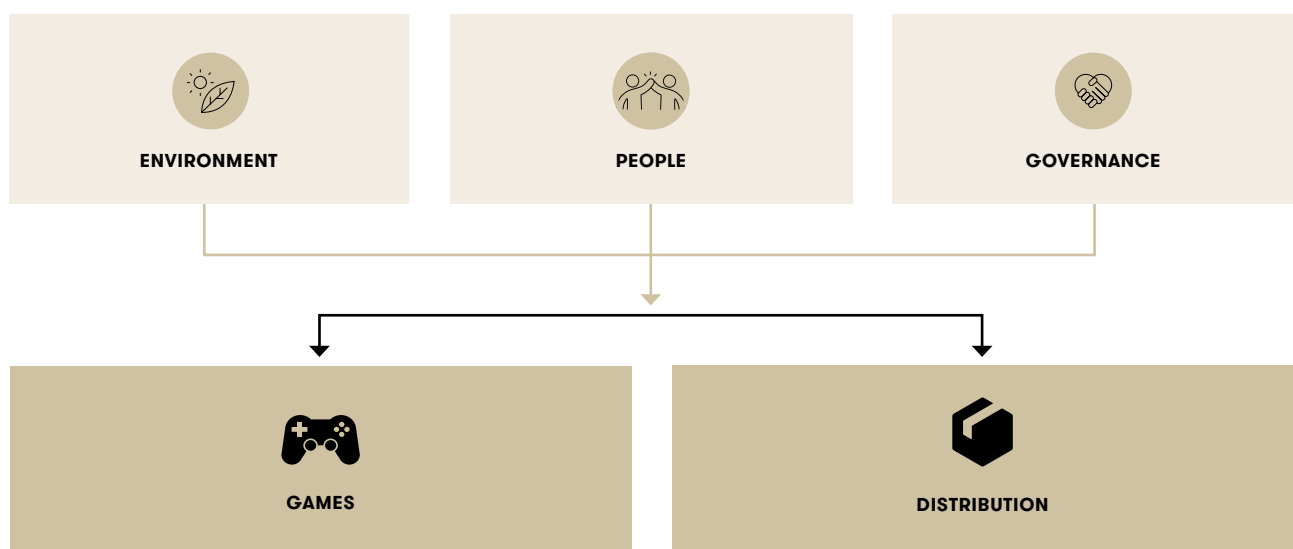
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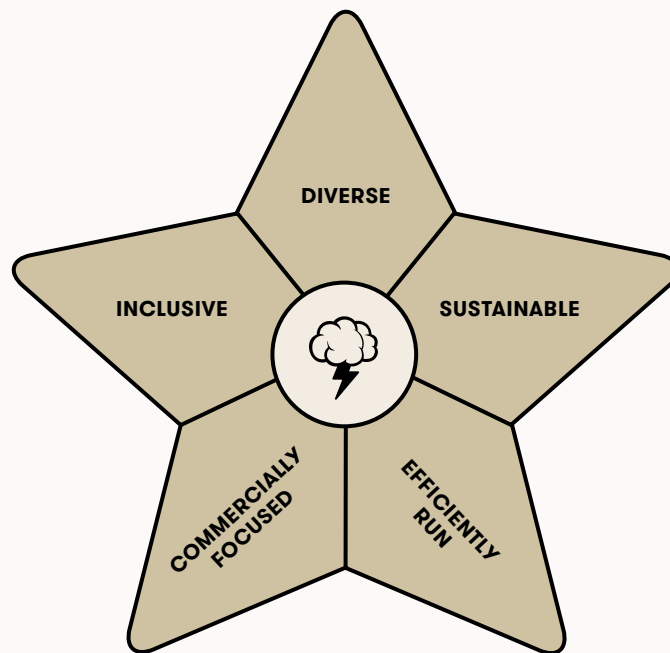
SUSTAINABILITY REPORT

To be a leader in a world where everyone can play

Thunderful Group operates in two segments: in the global gaming industry as a developer, publisher and investor (Games segment), and, in the Nordic distribution industry, as a distributor of games, game consoles, gaming accessories and toys (Distribution segment). Games and Distribution have two different business models, which means their value chains and their sustainability-related challenges and opportunities also differ. What they have in common is their committed focus on the environment, people and governance.

Thunderful Group's common focus areas





Thunderful Group's guiding star

Thunderful Group's growth includes the acquisition of other companies in the Games segment. The Group wants to affirm the unique nature of every company while establishing an open and supportive corporate culture. In order to enable coherence and uniformity around issues of culture and value, the Group has developed a model as its guiding star in order to create clear guidelines for all companies that are part of Thunderful Group.

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

SUSTAINABLE: Minimising negative impact on the environment, communities and society.

EFFICIENTLY RUN: Align people, budgets and processes with Thunderful Group's vision, strategy and goals, striving for continuous improvement.

COMMERCIALY FOCUSED: All activities are geared towards maximum profitability and revenue stream optimisation.

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



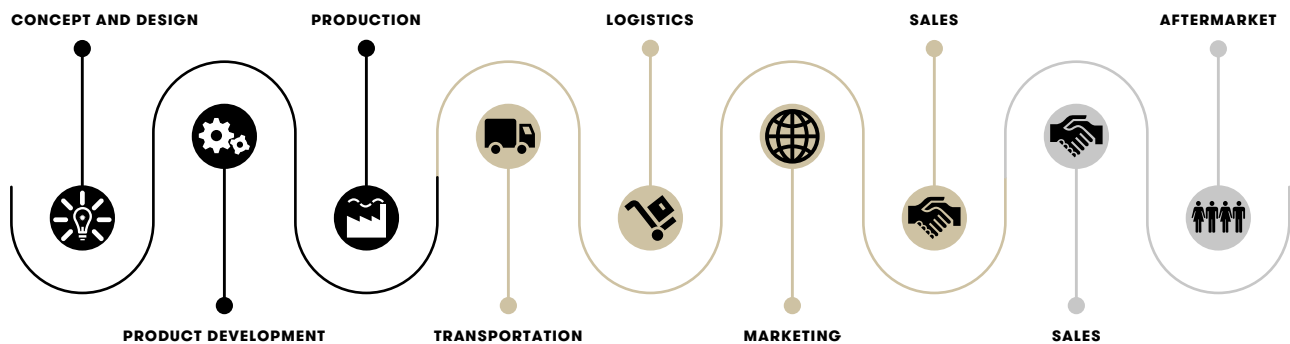
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ENVIRONMENT



Environment

Thunderful Group's impact at the distribution level



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 (Original Equipment Manufacturer).

Thunderful Group has very limited opportunities to exercise influence on the production of products that the Group distributes on behalf of other brand owners.

Logistics

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

Transports

In certain instances, transports to the Group's warehouses 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 the Group's warehouses by truck. Transports take place daily to all of the Nordic countries and, where applicable, to other European countries. Thunderful Group cooperates with 12 different transport companies for outbound transports.

Thunderful Group always strives to optimise the cargo space in the containers and cars that come from 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 the Group constantly strives for the highest possible degree of filling, this remains one of our clearest challenges.

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.

Emissions from transports

As a distributor, Thunderful Group is responsible for shipping to the Group's warehouses and to the customer. Today, Thunderful Group procures shipping services both directly and through third parties, to and from the Group's three different warehouses. The Group only works together with professional transport companies with well-established environmental and climate-related policies in place. 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 and tracked over the fuel's life cycle in accordance with the of Well to Wheel concept. Emissions are divided into the categories of incoming transports, where Thunderful Group is responsible for transport to one of the Group's warehouses, and outgoing transports, where the Group is responsible for transport to the customer's warehouse or store.

CO₂ emissions from transport in 2022

	CO ₂ emissions (tons)
Incoming transports	743.0
Outgoing transports	318.2
Total transport	1,061.2

As part of its efforts to minimise its carbon emissions, the Group is also working actively to ensure its purchasing is as precise as possible, while also maximising how filled containers and trucks are – all in order to minimise any unnecessary transports and production.

Distribution centre to become electricity self-sufficient

Thunderful Group entered into an agreement to install solar cells on the roof of the Group's new distribution centre. Due to component shortages in Asia, there has been some delay to this project and as a result the installation will be finalised in the autumn of 2023. Once this is done, the Group will be able to track its electricity production and consumption in real time. In the first stage, a 300 kWp capacity will be installed, although initial calculations show that the roof can accommodate a photovoltaic system 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.

Packaging and recycling

Thunderful Group's ambition is to be at the forefront of sustainable packaging and the circular economy. The Group is affiliated with the Recipo collective collection and recovery system for electrical and electronic equipment, which ensures that plastic is recovered and resold to the electronics industry. This sees Thunderful Group's products recycled, dismantled and ground into pellets in order to make new products, ensuring a circular flow of plastic.

The Group's Swedish distribution companies are affiliated with TMR (Tailor-Made Responsibility), which works to effectively take care of and recycle packaging. In order to further reduce the quantity of packaging and increase the proportion of sustainable packaging material, the Group's distribution company is working to draw up requirements that will be imposed on packaging producers.

Climate-friendly and energy-efficient server hall

The Games segment's biggest environmental and climate footprint is caused by the energy used in its server halls. Thunderful Group is working actively to minimise the carbon footprint of its server halls, including through the installation of cooling radiators at its head office in Gothenburg. These radiators cool the hall using district cooling, while the heat generated is recovered and used as 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.

The 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.



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PEOPLE



People

Centralised HR function

Geographically, Thunderful Group is a dispersed and global group. A global HR manager joined the Group in 2022 and is responsible for maintaining a collected approach to all personnel issues, primarily within the Games segment. 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.

A healthy working environment

Thunderful Group's Working Environment Policy sets out the Group's policies around systematic work environment management and what is expected of employees. The policy outlines, among other things, that the working environment must always be taken into consideration when changes occur within Group companies, as well as what preventative work must be carried out to ensure a safe workplace from both a physical and psychosocial point of view. In addition to minimising risk in the workplace, the policy also serves as a tool for identifying needs for measures and improvements. The Working Environment Policy applies across the Group and has been drafted in consultation with both employees and the management team. The policy is subject to annual review and revision.

Diversity in the gaming industry

Thunderful Group works to ensure 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.

In 2022, Thunderful Group published its Offensive Treatment Policy. The policy sets out what the Group will do to counteract and deal with abusive behaviour and clarifies the guidelines, rules and issues relating to what is expected of employees of the Thunderful Group.

Historically, the gaming industry has seen a marked overrepresentation of men and this still remains the case to a large extent although the number and proportion of women in the Swedish gaming industry have both increased. In 2021, 1,755 – or 22.1 percent – members of

the Swedish gaming industry workforce were women, in comparison to 1,410 women (21.4 percent) in the preceding year. In 2022, Thunderful Group sought to bring more women into its management team and other leadership roles in Group companies through targeted recruitment measures.

