



ANNUAL REPORT 2020





This is a translation of the Swedish Annual Report.
In the event of discrepancies, the Swedish version takes precedence.

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ABOUT THUNDERFUL GROUP

Thunderful Group is a primarily Nordic company operating in two business segments: developing and publishing games for mainly PC and consoles; distribution of Nintendo products, games, gaming accessories and toys.



Thunderful Group

THE GROUP

EMPLOYEES

334*

GAME RELEASES
OF OWN IPS

#25

NINTENDO
PARTNERSHIP SINCE

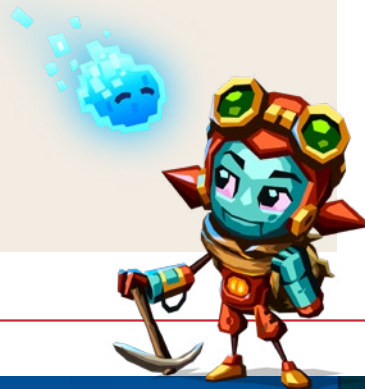
1981

GAMES IN
DEVELOPMENT

#12

BRAND
PORTFOLIO

c. 100



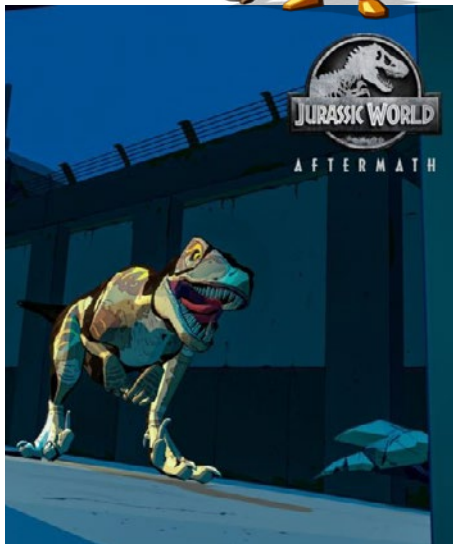
VISION

To be a leader in a world where everyone can play

MISSION

To provide creative entertainment products of the highest quality for people of all ages

* December 31 2020





A THUNDERFUL STORY

- **1965** Amo Toys Finnish business is founded
- **1976** Bergsala is founded
- **1981** Bergsala starts distributing Nintendo products in Sweden
- **1997** Image & Form is founded
- **2001** Zoink is founded
- **2004** Rising Star Games is formed
- **2010** The first SteamWorld game is launched by Image & Form
- **2010** Nordic Game Supply is formed
- **2011** Bergsala acquires 50% of Image & Form
- **2012** Amo Toys Scandinavia is formed
- **2014** Bergsala acquires 50% of Zoink
- **2017** Thunderful is formed as an umbrella for Image & Form, Zoink, Thunderful Publishing and Rising Star Games
- **2019** Thunderful Group is formed and incorporates Thunderful, Bergsala, Amo Toys and Nordic Game Supply
- **2019** Guru Games is acquired



2020

REVENUE MSEK

3,082

GROWTH

46%

EBIT, MSEK

215

EBIT-MARGIN

7.1%

- Coatsink Software is acquired
- Station Interactive's operations are acquired
- Thunderful Group lists Nasdaq First North Premier Growth Market

COAT SINK.



2021 Headup is acquired



CEO COMMENT

AN INTENSE YEAR CHARACTERIZED BY STRONG GROWTH AND GOOD PROFITABILITY



Thunderful ends 2020 with acquisitions, an IPO and strong sales

More or less a year ago, the world changed completely. Relatively unused concepts such as hand sanitizer, social distancing and updates from the Public Health Agency came to dominate the information flow. In the shadow of the pandemic, 2020 became a year of challenges, disruption and states of emergency. Like other companies, we at Thunderful Group quickly switched to teleworking, video conferencing and full alert in the fight against a virus that would have far worse social consequences than anyone could have imagined.

Shortly before that, in December 2019, we had pushed the pedal to the metal and presented Thunderful Group to the world: a unique player in gaming with a reliable foothold in history and a strong momentum going forward. A seasoned, energetic management and a clear common group strategy were reinforced by an experienced board in 2020.

During the first months of the year, however, countries around the world began shutting down, one by one. Markets took a beating, healthcare heroes began to buckle and one doomsday report replaced another. It would probably have been easier to shelve our high-flying plans, but it's always darkest before dawn. We revised our schedule somewhat and went ahead as planned. From there, the days of this strange, heavy, saturated 2020 passed at breakneck speed.

When we now summarize the year, it is therefore very satisfying to be able to state that Thunderful has achieved a great deal despite the current world situation, and that we have delivered strong growth and results during all quarters of the year.

“There is great commitment to the gaming industry and belief in our strategy and growth agenda, which inspires us daily”

For the full year, the net revenue (excluding items affecting comparability) increased by 45.6% to SEK 3,082.3 million (2,116.4), while operating profit increased by 2.8% to SEK 215.0 million (209.1).

Both our segments have expanded significantly. During the year, Thunderful Games more than tripled the number of game developers, partly through organic growth but also thanks to a strategic acquisition philosophy that builds for the future. Thunderful Distribution increased revenues significantly, mainly for game consoles and game accessories, where margins are lower than for games and toys. Towards the end of the year, Nintendo launched fewer big games than the year before, which had a negative mix effect on the gross margin. In addition, many of our Nordic neighbours met the second wave of the pandemic with harder restrictions. This impacted the sale of toys, which are mainly sold in physical stores in the Nordics.

Strengthened position in game development and publishing

During the first half of the year, Thunderful Games saw an extraordinary increase in digital game sales, which during the second half of the year returned to normal growth levels. Thunderful Development signed a favourable distribution agreement with Microsoft for the AA title *The Gunk*, which is published by Thunderful Publishing and developed in Gothenburg. Also developed in Gothenburg is *Lost in Random*, in collaboration with Electronic Arts, as well as a title not yet





announced. Meanwhile the development team in Skövde has been working hard on their own secret project, and this summer we opened a new development office in Malmö.

In addition to development and organic growth in western Sweden, we have made exciting acquisitions both in Sweden and abroad. The acquisitions are in line with our strategy and should be seen as clear signs of our ambition to continue to grow both our game development and publishing operations.

Leading the way was the acquisition in October of British game development studio Coatsink Software, which together with Universal Studios in the fourth quarter released the very successful VR game Jurassic World Aftermath on Oculus platforms. Coatsink is currently working on five different internal projects, including Jurassic World Aftermath Part 2. Coatsink is also involved in ten other collaboration and publishing projects. These strengthen Thunderful's existing pipeline for 2021 and 2022, but also further ahead.

In November we acquired the operations of The Station, a solid game development studio in Karlshamn with years of experience of working with major brands. Who hasn't enjoyed playing LittleBigPlanet on PlayStation, for example? A fantastic addition of professional employees – that also are now working on a secret project!

As mentioned, 2020 flew by, and we continue in a high tempo. After the new year, we announced the acquisition of Headup, a reputable, smart and multiple award-winning publisher and game developer based in Cologne, Germany – our third acquisition in a short time. We further strengthen our international position, broaden our network to more development studios and create synergies within Thunderful Games.

King of the hill

In just one year, Thunderful Group has more than doubled its workforce, and we are now around 350 colleagues in Europe. Of these, about 230 are game developers, roughly 30 work in publishing, around 70 work in distribution and about 20 people are part of Thunderful Solutions, our shared service centre.

We are growing fast: Thunderful Skövde moved to larger premises this fall, and Thunderful Karlshamn has just started to expand their office. Bergsala and other operations in Kungsbacka are moving to a more functional workspace nearby, and a few weeks ago we announced that also the large Gothenburg office on Fjärde



Långgatan has become too crowded. In Gothenburg we therefore take over a building on the central hill Kvarnberget. The building is state-of-the-art and designed from the ground up for game development. From the terrace we have, among other things, views of the Gothenburg Opera and our beautiful Göta River. For a number of years we've been the largest employer in the gaming industry in the West, and for us, the place up on the hill underlines the symbolic value of this.

A stable platform for continued growth

As I started by saying, 2020 was a year of challenges, but it has also been an intense and fantastic year for Thunderful Group. In addition to acquisitions and other forward-looking investments, we also went ahead with an IPO and listed our company on Nasdaq First North Premier Growth Market. We are happy and grateful for the great interest and attention we have received for the listing, our business and our share. There is great commitment to the gaming industry and belief in our strategy and growth agenda, which inspires us daily. The broadened ownership base and access to the capital markets will be important cornerstones for achieving our strategic goals.

We are now taking advantage of the strong cash flows and synergies within the group to expand game development and continue our acquisition-driven growth. The journey for Thunderful Group has just begun, and we are ready to accelerate.

GOTHENBURG, APRIL 2021
BRJANN SIGURGEIRSSON
CEO



GROUP STRATEGY & TARGETS



TWO COMPLEMENTING BUSINESS SEGMENTS...

... GAMES...

Development

Develops mainly high-quality narrative driven single player games for PC and consoles. The most important own IP is SteamWorld.

Publishing

Publishes internally and externally developed games from western studios via Thunderful Publishing AB and Headup GmbH, as well as Japanese games through Rising Star Games Ltd.

SHARE OF SALES

5%

SHARE OF EBIT

18%

Characteristics: High growth and volatile, release-dependent cash flows.

... & DISTRIBUTION

Bergsala

Distributor for Nintendo in Sweden since 1981, and in all Nordic and Baltic countries since 2012.

Amo Toys

Distributor of toys in the Nordics. Distributes approximately 70 brands including 6 proprietary brands.

Nordic Game Supply

Distributor of gaming consoles, physical games and gaming accessories in the Nordics. Distributes approximately 40 brands including 7 proprietary brands.

SHARE OF SALES

95%

SHARE OF EBIT

82%

Characteristics: Financial stability and strong operational cash flows.

...ENABLE INVESTMENTS IN GROWTH WITH LOWER RISK

The purpose of the group's structure is to reallocate cash flows from Distribution to investments in Games to enable and increase growth. This can be either organically through more and higher quality games as well as add-on acquisitions of IP and companies.

The financial stability of Distribution means these investments can be made with lower financial risk than for comparable game developers in the industry.



BUSINESS STRATEGY

Thunderful Group's overarching business strategy is comprised of three strategic focus areas, which are based on and enabled by the Group's diversified revenues, strong cash flows, financial stability and portfolio of brands and intellectual property rights. In addition, each business segment has its own strategies.

- Accelerated investments
- Maintain and develop IP-centric operations
- High-quality performance in the group's business segments

ACCELERATED INVESTMENTS

Thunderful Group has identified three strategic focus areas to which it intends to allocate cash flows from its distribution operations:

- **Increased investments in the development and publishing of games.** The Games business segment, with its current portfolio of games, can develop – and accelerate the development of – more and larger games with the same philosophy as previous games. Internally secured financing means, among other things, that Thunderful Group can employ more staff to maintain good growth and retain the same high quality despite the games increasing in both number and size.
- **Investments that enable use of intellectual property rights and brands to a greater extent than before to create and develop experiences in new mediums and for new platforms.** This could entail, for example, creating board games based on proprietary games, partnering with gaming accessory developers or licensing intellectual property rights to TV series developed and produced by third parties.
- **Acquisitions of complementary businesses and intellectual property rights.** For some time, the global gaming industry has been marked by extensive consolidation, and this has created opportunities for financially strong players to strengthen their portfolios of intellectual property rights while also promoting organic growth. See the *Acquisitions* section on page 9 for more information.

MAINTAIN AND DEVELOP IP-CENTRIC OPERATIONS

Thunderful Group's business strategy is characterised by a focus on intellectual property rights. The group has access to a broad portfolio of both internally and externally owned intellectual property rights and brands.

Within Games, a focused work is being conducted to maintain and develop its intellectual property rights. The goal is to ensure presence on the platform owners' channels and platforms, which in the future to a greater extent could be based on subscriptions and streaming. Good relationships with platform owners can also result in deepened commercial relationships, for example investments in Thunderful Group's game development projects, and thereby ensure an inflow of new content to their platforms.

Within Distribution, Thunderful Group works strategically to increase the share of its proprietary brands, an initiative that is expected to strengthen the Group's already robust financial position and result in improved profitability.

HIGH-QUALITY PERFORMANCE IN THE GROUP'S BUSINESS SEGMENTS

To nurture the value of the group's assets and important contractual relationships, it is important to uphold an entrepreneurial culture with strong focus on quality in execution. That is achieved by retaining and developing both staff and internal competencies as well as co-operations and partnerships.





ACQUISITIONS

Thunderful Group intends to continue to grow organically by means of investments in game development and the acquisition of, primarily, independent game developers the following characteristics:

- Run by dedicated entrepreneurs
- Complementing businesses with high growth
- IP-centric
- Footprint within PC and console

The group has a broad network in the industry that offers new investment opportunities. The offering to game developers joining Thunderful Group is attractive and rests on six core pillars:

MAJORITY INVESTMENTS

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

OWNERSHIP

Thunderful Group seeks out dedicated entrepreneurs who intend to remain in the group through holdings in Thunderful Group.

SUPPORTIVE OWNERS

Thunderful Group is and will remain a committed and supportive owner with the ability to assist with similar investments that its subsidiaries receive.