During the year, the Group has delivered leadership training to increase Group companies' ability to meet the needs of and encourage employees' differences. Local initiatives over the year have included a presence at several Pride festivals, while Thunderful Group is planning to participate in and sponsor Donna Day in 2023. Donna Day takes place in conjunction with the Sweden Game Conference and seeks to inspire and support women, transgender and non-binary people studying game development in higher education.

Onboarding and skills development

Thunderful Group regards it as important that it facilitate skills development and career paths within Group companies – something which sets the Group apart as an employer in the gaming industry. 2022 saw the launch of a new onboarding programme to introduce new employees to Thunderful Group's approach, values and culture in a unified manner. Thunderful Academy will further expand these training initiatives in 2023/24, both in the form of introductory training courses for new personnel and in the form of supplementary training for those staff who have worked for the Group for longer.

Health and wellness initiatives

Game development work is characterised by periods of varying intensity, but is generally sedentary in nature which necessitates physical exercise either outside the workplace or during working hours. This year, Thunderful Group maintained a clear focus on offering employees opportunities for exercise and encouraging to take these up. This health and wellness allowance has been increased and personnel are entitled to take up to two hours a week for the benefit of their physical and/or mental health. Likewise, the Group worked proactively with its occupational health service over the year, resulting in the avoidance of a number of sickness-related absences.

A flexible workplace

The Covid-19 pandemic forced workplaces to develop remote working options, and this was true of Thunderful Group too. As this was done successfully and in a way that was appreciated by the Group's employees, Thunderful drafted a flexible Workplace Policy following the pandemic that means its staff are able to work from home to some extent. The degree of remote working permitted for employees is determined by the extent to which individual productions require a physical presence, and is determined by the individual member of staff in consultation with their immediate production superior or line manager. The physical workplace is still regarded as the primary place of work since the spontaneous exchange of creative ideas remains an important part of the game development process. Remote working on a permanent basis is only approved in exceptional circumstances.

COWORKERS

	2022	2021
Number of employees	478	408
New employees	54	57
Staff turnover, %	28	17
Sick leave, %	1	1

AVERAGE NUMBER OF FULL-TIME EMPLOYEES PER GEOGRAPHICAL REGION

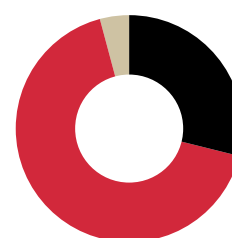
	2022	2021
Sweden	228	198
Norway	10	9
Denmark	30	30
Finland	14	12
Germany	30	21
UK	132	96
Spain	34	41
Other	0	1

GENDER DISTRIBUTION



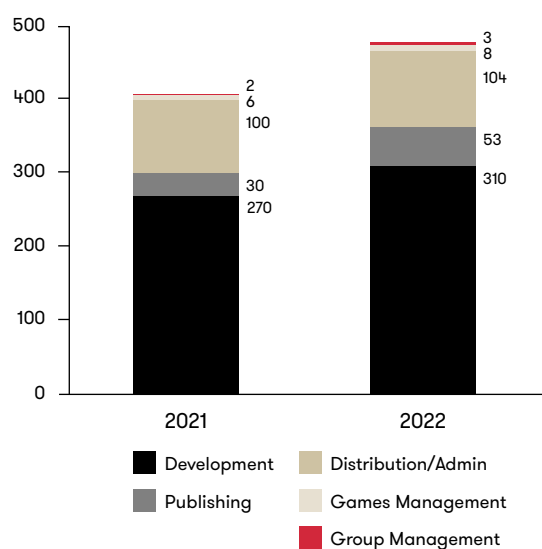
■ Women: 29.5%
■ Men: 70.5%

AGE DISTRIBUTION



■ <30 years: 25%
■ 30-50 years: 69%
■ >50 years: 6%

NUMBER OF EMPLOYEES PER OCCUPATIONAL CATEGORY





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GOVERNANCE



Governance

Good business ethics through codes of conduct

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 externally in business relationships. The Code is based on the Ten Principles of the UN Global Compact relating to sustainable business, which cover issues including human rights, employment law, the environment and anti-corruption. The Code of Conduct is revised at the local and operational level by the three members of the Group Management team, the CEO, CFO, and Chief Strategy & Investment Officer. The Code of Conduct is revised and approved annually by the Board of Directors.

In addition to the Group-wide internal Code of Conduct, there is also a Code of Conduct applicable to suppliers in the Distribution segment which is based on the requirements and recommendations set out by two global organisations: the ICTI (Council of Toy Industries) and BSCI (Business Social Compliance Initiative). 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.

The Group's Code of Conduct and the additional Code of Conduct applicable in the distribution chain are the two governing documents that set out the foundations of Thunderful Group's work in ensuring that games and products are developed responsibly at every stage. In addition to these Codes of Conduct, there is also legislation that must be adhered to. For example, the toys distributed by Thunderful Group must comply with a range of directives, standards and regulations. All products must be quality assured in relation to these requirements prior to distribution to the market.

Human rights and social conditions in the supply chain

A shared goal for the Group is to supply games and products that are developed in a socially responsible manner at every stage. Thunderful Group works actively to encourage suppliers and other partners to encourage them to affiliate with the ICTI and/or BSCI and gain certification in relation to these two organisations' requirements. Certification allows Thunderful Group to guarantee that issues such as human rights are being assured throughout the supply chain. Suppliers who are unable to gain certification from either of the two organisations are obliged to sign Thunderful Group's Code of Conduct for distribution, which includes a stipulation that human rights will be upheld. Thunderful Group's distribution companies continuously monitor all suppliers to ensure that the factories have up-to-date certification, or have signed and are in compliance with Thunderful Group's Code of Conduct.

Anti-corruption

Thunderful Group has a zero tolerance policy in relation to corruption in all activities and business relationships, and the Group believes there is a low risk of corruption in its Games and Distribution segments. The Group-wide Code of Conduct clearly outlines how employees are expected to behave in an ethically appropriate manner in all business relationships. Suppliers who sign Thunderful Group's Code of Conduct for distribution are required to adopt their own zero tolerance policy towards corruption.

Governing documents

Thunderful Group's most significant sustainability-related governing documents are:

- Code of Conduct
- Code of Conduct Distribution
- Working Environment Policy
- Offensive Treatment Policy
- Workplace Policy

Responsible product development

Thunderful Group seeks to be a responsible company, and has therefore chosen to avoid developing games with elements of gambling or betting. Likewise, the Group avoids game productions that contain excessive violence. All distribution channels and game platforms have guidelines and systems in place to ensure that age restrictions on games are adhered to.

Whistleblowing function

A Group-wide and anonymous whistleblowing function for employees and external parties will be implemented in 2023 and be available publicly. This function will allow for any misconduct and irregularities to be highlighted and prevented, and will, for example, be part of the Group's work to prevent corruption.

Risks and risk management

Thunderful Group has a systematic approach to risk analysis and management. A description of the Group's sustainability-related risks is set out in the Risks and risk management section on pages 50–55.

About the Sustainability Report

This Sustainability Report relates to Thunderful Group and pertains to the financial year from 1 January–31 December 2022. The Board is responsible for ensuring that the report has been drawn up in accordance with the årsredovisningslagen [Swedish Annual Accounts Act].

Page reference:

Business model – page 14
Environment – page 42
Personnel and social conditions – page 44
Human rights – page 46
Anti-corruption – page 46
Policies and Code of Conduct – page 46
Sustainability risks – page 50

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in Thunderful Group AB, 559230-0445.

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2022 on pages 40–47 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and 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 opinion.

Opinion

A statutory sustainability report has been prepared.

Göteborg den 26 april 2023

Grant Thornton Sweden AB

Patric Hofréus
Auktoriserad revisor



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THE SHARE AND SHAREHOLDERS

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 2022, the share price of Thunderful Group's share fell by 74.7 percent from its opening price of SEK 58.50 on 3 January to its closing price of SEK 14.80 on 30 December. The highest closing price was quoted on 3 January at SEK 58.50 and the lowest closing price was SEK 13.86 on 28 December. During the year, a total of 575,473 487 Thunderful Group shares were traded in a total of 57,762 trades. The share traded on 100 percent of the year's trading days, with an average daily turnover of SEK 2,274,599, with an average of 228 trades per day and an average spread of 1.27 percent. At the end of the year, Thunderful Group's market capitalisation amounted to approximately SEK 1,040.3 million.

Total return

The total return on Thunderful Group's share in 2022, that is, the price change including reinvested dividends, was a negative 74.7 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 2022, Thunderful Group AB's share capital amounted to SEK 702,905.97, divided between 70,290,597 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

CFO Lennart Sparud

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Shareholders

At the end of the year, Thunderful Group had 6,636 (8,232) shareholders. The largest shareholders are Bergsala Holding AB with 25.1 percent, Swedbank Robur Fonder with 6.8 percent, Klaus Lyngeled with 6.2 percent and Brjann Sigurgeirsson with 6.2 percent. Of the total number of shares in the company, 27.2 percent are held by institutions. Foreign ownership amounts to 20.3 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	17,613,693	25.1%
Swedbank Robur Fonder	4,783,505	6.8%
Lyngeled Holding AB	4,380,000	6.2%
Brjann Sigurgeirsson (privately and in holding company)	4,375,000	6.2%
ODIN Fonder	2,800,000	4.0%
RAM Rational Asset Management	2,212,953	3.1%
ÖstVäst Capial Management	2,200,000	3.1%
Knutsson Holdings AB	2,100,000	3.0%
Alcur Fonder	1,373,269	2.0%
Lancelot Asset Management AB	1,300,000	1.8%
TOTAL TOP 10	43,138,420	61.4%
Others	27,152,177	38.6%
TOTAL	70,290,597	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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RISK MANAGEMENT

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.

Thunderful Games segment has four clear revenue streams. IP Building is dependent on a high rate of investment and can generate high profitability levels when published games reach commercial success. Co-Development contributes with predictable revenues with stable and high margins and with revenue shares. Partners contributes with predictable revenues with stable and high margins and with revenue shares from games that our partners self-publish. There is no need for investments. Investments is dependent on a certain rate of investments and contributes with variable revenue shares from games in which Thunderful has invested.

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 three members of the Group Management team, the CEO, CFO and CSIO. The vast majority of risks are managed at the local and operational level, which in practice means that the CFO and CSIO 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 2022 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 18–21.




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 40–47.

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 71–72.

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 40–47. The Corporate Governance Report on pages 56–61, 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 2022
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	High	▲
Acquisitions	Additional acquisitions	Low	Medium	High	▶
	Integration of acquired operations	Low	Medium	Low	▶
External factors	Pandemics, political, economic and other external events	Medium	Medium	Medium	▲
	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	Medium	▶
	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**



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Risk by category	Risk area	Consequence	Likelihood	Priority	Focus in 2022
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.



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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 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 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.
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.

Operational risks (continued)

Supplier relations (continued)	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 46.
	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 71-72.



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 2022 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 2022, 11 Board meetings were held. All members have attended all meetings.

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 effi-

ciency 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. In 2022, 5 Audit Committee meetings were held.

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. In 2022, 3 Remuneration Committee meetings were held.

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 three persons which, in addition to the acting CEO, Anders Maiqvist, is comprised of the Company's CFO, Lennart Sparud and the Company's CSIO, Agostino Simonetta.

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 2022, 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.



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Remuneration to Board Members 2022 (TSEK)

Name	Board fees	Salary	Other benefits	Bonus	Pension	Total remuneration, bonuses and pensions
Mats Lönnqvist	550.0	-	-	-	-	550.0
Owe Bergsten	265.0	-	-	-	-	265.0
Tomas Franzén	280.0	-	-	-	-	280.0
Oskar Burman	250.0	-	-	-	-	250.0
Cecilia Ogvall	275.0	-	-	-	-	275.0
Total:	1,620.0	0.0	0.0	0.0	0.0	1,620.0

The table above presents remuneration to the Company's Board Members as described above and refers to remuneration paid during the financial year of 2022 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 2022, 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.

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 2022 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 the three incentive programs, without consideration of potential future recalculation in accordance with the warrant terms for the respective programs, amounts to 789,220 shares, which corresponds to a dilution of approximately 1.12 percent based on the assumption that all programs are fully exercised and calculated on the number of shares in the Company as per 31 December 2022.

Remuneration to senior executives 2022 (TSEK)

Name	Salary	Other benefits	Bonus	Pension	Total remuneration, bonuses and pensions
Anders Maiqvist, Acting CEO (from August 2022)	1,365.8	25.4	0.0	537.2	1,928.4
Brjann Sigurgeirsson, former CEO (up until July 2022)	357.0	46.6	0.0	52.9	456.5
Other members of Group Management ¹⁾	3,560.6	45.5	1,260	486.3	5,352.4
Total:	5,283.4	117.5	1,260	1,076.4	7,737.3

1) Other members of Group Management amounted to 2 people at the end of 2022. Remuneration for other members of Group Management includes former Chief Financial Officer Anders Maiqvist until May 2022, new Chief Financial Officer Lennart Sparud from June 2022 and Chief Strategy & Investment Officer Agostino Simonetta.

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 at that time, the Group's Head of Distribution at that time 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 2022. 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 2022. The warrants are subject to customary recalculation provisions in connection with issues, etc.

Warrant-based incentive program 2022/2025 (iii)

At the General Meeting held on 27 April 2022 it was resolved to implement a warrant based incentive program for the new CFO of the Group, the Group's CSIO and the Group's COO through an issue of 270,000 warrants. The warrant program was implemented in May 2022 and a SEK 0.27 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 47.22 per share. The

warrants can be utilised during the time period from and including 19 May 2025 to and including 30 June 2025. In case all issued warrants are fully utilised, a total of 270,000 new shares will be issued and the share capital will be increased by SEK 2,700.00, which corresponds to a dilution of approximately 0.38 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 2022. 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.



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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, 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 Patrik 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 3.5 million for the financial year 2022 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 are published on the Company's website (www.thunderfulgroup.com) in direct connection with publishing.

Auditors' report on the corporate governance report

To the general meeting of the shareholders in Thunderful Group AB, 559230-0445.

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2022 on pages 56–63 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's 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.

Opinions

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

Göteborg den 26 april 2023

Grant Thornton Sweden AB

Patric Hofréus
Auktoriserad revisor



LOST IN RANDOM / ZOINK



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BOARD OF DIRECTORS / GROUP MANAGEMENT

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.

Selection of other assignments: Chairman of the board, inter alia, of Hydros scand Group AB, Ovacon AB and Spendrup Holding AB.

Board member, inter alia, in Norva 24 Group AB, Prosero Security Holding AB, Liljedahl Group AB and Tagehus Holding 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.

Selection of other assignments: Chairman of the board in Havs-skatten AB. Board member in Bergsala Holding AB, Logi & Bastu på Käringön AB and Orrviken Invest Aktiebolag.

Holdings in the Company: 17,613,693 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).

Selection of other assignments: Chairman of the Board, inter alia, of Bonnier News Group AB and TietoEvry Corp.

Board Member, inter alia, of Axel Johnson Aktiebolag, Dustin Group AB and Liljedahl Group 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. 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.

Selection of other assignments: Chairman of the board and CEO in Fast Travel Games AB. Board member in Stugan AB.

Holdings in the Company: 3,465 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.

Selection of 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



Anders Maiqvist

Acting CEO since 2022
Born 1983

Background and education:
Master's Degree in Industrial Economics at Chalmers University of Technology. Anders Maiqvist was the CFO of Thunderful Group until 2022 and has previously been the CFO of People's Choice and deputy CEO and CFO of Prognosia.

Selection of other assignments:
Board Member of Benolly AB, Havskatten AB and Maiassets 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

Lennart Sparud

Chief Financial Officer since 2022
Born 1969

Background and education:
B.Sc. in Economics and Commercial Law at University of Gothenburg. Lennart Sparud has over 20 years of experience working as CFO in, inter alia, Hexatronic Group, Salinity Group, Vagabond International and Profura.

Selection of other assignments:
Board member of Setek Group AB, Havsskatten AB and Spencer Invest AB.

Holdings in the Company:
14,000 shares and 150,000 warrants series 2022/2025 (iii)

Favourite Thunderful game:
Lost in Random

Favourite Nintendo game:
Nintendo Ice Hockey

Agostino Simonetta

Chief Strategy & Investment Officer since 2021
Born: 1976

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

Selection of other assignments:
n.a.

Holdings in the Company:
12,839 shares and 80 000 warrants series 2022/2025 (iii)

Favourite Thunderful game:
SteamWorld Dig 2

Favourite Nintendo game:
Zelda Ocarina of Time



Remuneration report 2022

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, 2022, were applied during 2022. 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 94 in the annual report for 2022. Information on the remuneration committee’s work in 2022 can be found in the corporate governance report on pages 56-61 in the annual report for 2022.

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 56-63 in the annual report for 2022.

Development in 2022

The CEO summarizes the Company’s overall results in his report on pages 6-8 in the annual report for 2022.

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 58 in the annual report for 2022. During 2022, 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. No compensation has been demanded back.

Share-based payment

Outstanding share-related and share price-related incentive programs

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 at that time, the Company’s former Head of Distribution at that time 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

Total remuneration to the CEO during 2022 (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
Anders Maiqvist, Acting CEO	1,365.8	25.4	0.0	0.0	0.0	537.2	1,928.4	100%/0%
Brjann Sigurgeirsson, former CEO	357.0	46.4	0.0	0.0	0.0	52.9	456.5	100%/0%

1) With the exception of Multi-year variable remuneration, the table reports remuneration amounting to the year 2022. 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.

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.

Warrant-based incentive program 2022/2025 (iii)

At the General Meeting held on 27 April 2022 it was resolved to implement a warrant based incentive program for the new CFO of the Group, the Group's CSIO and the Group's COO through an issue of 270,000 warrants. The warrant program was implemented in May 2022 and a SEK 0.27 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 47.22 per share. The warrants can be utilised during the time period from and including 19 May 2025 to and including 30 June 2025. In case all issued warrants are fully utilised, a total of 270,000 new shares will be issued and the share capital will be increased by SEK 2,700.00. The warrants are subject to customary recalculation provisions in connection with issues, etc.

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

During 2022, Thunderful had short-term variable remuneration for 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 2022
Compensation to the CEO	-	-	-15.3 (-2%)	+54.1 (+7%)	+1,604.4 (+205%)	2,384.9
The Group's operating profit	-	-	+5,807.1 (+3%)	-6,058.5 (-3%)	-12,755.4 (-6%)	196,056.5
Average remuneration based on the number of FTEs* in the parent company	-	-	-	-	-	771.6

* Excluding members of Group management.



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Information about the Business

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 following the restructuring of Group companies Bergsala and Thunderful to create a new, robust operator in the gaming industry. Thunderful Group operates within all segments of the games industry.

With its head office in Gothenburg and additional offices in Aarhus, Berlin, Cologne, Copenhagen, Guildford, Helsinki, Hong Kong, Karlshamn, Kungsbacka, Larvik, Madrid, Malmö, Newcastle, Skövde, and Stockholm, 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 segments: Thunderful Games and Thunderful Distribution.

Thunderful Games

Thunderful Games is divided into four distinct revenue streams:

- **IP Building** includes the development and publishing of proprietary games with own IP and the publishing of externally developed games with licensed IP. This revenue stream is dependent on high rates of investment and offers the potential for very high rates of profitability.
- **Co-Development** includes game development within Thunderful Studios on behalf of external licence owners. This revenue stream generates predictable revenues with stable and high margins without any need for investment, while also generating variable revenue shares from developed games.
- **Partners** includes providing service and support to external game developers who self-publish games. This revenue stream generates predictable revenues with stable and high margins without any need for investment, while also generating variable revenue shares from games that partners self-publish.
- **Investments** includes investments ranging from the prototype phase in small game development projects to the acquisition of major game development companies. The project investments revenue stream is dependent on a degree of investment and generates variable revenue shares from games that Thunderful has invested in.



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Thunderful Distribution

Thunderful Distribution operates in the distribution and sale of, among other things, Nintendo products, games, game accessories and toys. The segment includes distributors Bergsala, Amo Toys and Nordic Game Supply. Bergsala has distributed Nintendo 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

Confirmed credit facility

Thunderful entered into an agreement concerning a new, confirmed revolving credit facility in the amount of MEUR 55 available in multiple currencies with Danske Bank.

Extended distribution agreement with Nintendo

The distribution agreement relating to Nintendo products in the Nordic and Baltic regions between Bergsala AB and Nintendo of Europe GmbH was extended for an additional two-year period.

Change to Group management

Brjann Sigurgeirsson left his role as CEO. The Board appointed former CFO, Anders Maiqvist, to serve as Acting CEO. Lennart Sparud took over as CFO during the year.

Agreement concerning a contingent consideration relating to the acquisition of Robot Teddy Ltd

Thunderful entered into an agreement initiated by the sellers of Robot Teddy to settle the contingent consideration prematurely. This agreement was initiated by the sellers of Robot Teddy. In accordance with what was previously communicated, there was an option for the sellers of Robot Teddy to receive a contingent consideration tied to the sale of the company which took place on 27 October 2021. In addition to the original purchase price, there was an option for a contingent consideration of no more than MGBP 12 provided that specifically agreed financial and operational goals were achieved on an annual basis until 31 December 2025.