PLATFORM EXPERTISE

Thunderful Group has a long history of good relationships with platform owners, which companies acquired by the group can leverage in their operations.

DECENTRALISED GOVERNANCE

Thunderful Group does not intend to fully integrate new businesses with its existing subsidiaries and instead prefers to maintain the personal ownership and encourage entrepreneurship.

STRATEGIC GUIDANCE AND SYNERGIES

Thunderful Group offers acquired companies within the group valuable guidance and knowledge transfer.





FINANCIAL TARGETS

THUNDERFUL GROUP'S FINANCIAL TARGETS OVER THE MEDIUM TERM ARE:

ORGANIC GROWTH

Games targets to deliver an annual organic sales growth exceeding 25 per cent, complemented by add-on acquisitions.

> 25%

Distribution (excluding the Nintendo operations) targets to deliver an annual organic growth of 5-7 percent. The reason for Nintendo products being excluded is due to their close correlation with the development of Nintendo and its platform launches.

5-7%

EBIT MARGIN

Games targets to deliver an EBIT margin of at least 35 percent.

≥ 35%

Distribution (including the Nintendo operations) targets to maintain an EBIT margin of 8 percent.

8%

CAPITAL STRUCTURE

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

DIVIDEND POLICY

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





BUSINESS SEGMENT GAMES

MARKET

The gaming industry has long been the biggest segment on the global media and entertainment market, where players compete for consumers' leisure time. The growth of the gaming industry is driven, among other things, by an increasing proportion of the population consuming games, new consumption behaviours and new pricing models, such as subscription services and streaming services.

The global market for games has seen rapid growth in recent years and was 2019 estimated to have been worth approximately \$152 billion. The coming years the market is expected to keep growing at 9 percent per year on average and reach \$192 billion by 2022¹⁾.

An increasing share of sales goes via digital distribution channels, through platforms such as Steam and Epic Game Store, and more recently also through streaming services such as Google Stadia. The group's games are available globally, but revenues are mainly attributable to North America and Europe.



GROWTH

+55%

REVENUE MSEK

156

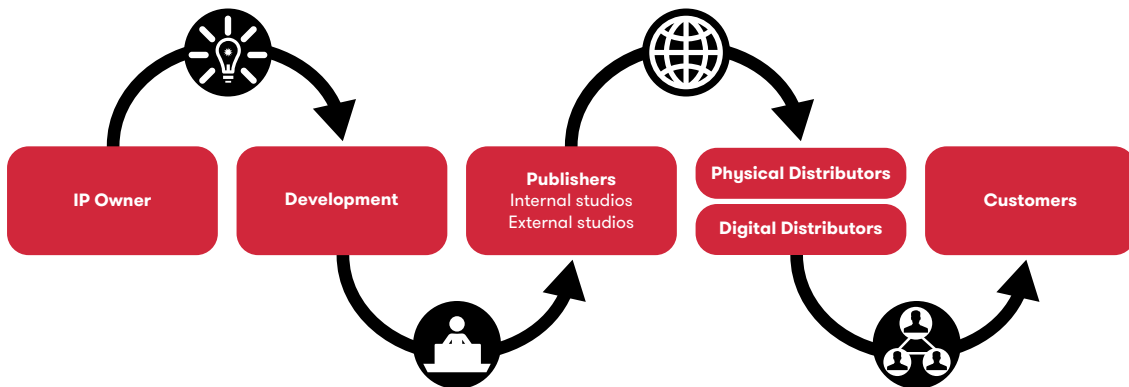
EBIT MARGIN

31%

THE VALUE CHAIN

Thunderful Games is a game developer and also publisher for both internally and externally developed games. The business is therefore divided into Development and Publishing. Games primarily works with proprietary IP such as SteamWorld, Lost in Random and The Gunk.

The group intends to a certain extent to work with project financing in the future. Project financing generally means that a game developer brings in an external financier, for example a third-party publisher or platform owner, who co-finances the game development in exchange for a share of future sales.



1) 2019 Global Games Market Report by Newzoo



DEVELOPMENT

Thunderful Development is the amalgamation of several experienced development studios with a reputation for developing high-quality single-player games in various genres. The ambition is to develop AA titles that align with the characteristics of a Thunderful game.

STRONG GAME DESIGN

Thunderful Development delivers smart and innovative game design.

STRONG NARRATIVE

Each game has a unique story that is well thought through and that enriches the IP and the game experience.

CONTAINED SINGLE-PLAYER

Every game is character-based and developed as a contained story around the main characters.

HIGH QUALITY

High quality throughout the whole game experience, including gameplay, storytelling as well as video and audio.

LONG-LASTING IPS

Strong character design that creates not only a single game but a new world of experiences and the potential to become a series of games.

STUDIOS

IMAGE & FORM

- Founded in 1997 by Brjann Sigurgeirsson
- Creator of the SteamWorld series
- Merged into Thunderful in 2017

ZOINK!

- Funded in 2001 by Klaus Lyngedal
- Developer of several innovative games, including Fe
- Merged into Thunderful in 2017

COATSINK SOFTWARE

- UK based, founded in 2009
- Developer of critically acclaimed VR game Shadow Point
- Acquired by Thunderful in October 2020

GURU GAMES

- Founded in 2013
- Has cooperated with acclaimed studios such as King and Resolution Games
- Acquired by Thunderful in December 2019

SOLD GAMES

15 MILLION

RELEASED GAMES

#37

GAMES IN DEVELOPMENT

#12

AVERAGE SCORE ON
METACRITIC

80

FOR THE LATEST
TEN GAMES



THE STATION

- Founded in 2013
- Reputable studio with years-long cooperation with Sony around the game series LittleBigPlanet
- Acquired by Thunderful in November 2020

THUNDERFUL MALMÖ

- Opened as part of Thunderful Development in Q3 2020
- Several close-by universities facilitate recruitment



STRATEGY FOR DEVELOPMENT

Thunderful Development has primarily three strategic focus areas.

IP-CENTRIC DEVELOPMENT

The commercial success depends on game development that is consistent with what the group and its community of players expect from a Thunderful game. The company strives to develop games with the potential to become a strong brand that can generate sequels, DLC and revenue over long periods of time. Moreover, the group sees additional potential from gaming experiences and characters suited to develop in other mediums as well.

PLATFORM AGREEMENTS

The group works strategically to develop its established relationships with platform owners and to proactively

establish more, larger and more lucrative platform partnerships. In combination with strategic platform partnerships, the group sees additional potential in the coming years in developing gaming experiences suited for new gaming solutions, such as streaming and subscription platforms.

INCREASED INVESTMENTS

The group intends to allocate operating cash flows from the distribution operations to increase investments in game development and to enable more projects and faster game development. Furthermore, the group will boost the organic growth with suitable add-on acquisitions.





INTERNALLY DEVELOPED GAMES

Game Description					Platform						Distribution		Metacritic launch-rating	
Title	Released	Self-published	IP-ownership	Genre	PC	Console	Mobile	Streaming	VR	Browser	Digital	Physical		Payment
SteamWorld Tower Defense	2010	✓	Owned	Strategy	○	●	○	○	○	○	●	○	Premium	71/100
Swing King	2010		Owned	Action	○	○	●	○	○	○	●	○	Premium	78/100
Pinch	2010	✓	Owned	Puzzle	○	○	●	○	○	○	●	○	Premium	n.a.
Billions	2011		3rd party	Facebook	○	○	○	○	○	●	●	○	F2P	n.a.
Anthill	2011	✓	Owned	Strategy	○	●	●	○	○	○	●	○	Premium	82/100
Pinch 2	2011	✓	Owned	Puzzle	○	○	●	○	○	○	●	○	Premium	n.a.
Wobblies	2011		3rd party	Puzzle	○	○	●	○	○	○	●	○	Premium	n.a.
PlayStation All Star Island	2012		3rd party	Action	○	○	●	○	○	○	●	○	F2P	n.a.
Ajapa	2012	✓	3rd party	Puzzle-Adventure	○	○	●	○	○	○	●	○	Premium	n.a.
Fatty	2012		Owned	Action-Comedy	○	○	●	○	○	○	●	○	Premium	n.a.
Pinch 2 Special Edition	2012	✓	Owned	Puzzle	○	○	●	○	○	○	●	○	Premium	n.a.
Adventure Time	2013		3rd party	Action	○	○	●	○	○	○	●	○	F2P	n.a.
SteamWorld Dig	2013	✓	Owned	Adventure	●	●	○	●	○	○	●	●	Premium	82/100
Stick It To the Man!	2013		Owned	Action	●	●	○	○	○	○	●	●	Premium	79/100
Disney 7D	2013		3rd party	Action	○	○	●	○	○	○	○	○	Premium	n.a.
Chip	2013	✓	Owned	Puzzle	●	○	●	○	○	○	●	○	Premium	n.a.
Disney Doc McStuffin	2014		3rd party	Adventure	○	○	●	○	○	○	○	○	Premium	n.a.
Esper	2014		Owned	Puzzle	○	○	○	○	●	○	●	○	Premium	80/100
Zombie Vikings	2015	✓	Owned	Action	●	●	○	○	○	○	●	●	Premium	74/100
SteamWorld Heist	2015	✓	Owned	Strategy	●	●	●	●	○	○	●	●	Premium	91/100
Esper 2	2015		Owned	Puzzle	○	○	○	○	●	○	●	○	Premium	83/100
Zombie Vikings: Stab-a-thon	2016	✓	Owned	Action	●	●	○	○	○	○	●	○	Premium	n.a.
Shu	2016	✓	Owned	Action-Platform	●	●	○	○	○	○	●	○	Premium	85/100
SteamWorld Dig II	2017	✓	Owned	Adventure	●	●	○	●	○	○	●	●	Premium	88/100
Gang Beasts	2017		3rd party	Party	●	●	○	○	○	○	●	○	Premium	68/100
Augmented Empire	2017		Owned	Tactical RPG	○	○	○	○	●	○	●	○	Premium	75/100
A Night Sky	2017		Owned	VR experience	○	○	○	○	●	○	●	○	Premium	n.a.
Flipping Death	2018	✓	Owned	Action	●	●	○	○	○	○	●	●	Premium	83/100
Fe	2018		Owned	Action	●	●	○	●	○	○	●	○	Premium	73/100
They Suspect Nothing	2018		Owned	Mini-games/ comedy	○	○	○	○	●	○	●	○	Premium	80/100
Kingdom Two Crowns	2018		3rd party	Survival-Action	●	●	○	○	○	○	●	○	Premium	84/100
SteamWorld Quest	2019	✓	Owned	Cards	●	●	●	○	○	○	●	●	Premium	80/100
Ghost Giant	2019	✓	Owned	Adventure	○	●	○	○	○	○	●	●	Premium	80/100
Shadow Point	2019		Owned	Puzzle-Adventure	○	○	○	○	●	○	●	○	Premium	80/100
FB Rooms	2020		3rd party	Party	○	○	●	○	○	○	●	○	F2P	n.a.
Transformers: Battlegrounds	2020		3rd party	Strategy	●	●	○	○	○	○	●	●	Premium	n.a.
Jurassic World Aftermath	2020		3rd party	Action	○	○	○	○	●	○			Premium	n.a.

● Available ○ Not available



UPCOMING THUNDERFUL GAME LAUNCHES

Title	Publisher	IP-owner	Platforms	Distribution channels	Release year
Lost in Random	EA	Own	PC, consol	Digital	2021
TBA	TBA	Own	Streaming	Digital	2021
Jurassic World Aftermath Part 2	TBA	Universal	VR	TBA	2021
The Gunk	Thunderful Publishing	Own	PC, consol	Digital	2021
TBA (SteamWorld game)	Thunderful Publishing	Own	PC, consol	Digital, physical	2022
TBA (SteamWorld game)	Thunderful Publishing	Own	PC, consol, mobile	Digital, physical	2022
TBA	Coatsink	Own	PC, consol	TBA	2022
TBA	Coatsink	Shared	PC, consol	TBA	2022
TBA (SteamWorld game)	Thunderful Publishing	Own	PC, consol, mobile	Digital	2023
TBA (SteamWorld game)	Thunderful Publishing	Own	PC, consol	Digital	2023
TBA	TBA	Own	PC, consol	TBA	2023
TBA	TBA	Own	PC, consol	TBA	2023





PUBLISHING

The division consists of publishers Thunderful Publishing and Headup, who publish internally developed games as well as external games developed by Western studios, and Rising Star Games, which publishes Japanese games in the West.

The experience in game development and the distribution of Nintendo products has built a network and a reputation in the gaming industry that puts Publishing in a good position to also act as a publishing partner to external independent game developers in the West. Collaborations are mainly entered into with game developers that develop games of a similar nature to Thunderful Group's own game portfolio, such that the group's experience can be of greater benefit.

Each year, the publishers receive a large number of inquiries from independent game developers to act as a publishing partner, as well as to act in a consulting capacity and provide support during the game development process. Accordingly, a structured selection process has been established to ensure the suitability and robustness of both concept and quality before any publishing and, where applicable, financing agreements are entered into. The selection process is largely the same as for the group's in-house concepts and game ideas. This is to ensure that the end product meets the quality requirements associated with the group's brand.

INTERNAL GAMES
PUBLISHED

#3

EXTERNAL GAMES
PUBLISHED SINCE 2018

#37

EXTERNAL STUDIOS
SINCE 2018

#26

INVESTMENTS IN EXTERNAL
GAME PROJECTS SINCE 2018

#60





STRATEGY FOR PUBLISHING

Thunderful Publishing has primarily three strategic focus areas.

FULL SERVICE

The group works strategically to develop the publishing operations and offering to independent game developers and for its own publishing of games developed in-house. This is to ensure market-leading service in the form of communication and marketing as well as sales and liaising with platform owners.

HIGH QUALITY

The group considers it important to maintain and refine the publishers' selection process for both internally and

externally developed games to ensure Thunderful Group's position as a high-quality game developer and supplier.

INCREASED INVESTMENTS

The group intends to allocate operating cash flows from its distribution operations to increase investments in publishing projects with external independent game developers and to enable more and larger investments.





EXTERNALLY DEVELOPED GAMES

Game description				Platform						Distribution	
Title	Timing	External Developer	Genre	PC	Console	Mobile	Browser	VR	Streaming	Digital	Physical
Lonely Mountains: Downhill - DLC	2020	Megagon Industries	Racing	●	●	○	○	○	○	●	○
Get Packed	2020	Moonshine Studios	Party	●	●	○	○	○	●	●	○
Cake Bash	2020	High Tea Frog	Party	●	●	○	○	○	●	●	○
PHOGS!	2020	Bit Loom	Family	●	●	○	○	○	●	●	○
Natsuki Chronicles	2021	Qute	Shmup	●	●	○	○	○	○	●	○
Ginga Force	2021	Qute	Shmup	●	●	○	○	○	○	●	○
Ginga Force (physical)	2021	Qute	Shmup	●	●	○	○	○	○	○	●
Curious Expedition 2	2021	Maschinen Mensch	Adventure	●	●	○	○	○	○	●	●
Deadly Premonition 2 - Steam	2021	Toybox	Horror	●	○	○	○	○	○	●	○
Say No! More	2021	Studio Fizbin	Narrative	●	●	●	○	○	○	●	●
Natsuki Chronicles (physical)	2021	Qute	Shmup	●	●	○	○	○	○	○	●
Lonely Mountains: Downhill (physical)	2021	Megagon Industries	Racing	●	●	○	○	○	○	○	●
Harvest Moon: One World	2021	Natsume	Farming sim.	○	●	○	○	○	○	●	●
Source of Madness	2021	Carry Castle	Action	●	●	○	○	○	○	●	●
Fire Girl	2021	Dejima	Platform	●	●	○	○	○	○	●	●
TBA	2021	TBA	RPG	●	●	○	○	○	●	●	○
TBA	2022	TBA	Sports	●	●	●	○	○	○	●	●
TBA	2022	TBA	Adventure	●	●	○	○	○	○	●	●
TBA	2022	TBA	Souls like	●	●	○	○	○	●	●	○
TBA	2022	TBA	FPS VR	○	○	○	○	●	○	●	○
TBA	2022	TBA	2D Platform	●	●	○	○	○	●	●	○
TinyShot	2021	Allaith Hammed "ZAX"	Action	●	○	○	○	○	○	●	○
Cardaclysm	2021	Elder Games	Card Combat	●	●	○	○	○	○	●	○
Dead Age 2	2021	Silent Dreams	RPG	●	○	○	○	○	○	●	○
The Fabled Woods	2021	CyberPunch Studios	Adventure	●	●	○	○	○	○	●	○
Scarlet Hood and The Wicked Wood	2021	Devespresso	Adventure	●	○	○	○	○	○	●	○
Aerial_Knight's Never Yield	2021	Neil Jones	3D Runner	●	●	●	○	○	○	●	○
Lost At Sea	2021	Studio Fizbin	Adventure	●	●	○	○	○	○	●	○
Industria	2021	Bleakmill	FPS	●	●	○	○	○	○	●	○
Gigapocalypse	2021	Goody Gameworks	Action	●	○	○	○	○	○	●	○
Escape from Naraka	2021	XeloGames	First Person Runner	●	○	○	○	○	○	●	○
White Shadows	2021	Monokel	Puzzle Platformer	●	●	○	○	○	○	●	○
Tinkertown	2021	Headup	Multiplayer Sandbox Experience	●	●	●	○	○	○	●	○
Hell Pie	2022	Slugglerfly	Platformer	●	●	○	○	○	○	●	○
Crowns & Pawns	2022	Tag of Joy	Adventure	●	●	○	○	○	○	●	○
TBA	2022	TBA	Puzzle Adventure	●	●	●	○	○	○	●	○
TBA	2022	TBA	Action	●	●	○	○	○	○	●	○

● Available ○ Not available



BUSINESS SEGMENT DISTRIBUTION

MARKET

In recent years, the Nordic distribution market has been characterised by negative or no growth, mainly due to reduced physical distribution of hardware and software, which has primarily affected Nordic Game Supply. The group's distribution of Nintendo products is mainly driven by so-called console cycles, meaning Nintendo's launches of gaming consoles. The distribution of toys in the Nordic region has in recent years shown somewhat negative or no market growth and is considered to be a mature market characterised by low impact from the business cycle and low technical development.

All distribution markets in which the group operates are characterised by a competitive landscape with a few major players, a complex market and large working capital needs. The total addressable distribution market will be constant in the coming years and will not show any significant growth. The growth opportunities lie in a decreasing number of players, and the possibility to increase the proportion of own brands.

TOTAL GROWTH

+46%

REVENUE, MSEK

2,892

GROWTH EXCLUDING
BERGSALA

+23%

EBIT MARGIN

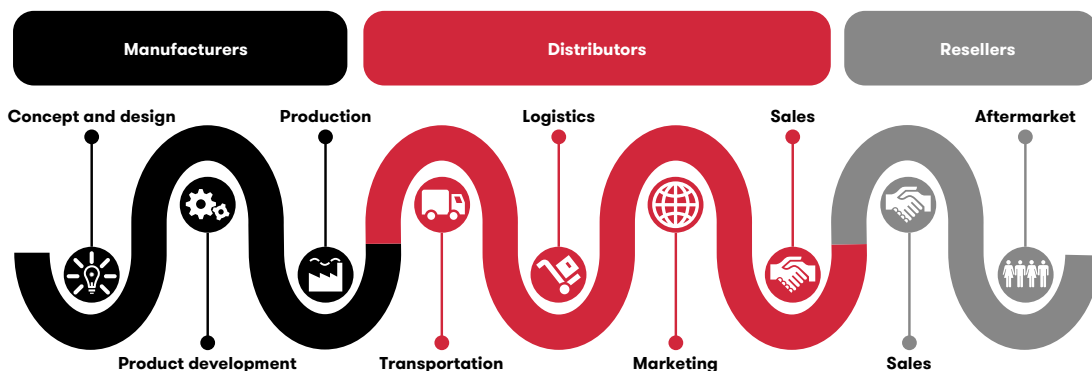
7.5%

Pertains to the combined financial statements that were presented in the published prospectus.

THE VALUE CHAIN

Thunderful Group is a distributor to third-party manufacturers and has historically primarily worked with distribution to resellers, so-called B2B distribution. As end consumers have increasingly been moving to digital marketplaces such as

Amazon, Elkjøp, Bilka and CDON in recent years, the group has also increased its presence on these digital marketplaces and therefore also distributes directly to end consumers, so-called B2C distribution.





STRATEGY FOR DISTRIBUTION

Distribution has primarily four strategic focus areas:

MAINTAIN RELATIONSHIPS

To continually obtain and negotiate favourable agreements for the globally strongest brands, it is a basic prerequisite for the subsidiaries Bergsala, Amo Toys and Nordic Game Supply to maintain their good relationships and partnerships with brand owners and customers.

NEW AGREEMENTS

The group intends to increase the number of brands in the business segment's existing portfolio in order to reach new consumer groups within Amo Toys and Nordic Game Supply. Furthermore, the group intends to introduce a strategic focus on the board game market, which the group believes will show great growth potential in the coming years.

PROPRIETARY BRANDS

The group is working strategically to develop and strengthen the brands owned by Amo Toys and Nordic Game Supply. The Group believes that this will further improve the business segment's profitability and increase the subsidiaries' control over the supply chain.

STRENGTHEN THE GROUP

The group intends to allocate operating cash flows from the distribution operations to enable investments in the Games business segment while making such investments in a responsible manner with no adverse impact on the distribution operations.





BERGSALA

Bergsala was founded in 1976 and has since 1981 been the sole distributor of Nintendo's hardware and software in Sweden. Since 2012, Bergsala is also responsible for the distribution in the rest of the Nordics and in the Baltics. Historically, the partnership has run for two years at a time, with the agreement most recently renewed in April 2020, which means that Bergsala will soon have had an uninterrupted partnership with Nintendo for 40 years.

Since Bergsala only distributes Nintendo products, Bergsala's financial development is dependent on Nintendo's success in the Nordic region. In 2001, Nintendo launched the GameCube game console. A few years of stable revenue followed, although at historically low levels, which is assessed to be due to the fact that the PlayStation 2 and Xbox game consoles proved to be successful launches for Sony and Microsoft, respectively, during the period.

In 2006, the Nintendo Wii was launched and became a global success for Nintendo, resulting in high net sales for Bergsala, peaking in 2008. Over the following years, net sales declined on an annual basis as the Nintendo Wii matured and faced increased competition from the PlayStation 4 and Xbox One, which were launched in 2013. Meanwhile, Nintendo's launch of the Nintendo 3DS in 2010 and the Nintendo Wii U proved less successful. The latest and current game console, the Nintendo Switch, was launched in 2017. Since then, both Bergsala and Nintendo have recorded their highest sales since the Nintendo Wii.

In comparison with competing consoles and platforms, Nintendo has historically experienced less competition from digital distribution platforms and a lower level of digitisation. In part because historically Nintendo's consumers have tended to prefer physical copies of games and physical distribution and in part because globally Nintendo has a stable pricing strategy and clear structures for its distributors and retailers. This can be illustrated, for example, by the fact that the Nintendo Switch boasts the highest number of physical games sold in relation to consoles sold since Bergsala began distributing Nintendo products in 1981.

SWEDISH NINTENDO
DISTRIBUTOR SINCE

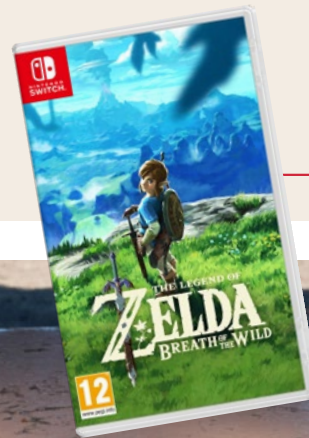
1981

CONSOLES
SOLD

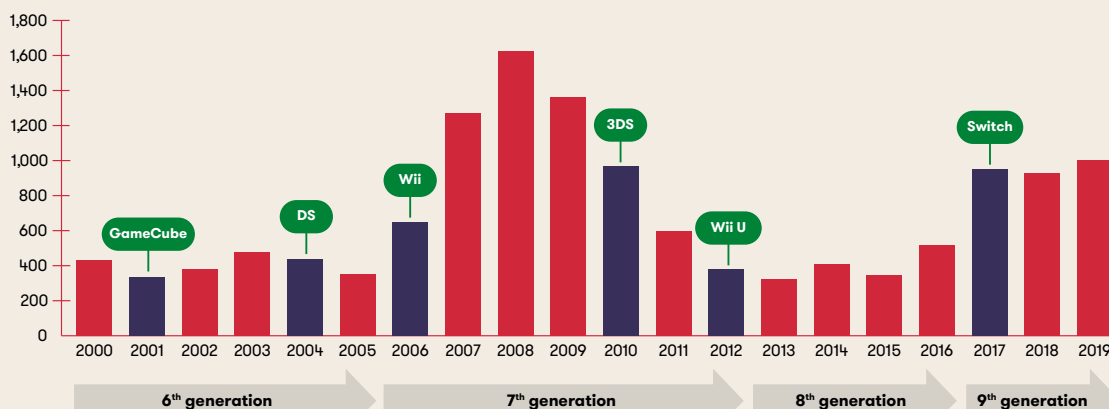
9 MILLION

GAMES SOLD

19 MILLION



Revenue (MSEK)



The following figure illustrates how Bergsala's sales trend has been affected by Nintendo's console launches since 2000.



AMO TOYS

Amo Toys distributes toys in all the Nordic countries. The company markets and distributes a range of toy products and brands, including L.O.L., BabyBorn and Little Tikes. Amo Toys has high internal requirements for play experience, quality and safety as the majority of the company's products and brands are aimed at children and youngsters. Accordingly, over a period of several years the company has developed an internal department to manage its corporate social responsibility, including sustainability and safety, to ensure the highest market standards.

Amo Toys has about 70 brands in its portfolio and has sold more than 19 million toys. Among the company's external distribution partners, the collaboration with MGA is the largest, with MGA accounting for more than half of Amo Toys' sales. Out of the approximately 70 brands, Amo Toys has six proprietary brands, including Happy Friend, Happy Baby and Junior Home.