This agreement meant that Thunderful paid the sellers MGBP 1 by way of contingent consideration on a cash basis. No further contingent consideration linked to the acquisition of Robot Teddy will be due to the sellers.

Dialogue with Finansinspektionen

Thunderful initiated dialogue with Finansinspektionen (the Swedish Financial Supervisory Authority) in relation to the disclosure of information in connection with the publication of its year-end report for 2020. This dialogue concluded in March 2023 when Finansinspektionen discontinued its investigation in full.

Agreement concerning a contingent consideration relating to the acquisition of Coatsink Software Ltd

Thunderful entered into an agreement relating to the original agreement struck with the sellers of Coatsink Software extending the period in which the contingent consideration might be earned. This agreement was a continuation of dialogue initiated during the negotiation of the original agreement. In accordance with what was previously communicated, there was an option for the sellers of Coatsink to receive a contingent consideration tied to the sale of the company which took place on 2 October 2020. In addition to the original purchase price, there was an option for a contingent consideration of no more than MGBP 42.5 provided that specifically agreed financial goals were achieved on an annual basis during 2021 and 2022.

This agreement entailed the regulation of the original agreement as the agreed spirit of the acquisition regarding the earning period was not clarified in the original agreement, resulting in the end of the period for the contingent consideration to be earned being extended from 31 December 2022 to 31 December 2025, with annual payments to be made. A total of MGBP 9.0 may be paid in cash to the sellers of the company provided that certain financial goals are met in the period 2023-2025. A ceiling of 0.5× EBIT has been agreed for the period in question. This amount is within the originally agreed range of the contingent consideration of no more than MGBP 42.5.

Acquisition of Jumpship Ltd

On 15 November 2022, the Group acquired the British game developer Jumpship Ltd for a cash initial purchase price of MGBP 6.0. Founded in 2017, Jumpship Ltd launched its first game – the sci-fi adventure *Somerville* – on the date of completion. Its head office is located in the town of Guildford in the UK. 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 and broadens the Group's network towards more development studios. Following the acquisition, Jumpship's co-founder Dino Patti has taken on the role of strategic advisor with Thunderful Games. Further details about the acquisition are set out in Note 34 Business acquisitions.



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Multi-year overview, Group	2022	2021	2020
Net sales, MSEK	3,030.7	3,140.8	3,047.8
Profit after financial items, MSEK	158.3	168.9	173.4
Balance sheet total, MSEK	3,668.7	3,619.7	2,542.1
Equity/assets ratio, %	54.1%	49.7%	58.5%
Average number of employees	470	364	248

Multi-year overview, Parent Company	2022	2021	2020
Net sales, MSEK	9.8	6.0	10.1
Profit after financial items, MSEK	56.8	1.4	-52.2
Balance sheet total, MSEK	3,287.2	3,285.1	2,373.6
Equity/assets ratio, %	63.0%	62.9%	82.1%
Number of employees	4	4	3

Comment on multi-year overview

Consolidated net sales for the 2022 financial year amounted to MSEK 3,030.7, compared with MSEK 3,140.8 for the preceding year. The Games segment shows growth of MSEK 160.4, while the Distribution segment shows negative growth of MSEK -270.6.

The following pages set out an earnings analysis for the Group for the 2022 financial year.

Net sales

Consolidated net sales for the full year amounted to MSEK 3,030.7 (3,140.8), corresponding to a decrease of 3.5 percent. Driving forces for net growth are reported under the segments.

Segment

Net sales in the Games segment increased by 45.3 percent to MSEK 514.4 (354.0) and in the Distribution segment, net sales decreased by 9.7 percent to MSEK 2,516.2 (2,786.8).

SEK million	2022	2021
Thunderful Games	514.4	354.0
Thunderful Distribution	2,516.2	2,786.8
- of which, Bergsala	1,293.2	1,308.3
- of which, Nordic Game Supply	699.1	984.9
- of which, Amo Toys	524.0	493.6
Other	0.0	0.0
Net sales	3,030.7	3,140.8

In the Distribution segment, net sales in Bergsala decreased by 1.2 percent to MSEK 1,293.2 (1,308.3), net sales in Nordic Game Supply decreased by 29.0 percent to MSEK 699.1 (984.9) and net sales in Amo Toys increased by 6.2 percent to MSEK 524.0 (493.6).

During the period, Bergsala experienced some disruptions to the supply of hardware. Over the full period, Bergsala's net sales were in line with the previous period.

Nordic Game Supply was negatively affected by significantly weaker market demand, especially for those products in higher price segments. This negative trend accelerated during the financial period.

For Amo Toys, its increase was driven primarily by improved access to spring and summer toys against the comparison period.

Thunderful Games reported organic growth of MSEK 9.2. Acquisition-driven growth in the period amounted to MSEK 151.2 in net sales.

%	Games	Distribution
Net sales growth, %	45.3%	-9.7%
- of which, organic, %	2.6%	-9.7%
- of which, acquired, %	42.7%	0.0%

Gross profit

Gross profit for the full year amounted to MSEK 1,102.5 (956.3), corresponding to an increase of 15.3 percent and a gross margin of 34.3 percent (29.2). 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 slightly.

Operating expenses

Costs of merchandise, bought-in game development services and royalties decreased by 8.8 percent to MSEK -2,113.3 (-2,317.5).

Other external expenses increased by 17.4 percent to MSEK -385.2 (-328.1). Of the total increase in expenses of MSEK -57.1, MSEK -15.0 was derived from increased marketing costs, MSEK -27.6 from increased inventory and logistics expenses in Amo Toys and Nordic Game Supply and MSEK -0.6 from acquired companies.

Personnel expenses increased by 22.9 percent to MSEK -293.4 (-238.7). The total number of employees at the end of the period amounted to 478 (408).

Amortisation and impairments increased by 37.1 percent to MSEK -174.1 (-127.0). The main drivers behind this were amortisation and impairments relating to capitalised game development expenses and licences for publishing which increased by MSEK -40.6 (including amortisation and impairments relating to the game The Gunk of MSEK -24.8) and PPA-related amortisation (Purchase Price Allocation) which increased by MSEK -13.9.

SEK million	2022	2021
Expenses for merchandise and royalties	-2,113.3	-2,317.5
Other external expenses	-385.2	-328.1
- of which, marketing expenses	-141.5	-128.5
- of which, acquisition-related non-recurring expenses	-5.5	-10.3
- of which, other non-recurring expenses	0.0	-10.4
Personnel expenses	-293.4	-238.7
Amortisation and impairment of tangible fixed assets and intangible assets	-174.1	-127.0
- of which, PPA-related amortisation	-83.2	-69.3
Other operating expenses	-53.7	-53.7
Total operating expenses	-3,019.7	-3,065.0

The Group applies the following amortisation principles for its game development and for publishing licenses: Amortisation of completed game-development projects and launched publishing 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 amortisation and impairment of property, plant and equipment and intangible assets (EBITDA) for the full year amounted to MSEK 375.6 (356.5), corresponding to an adjusted EBITDA margin of 11.7 percent (10.9). Adjusted EBITDA is adjusted for acquisition-related non-recurring items of MSEK -5.5 (-10.3).

Segment

Adjusted EBITDA for the Games segment over the full year amounted to MSEK 301.3 (185.2), corresponding to an adjusted EBITDA margin of 48.5 percent (44.3).

Adjusted EBITDA for the Distribution segment over the full year amounted to MSEK 97.9 (188.5), corresponding to an adjusted EBITDA margin of 3.8 percent (6.6).

SEK million	2022	2021
Thunderful Games	301.3	185.2
Thunderful Distribution	97.9	188.5
Other	-23.5	-17.2
Adjusted EBITDA	375.6	356.5
Adjusted non-recurring items (Games segment)	0.0	-8.4
Adjusted non-recurring items (Distribution segment)	0.0	-2.0
Adjusted non-recurring items (Other segment)	-5.5	-10.3
EBITDA	370.1	335.8
Adjusted EBITA margin		
Thunderful Games, %	48.5%	44.3%
Thunderful Distribution, %	3.8%	6.6%
Thunderful Group, %	11.7%	10.9%

Adjusted operating profit, EBITA

Adjusted operating profit before acquisition-related amortisation (EBITA) for the full year amounted to MSEK 284.8 (298.8), corresponding to an adjusted EBITA margin of 8.9 percent (9.1). Adjusted EBITA is adjusted for acquisition-related non-recurring items of MSEK -5.5 (-10.3).

Segment

Adjusted EBITA for the Games segment over the full year amounted to MSEK 231.3 (139.7), corresponding to an adjusted EBITA margin of 37.3 percent (33.4).

Adjusted EBITA for the Distribution segment over the full year amounted to MSEK 77.2 (176.6), corresponding to an adjusted EBITA margin of 3.0 percent (6.2).



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SEK million	2022	2021
Thunderful Games	231.3	139.7
Thunderful Distribution	77.2	176.6
Other	-23.7	-17.5
Adjusted EBITA	284.8	298.8
Adjusted non-recurring items (Games segment)	0.0	-8.4
Adjusted non-recurring items (Distribution segment)	0.0	-2.0
Adjusted non-recurring items (Other segment)	-5.5	-10.3
EBITA	279.3	278.1
Adjusted EBITA margin		
Thunderful Games, %	37.3%	33.4%
Thunderful Distribution, %	3.0%	6.2%
Thunderful Group, %	8.9%	9.1%

Operating profit, EBIT

Operating profit for the full year amounted to MSEK 196.1 (208.8), corresponding to an operating margin of 6.1 percent (6.4). The operating profit includes acquisition-related non-recurring items of MSEK -5.5 (-10.3).

Segments

Operating profit for the Games segment over the full year amounted to MSEK 185.3 (99.2), corresponding to an operating margin of 29.8 percent (23.7).

Operating profit for the Distribution segment over the full year amounted to MSEK 40.0 (137.4).

SEK million	2022	2021
Thunderful Games	185.3	99.2
Thunderful Distribution	40.0	137.4
Other	-29.2	-27.8
Operating profit	196.1	208.8
Operating margin		
Thunderful Games, %	29.8%	23.7%
Thunderful Distribution, %	1.5%	4.8%
Thunderful Group, %	6.1%	6.4%

Net financial items

Net financial items amounted to MSEK -37.7 (-39.9). Total net financial items are made up of MSEK -49.1 (-33.8) of net growth from currency exchange gains and losses, MSEK -11.4 (-6.1) of net growth from interest income and expenses, and MSEK 22.8 (0.0) of net growth from the revaluation of contingent considerations.