AMO TOYS
FOUNDED

1965

BRANDS,
ABOUT

70

PROPRIETARY
BRANDS

6

NORDIC GAME SUPPLY

Nordic Game Supply distributes game consoles, games, and gaming accessories in all the Nordic countries. The company has since the start distributed physical games and gaming accessories such as headsets, keyboards, pointing devices, streaming equipment, gaming chairs and various types of merchandise, such as clothing and accessories. Merchandise has seen strong growth in recent years, which is due to the company being an exclusive supplier of this product category to all Elkjøp stores in the Nordic region.

Nordic Game Supply has a portfolio encompassing about 40 brands. The company is responsible for, for example, the physical distribution in Sweden, Norway and Denmark for the video game companies Take-Two and Konami. In addition, Nordic Game Supply distributes gaming accessories from brands such as HyperX, Razer and Thrustmaster, which are some of the gaming industry's most well-renowned gaming accessory manufacturers. The company also distributes merchandise for well-known game titles such as Fortnite and Minecraft. In recent years, Nordic Game Supply has also increased its share of net sales generated by its proprietary brands. The company currently has seven proprietary brands, including Piranha, Wistream and Legend.

NORDIC GAME
SUPPLY FOUNDED

2010

BRANDS,
ABOUT

40

PROPRIETARY
BRANDS

7





INVESTMENT CASE

- 1 Huge and growing gaming market
- 2 Focused high-quality gaming studios
- 3 Accelerated investments supporting larger publishing deals
- 4 Leading Nordic distribution business
- 5 Diversified business with a unified purpose as key strategy
- 6 Strong cash flow generation
- 7 Entrepreneurial management team with significant ownership

During the year, Thunderful Games more than tripled the number of game developers, partly through organic growth but also thanks to a strategic acquisition philosophy that builds for the future.

Brjann Sigurgeirsson
CEO





SUSTAINABILITY REPORT

TO BE A LEADER IN A WORLD WHERE EVERYONE CAN PLAY

Building a company centred around the vision “to be a leader in a world where everyone can play” means not only that Thunderful Group wants to be a market leader, it also means being inclusionary. To accomplish that, Thunderful Group needs to have a clear inner compass and always try to think one step further, so that everyone can participate and play. This is Thunderful Group’s first sustainability report and should be seen as a first step on a long road of improvement ahead.

Thunderful Group was formed in 2019 following a restructuring of the ownership in companies Thunderful and Bergsala. Since then, additional companies have been acquired to the new group. At group level, this means adapting the sustainability work for the various business segments and operations. The group aims to review its sustainability work in the coming years to gather information about its impact and to strategically steer future work. Thunderful Group operates in two primary areas, the global gaming industry as a developer and publisher, and the Nordic distribution market as a distributor of games, gaming accessories and toys.

Responsible gaming

Thunderful Group wants to be a responsible company and has therefore chosen to avoid developing games with casino-related elements. Thunderful Group has also chosen not to focus on games with in-app purchases or loot boxes. Furthermore, the group has historically avoided highlighting violence in its games. Many games contain elements of violence, and Thunderful Group avoids game productions that contain excessive violence. It is a conscious decision made to include as many as possible, and to not encourage violent behaviour.

ENVIRONMENT

Thunderful Group’s primary environmental impact is assessed to be in the distribution business, where the group as a distributor is responsible for shipping to the group’s warehouses and out to the customer. In shipping, the group only cooperates with serious actors who have well-established processes for environmental issues. Today, Thunderful Group procures shipping services through third parties, which makes data collection difficult. Therefore, the group intends to restructure its practices and transition to complete solutions regarding logistics and transport to gain better insight and more influence over future environmental work.

Thunderful Group does not own any factories, so all production takes place at the supplier. Therefore, the group works actively to make as accurate purchases as possible from an economic sustainability perspective to minimise unnecessary transportation

and production. Thunderful Group is a registered warehouse keeper and has an approval from the Swedish Tax Agency to professionally handle taxable electronic goods in untaxed condition, which means that Thunderful Group reports the so-called chemical tax. The Group has chosen to itemise the chemical tax on invoices to customers to increase transparency and environmental understanding.

Main risks

The group is fully aware that there is an impact on the environment through the business and needs to get a clearer picture of where risks and impacts lie. This is a work in progress with the aim of being able to present clear steering documents in the coming years.

Extreme weather events due to climate change is one of the risks that may affect the group’s supply chain and transport. As part of managing risks, the group is reviewing the possibility of creating a structured overall solution regarding transport to be able to act effectively and try to minimise the environmental impact in the future.

SOCIAL CONDITIONS AND STAFF

Thunderful Group is characterised by low staff turnover and long average employment time. The group views this as a good sign that employees are happy. The work culture is characterised by strong team spirit and sense of community. The group has a flat organisation where managers with personnel responsibilities have an active role in the daily operations to be able to follow up and support employees and to be able to identify negative trends early.

A contributing factor to the low staff turnover may also be that Thunderful Group works with the world’s most fun products on the market. The work environment for employees is an important issue and therefore the group continuously performs surveys to improve the employees’ work environment and maintain a good corporate culture.

Among other things, this has led to three of the group’s largest operations moving to new, modern offices with a better work environment and work tools in 2021. The goal is to create optimal work environments where all employees can contribute to an inclusive, exciting and inspiring workplace.

Thunderful Group offers all employees in Sweden corporate health care, which means that older employees are offered a health check-up once a year and younger employees every two years. This is communicated to all employees at the start of the employment. The group sees this as an important aspect in safeguarding the health of its employees.



EQUALITY

Thunderful Group believes that everyone, regardless of gender, ethnic origin, religion or other belief, sexual orientation, age or disability, should have the opportunity to participate in working life on equal terms. Respect for the equal value of all people is of great importance to the group and contributes to an inclusive work culture and sense of community. Gender equality is an important issue for Thunderful Group and the group is actively working to balance the gender distribution and to attract more women in the profession as it is today a male-dominated industry. Thunderful Group's board currently consists of 20% women, a proportion that owners of the group wish to increase over time.

Main risks

One of Thunderful Group's biggest risks is that key people quit. The group sees its employees as the most important resource. Therefore, the group is actively working to quickly pick up any negative trends within the organisation. In 2021, the group plans to map and evaluate the possibilities for more strategic work regarding the work environment to ensure that the right skills do not disappear from Thunderful Group.

One risk that the group sees is that the gaming industry is a male-dominated industry that has historically primarily attracted male colleagues. Thunderful Group works for gender equality and equal value in the workplace. The group will evaluate the recruitment process and its profiling in the coming years to work for an inclusive and equal industry.

RESPONSIBLE BUSINESS

Ensuring that employees and other representatives of the group act in an ethically correct manner and in line with the group's values is an important part of the group's sustainability work. Therefore, the group has implemented a personnel policy and code of conduct that describes how Thunderful Group should behave and act in business relationships. The steering documents is a cornerstone in the work to curtail trouble.

The group views this as an important tool for counteracting violations of laws and regulations, and the group's code of conduct. Thunderful Group requires of all suppliers to comply with applicable laws and regulations as well as ethical guidelines.

The group also conducts systematic factory visits to ensure that laws, standards and human rights are complied with. During Covid-19, the group has not been able to follow up this work as desired and is evaluating possibilities to follow up in the coming year.

COVID-19

In 2020, the Covid-19 pandemic struck worldwide. This has contributed to challenges in work environment-related issues. The group has offered everyone who wants, to work from home and has also invested in products that are adapted to the individual employee's home in order to create a good work environment there.

Main risks

Thunderful Group views it as a risk that its personnel or third parties do not comply with laws, regulations or the group's relevant policies and directives regarding anti-corruption. The group tries to counteract this through implemented control documents and regular follow-ups. Thunderful Group understands that this is a risk that is difficult to eliminate but works actively to minimise it. The group sees lack of respect for human rights and substandard working conditions in the supply chain as a major risk. Thunderful Group continuously works to mitigate the risk through factory visits and internal audits. Furthermore, the group investigates possibilities for a more structured supplier control.

ABOUT THE SUSTAINABILITY REPORT

This is Thunderful Group's first sustainability report and refers to the fiscal year 2020. The group's board of directors is ultimately responsible for sustainability practices and is working to develop the work further.





BOARD OF DIRECTORS REPORT

INFORMATION REGARDING THE OPERATIONS

Thunderful Group AB, with its registered office in Gothenburg, is the parent company of a group that develops and publishes games, and distributes such items as Nintendo products (games, game consoles and accessories), game accessories and toys. Thunderful Group's overriding objective is to provide high-quality game experiences.

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

With its head office in Gothenburg and additional offices in Sunderland, Karlshamn, Kungsbacka, Århus, Skövde, Cologne, Helsinki, Helsingborg, Copenhagen, Larvik, Hohenwestedt and Hong Kong, Thunderful Group develops, publishes and distributes high-quality entertainment products with the focus on games based on proprietary rights and rights owned by others.

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

THUNDERFUL GAMES

Thunderful Games is active in the development and publishing of games. The business segment includes the group company Thunderful Development with game development teams from the previously independent game studios Image & Form, Zoink, Guru Games, The Station and Coatsink. Thunderful Development's strategy is based on in-house developed, high-quality, single-player games with rich content for PCs and consoles. The business segment also includes Thunderful Publishing and Headup (which was acquired after the close of the financial year, on March 15, 2021), which publish games developed in-house and by other Western game studios, and Rising Star Games, which was founded in 2004 to focus on publishing prominent Japanese game titles in Europe.

THUNDERFUL DISTRIBUTION

Thunderful Distribution, with operations in distribution and sale of, among other things, Nintendo products, games, game accessories and toys includes the distributors Bergsala, Amo Toys and Nordic Game Supply. Bergsala has been distributing Nintendo's products in Sweden since 1981. Amo Toys and Nordic Game Supply are Nordic distributors of games, game accessories, merchandise and toys. Brands distributed by Amo Toys and Nordic Game Supply include Rockstar, 2K Games, Razer, Thrustmaster, PowerA, Hori, MGA Entertainment (with brands such as L.O.L., BabyBorn and Little Tikes), GeoMag and Intex.



SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Acquisition of Coatsink Software Ltd

During the year, Thunderful Group AB acquired all of the shares of Coatsink Software Ltd, with its registered office in Sunderland, UK. The acquisition was completed on 2 October 2020. The purchase consideration consisted of an up-front payment of 23 MGBP and an earn-out component that is capped at 65.5 MGBP. The initial purchase consideration comprised 11.5 MGBP in cash and 11.5 MGBP in newly issued Thunderful Group AB shares. The earn-out consideration will be paid as a combination of cash and shares, and is capped at 42.5 MGBP. More details about the acquisition can be found in Note 2 under "Business combinations."

Coatsink, which is headquartered in Sunderland, UK, was formed in December 2009 by Tom Beardsmore and Paul Crabb. Today, it is a versatile and fast-paced development studio and publisher with a good reputation in the industry. Recent accolades achieved by the company for its games include the critically acclaimed Oculus Quest launch title Shadow Point, the Oculus Go title Augmented Empire, the development partnership with Boneloaf concerning Gang Beasts, and the publishing partnership on the hit title Onward. The acquisition is in line with Thunderful's strategy to expand in the Games segment by entering into attractive agreements with platform owners and as a publisher. The acquisition makes it possible for both companies to accelerate and strengthen both ongoing and future development projects.

Coatsink is working on a number of ongoing game-development projects and, since the acquisition was implemented, it has released the critically acclaimed game Jurassic World Aftermath. The company also conducts several projects involving external production assignments and publishing. Taken together, these will strengthen Thunderful's existing pipeline in 2021 and 2022. Coatsink will remain an independent development studio and will be reported as part of the Thunderful Games segment.

Stock exchange listing

On 7 December 2020, Thunderful Group AB was listed on the Nasdaq First North Premier Growth Market Interest in the offering was considerable from among both Swedish and international institutional investors and the public in Sweden, Denmark Norway and Finland. The offering was oversubscribed a number of times over. The price per share in the offering was 50 SEK, corresponding to a total value of approximately SEK 3.4 billion for the total number of shares outstanding in the company after the offering was implemented.

The offering comprised 26,114,100 shares, of which 15,000,000 were newly issued shares that were offered by the company and 11,114,100 comprised existing shares that were offered by the company's principal owners Bergsala Holding AB, Brjann Sigurgeirsson Holding AB and Lyngeled Holding AB.

In connection with the offering, there was also an over-allotment option of not more than 3,917,115 existing shares in the company from the seller Bergsala Holding AB and this over-allotment option was exercised in full. In total, the value of the offering was approximately SEK 1.5 billion, corresponding to approximately 43.8% of the total number of shares in Thunderful Group after the implementation of the offering.

Multi-year review, group	2020	2019	2018
Net revenue (MSEK)	3,047.8	100.9	81.1
Profit after financial items (MSEK)	170.5	30.5	16.4
Total assets (MSEK)	2,457.3	1,439.4	67.4
Equity/assets ratio (%)	60.6%	36.0%	42.9%
Average number of employees	248	65	52

Multi-year review, parent company	2020	Dec 5, 2019 - 31 Dec 2019
Net revenue (MSEK)	10.1	0.0
Profit after financial items (MSEK)	-52.2	-0.3
Total assets (MSEK)	2,373.6	1,064.4
Equity/assets ratio (%)	82.1%	93.0%
Number of employees	3	0

Comments on the multi-year review

Consolidated net revenue for the 2020 financial year amounted to 3,047.8 MSEK compared with 100.9 MSEK in the preceding year. The primary reason for the increase was that the group was formed through a non-cash issue in December 2019 and because net revenue for the comparative years 2018 and 2019 only pertains to the group in which Thunderful Development AB was formerly the parent company. Thunderful Development AB was formed in 2017 and has conducted operations since 2018. The group is not reporting any earnings for 2019 for additional subgroups and the effect of the non-cash issue was recognised in the balance sheet for 2019.