The net growth from currency exchange gains and losses includes the effects of unrealised currency exchange effects in the amount of MSEK -50.9.

Net profit for the year

The profit for the full year amounted to MSEK 121.2 (132.2), corresponding to a net profit margin of 3.8 percent (4.0).

Other comprehensive income

Other comprehensive income is affected by translation differences deriving from foreign operations, which amounted to MSEK 58.5 (79.0).

Parent Company

The Parent Company's net sales in the period amounted to MSEK 9.8 (6.0), its operating profit was MSEK -32.9 (-21.5) and the profit for the period was MSEK 21.2 (14.4).

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

Financial position and liquidity

Consolidated total assets amounted to MSEK 3,668.7 on 31 December 2022, compared with MSEK 3,619.7 on 31 December 2021.

Working capital amounted to MSEK 705.8 on 31 December 2022, compared with MSEK 1,042.0 on 31 December 2021.

Consolidated equity amounted to MSEK 1,982.7 on 31 December 2022, compared with MSEK 1,799.9 on 31 December 2021.

Thunderful Group has a confirmed MEUR 55 credit facility with Danske Bank. On the balance sheet date, 31 December 2022, Thunderful Group had utilised MSEK 174.9 of this facility and its cash and cash equivalents amounted to MSEK 56.6.

Including the unutilised part of the confirmed credit facility, available cash and cash equivalents amounted to MSEK 493.7 on 31 December 2022, compared with MSEK 122.2 on 31 December 2021.

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 inflow of MSEK 497.5 (-64.9).

Cash flow from investing activities for the full year amounted to an outflow of MSEK -301.7 (-316.8).

Cash flow from financing activities for the full year amounted to an outflow of MSEK -234.1 (134.4).

Total cash flow for the full year amounted to an outflow of MSEK -38.3 (-247.3).

SEK million	2022	2021
Development capex	143.3	59.6
Publishing license capex	69.7	45.1
Gaming project capex	9.1	0.0
Acquisition capex	70.2	188.9
Other capex	9.4	23.2
Total investment	301.7	316.8

Over the full year, investments in internal game development amounted to MSEK 143.3 (59.6), investments in publishing licenses amounted to MSEK 69.7 (45.1), and investments in game projects amounted to MSEK 9.1 (n.a.).

Acquisition investment over the full year amounted to MSEK 70.2 (188.9).

Other investments over the full year amounted to MSEK 9.4 (23.2).

Accordingly, total investment over the full year amounted to MSEK 301.7 (316.8).

Significant risks and uncertainties

The Group's strategic, operational, legal and financial risks are presented on pages 71-72. 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 segment, primarily with regard to outstanding accounts receivable. On 31 December 2022, the total amount of such outstanding accounts receivable was MSEK 654.6. 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 2022 and 31 December 2021, the Group had goodwill and intangible assets (including capitalised development expenditure for games, publishing licenses, investments in games projects, and IT systems) whose book value amounted to MSEK 2,004.9 and MSEK 1,649.2, respectively, corresponding to 54.6 percent and 45.6 percent of the Group's total assets, respectively.



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The Group's financial risk management

The Group is exposed to risks related to liquid funds, accounts receivable, accounts payable, borrowings and foreign exchange. These 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. As at 31 December 2022, total Group liabilities are to credit institutions and total MSEK 118.3.

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 revenues are received in EUR, 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 is part of a cash pooling arrangement with the majority of its subsidiaries and has a short-term credit facility with Danske Bank. As at 31 December 2022, MSEK 174.9 of its total overdraft facility of MEUR 55.0 has been drawn upon.

Proposed appropriation of profit

The Board of Directors proposes that the available funds

Share premium reserve	1,969,428,778
Retained earnings	78,798,438
Net profit for the year	21,139,236
	2,069,366,452
are to be carried forward	2,069,366,452



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GROUP ACCOUNTS

Group income statement

MSEK	Note	2022	2021
Net sales	4, 5	3,030.7	3,140.8
Capitalised work on own account		99.6	57.1
Other operating income		85.6	75.9
Operating income		3,215.8	3,273.8
Operating expenses			
Goods for resale (Distribution)	6	-2,061.3	-2,268.4
Purchased game development services and royalties (Games)	6	-51.9	-49.1
Other external expenses	6, 7, 9	-385.2	-328.1
Personnel expenses	6, 8	-293.4	-238.7
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	6, 10	-174.1	-127.0
Other operating expenses		-53.7	-53.7
Total operating expenses		-3,019.7	-3,065.0
Operating profit		196.1	208.8
Profit from financial items			
Total financial items	11	-37.7	-39.9
Profit after financial items		158.3	168.9
Tax on net profit for the year	12	-37.2	-36.7
Net profit for the year		121.2	132.2
Other comprehensive income			
Currency translation difference in foreign operations		58.6	79.0
Comprehensive income for the year		179.8	211.2
Net profit for the year attributable to:			
Parent Company shareholders		121.2	132.2
Earnings per share before dilution, SEK		1.72	1.91
Earnings per share after dilution, SEK		1.72	1.90
Comprehensive income for the year attributable to:			
Parent Company shareholders		179.8	211.2
Average number of shares		70,261,677	69,322,610

Group balance sheet

MSEK	Note	31/12/2022	31/12/2021
ASSETS			
Fixed assets			
<i>Intangible assets</i>			
IT systems	13	4.0	3.6
Capitalised development expenditure, games	13	231.7	122.7
Licenses for publishing	13	110.9	57.5
Investments in game projects	13	9.1	0.0
Publishing and distribution relationships	13	260.1	297.3
Goodwill	13	928.2	728.0
Game rights	13	331.4	296.0
Customer relationships	13	105.7	120.0
Other intangible assets	13	23.8	24.2
		2,004.9	1,649.2
<i>Property, plant and equipment</i>			
Right-of-use assets	9, 14	133.7	114.6
Buildings and land	14	0.5	0.6
Equipment, tools, fixtures and fittings	14	17.5	14.8
		151.6	130.0
<i>Financial assets</i>			
Other securities held as non-current assets	17	0.2	0.1
Deferred tax assets	17	1.3	1.3
Other non-current receivables	17	7.4	7.0
		8.9	8.4
Total fixed assets		2,165.4	1,787.6
Current assets			
<i>Inventories, etc.</i>			
Finished goods and goods for resale	18	600.3	758.6
Advance payments to suppliers	18	49.6	5.4
		649.9	764.0
<i>Current receivables</i>			
Accounts receivable	19	654.6	866.6
Current tax assets		19.3	4.6
Other receivables		9.0	35.7
Prepaid expenses and accrued income	20, 21	113.8	101.0
		796.8	1,007.9
Cash and cash equivalents	22	56.6	60.2
Total current assets		1,503.3	1,832.1
TOTAL ASSETS		3,668.7	3,619.7



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Group balance sheet cont.

MSEK	Note	2022	2021
EQUITY AND LIABILITIES			
Equity			
Share capital	23	0.7	0.7
Other capital contributions		1,274.8	1,271.8
Other equity including net profit for the year		707.2	527.4
		1,982.7	1,799.9
Provisions			
Provisions for pensions and similar obligations	24	0.2	0.2
Deferred tax liabilities		151.3	156.9
Other provisions		1.7	2.0
		153.2	159.1
Non-current liabilities			
Non-current contingent purchase consideration	25	286.9	355.8
Non-current lease liabilities	9	105.0	91.2
		391.9	447.0
Current liabilities			
Overdraft facility	26	63.6	270.4
Liabilities to credit institutions	26	11.3	0.0
Accounts payable	26	598.7	588.6
Current tax liabilities	27	35.7	50.4
Other liabilities	27	85.8	97.7
Current contingent purchase consideration	27	140.2	96.6
Current lease liabilities	9	26.4	20.5
Accrued expenses and prepaid income	20, 29	79.2	89.5
		1,140.9	1,213.7
TOTAL EQUITY AND LIABILITIES		3,668.7	3,619.7

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 2022	0.7	1,271.8	527.4	1,799.9
New issues of shares, acquisition Headup GmbH	0.0	3.0	0.0	3.0
Transactions with owners	0.0	3.0	0.0	3.0
Total other comprehensive income for the year	0.0	0.0	179.8	179.8
Closing balance, 31 December 2022	0.7	1,274.8	707.2	1,982.7
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
Net profit 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



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Group cash flow statement

MSEK	Note	2022	2021
Operating activities			
Profit after financial items		158.3	168.9
Adjustment for non-cash items	31		
- Depreciation/amortisation and impairment		174.0	127.0
- Translation difference		-20.4	31.2
- Other adjustments		-25.8	-0.9
		286.1	326.2
Income tax paid		-81.9	-39.2
Cash flow from operating activities before changes in working capital		204.2	287.0
Changes in working capital			
Change in inventories and advances to suppliers		114.1	-268.0
Change in accounts receivable		212.0	-247.2
Change in accounts payable		10.1	165.8
Change in other working capital		-42.9	-2.5
Cash flow from operating activities		497.5	-64.9
Investing activities			
Acquisition of subsidiaries/operations	32, 34	-70.2	-188.9
Investment in property, plant and equipment		-7.3	-12.5
Investment in capitalised development expenditure, games		-143.3	-59.6
Investment in game projects		-9.1	0.0
Investment in publishing rights		-69.7	-45.1
Investment in other intangible assets		-1.6	-10.5
Investment in financial assets		-0.5	-3.6
Sales of fixed assets		0.0	3.4
Cash flow from investing activities		-301.7	-316.8
Financing activities			
Change in overdraft facility		-206.8	270.4
Borrowings from credit institutions		111.3	0.0
Repayments of lease liabilities		-24.1	-16.9
Amortisation of liability for contingent purchase consideration		-114.5	-119.1
Dividend paid		0.0	0.0
Cash flow from financing activities		-234.1	134.4
Cash flow for the year		-38.3	-247.3
Cash and cash equivalents at beginning of year		60.2	305.1
Exchange rate difference in cash and cash equivalents		34.7	2.4
Cash and cash equivalents at end of year		56.6	60.2

Parent company income statement

MSEK	Note	2022	2021
Net sales		9.8	6.0
Other operating income		0.1	0.1
Operating income		9.9	6.1
Operating expenses			
Other external expenses	6	-25.8	-16.2
Personnel expenses	8	-16.9	-9.7
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets		0.0	0.0
Other operating expenses		-0.1	-1.7
Total operating expenses		-42.8	-27.6
Operating profit		-32.9	-21.5
Total financial items	11	89.7	22.9
Profit after financial items		56.8	1.4
Year-end appropriations		-36.1	16.8
Tax on net profit for the year	12	0.5	-3.8
Net profit for the year and comprehensive income for the year		21.2	14.4



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PARENT COMPANY ACCOUNTS

Parent company balance sheet

MSEK	Note	31/12/2022	31/12/2021
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	2,397.2	2,181.2
Total fixed assets		2,397.2	2,181.2
Current assets			
Receivables from Group companies	22	884.3	1,084.8
Current tax receivables		3.5	0.0
Other receivables		0.8	16.3
Prepaid expenses and accrued income		1.4	2.8
Total current assets		890.0	1,103.9
Cash and bank balances		0.0	0.0
TOTAL ASSETS		3,287.2	3,285.1

Parent company balance sheet cont.