The group's performance in 2020 was favourable with the Thunderful Games segment expanding sharply and its net revenue increasing by 55% compared with 2019. In the Thunderful Distribution segment, demand for the products distributed by the subsidiaries grew during the year and net revenue increased by 46% compared with the net revenue of the companies included in the segment in the 2019 calendar year.

The analysis on the following pages compares the outcome for 2020 with the combined financial statements for the 2019 calendar year and not the legal consolidated financial statements for 2019. The combined financial statements are presented in the prospectus published by the company.



JANUARY–DECEMBER 2020

The comparative year 2019 pertains to the combined financial statements that were presented in the published prospectus.

OPERATING INCOME

The group's operating income in 2020 amounted to 3,082.3 MSEK (2,116.4), corresponding to an increase of 45.6%.

Business segments

Revenue in the Games segment increased by 54.8% to 156.2 MSEK (100.9) and the Distribution segment increased by 46.3% to 2,891.6 MSEK (1,976.8).

MSEK	Jan-Dec	
	2020	2019 ¹
Thunderful Games	156.2	100.9
Thunderful Distribution	2,891.6	1,976.8
Other	34.5	38.7
Operating income	3,082.3	2,116.4

¹ Pertains to the combined financial statements that were presented in the published prospectus

Despite a lack of game releases during the period, net revenue in Thunderful Games grew by 54.8% thanks to three externally funded publishing deals where Thunderful Group retained the rights to the game IPs.

The significant driver of net revenue growth in Thunderful Distribution was the subsidiary Bergsala.

GROSS PROFIT

Gross profit for 2020 amounted to 693.4 MSEK (500.0), corresponding to an increase of 38.7% and a gross margin of 22.5% (23.6). The decrease was primarily caused by mix effects between the two segments, and to some extent because of mix effect within Thunderful Distribution in which Bergsala has a significant growth in net revenue, while Amo Toys showed a slight increase.

OPERATING EXPENSES

Costs of goods for resale and game projects increased by 47.8% to -2,389.1 MSEK (-1,616.5).

Other external expenses increased by 55.9% to -264.1 MSEK (-169.4). The key driver was an increase in logistics costs within Thunderful Distribution due to inventory build-up (number of pallets at the warehouse) in the first half of 2020 compared with the first half of 2019.

Personnel expenses increased by 39.3% to -140.1 MSEK (-100.6). The total number of employees at the end of the year was 334 (168).

MSEK	Jan-Dec	
	2020	2019 ¹
Costs for goods for resale and game projects	-2,389.1	-1,616.5
Other external expenses	-264.1	-169.4
Personnel expenses	-140.1	-100.6
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	-61.8	-20.8
Other operating expenses	-12.4	-
Total operating expenses	-2,867.4	-1,907.4

¹ Pertains to the combined financial statements that were presented in the published prospectus

Depreciation and amortisation increased by 197.1% to -61.8 MSEK (-20.8). The principal driver was the additional amortisation of intangible assets, primarily originating from the non-cash issue for subsidiaries in Thunderful Distribution (no goodwill recognised) at the end of December 2019, and amortised over ten years. This affected the 2020 period by -37.2 MSEK. No impairment losses were charged to earnings.

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



OPERATING PROFIT

Operating profit for 2020 amounted to 215.0 MSEK (209.1), corresponding to an operating margin of 7.1% (10.1).

Business segments

Operating profit in the Games segment during the year amounted to 48.4 MSEK (30.9), corresponding to an operating margin of 31.0% (30.6).

Net revenue in the subsidiary Amo Toys declined in the fourth and final quarter, driven by COVID-19 restrictions from the authorities that impacted customers with physical stores. Operating profit in the Distribution segment during the year amounted to 216.5 MSEK (178.2), corresponding to an operating margin of 7.5% (9.0). Revenue for the segment increased significantly, although mainly in game consoles and game accessories, which have lower margins than for games and toys. The item "other" refers to acquisition-related transaction costs and depreciation/amortisation related to the non-cash issue when the group was restructured at the end of 2019.

MSEK	Jan-Dec	
	2020	2019 ¹
Thunderful Games	48.4	30.9
Thunderful Distribution	216.5	178.2
Other	-49.9	0.0
Operating profit	215.0	209.1
Operating margin, %		
Thunderful Games	31.0%	30.6%
Thunderful Distribution	7.5%	9.0%
Thunderful Group	7.1%	10.1%

¹ Pertains to the combined financial statements that were presented in the published prospectus

The operating profit in Thunderful Games increased sharply, while there was a marginal increase in the operating margin. The cause was a significant game release in the second quarter of 2019 (SteamWorld Quest) while the major game release in 2020 (Jurassic World Aftermath) did not reach the market until the end of December 2020 and this had a limited impact on full-year earnings. Externally funded game-development projects were in progress from the third quarter of 2019, which affected all of 2020.

FINANCIAL NET

Financial net amounted to -11.8 MSEK (0.2), adjusted for items affecting comparability related to IPO-related costs of -32.6 MSEK. Total IPO-related costs are 45.9 MSEK and 13.3 MSEK is recognised in equity.

TAX

Tax amounted to -35.4 MSEK (-41.4).

PROFIT FOR THE PERIOD

Profit for the period for 2020 amounted to 135.0 MSEK (167.8), corresponding to a net profit margin of 4.4% (8.1).



FINANCIAL POSITION AND LIQUIDITY

The group's total assets on 31 December 2020 amounted to 2,457.3 MSEK, compared with 1,439.5 MSEK on 31 December 2019.

Working capital on 31 December 2020 amounted to 541.1 MSEK, compared with 415.3 MSEK on 31 December 2019.

The group's equity on 31 December 2020 amounted to 1,489.4 MSEK, compared with 518.0 MSEK on 31 December 2019.

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

For the full year, cash flow from operating activities amounted to 208.4 MSEK (190.0), corresponding to cash generation of 14.8%. Operating cash flow was negatively affected by acquisitions of 123.4 MSEK.

MSEK	Jan-Dec	
	2020	2019 ¹⁾
Development capex	28.8	16.6
Acquisition capex	123.4	2.5
Other capex	3.6	2.8
Total investments	155.6	21.9

¹⁾ Pertains to the combined financial statements that were presented in the published prospectus

PARENT COMPANY

For the full year, the parent company's net revenue amounted to 10.1 MSEK, operating loss to -7.2 MSEK and profit for the period to 64.0 MSEK. The parent company's revenue comprises intra-group services.





ANTICIPATED FUTURE DEVELOPMENT

In 2021, Thunderful Games will launch a number of games that the company had under development in 2020 and earlier. On 31 December 2020, the group had advertised 12 launches of games, of which four games are expected to be launched in 2021. For the segment Thunderful Distribution, continued stable demand is expected for the company's distributed products.

Thunderful Group is carefully monitoring the development of the COVID-19 pandemic, which has had a limited impact to date on the group's operations. Demand for a number of the group's products has increased during the pandemic and the group is working hard to adapt operations to the prevailing requirements and recommendations. In the first quarter of 2021, costs for repatriating containers from East Asia, a week-long traffic disruption in the Suez canal and the global shortage of semiconductors created a certain level of uncertainty regarding the supply of goods in the Distribution segment. The Thunderful Group's assessment is that higher costs for repatriation in the first quarter have had a limited impact on the operations, but that the uncertainty regarding both repatriation costs and the shortage of semiconductors will continue for the remainder of the year.

SIGNIFICANT RISKS AND UNCERTAINTIES

Risks related to the market and the business in respect of the development and publishing of games (Games segment)

- The group is dependent on successfully developing additional and new games as well as larger game titles in order to develop the Games business segment. If the group fails in this, it could have material negative effects on the group's earnings and possibilities to achieve growth and its long-term strategy for the Games segment.
- 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.
- 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.
- 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.

Risks related to the market and operations for distribution of games, game accessories and toys (Distribution segment)

- 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.

- 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.
- 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.

Risks related to the group as a whole and internal control

- The group is strongly dependent on its management team and other key personnel who have been active in the group's two business segments for a long time and have thereby developed important relationships with partners, customers and resellers, as well as a good understanding of the group's operations. If any of the group's senior executives or other key personnel were to terminate their employment or choose to assume a new role in the organisation, it could be difficult for the group to find suitable replacements with similar education and experience, which could lead to shortage of skills and delays in ongoing projects.
- The group's operations may be affected by general macro-economic 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 the ongoing global outbreak of 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.

Financial risks

- 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.
- The group has significant exposure to its resellers in the Distribution business segment, primarily with regard to outstanding accounts receivable. On 31 December 2020, the total amount of such outstanding accounts receivable was 604.5 MSEK. 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.



Legal risks

- 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.

THE GROUP'S RISK MANAGEMENT

Financial risk management

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

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

Financing risk

Financing risk refers to the risk that the financing of the group's capital requirements and refinancing of existing borrowings could become more difficult or more expensive. The risk may be mitigated by having maturity dates evenly distributed over time and by avoiding situations where short-term borrowings exceed liquidity limits. The company's financial policy states that the CFO shall ensure that the remaining average credit duration of the total debt portfolio exceeds the decided minimum duration and that, at every given time, liquidity must be overseen and comply with this policy. On 31 December 2020, the group had no debt to credit institutions and had net cash holdings of 305.1 MSEK.

Foreign exchange risk

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

Credit risk

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

Credit risks in accounts receivable

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

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

Interest-rate risk

Cash and cash equivalents

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

Borrowings

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

Thunderful Group AB has entered into a cash pool with most of its subsidiaries and has a short-term line of credit with a major credit institution, but had no debt to credit institutions on the balance-sheet date.



CORPORATE GOVERNANCE REPORT

REGULATIONS AND THE SWEDISH CORPORATE GOVERNANCE CODE

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 completes 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 a corporate governance report annually. The Company does currently not expect to report any deviations from the Code as from the time of the listing on First North Premier until the publishing of this first corporate governance report.

GENERAL MEETING

According to 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. Registered shareholders who have given notice of their attendance on time are entitled to participate in the meeting and vote for the

total number of shares they hold. Shareholders who wish 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.

At the extraordinary general meeting held on 2 September 2020, it was resolved to adopt an instruction and rules of procedure for the nomination committee. The nomination committee shall consist of the chairman of the board of directors and three committee members appointed by the three largest shareholders as per the end of 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 of directors 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 of directors 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 reports 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 consist of not less than four and not more than eight board members. Currently, the board of directors consists of five ordinary board members elected by the general meeting.

According to the Code, the chairman of the board of directors is to be elected by the annual general meeting. The role of the chairman 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 chairman's duties and 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. During 2020, 16 board meetings were held.

BOARD COMMITTEES

The board of directors has established an audit committee according to the Swedish Companies Act and a remuneration committee according to the Code. A more detailed description of the committees' current composition and tasks is presented below.

AUDIT COMMITTEE

The audit committee is comprised of the chairman of the board Mats Lönnqvist, also chairman of the committee, and the board member Cecilia Ogvall. The audit committee shall, without it affecting the Board's responsibilities and tasks in general, monitor the Company's and group's financial reporting, monitor the efficiency of the Company's and the group's internal control, internal auditing (if such a function is established in the future) and risk management, keep informed about the auditing of the annual report and combined financial statements as well as the conclusions of the Audit Inspectorate's quality control. The committee shall also review and monitor the auditor's impartiality and independence, and in particular note if the auditor provides the Company with services other than auditing services. To the extent that the nomination committee is not assigned this task, the audit committee shall also assist in the preparation of proposals for the general meeting's decision of the election of auditors.

REMUNERATION COMMITTEE

The remuneration committee is comprised of the board members Tomas Franzén, chairman of the committee, and Owe Bergsten. The remuneration committee's role is mainly to prepare the board of director's decisions in matters concerning (i) remuneration principles, remuneration and other terms of employment for the group management, (ii) to monitor and evaluate ongoing and during the year completed programs for variable remuneration to the group management, and (iii) monitor and evaluate the application of any guidelines for remuneration to senior executives which the general meeting has adopted as well as current remuneration structures and remuneration levels.

THE 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 an group management consisting of four persons which, in addition to the CEO, Brjann Sigurgeirsson, is comprised of the Company's CFO, Anders Maiqvist, Head of Games, Klaus Lyngeled, and Head of Distribution, Henrik Mathiasen.



Remuneration to board members 2020 (TSEK)

Name	Remuneration	Salary*	Other benefits	Bonus payments	Pension	Total remuneration, bonus and pension
Mats Lönnqvist ¹	-	-	-	-	-	-
Owe Bergsten	-	-	-	-	-	-
Tomas Franzén ²	-	-	-	-	-	-
Oskar Burman ³	-	-	-	-	-	-
Cecilia Ogvall ⁴	-	-	-	-	-	-
Anders Maiqvist ⁵	-	1,146.9	128.5	-	135.0	1,410.4
Klaus Lyngede ⁶	-	621.3	0.0	-	94.2	715.5
Brjann Sigurgeirsson ⁷	-	619.3	48.5	-	58.6	726.4
Total:	-	2,154.8	186.7	-	287.8	2,629.3

* The column refers to remuneration for employment, and not for board work or similar; see additional information in the table of remuneration to senior executives 2020 below.

1 Mats Lönnqvist was elected as chairman of the board at the extraordinary general meeting on 2 September 2020.

2 Tomas Franzén was elected as a board member at the extraordinary general meeting on 2 September 2020.

3 Oskar Burman was elected as a board member at the extraordinary general meeting on 2 September 2020.

4 Cecilia Ogvall was elected as a board member at the extraordinary general meeting on 2 September 2020.

5 Anders Maiqvist resigned as a board member at the extraordinary general meeting on 2 September 2020.

6 Klaus Lyngede resigned as a board member at the extraordinary general meeting on 2 September 2020.

7 Brjann Sigurgeirsson resigned as a board member at the extraordinary general meeting on 2 September 2020.

REMUNERATION TO THE BOARD MEMBERS, CEO AND SENIOR EXECUTIVES

REMUNERATION TO THE BOARD MEMBERS

The annual general meeting resolves remuneration to board members elected by the general meeting. At the extraordinary general meeting on 2 September 2020, 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 of directors and a maximum of SEK 250,000 to each board member. The members of the board are entitled to a fee in relation to the number of months each board member has held the position as from the time of election until the next annual general meeting is held. The table below presents remuneration to the Company's board members as described above in the section "Board of directors, group management and auditor", as well as previous board members in the Company in 2020, and refers to remuneration paid during the financial year of 2020 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 TSEK and compensation has been paid by the group companies.

REMUNERATION GUIDELINES FOR SENIOR EXECUTIVES

At the extraordinary general meeting held on 2 September 2020, 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 consist of 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, ethical background, national origin, age, disability or other irrelevant factors.

Remuneration to senior executives 2020 (TSEK)

Name	Salary	Other benefits	Bonus	Pension	Total remuneration, bonus and pensions
Brjann Sigurgeirsson, CEO	619.3	48.5	-	58.6	726.4
Anders Maiqvist, CFO	1,146.9	128.5	-	135.0	1,410.4
Klaus Lyngede, Head of Games	621.3	0.0	-	94.2	715.5
Henrik Mathiasen, Head of Distribution	2,338.2	-	-	357.7	2,695.9
Total:	4,405.6	186.7	-	626.6	5,218.8



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 on the previous page presents remuneration to the senior executives and refers to remuneration paid during 2020 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 TSEK and compensation has been paid by the group companies.

INCENTIVE PROGRAMS

The group has implemented share-based incentive programs for some of the Company's board members and senior executives. The terms of the incentive programmes are described below. The maximum number of shares that can be issued in total under both incentive programs, without consideration of potential future recalculation in accordance with the warrant terms for the respective programs, amounts to 519,220 shares, which corresponds to a dilution of approximately 0.76 per cent based on the assumption that both programs are fully exercised and calculated on the number of shares in the Company as per 31 December 2020.

WARRANT BASED INCENTIVE PROGRAM 2020/2023 (I)

At the extraordinary general meeting held on 2 September 2020 it was resolved to implement a warrant based incentive program for the CFO of the group, the group's Head of Distribution and certain key personnel in the group through an issue of 350,870 warrants. The warrant program was implemented in October 2020 and a SEK 1.20 warrant premium was paid for each warrant. Each warrant entitles the owner a right to acquire one new share in the Company to an exercise price of SEK 38.37 per share. The warrants can be utilised during the time period from and including 1 November 2023 to and including 30 November 2023. In case all issued warrants are fully utilised, a total of 350,870 new shares will be issued and the share capital will be increased by SEK 3,508.70, which corresponds to a dilution of approximately 0.51 per cent based on the assumption that all warrants in the program are fully utilised and based on the number of shares in the Company as per 31 December 2020. The warrants are subject to customary recalculation provisions in connection with issues etc.

WARRANT BASED INCENTIVE PROGRAM 2020/2023 (II)

At the extraordinary general meeting held on 2 September 2020 it was resolved to implement a warrant based incentive program for the Company's 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 case all issued warrants are fully utilised, 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 0.25 per cent based on the assumption that all warrants in the program are fully utilised and based on the number of shares in the Company as per 31 December 2020. The warrants are subject to customary recalculation provisions in connection with issues etc.

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 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 combined financial statements, and for reviewing and monitoring the auditor's impartiality and independence.

CONTROL ENVIRONMENT

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

The responsibility of the day-to-day work of maintaining the control environment rests primarily with the Company's CEO, who



reports to the board of directors regularly in accordance with established instructions. The CEO shall regularly and, if needed, keep the board of directors informed of the condition and progress of the group's business, revenues, earnings, financial position, cash flow and credit position. Furthermore, the CEO shall inform the board of directors of any significant business event for the group and any event or circumstance whose existence, from the perspective of the board of directors, is significant to the group.

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

RISK ASSESSMENT AND CONTROL ACTIVITIES

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

INFORMATION AND COMMUNICATION

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

MONITORING

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

In general, the CEO also reports on these issues at each board meeting. The board of directors and the audit committee review the annual report and quarterly reports and carry on financial evaluations in accordance with the established plan. The audit committee monitors financial reporting and other related issues and continuously discusses these issues with the external auditors.

AUDITING

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

According to the Company's articles of association, the Company must have one to two auditors and a maximum of one deputy auditor. A registered audit firm can also be appointed as auditor. The Company's current auditor is Grant Thornton Sweden AB with Patric Hofréus as auditor in charge. Remuneration to the Company's auditor is paid in accordance with an approved invoice. Remuneration to Grant Thornton Sweden AB was MSEK 2.7 for the financial year 2020 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 of directors deals with overall shareholder-related issues, while the CEO has the overall responsibility of the Company's external communication.

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



THE SHARE



The number of shares in Thunderful Group on 31 December 2020 was 68,530,668, corresponding to share capital of 685,306.68 SEK. The largest shareholders are Bergsala Holding AB with 25.0%, Swedbank Robur Fonder with 8%, Lyngeled Holding AB 6.2% and Brjann Sigurgeirsson Holding AB 6.2%.

Name	Shares	Shares of capital and votes, %
Bergsala Holding AB	17,163,028	25.0%
Swedbank Robur Fonder	5,500,000	8.0%
Brjann Sigurgeirsson Holding AB	4,275,000	6.2%
Lyngeled Holding AB	4,275,000	6.2%
Futur Pension	2,365,600	3.5%
Knutsson Holdings AB	2,000,000	2.9%
Vasastaden Holding AB	2,000,000	2.9%
Naventi Funds	2,000,000	2.9%
Forminx Invest AB	1,716,303	2.5%
Emid Invest AB	1,716,303	2.5%
TOTAL TOP 10	43,011,234	62.8%
Other	25,519,434	37.2%
TOTAL	68,530,668	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 quoted on First North are subject to First North's rules, rather than the legal requirements set for trading on a regulated marketplace. An investment in a company trading on First North entails a higher risk than one in a company trading on a regulated

market. Companies must apply to the exchange and gain approval before trading on First North can commence. A Certified Adviser guides the company through the listing process and ensures that the company continuously satisfies First North's standards.

Thunderful Group's certified adviser is FNCA Sweden AB, which can be contacted at: info@fnca.se or +46 8 52 80 03 99.

ANALYSTS WHO FOLLOW THUNDERFUL GROUP

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PROPOSED APPROPRIATION OF PROFIT

The Board of Directors proposes that the available funds

Share premium reserve	1,866,592,566
Retained earnings	348,398
Net profit for the year	63,992,379
	1,930,933,343
<hr/>	
are to be carried forward	1,930,933,343



GROUP INCOME STATEMENT

MSEK	Note	2020	2019
Net revenue	3, 4	3,047.8	100.9
Capitalised work on own account		20.2	16.6
Other operating income		14.3	0.1
		3,082.3	117.7
Operating expenses			
Goods for resale	5	-2,361.9	-25.6
Purchased games-development services	5	-27.2	-5.4
Other external expenses	5, 7	-264.1	-7.2
Personnel expenses	5, 6	-140.1	-31.1
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	7, 8	-61.8	-17.5
Other operating expenses		-12.4	0.0
Total operating expenses		-2,867.5	-86.7
Operating profit		214.9	30.9
Profit from financial items			
Financial income	9	110.4	0.1
Financial expenses	9	-122.1	-0.5
Other financial items, IPO		-32.6	0.0
Total financial items		-44.4	-0.4
Profit after financial items		170.5	30.5
Deferred tax	10	5.5	0.0
Tax on net profit for the year	10	-40.9	-6.4
Net profit for the year		135.0	24.1
Other comprehensive income for the year		0.0	0.0
Comprehensive income for the year		135.0	24.1
Net profit for the year attributable to:			
Shareholders of the parent company		135.0	24.1
Comprehensive income for the year attributable to:			
Shareholders of the parent company		135.0	24.1
Earnings per share before dilution, SEK		2.59	0.48
Earnings per share after dilution, SEK		2.59	0.48
Average number of shares		52,067,926	50,000,000



GROUP BALANCE SHEET

MSEK	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Fixed assets			
<i>Intangible assets</i>			
IT systems	11	3.3	2.1
Capitalised development expenditure, games	11	43.3	22.9
Publishing and distribution relationships	11	334.4	371.6
Goodwill	11	277.8	2.5
Other intangible assets	11	202.5	0.0
		861.2	399.1
<i>Property, plant and equipment</i>			
Right-of-use assets	7, 12	19.9	7.2
Buildings and land	12	3.9	4.0
Equipment, tools, fixtures and fittings	12	4.3	0.8
		28.2	12.0
<i>Financial assets</i>			
Other securities held as non-current assets	15	0.1	0.2
Deferred tax assets	15	1.1	0.0
Other non-current receivables	15	3.5	3.0
		4.7	3.2
Total fixed assets		894.1	414.3
Current assets			
<i>Inventories, etc.</i>			
Finished goods and goods for resale	16	341.3	347.0
Advance payments to suppliers	16	150.5	113.1
		491.8	460.1
<i>Current receivables</i>			
Accounts receivable	17	619.4	466.8
Current tax assets		11.1	2.7
Other receivables		11.0	12.9
Prepaid game projects	18	31.8	20.0
Prepayments and accrued income	18	93.0	11.4
		766.3	513.8
Cash and cash equivalents	19	305.1	51.2
Total current assets		1,563.2	1,025.1
TOTAL ASSETS		2,457.3	1,439.4



GROUP BALANCE SHEET, CONTINUED

MSEK	Note	31 Dec 2020	31 Dec 2019
EQUITY AND LIABILITIES			
Equity			
Share capital	20	0.7	0.5
Other capital contributions		1,171.9	483.5
Other equity, including net profit for the year		316.8	34.0
		1,489.4	518.0
Provisions			
Provisions for pensions and similar obligations	21	0.2	0.2
Deferred tax liabilities		114.3	78.8
Other provisions		2.6	1.4
		117.0	80.4
Non-current liabilities			
Non-current earn-out consideration	22	124.6	0.0
Non-current lease liabilities	7	13.4	3.6
		138.1	3.6
Current liabilities			
Overdraft facility	23	0.0	74.7
Accounts payable	23	422.8	471.7
Liabilities to shareholders	23	0.0	154.6
Current tax liabilities		44.9	25.3
Other liabilities	24	158.3	52.8
Current lease liabilities	7	5.8	3.0
Accrued expenses and deferred income	25	80.9	55.2
		712.7	837.4
TOTAL EQUITY AND LIABILITIES		2,457.3	1,439.4



GROUP STATEMENT OF CHANGES IN EQUITY

Group, MSEK	Share capital	Other capital contributions	Other equity, incl. net profit for the year	Total
Opening balance, 1 January 2020	0.5	294.8	222.7	518.0
New issues of shares, cash	0.0	7.0	0.0	7.0
New issues of shares, acquisition Coatsink Software Ltd	0.0	133.6	0.0	133.6
New issues of shares, IPO	0.2	749.8	0.0	750.0
IPO-expenses, equity	0.0	-13.3	0.0	-13.3
Transactions with owners	0.2	877.1	0.0	877.3
Translation differences	0.0	0.0	-40.9	-40.9
Net profit for the year	0.0	0.0	135.0	135.0
Closing balance, 31 December 2020	0.7	1,171.9	316.8	1,489.4

Group, MSEK	Share capital	Other capital contributions	Other equity, incl. net profit for the year	Total
Opening balance, 1 January 2019	0.1	0.0	28.7	28.8
Adjustment in connection with transition to IFRS 16	-	-	-	-
Adjusted opening balance, 1 January 2019	0.1	0	28.7	28.8
Dividend	0.0	0.0	-18.0	-18.0
Formation of the company, cash issue	0.4	0.0	0.0	0.4
Non-cash issue, value of distribution agreements	0.0	371.6	0.0	371.6
Non-cash issue, acquired equity, net value	0.0	0	188.7	188.7
Non-cash issue, deferred tax liabilities	0.0	-76.8	0.0	-76.8
Transactions with owners	0.4	294.8	170.7	465.9
Net profit for the year	0.0	0.0	23.3	23.3
Closing balance, 31 December 2019	0.5	294.8	222.7	518.0



GROUP CASH FLOW STATEMENT

MSEK	Note	2020	2019
Operating activities			
Profit after financial items		170.4	30.4
Adjustment for non-cash items			
Depreciation, amortisation and impairment		61.8	17.5
Other adjustments affected by non-cash issue and accounting differences in relation to Parent ¹	27	5.0	123.6
		237.2	171.5
Income tax paid		-28.8	-9.1
Cash flow from operating activities before changes in working capital		208.4	162.4
Changes in working capital			
Change in inventories and advances to suppliers		-31.8	-458.2
Change in accounts receivable		-152.5	-453.0
Change in accounts payable		-48.9	458.2
Change in other working capital		-63.8	147.2
Cash flow from operating activities		-88.6	-143.4
Investing activities			
Acquisition of subsidiaries/business (see Note 2, business combinations)	28	-123.4	-2.5
Investment in property, plant and equipment		-3.4	-3.3
Change in capitalized development expenditure, games		-20.2	0.0
Change in other intangible assets		-8.2	0.0
Investment in financial assets		-0.4	0.0
Cash flow from investing activities		-155.6	-5.8
Financing activities			
Change in overdraft facilities overdraft and liabilities to shareholders		-229.3	214.8
Borrowings		0.9	0.0
Repayment of lease liabilities		-6.3	0.0
New issues of shares		743.7	0.0
Dividend paid		0.0	-18.0
Cash flow from financing activities		509.0	196.8
Cash flow for the period		264.7	47.6
Cash and cash equivalents at the beginning of the year		51.2	3.6
Exchange-rate differences in cash and cash equivalents		-11	0
Cash and cash equivalents at end of year		305.1	51.2

1) Closing balance 2019 has been added for the new subgroups, but not earnings for 2019, which explains why a difference arises.