MSEK	Note	31/12/2022	31/12/2021
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	23	0.7	0.7
		0.7	0.7
Unrestricted equity			
Retained earnings		78.7	64.3
Share premium reserve		1,969.5	1,966.5
Net profit for the year		21.2	14.4
Total unrestricted equity		2,069.4	2,045.2
Total equity		2,070.1	2,045.9
Untaxed reserves			
Tax allocation reserve		0.0	27.5
Total untaxed reserves		0.0	27.5
Provisions			
Deferred tax		0.0	0.0
Total provisions		0.0	0.0
Non-current liabilities			
Non-current earn-out considerations	25	285.3	348.8
Total non-current liabilities		285.3	348.8
Current liabilities			
Overdraft facility	26	63.6	268.6
Liabilities to credit institutions	26	111.3	0.0
Liabilities to Group companies		605.4	484.6
Accounts payable	26	4.6	3.1
Tax liabilities	27	0.0	4.5
Other liabilities	27	3.1	0.4
Current earn-out considerations	25	136.8	96.6
Accrued liabilities	29	7.1	5.1
Total non-current liabilities		931.8	862.9
TOTAL EQUITY AND LIABILITIES		3,287.2	3,285.1



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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 2022	0.7	1,966.5	0.0	64.3	14.4	2,045.9
Appropriation of profit, approved by Annual General Meeting	0.0	0.0	0.0	14.4	-14.4	0.0
New share issue, acquisition of operations, Headup GmbH	0.0	3.0	0.0	0.0	0.0	3.0
Total other comprehensive income for the year	0.0	0.0	0.0	0.0	21.2	21.2
Closing balance, 31 December 2022	0.7	1,969.5	0.0	78.7	21.2	2,070.1

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 cash flow statement

MSEK	Note	2022	2021
Operating activities			
Profit after financial items		56.8	1.4
Adjustment for non-cash items			
Other adjustments	31	-8.9	-13.3
		47.9	-11.9
Income tax paid		-7.5	-13.0
Cash flow from operating activities before changes in working capital		40.4	-24.9
Changes in working capital			
Change in receivables		210.9	-436.0
Change in current liabilities		33.5	303.2
Cash flow from operating activities		284.8	-157.7
Investing activities			
Acquisitions of subsidiaries	32, 34	-81.4	-220.1
Cash flow from investing activities		-81.4	-220.1
Financing activities			
Loan repayments		-109.5	-119.1
Change in bank overdraft facility		-93.8	268.6
Cash flow from financing activities		-203.3	149.5
Cash flow for the year		0.0	-228.3
Cash and cash equivalents at beginning of year		0.0	228.3
Exchange rate difference in cash and cash equivalents		0.0	0.0
Cash and cash equivalents at end of year		0.0	0.0



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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 2022 (including comparative figures) were approved by the Board of Directors 18 April 2023 (see Note 41). 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 2022. All subsidiaries have 31 December as their balance sheet date.



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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 2022, the Group consisted of 29 (28) 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

No new standards applied as of 1 January 2022

The minor changes and clarifications done by IASB concerning standards have no 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.



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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), Early Morning Studio AB (Nov '21) and Jumpship Ltd (Nov '22) 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 2022 was SEK 260.1 million for publication and distribution relationships, SEK 928.2 million for goodwill, SEK 331.4 million for game rights, SEK 105.7 million for customer relationships and SEK 23.8 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 2022 was SEK 18.0 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 2022, the carrying amount of right-of-use assets was SEK 133.7 million (114.6) and total lease liabilities amounted to SEK 131.3 (111.7) 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 2022, 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 2022, the Group recognised deferred tax assets of SEK 1.3 million (1.3), primarily pertaining to deferred tax on eliminated inter-company gains on inventories and deferred tax liabilities of SEK 151.3 million (156.9) 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 2022, accounts receivable, net of provisions for expected credit losses, amounted to SEK 654.6 million (866.6). SEK 1.9 million was reserved for any expected credit losses and a customer loss of SEK 0.8 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 2022, Thunderful Group's provision for warranty commitments amounted to SEK 1.7 million (2.0).

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



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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 operations are divided into four clear revenue streams:

- **IP Building** includes development and publishing of internally developed games with own IP:s and publishing of externally developed games with licensed IP:s. The revenue stream is dependent on a high rate of investment and can generate high profitability levels when published games reach commercial success.
- **Co-development** includes game development within Thunderful Studios on behalf of external licensees. The revenue stream contributes with predictable revenues with stable and high margins and with revenue shares from developed games. There is no need for investments.
- **Partners** includes service and support for third-party game developers who self-publish games. The revenue stream contributes with predictable revenues with stable and high margins and with revenue shares from games that our partners self-publish. There is no need for investments.
- **Investments** includes investments ranging from early prototype phase in game development projects to acquisitions of larger companies. The project investment revenue stream is dependent on a certain rate of investments and contributes with variable revenue shares from games in which Thunderful has invested.

Thunderful Distribution

Thunderful Distribution operates in the distribution and sale of, among other things, Nintendo products, games and game accessories and toys. The 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 toys, games, game accessories and merchandise. Brands distributed by Amo Toys and Nordic Game Supply include Rockstar, 2K Games, Razer, Thrustmaster, PowerA, Hori, L.O.L., BabyBorn, Little Tikes, GeoMag and Intex.

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, Jumpship Ltd and Thunderful Animation AB.

Other companies that are also reported in the Games segment are: Robot Teddy Ltd, Thunderful Publishing AB, Headup GmbH and Rising Star Games 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	2022	2021
Thunderful Games	621.0	418.5
Thunderful Distribution	2,594.7	2,855.3
Other	0.1	0.0
Operating income	3,215.8	3,273.8

MSEK	2022	2021
Thunderful Games	185.3	99.2
Thunderful Distribution	40.0	137.4
Other	-29.2	-27.8
Operating profit	196.1	208.8
Operating margin, %		
Thunderful Games	29.8%	23.7%
Thunderful Distribution	1.5%	4.8%
Thunderful Group	6.1%	6.4%

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.



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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 percent 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	
	2022	2021
Sweden	1,255.3	1,534.9
Norway	195.2	224.0
Finland	254.3	258.3
Denmark	623.3	556.6
Others	188.1	213.0
Total	2,516.2	2,786.8

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

Customer	2022		2021	
	Net sales	Share of total net sales	Net sales	Share of total net sales
Customer 1	443.2	14.6%	646.4	20.6%
Total	443.2	14.6%	646.4	20.6%

Distribution of net sales after reporting over time

Category	2022		2021	
	Games	Distribution	Games	Distribution
Goods and services transferred at a certain time	383.0	2,516.2	225.6	2,786.8
Services transferred over time	131.4	0.0	128.4	0.0
Total	514.4	2,516.2	354.0	2,786.8

Total amounts for transaction prices regarding performance commitments from existing agreements that are wholly or partly unfulfilled as of 31 December 2022

Category	2023	2024
Expected revenues unfulfilled performance commitments	4.1	0.0

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	
	2022	2021	2022	2021
Expenses for merchandise and royalties	-2,113.3	-2,317.5	0.0	0.0
Other external expenses	-385.2	-328.1	-25.8	-16.2
- of which, marketing expenses	-141.5	-128.5	0.0	0.0
- of which, acquisition-related non-recurring expenses	-5.5	-10.3	0.0	0.0
- of which other non-recurring expenses	0.0	-10.4	0.0	0.0
Personnel expenses	-293.4	-238.7	-16.9	-9.7
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	-174.1	-127.0	0.0	0.0
- of which, PPA-related amortisation	-83.2	-69.3	0.0	0.0
Other operating expenses	-53.7	-53.7	-0.1	-1.7
Total operating expenses	-3,019.7	-3,065.0	-42.8	-27.6

NOTE 7 FEES TO AUDITORS

At the 2022 Annual General Meeting, Grant Thornton was elected auditor for the period up until the 2023 Annual General Meeting.

	31 Dec 2022	31 Dec 2021
Audit assignment	3.5	3.7
Other assignments	0.4	0.3
Tax advice	0.0	0.1
<i>Other auditing firms</i>		
Audit assignment	1.9	1.5
Other assignments	1.7	1.4



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NOTE 8 AVERAGE NUMBER OF EMPLOYEES / SALARIES ETC

Average number of employees	2022		2021	
	Women	Total	Women	Total
<i>Parent Company</i>				
Sweden	2	7	0	4
	2	7	0	4
<i>Subsidiary</i>				
Sweden	69	221	43	193
Germany	7	30	4	17
Spain	6	34	9	10
Norway	2	10	2	8
Finland	7	14	7	13
Denmark	11	30	7	26
UK	37	132	24	93
International/Other	0	0	0	0
	139	471	96	360
Group total	141	478	96	364

Salaries and other remuneration	Group		Parent Company	
	2022	2021	2022	2021
Board of Directors and CEO	22.8	12.7	3.6	5.8
Other employees	209.3	202.7	10.1	6.3
	232.1	215.4	13.7	9.2
<i>Social security expenses</i>				
Pension expenses for the Board of Directors and the CEO	1.8	1.0	0.6	0.1
Pension expenses other employees	14.0	11.0	0.7	0.3
Other social security expenses	46.0	40.8	2.9	2.0
	61.8	52.8	4.2	2.4

Gender distribution among senior executives	Group		Parent Company	
	2022	2021	2022	2021
Proportion of women on the Board of Directors	4%	4%	20%	20%
Proportion of men on the Board of Directors	96%	96%	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	
	31/12/2022	31/12/2021
Right-of-use assets, cost	177.3	135.4
Right-of-use assets, acc. depreciation/amortisation	-43.6	-20.8
Right-of-use assets, carrying amount	133.7	114.6
Deferred tax assets	0.5	0.1
Interim receivables	-4.5	-3.4
Total assets	129.6	111.3
Current lease liabilities	26.4	20.5
Non-current lease liabilities	105.0	91.2
Retained earnings	-0.4	-0.2
Net profit for the year	-1.4	-0.2
Total liabilities and equity	129.6	111.3
Income statement		
Lease expenses	26.1	18.1
Interest expenses	-1.9	-1.2
Depreciation	-25.9	-17.1
Deferred tax	0.4	0.0
Net loss for the year	-1.4	-0.2
Cost		
	31/12/2022	31/12/2021
Opening balance	136.9	30.9
Acquisitions for the year	44.4	113.8
Disposals for the year	-7.1	-8.8
Indexation	1.1	0.2
Revaluation	0.9	-0.2
Exchange rate differences, net	1.1	-0.5
Closing balance	177.3	135.4
Accumulated depreciation/amortisation		
Opening balance	-21.8	-10.2
Depreciation/amortisation for the year	-26.2	-17.0
Disposals for the year	4.0	6.5
Exchange rate differences, net	0.4	-0.1
Closing balance	-43.6	-20.8
Carrying amount	133.7	114.6

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.