PARENT COMPANY INCOME STATEMENT

MSEK	Note	2020	5 Dec 2019 -31 Dec 2019
Net revenue		10.1	0.0
		10.1	0.0
Operating expenses			
Other external expenses	5	-13.0	-0.0
Personnel expenses	6	-4.2	0.0
Total operating expenses		-17.3	-0.0
Operating profit		-7.2	-0.0
Other financial expenses, IPO		-32.6	
Other interest income and similar items	9	74.1	0.3
Interest expenses and similar items	9	-86.5	-0.5
Profit after financial items		-52.2	-0.3
Profit before tax		-52.2	-0.3
Provision to tax allocation reserve		-21.4	0.0
Group contributions received		160.3	0.0
Group contributions paid		-9.0	0.0
Tax on net profit for the year	10	-13.7	0.0
Net profit for the year		64.0	-0.3
Other comprehensive income for the year		0.0	0.0
Comprehensive income for the year		64.0	-0.3



PARENT COMPANY BALANCE SHEET

MSEK	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Fixed assets			
<i>Financial assets</i>			
Shares in group companies	13, 14	1,515.3	989.9
Total fixed assets		1,515.3	989.9
Current assets			
Receivables from group companies		624.4	74.5
Other receivables		5.6	0.0
Prepayments and accrued income		0.1	0.0
Total current assets		630.0	74.5
Cash and bank balances		228.3	0.0
TOTAL ASSETS		2,373.6	1,064.4



PARENT COMPANY BALANCE SHEET

MSEK	Note	31 Dec 2020	31 Dec 2019
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	20	0.7	0.5
		0.7	0.5
<i>Unrestricted equity</i>			
Retained earnings		0.3	0.0
Share premium reserve		1,866.6	989.5
Net profit for the year		64.0	-0.3
Total unrestricted equity		1,930.9	989.2
Total equity		1,931.6	989.7
Untaxed reserves			
Tax allocation reserves		21.4	0.0
Total untaxed reserves		21.4	0.0
Non-current liabilities			
Non-current liabilities	22	117.7	0.0
Total non-current liabilities		117.7	0.0
Current liabilities			
Overdraft facility	23	0.0	74.7
Liabilities to group companies		189.3	0.0
Accounts payable	23	22.2	0.0
Tax debt		13.7	0.0
Other liabilities	24	76.6	0.0
Accrued liabilities	25	1.2	0.0
Total current liabilities		303.0	74.7
TOTAL EQUITY AND LIABILITIES		2,373.6	1,064.4



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 2020	0.5	989.5	0.0	0.0	-0.3	989.7
Distribution of earnings according to AGM	0.0	0.0	0.0	-0.3	0.3	0.0
New issues of shares, cash	0.0	7.0	0.0	0.6	0.0	7.6
New issues of shares, acquisition Coatsink Software Ltd	0.0	133.6	0.0	0.0	0.0	133.6
New issues of shares, IPO	0.2	749.8	0.0	0.0	0.0	750.0
IPO-expenses, equity	0.0	-13.3	0.0	0.0	0.0	-13.3
Net profit for the year	0.0	0.0	0.0	0.0	64.0	64.0
Closing balance, 31 December 2020	0.7	1,866.6	0.0	0.3	64.0	1,931.6

Parent company, MSEK	Share capital	Share premium reserve	Statutory reserve	Retained earnings	Net profit for the year	Total
Formation of the company, cash issue 5 December 2019	0.1	0.0	0.0	0.0	0.0	0.1
Non-cash issue	0.4	989.5	0.0	0.0	0.0	989.9
Net profit for the year	0.0	0.0	0.0	0.0	-0.3	-0.3
Closing balance, 31 December 2019	0.5	989.5	0.0	0.0	-0.3	989.7



PARENT COMPANY CASH FLOW STATEMENT

MSEK	Note	2020	5 Dec 2019 -31 Dec 2019
Operating activities			
Profit after financial items		-52.2	-0.3
Adjustment for non-cash items			
Other adjustments	27	-6.1	0.0
		-58.3	-0.3
Income tax paid		0.0	0.0
Cash flow from operating activities before changes in working capital		-58.3	-0.3
Changes in working capital			
Change in receivables		-404.3	0.0
Change in current liabilities		212.7	0.0
Cash flow from operating activities		-249.9	0.0
Investing activities			
Acquisition of subsidiaries (see Note 2, Business combinations)		-190.7	0.0
Cash flow from investing activities		-190.7	0.0
Financing activities			
Change in non-current liabilities		-74.7	0.0
Change in non-current receivables and liabilities to/from group companies		0.0	-74.5
Change in bank overdraft facility		0.0	74.7
New issues of shares		743.7	0.0
Cash flow from financing activities		669.0	0.2
Cash flow for the period		228.4	-0.1
Cash and cash equivalents at the beginning of the year		0.0	0.0
Exchange-rate differences in cash and cash equivalents		-0.1	0.1
Cash and cash equivalents at end of year		228.3	0.0



NOTES

NOTE 1 NATURE OF 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 such items as Nintendo products (games, game consoles and accessories), game accessories and toys. Thunderful Group's overriding objective is to provide high-quality game experiences.

The group has two segments:

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

The companies that develop and publish computer games are recognised in Games. The corporate groups within goods distribution/sales of game-related products and toys are recognised in Distribution.

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 for 2020 have been prepared in accordance with the Swedish Annual Accounts Act and International Financial Reporting Standards (IFRS) as adopted by the EU. Certain additional information is disclosed in accordance with the requirements in the Swedish Financial Reporting Board's standard RFR 1. The financial statements have been prepared based on the assumption that the group conducts its operations according to the going concern principle.

The group's financial statements for the financial year that ended on 31 December 2020 (including comparative figures) were approved by the Board of Directors on 6 April 2021 (see Note 34). It is not permissible to change the financial statements after they have been approved.

The formation of Thunderful Group was the result of transactions between entities that were under joint control. IFRS standards are being applied for the first time, with 1 January 2018 as date of transition to IFRS. Under IFRS 1, the same accounting policies shall be applied in the opening balance sheet as per 1 January 2018 as in all subsequent periods. The applied accounting policies shall be IFRSs effective at 31 December 2020, subject to certain mandatory exceptions and voluntary exemptions.

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

The owners of Thunderful Development AB, Bergsala AB, Amo Toys Nordic AB and Nordic Game Supply AB decided to restructure their ownership via a new holding company, generally in order to utilise the advantages of the constituent companies' various strengths. Thunderful Group AB was formed on 5 December 2019 to serve as a holding company for the acquisition of the four corporate groups. The founders were Bergsala Holding AB (including the majority shareholder Owe Bergsten) and the owners of Thunderful Development AB (including Bergsala Holding AB).

The acquisition was implemented as a non-cash issue, whereby Thunderful Group AB issued shares based on a valuation of each of the entities. In accordance with IFRS and specifically IFRS 3 Business Combinations, this restructuring was classified as a reverse acquisition, with Thunderful Development AB as the



acquirer from an accounting perspective. Thunderful Group AB is the legal acquirer. At the time of the acquisitions, Thunderful Group AB was a shell company without any capacity of its own; for example, it had no capital or financing available for the acquisitions. Accordingly, Thunderful Group AB is not considered to be the acquirer for accounting purposes.

When comparing a number of indicators, where for Thunderful Development AB's part (valuation, board and management, brands, Games business segment driver of the IPO) rather than for Bergsala Aktiebolag (EBITDA, owner who was partly a driver of the IPO), Thunderful Development AB is considered to be the acquirer for accounting purposes.

Thunderful Development AB has adopted IFRS as of 2019. The group's figures primarily relate to Thunderful Development, since the new acquisitions of Bergsala AB, Amo Toys Nordic AB and Nordic Game Supply AB were recognised as acquisitions in accordance with IFRS 3 at 12 December 2019. When allocating cost, the primary value was identified as the value of Publishing and distribution relationships (Distribution). Accordingly, no value was assigned to Thunderful Development because this company was considered to be the acquirer for accounting purposes. Distribution agreements are amortised over ten years by approximately 37 MSEK annually.

In connection with the non-cash issue implemented when Thunderful Group was formed, acquisition analyses were prepared where the constituent assets and liabilities were considered to have carrying amounts equal to their market values since the cash-in-kind was only part of a restructuring under the same principal owner and not a transaction between two independent parties. The value of the non-cash assets was determined via valuation, where multiples normally occurring in the industry were used to obtain fair proportions between the values of the constituent companies. The valuation was carried out within the lower range of these multiples. The surplus value that arose from the acquisition analysis was considered to be exclusively a value deriving from the distribution agreements that the companies brought with them. Since the transaction took place in late December, no depreciation/amortisation was actualised for 2019, but will instead start from 2020. Depreciation/amortisation is intended to be applied over 10 years since the distribution agreements on which the value is based represent relationships that have lasted for a long time; for example, almost 40 years with Nintendo, and many agreements have recently been renewed.

The consolidated financial statements include the financial statements for Thunderful Group AB (legal parent company) and its directly or indirectly owned subsidiaries after:

- elimination of intra-group transactions and any unrealised intra-group profits, and
- carrying amounts and amortisation of acquired surplus values.

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 2020, the group consisted of 23 (22) companies.

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

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

Income tax

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

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

Deferred tax is not recognised for the following temporary differences: goodwill that is not deductible for tax purposes, for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and for differences related to investments in subsidiaries when it is probable that the temporary differences will not be reversed in the foreseeable future. Deferred tax is measured at the tax rate that is expected to be applied to the temporary differences when they are reversed, based on the tax laws that have been enacted or substantively enacted as per the balance-sheet date. An adjustment of deferred tax assets/tax liabilities due to a



change in the tax rate is recognised in the combined statement of comprehensive income, unless it relates to a temporary difference recognised directly in equity or other comprehensive income, in which case the adjustment is also recognised in equity or other comprehensive income. The measurement of deferred tax assets involves judgements regarding the deductibility of costs not yet subject to taxation and estimates regarding sufficient future taxable income to enable utilisation of unused tax loss carry-forwards in different tax jurisdictions.

Changes in accounting policies and disclosures

New and amended standards applied by the group

The group applies the following standards and amendments for the first time for the financial year beginning 1 January 2020:

- Definition of material – Amendments to IAS 1 and IAS 8
- Definition of a business – Amendments to IFRS 3
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39, IFRS 7
- Amendments of references to Conceptual Framework in IFRS Standards

The above amendments had no impact on the consolidated financial statements.

New standards and interpretations that have not yet been applied by the group

A number of new standards and amendments to standards and interpretations are effective for financial years beginning after 1 January 2021 and these have not been applied in preparing these consolidated financial statements. The new standards and interpretations are not expected to have a material impact on the consolidated financial statements for the current or forthcoming periods, or on future transactions.

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 0.2 MSEK 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 profit/loss.

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. The translation differences that arise in connection with currency translation are included in operating profit in the income statement and in the financial result for recalculations in the balance sheet.

Important estimates and assessments

Use of estimated values

When preparing the consolidated financial statements according to 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.