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,



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- 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 of 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	
	2022	2021
Thunderful Games	-69.9	-45.5
Thunderful Distribution	-7.2	-11.9
Thunderful Other	-13.8	-0.3
PPA-related amortisation	-83.2	-69.3
Total	-174.1	-127.0

Impairment in both segments amounted to SEK 10.0 (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	
	2022	2021	2022	2021
Interest income	0.8	0.1	0.5	0.0
Intra-group interest income	0.0	0.0	182.7	64.3
Course differences, positive	59.5	3.7	466.1	1.8
Revaluation of earn-out consideration, positive	136.9	0.0	0.0	0.0
Interest expenses	-12.2	-6.2	-8.9	-2.3
Intra-Group interest expenses	0.0	0.0	-154.5	-52.1
Exchange rate differences, negative	-57.7	-1.7	-396.2	-2.2
Unrealised exchange rate differences, net	-50.9	-35.9	0.0	13.4
Revaluation of earn-out consideration, negative	-114.1	0.0	0.0	0.0
Total	-37.7	-39.9	89.7	22.9

NOTE 12 TAX

	Group		Parent Company	
	2022	2021	2022	2021
Current tax	-61.5	-49.1	0.5	-3.8
Deferred tax	24.3	12.4	0.0	0.0
Tax included in net profit for the year	-37.2	-36.7	0.5	-3.8

Capitalised deductible temporary differences

As of 31 December 2022 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 231.7 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. 10.0 MSEK in impairment was recognised in 2022 related to the game The Gunk.

Publishing licenses

Consists of publishing licenses for SEK 110,9 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 2022.

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 2022 amounts to SEK 260.1 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 331.4 million and are attributable to four acquisitions, one of which was completed in 2022. 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.

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 2022.

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 105.7 million and are attributable to two acquisitions. 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



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Cost	Capitalised expenses for development work	Publishing and distribution relations
Opening balance, 1 January 2022	166.6	371.6
Internal development	143.3	0.0
Exchange rate difference through foreign subsidiaries	7.6	0.0
Closing amortised cost, 31 December 2022	317.5	371.6
Opening depreciation/amortisation and impairment, 1 January 2022	-43.9	-74.3
Depreciation/amortisation and impairment for the year	-41.9	-37.2
Closing accumulated depreciation/amortisation and impairment, 31 December 2022	-85.8	-111.5
Closing carrying amount		

Cost	IT systems	Publishing licenses
Opening balance, 1 January 2022	11.5	95.1
Acquisitions for the year	1.6	69.7
Exchange rate difference through foreign subsidiaries	0.0	0.5
Closing amortised cost, 31 December 2022	13.1	165.3
Opening depreciation/amortisation and impairment, 1 January 2022	-7.9	-37.6
Depreciation/amortisation and impairment for the year	-1.3	-16.8
Closing accumulated depreciation/amortisation and impairment, 31 December 2022	-9.2	-54.4
Closing carrying amount	4.0	110.9

Cost	Game rights	Customer relationships
Opening balance, 1 January 2022	308.4	127.0
Acquisitions of operations	59.2	0.0
Exchange rate difference through foreign subsidiaries	5.1	2.0
Closing amortised cost, 31 December 2022	372.7	129.0
Opening depreciation/amortisation and impairment, 1 January 2022	-12.4	-7.0
Depreciation/amortisation and impairment for the year	-28.9	-16.3
Closing accumulated depreciation/amortisation and impairment, 31 December 2022	-41.3	-23.3
Closing carrying amount	331.4	105.7

Cost	Investments in games projects	Other intangible assets
Opening balance, 1 January 2022	0.0	25.3
Acquisitions for the year	9.1	0.0
Exchange rate difference through foreign subsidiaries	0.0	0.6
Closing amortised cost, 31 December 2022	9.1	25.9
Opening depreciation/amortisation and impairment, 1 January 2022	0.0	-1.1
Depreciation/amortisation and impairment for the year	0.0	-1.0
Closing accumulated depreciation/amortisation and impairment, 31 December 2022	0.0	-2.1
Closing carrying amount	9.1	23.8

Goodwill

Goodwill is reported as an intangible fixed asset with an indefinite useful life at cost less accumulated impairment. As of 31 December 2022, goodwill amounted to SEK 928.2 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.

	Group	
	31/12/2022	31/12/2021
Opening cost	732.0	366.5
Acquisitions of assets for the year	0.0	0.3
Acquisitions of operations for the year	169.3	328.2
Recalculation	0.0	0.0
Exchange rate difference through acquisitions of operations	30.9	37.0
Closing amortised cost	932.2	732.0
Opening impairment through non-cash issue	-4.0	-4.0
Impairment for the year	0.0	0.0
Closing accumulated impairment	-4.0	-4.0
Closing carrying amount	928.2	728.0

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	
	31/12/2022	31/12/2021
Games	928.2	728.0
Distribution	0.0	0.0
Total	928.2	728.0

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 2.0 percent (2.0) after the forecast period and a weighted cost of capital before tax (WACC) of 15.1 percent (14.2). The recoverable amount in the segment Thunderful Games amounted to 2,770.5 MSEK (3,154.4) 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 21.1 percent, given that the other assumptions are unchanged.

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 2022	0.7	34.0	34.7
Acquisitions for the year	0.3	7.4	7.7
Acquisitions of operations	0.0	0.0	0.0
Disposals for the year	0.0	0.0	0.0
Closing amortised cost, 31 December 2022	1.0	41.4	42.4
Opening depreciation/amortisation and impairment, 1 January 2022	-0.1	-19.5	-19.6
Reversal depreciation/amortisation divestment	0.0	0.0	0.0
Depreciation/amortisation and impairment for the year	-0.4	-4.4	-4.8
Closing accumulated depreciation/amortisation and impairment, 31 December 2022	-0.5	-23.9	-24.4
Closing carrying amount	0.5	17.5	18.0

NOTE 15 SHARES IN GROUP COMPANIES

	Parent Company	
	31/12/2022	31/12/2021
Opening cost	2,181.2	1,515.3
Acquisitions for the year	216.0	665.9
Closing amortised cost	2,397.2	2,181.2
Opening impairment	0.0	0.0
Impairment for the year	0.0	0.0
Closing accumulated impairment	0.0	0.0
Closing carrying amount	2,397.2	2,181.2



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NOTE 16 SPECIFICATION OF PARTICIPATIONS IN GROUP COMPANIES

Subsidiary	Corporate identity number	Domicile	Share of equity	Share of voting rights	Number of shares	Carrying amount
Bergsala AB	556315-6412	Kungsbacka	100%	100%	1,000	350.0
Thunderful Development AB	559139-0728	Gothenburg	100%	100%	50,000	455.7
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	700.1
Jumpship Ltd	10573099	Guildford, UK	100%	100%	2,778	188.5
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	30.4
Robot Teddy Ltd	10847056	Newcastle, UK	100%	100%	2,151	131.7
Early Morning Studio AB	559175-8890	Gävle	100%	100%	5,263,158	209.8
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%		
						2,397.2

NOTE 17 OTHER ASSETS

Other assets consist of the following items:

	Group	
	31/12/2022	31/12/2021
Other receivables	7.4	7.0
Other securities held as non-current assets	0.2	0.1
Deferred tax assets	1.3	1.3
Total	8.9	8.4

NOTE 18 INVENTORIES

Inventory consists of the following

	Group	
	31/12/2022	31/12/2021
Merchandise	600.3	758.6
Total	600.3	758.6

Advance payments to suppliers consist of the following:

	Group	
	31/12/2022	31/12/2021
Merchandise	49.6	5.4
Total	49.6	5.4

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.

NOTE 19 ACCOUNTS RECEIVABLE

Accounts receivable and other receivables consist of the following:

	Group	
	31/12/2022	31/12/2021
Accounts receivable, gross	656.3	867.1
Provision for bad debt losses	-1.6	-0.5
Total	654.6	866.6

Age distribution, accounts receivable		31/12/2022
Accounts receivable, not due		579.8
Overdue 0-30 days		46.2
Overdue 31-60 days		5.6
Overdue 61-90 days		15.6
Overdue >90 days		9.1
Expected bad debt losses		-1.6
Total		654.6

Changes in bad debt loss provision for the Group's doubtful receivables	
Provision for doubtful accounts receivable 1 Jan 2022 (IB)	-0.7
Provision for doubtful accounts receivable	-1.9
Bad debt losses	0.8
Reversed bad debt losses	0.2
Total	-1.6

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 2022. 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	
	31/12/2022	31/12/2021
Accrued income	80.0	84.3
Supplier bonus	1.9	2.9
Total	81.9	87.2

NOTE 21 PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses and accrued income consist of the following:

	Group		Parent Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Contract assets, see Note 20	81.9	87.2	0.0	0.0
Accrued income	10.4	0.0	0.0	0.0
Other prepaid expenses	21.5	13.8	1.4	2.8
Total	113.8	101.0	1.4	2.8

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	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Cash and bank balances	56.6	60.2	0.0	0.0
Total	56.6	60.2	0.0	0.0

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.



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NOTE 23 SHARE CAPITAL, NUMBER OF SHARES

Share capital

As per 31 December 2022, Thunderful Group AB's share capital consists of 70,290,597 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 2022	0.7	1,966.5	0.0	64.3	14.4	2,045.9
Appropriation of profit, approved by Annual General Meeting	0.0	0.0	0.0	14.4	-14.4	0.0
New share issue, earn-out consideration, Headup GmbH	0.0	3.0	0.0	0.0	0.0	3.0
Comprehensive income for the year	0.0	0.0	0.0	0.0	21.2	21.2
Closing balance, 31 December 2022	0.7	1,969.5	0.0	78.7	21.2	2,070.1

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 156.9 million pertain mainly to the value of distribution agreements and the surplus value from the acquisitions of Coatsink Software Ltd, Headup GmbH, Robot Teddy Ltd and Early Morning Studio AB. The year's acquisition are attributable to the acquisition of Jumpship Ltd.

The carrying amounts and changes to them are as follows:

	Warranty provisions	Deferred tax liability	Other provisions	Total
Opening balance, 1 January 2022	2.0	156.9	0.2	159.1
Acquisitions for the year	0.0	14.8	0.0	14.8
Reversals for the year	-0.3	-20.4	0.0	-20.7
Closing balance, 31 December 2022	1.7	151.3	0.2	153.2

NOTE 25 NON-CURRENT LIABILITIES

Non-current liabilities consist of the following

	Group		Parent Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Non-current contingent purchase consideration	286.9	355.8	285.3	348.8
Total	286.9	355.8	285.3	348.8

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

NOTE 26 CURRENT LIABILITIES

Current liabilities consist of the following

	Group		Parent Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Current overdraft facilities	63.6	270.4	63.6	268.6
Liabilities to credit institutions	111.3	0.0	111.3	0.0
Accounts payable	598.7	588.6	4.6	3.1
Total	773.6	859.0	179.4	271.7

NOTE 27 OTHER LIABILITIES

Other liabilities consist of the following

	Group		Parent Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Current contingent purchase consideration	140.2	96.6	136.8	96.6
Current tax liabilities	35.7	50.4	0.0	4.5
Other current liabilities	85.8	97.7	3.1	0.4
Total	261.7	244.7	139.9	101.5

NOTE 28 CONTRACT LIABILITIES

Contract liabilities consist of the following

	Group	
	31/12/2022	31/12/2021
Customer bonuses	38.0	34.9
Prepaid revenues	1.3	5.0
Supplier commitments	0.1	4.2
Total	39.4	44.1

NOTE 29 ACCRUED EXPENSES AND PREPAID INCOME

Accrued expenses consist of the following

	Group		Parent Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Contract liabilities, see Note 28	39.4	44.1	0.0	0.0
Accrued personnel expenses	21.1	19.8	2.9	1.0
Other accrued expenses	18.7	25.6	4.2	4.1
Total	79.2	89.5	7.1	5.1

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.



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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 2022, Thunderful Group had a net debt of SEK -118.3 million (-210.2 at the end of 2021).

NOTE 31 ADJUSTMENT FOR NON-CASH ITEMS

	Group		Parent Company	
	2022	2021	2022	2021
Depreciation/amortisation and impairment	174.0	127.0	0.0	0.0
Translation difference	-20.4	31.2	10.8	-13.3
Other adjustments	-25.8	-0.9	-19.7	0.0

NOTE 32 ACQUISITION OF SUBSIDIARIES/ OPERATIONS IN CASH FLOW STATEMENT

	Group		Parent Company	
	2022	2021	2022	2021
Jumpship Ltd	-70.2	n.a.	-81.4	n.a.
Headup GmbH	0.0	-49.1	0.0	-52.1
Stage Clear Studios, SL	0.0	-8.1	0.0	-11.0
Robot Teddy Ltd	0.0	-84.4	0.0	-106.8
Early Morning Studio AB	0.0	-47.3	0.0	-50.2
Total	-70.2	-188.9	-81.4	-220.1

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.

Anders Maiqvist became acting CEO of Thunderful Group on 10 August 2022. Through companies and together with related parties of his, Anders Maiqvist owns 50 percent of the shares in Wester Maiqvist AB. In June 2022, Thunderful Group entered into a consultancy agreement with Wester Maiqvist AB regarding warehouse and logistics optimisation. During the third quarter of 2022, Wester Maiqvist AB invoiced Thunderful Group approximately 1.3 MSEK for services provided.

NOTE 34 BUSINESS ACQUISITIONS

Jumpship Ltd

On 15 November 2022, Thunderful Group acquired the British game development studio Jumpship Ltd for an upfront cash consideration of 6.0 MGBP. Jumpship Ltd, founded in 2017, launched, at the acquisition date, its first game, the sci-fi adventure Somerville. The head office is located in Guildford, United Kingdom. The acquisition is in line with Thunderful Group's strategy to expand in the Games segment and in the Group as a whole.

The acquisition strengthens Thunderful Group's international position, broadens its network to include more development studios. Following the acquisition, Jumpships's co-founder Dino Patti has assumed the position of strategic advisor in Thunderful Games.

Purchase consideration for the acquisition:

MSEK	
Purchase consideration	
Cash (of which 73.6 MSEK was paid on the balance date)	75.9
Contingent purchase consideration	107.1
Total purchase consideration	183.0
<i>Carrying amounts for identifiable net assets</i>	
Property, plant and equipment	0.1
Intangible assets	0.0
Other current assets	8.3
Cash and cash equivalents	3.4
Current liabilities	-42.5
	-30.7
Other intangible assets	59.2
Deferred tax on other intangible assets	-14.8
Goodwill	169.3

The major part of the purchase consideration of 75.9 MSEK was financed by existing credit facilities. The acquisition was implemented on a debt- and cash-free basis. The contingent consideration is based on a share of the company's EBIT performance from the acquisition date until 31 December 2027. The total contingent consideration is capped at 24.0 MGBP.

If Jumpship Ltd had been acquired on 1 January 2022, the acquisition would have contributed revenue of 74.5 MSEK and operating profit (EBIT) of 54.3 MSEK. From the acquisition date until 31 December 2022, Jumpship has contributed with revenue of 74.5 MSEK and operating profit (EBIT) of 73.3 MSEK.2022.

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

MSEK	2022	2021
As of 1 January	452.4	285.7
Contingent purchase considerations paid	-117.5	-119.1
Incurred through acquisitions and recalculations	-103.1	261.4
Translation differences	-10.8	24.4
As of 31 December	427.2	452.4

NOTE 36 SENSITIVITY ANALYSIS

The group operates internationally and is exposed to currency risks from various currency exposures. Currency risk arises through future business transactions, recognized assets and liabilities, as well as net investments in foreign operations. Currency risk occurs when future business transactions, recognized assets and liabilities are denominated in currencies other than the functional currency of the group entities. The main currencies the group is exposed to are EUR, GBP and DKK. The group's risk exposure in net investments in foreign operations the end of the financial year, expressed in MSEK, was as follows:

Net investments in foreign operations by currency:

MSEK	2022-12-31 Net assets	2021-12-31 Net assets
EUR	118.8	126.7
GBP	231.1	101.5
DKK	65.5	61.9



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Consolidated EBIT in foreign currency:

MSEK	2022	2021
EUR	10.6	23.6
GBP	279.1	145.0
DKK	-30.9	20.0

If the EUR exchange rate had been 10 percent higher or lower versus the SEK with all other variables constant, EBIT would have been 1.1 MSEK (2.4 MSEK) higher or lower respectively, and the impact on equity would have been 11.9 MSEK (12.7 MSEK). If the GBP exchange rate had been 10 percent higher or lower versus the SEK with all other variables constant, EBIT would have been 27.9 MSEK (14.5 MSEK) higher or lower respectively, and the impact on equity would have been 23.1 MSEK (10.2 MSEK). If the DKK exchange rate had been 10 percent higher or lower versus the SEK with all other variables constant, EBIT would have been 3.1 MSEK (2.0 MSEK) higher or lower respectively, and the impact on equity would have been 6.6 MSEK (6.2 MSEK).

NOTE 37 CONTINGENT LIABILITIES

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

NOTE 38 ASSETS PLEDGED FOR LIABILITIES TO CREDIT INSTITUTIONS

Chattel mortgages pledged as security for commitments amounted to SEK 260.3 million on 31 December 2022.

NOTE 39 EVENTS AFTER THE BALANCE SHEET DATE

- The Swedish Financial Supervisory Authority decided to write off the investigation towards Thunderful Group concerning the information given by Thunderful in connection to the publication of the year-end report 2020.
- Thunderful Group acquired the German games developer Studio Fizbin GmbH through a subsidiary.
- Thunderful made an asset deal from distribution group TecTeam Scandinavia Holding AB through a subsidiary in the Distribution segment.

NOTE 40 DEFINITIONS OF KEY PERFORMANCE INDICATORS

Net sales

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

Gross profit

Profit after operating income and costs for goods for resale, games-development services and royalties.

Operating profit (EBIT)

Operating profit after depreciation, amortisation and impairment of property, plant and equipment and intangible assets.

EBITDA

Operating profit before depreciation, amortisation and impairment of property, plant and equipment and intangible assets.

Adjusted EBITDA

EBITDA excluding items affecting comparability.

EBITA

Operating profit before amortisation of other intangible assets and after impairment of goodwill.

Adjusted EBITA

EBITA excluding items affecting comparability.

Core working capital , net

Inventories plus accounts receivable minus accounts payable.

Interest-bearing net debt

The sum of current and non-current interest-bearing liabilities to credit institutions, including overdraft facilities less cash and cash equivalents.

Interest-bearing net debt/adjusted EBITDA LTM

Interest-bearing net debt as a share of adjusted EBITDA, R12M.

NOTE 41 APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements for the financial year ending on 31 December 2022 (including comparison figures) were approved by the Board of Directors on 18 April 2023.

Signatures

Gothenburg, 26 April 2023

Mats Lönnqvist
Chairman of the Board

Owe Bergsten

Oskar Burman

Tomas Franzén

Cecilia Ogvall

Anders Maiqvist
Acting CEO

Our audit report was submitted on 26 April 2023

Grant Thornton Sweden AB

Patric Hofréus
Authorised Public Accountant





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AUDIT REPORT

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 2022 except for the statutory sustainability report on pages 40–47, the corporate governance report on pages 56–63 and the remuneration report on pages 64–65. The annual accounts and consolidated accounts of the company are included on pages 14–17, 20–34, 36, 38, 48–55, 66–107 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 2022 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 2022 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 opinion does not include the statutory sustainability report on pages 40–47, the corporate governance report on pages 56–63 and the remuneration report on pages 64–65. 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 other information than the annual accounts and consolidated accounts and is found on pages 1–13, 18–19, 35, 37, 39, 64–65 and 111–112. The Board of Directors and the Managing Director are responsible for this 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 judgment 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 2022 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 members of the Board of Directors 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.



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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 organization 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 organization 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 according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill 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 member of the Board 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 judgment 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 judgment 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.

Göteborg den 26 april 2023

Grant Thornton Sweden AB

Patric Hofréus
Auktoriserad revisor

Other information

Financial calendar

Publication of 2022 Annual Report	26 April 2023
Interim report Jan–Mar 2023	16 May 2023
Annual General Meeting 2023	17 May 2023
Interim report Apr–Jun 2023	24 August 2023
Interim report Jul–Sep 2023	15 November 2023

For more information

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

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**Our vision is to be a
leader in a world where
everyone can play**