Capitalisation of game development expenses

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

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

Uncertainty in the estimate

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



Additional purchase price Coatsink Software Ltd

The additional contingent purchase price that is part of the acquisition of Coatsink Software Ltd has been valued on the basis of the studio's forecasted revenue and expenses over a two-year period. 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, distribution agreements and other intangible assets are impairment tested annually per cash-generating unit with or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The main cash-generating unit regarding goodwill is Coatsink Software Ltd. 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 valuations. 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 distribution agreements are amortised straight-line over 10 years, as the to date long-term collaborations with ongoing renewed contracts justify a longer amortisation period. See Note 11 for more information. The value according to the balance sheet on 31 December 2020 was 334.4 MSEK for distribution agreements and 277.8 MSEK for goodwill.

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 2020 was 8.2 MSEK.

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 2020, the

carrying amount of right-of-use assets was 20.0 (7.2) MSEK and total lease liabilities amounted to 19.2 (6.6) MSEK. 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. However, at 31 December 2020, this amount was 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 valuation of deferred taxes. On 31 December 2020, Thunderful Group recognised deferred tax assets of 1.1 MSEK (0.0), primarily pertaining to deferred tax on eliminated inter-company gains on inventories and deferred tax liabilities of 114.3 MSEK (78.8) mainly pertaining to the value of distribution agreements that are included in an amount of 71.6 MSEK and the value of surplus values from the acquisition of Coatsink Software Ltd in an amount of 38.9 MSEK.

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 valuation. On 31 December 2020, accounts receivable, net of provisions for expected credit losses, amounted to 619.4 MSEK (466.8). No material amounts were reserved for any expected credit losses.

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, etc. On 31 December 2020, Thunderful Group had a provision for warranty commitments of 2.6 MSEK (1.3).

Disputes

Thunderful Group may become involved in disputes in the normal course of its business operations. The disputes could concern, inter alia, 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 each other.

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 losses. 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 1 January 2019, Thunderful according to industry praxis 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 after release, 1/3 amortisation during months 4 to 12 after release and the remaining 1/3 during months 13 to 24 after release. Ongoing projects are not amortised but are impairment tested annually.

Business combinations

Coatsink Software Ltd

On 2 October 2020, Thunderful Group AB acquired all of the shares of Coatsink Software Ltd, with its registered office in Sunderland, UK. The purchase consideration consisted of an up-front payment of 23 MGBP and an earn-out component that is capped at 65.5 MGBP. The initial purchase consideration comprised 11.5 MGBP in cash and 11.5 MGBP in newly issued Thunderful Group AB shares. The earn-out consideration will be paid as a combination of cash and shares, and is capped at 42.5 MGBP.

During the holding period of October-December 2020, operating income amounted to 42.6 MSEK and operating profit to 24.5 MSEK. External acquisition-related costs are recognised in operating profit and amounted to 14.7 MSEK. The purchase consideration for the acquisition and the established acquisition analysis are recognised in the tables below.

Consideration for the acquisition:

MSEK	
Purchase consideration	
Cash and cash equivalents	176.3
Newly issued shares	133.6
Contingent earn-out consideration	200.8
Total purchase consideration	510.7

In connection with the acquisition of Coatsink Software Ltd, 3,256,910 shares were issued at a price of 41.04 SEK per share. The cash-financed proportion of the purchase consideration amounted to 176.3 MSEK. The acquisition was implemented on a debt- and cash-free basis.

The contingent consideration is based on the company's EBIT performance during 2021 and 2022. The total contingent consideration is capped at 42.5 MGBP.

Acquisition analysis

MSEK	
Acquired net assets, excl. cash and cash equivalents	13.0
Cash and cash equivalents	52.6
Surplus value of intangible assets	212.1
Deferred tax on surplus values	-40.3
Surplus values attributable to goodwill	273.3
Total purchase consideration	510.7

Goodwill attributable to Coatsink Software Ltd comprises the value of the company's expertise in respect of the ability to develop and publish games with a long economic life.

When calculating the carrying amount of the earn-out consideration, the company applies a weighted average of expected payments based on a number of probable outcomes ("probability-weighted payment method").

Coatsink, which is headquartered in Sunderland, UK, was formed in December 2009 by Tom Beardsmore and Paul Crabb. Today, it is a versatile and fast-paced development studio and publisher with



a good reputation in the industry. Recent accolades achieved by the company for its games include the critically acclaimed Oculus Quest launch title *Shadow Point*, the Oculus Go title *Augmented Empire*, the development partnership with Boneloaf on *Gang Beasts*, and the publishing partnership on the hit title *Onward*. The acquisition is in line with Thunderful's strategy to expand in the Games segment by entering into attractive agreements with platform owners and as a publisher. The acquisition makes it possible for both companies to accelerate and strengthen both ongoing and future development projects.

Coatsink is working on a number of ongoing game-development projects and, since the acquisition was implemented, it has released the critically acclaimed game *Jurassic World Aftermath*. The company also conducts several projects involving external production assignments and publishing. Taken together, these will strengthen Thunderful's existing pipeline in 2021 and 2022. Coatsink will remain an independent development studio and will be reported as part of the Thunderful Games segment.

Preparation of the acquisition analysis resulted in surplus values in the form of other intangible assets of 212.1 MSEK and goodwill of 271.2 MSEK. More details are presented in Note 11.

Asset acquisition of the business of Station Interactive AB

In 2020, the subsidiary Thunderful Development AB completed an asset acquisition of the entire business that had previously been conducted in Station Interactive AB. The acquisition included 35 employees and a new office in Karlshamn in a game studio that is fully integrated in Thunderful Development's operations.

The acquisition gave rise to goodwill of 14.0 MSEK. More details are presented in Note 11.

Intangible assets

Intangible assets are recognised at historical cost less straight-line accumulated amortisation and any impairment losses. Goodwill is not amortised, as it is considered to have an unlimited economic life; it is impairment tested annually. In other respects, amortisation is calculated according to the straight-line method and is based on the following expected useful lives:

IT systems	5 years
Distribution agreements	10 years

Property, plant and equipment

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

Right-of-use asset	Over the particular contract period
Buildings	50 years
Plant and machinery	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 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.

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 losses. 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 RECOGNITION BY SEGMENT

The group has two segments:

- Thunderful Games (“Games”)
- Thunderful Distribution (“Distribution”)

Thunderful games

Thunderful Games, active in the development and publication of games. The business segment includes the group company Thunderful Development with game development teams from the previously independent game studios Image & Form, Zoink, Guru Games, The Station and Coatsink. Thunderful Games’ strategy is based on in-house developed, high-quality games with rich content and deep action, mainly for PC and console. The business segment also includes Thunderful Publishing and Headup (which was acquired after the close of the financial year, on March 15, 2021), which publish games developed in-house and by other Western game studios, and Rising Star Games, which was founded in 2004 to focus on publishing prominent Japanese game titles in Europe.

Thunderful distribution

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

The companies that develop computer games are recognised in Games: Thunderful Development AB, Image & Form International AB, Zoink AB, Coatsink Software Ltd and Guiding Rules Games AB as well as the companies that publish computer games: Thunderful Publishing AB and Rising Star Games Ltd (UK).

The corporate groups within goods distribution/sales of game-related products and toys are recognised in Distribution: Bergsala, Amo Toys and Nordic Game Supply with subsidiaries primarily in Denmark, Norway, Finland and Hong Kong.

The segments are monitored regularly by the Chief Executive Officer. The segments are responsible for operating profit before interest, tax and amortisation of intangible assets (EBITDA) and operating profit, while net assets, financial net and taxes, as well as net debt and equity, are not recognised by segment. The operating profit of the segments is consolidated according to the same policies as for the group.

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 IPO. During the first three quarters of 2020, depreciation/amortisation attributable to the non-cash

issue in connection with the group’s restructuring in December 2019 has been recognised under “Other.” In the fourth quarter of 2020, this depreciation/amortisation item will be transferred in full to the Distribution segment. Acquisition-related depreciation/amortisation items in the Games segment were also recognised for the first time in the fourth quarter of 2020 (from the acquisition of Coatsink Software Ltd).

Since both of these segments recognised acquisition-related depreciation/amortisation in the consolidated accounts for the first time in the fourth quarter of 2020, a new KPI – EBITA – was introduced from the fourth quarter of 2020. For future reporting periods, the company will continue to use the policy introduced during the fourth quarter of 2020.

MSEK	Jan-Dec	
	2020	2019 ¹
Thunderful Games	156.2	100.9
Thunderful Distribution	2,891.6	1,976.8
Other	34.5	38.7
Operating income	3,082.3	2,116.4

¹ Pertains to the combined financial statements that were presented in the published prospectus

MSEK	Jan-Dec	
	2020	2019 ¹
Thunderful Games	48.4	30.9
Thunderful Distribution	216.5	178.2
Other	-49.9	0.0
Operating profit	215.0	209.1

Operating margin, %	Jan-Dec	
	2020	2019 ¹
Thunderful Games	31.0%	30.6%
Thunderful Distribution	7.5%	9.0%
Thunderful Group	7.1%	10.1%

¹ Pertains to the combined financial statements that were presented in the published prospectus

NOTE 4 REVENUE RECOGNITION

Revenue types and flows

Thunderful Group’s revenue derives in part from computer games (Games; issuer, developer or holder of game rights) and in part from distribution/sales of Nintendo products, such as various game consoles, video games and toys (Distribution).

Games

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

When Thunderful acts as a publisher and investor for other game studios outside the group, revenue from the game is distributed from the time it is released depending on the specific agreement



between Thunderful and the external game studio. Depending on the weighting in the agreement, Thunderful will receive most of its investment after release before the external game studio receives its share. For Thunderful Publishing, agreed and paid instalments to a developer are considered prepaid and are subject to refund in accordance with the terms of the revenue sharing agreement after the game has been released.

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

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

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

Distribution

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

There are no variable considerations. Specific retail bonuses are available but only as a fixed bonus based on the selling price. The group provides a product warranty according to 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 according to 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	
	2020	2019
Sweden	1,628.0	0.0
Norway	201.7	0.0
Finland	136.7	0.0
Denmark	711.6	0.0
Other	213.6	0.0
Total	2,891.6	0.0

Individual customers accounting for more than 10% of the group's net revenue

Customer	2020		2019	
	Net revenue	Share of total net revenue, %	Net revenue	Share of total net revenue, %
Customer 1	643.2	21.1%	-	-
Customer 2	460.9	15.1%	-	-
Total	1,104.1	36.2%	-	-



NOTE 5 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 game-development services (which are presented separately below). Other costs are divided into external expenses, personnel expenses and depreciation.

MSEK	Group		Parent company	
	2020	2019	2020	2019
Costs of goods	-2,361.9	-25.6	0.0	0.0
Purchased game-development services	-27.2	-5.4	0.0	0.0
External expenses	-264.1	-7.2	-13.0	0.0
Personnel expenses	-140.1	-31.1	-4.2	0.0
Depreciation/amortisation	-61.8	-17.5	0.0	0.0
Other operating expenses	-12.4	0.0	0.0	0.0
Total operating expenses	-2,867.5	-86.7	-17.2	0.0

NOTE 6 AVERAGE NUMBER OF EMPLOYEES

Average number of employees	2020 Number of employees		2019 Number of employees	
	women	total	women	total
<i>Parent company</i>				
Sweden	0	3	0	0
	0	3	0	0
<i>Subsidiaries</i>				
Sweden	40	169	9	60
Norway	3	9	0	0
Finland	7	12	0	0
Denmark	7	24	0	0
United Kingdom	7	27	1	2
International/Other	1	4	2	3
	65	245	12	65
Group total	65	248	12	65

[Total number of employees in the group as per 31 December 2020: 334, of whom 86 women]

Salaries and other remuneration	Group		Parent company	
	2020	2019	2020	2019
Board and CEO	0.6	0.6	0.6	0.0
Other employees	208.9	21.8	2.3	0.0
	209.5	22.4	2.9	0.0
<i>Social security expenses</i>				
Pension costs for the Board and CEO	0.1	0.1	0.1	0.0
Pension costs, other employees	8.2	1.1	0.3	0.0
Other social security expenses	33.5	6.9	0.9	0.0
	41.8	8.1	1.3	0.0

Gender distribution among senior executives	Group		Parent company	
	2020	2019	2020	2019
Percentage of women on the Board	13%	0%	20%	0%
Percentage of men on the Board	87%	100%	80%	100%
Percentage of women among other senior executives	0%	0%	0%	0%
Percentage of men among other senior executives	100%	100%	100%	100%

The figures relate to the situation on the balance-sheet date.

Guidelines for remuneration of group management

Remuneration of group management has been paid in the form of monthly salary and other taxable benefits such as company car.

NOTE 7 LEASES

The group has office premises, vehicles and certain office equipment that is 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 3-5 years.

Balance sheet	Group	
	31 Dec 2020	31 Dec 2019
Right-of-use assets, cost	30.7	10.4
Right-of-use assets, accumulated depreciation	-10.7	-3.2
Right-of-use assets, carrying amount	19.9	7.2
Deferred tax assets	0.1	0.0
Interim receivables	-0.9	-0.7
Total assets	19.1	6.6
Current lease liabilities	5.8	3.0
Non-current lease liabilities	13.4	3.6
Retained earnings	-0.2	0.0
Net profit for the year	0.0	-0.1
Total liabilities and equity	19.1	6.6
Income statement		
Lease expenses	7.0	3.1
Interest expenses	-0.3	-0.1
Depreciation/amortisation	-6.7	-3.1
Deferred tax	0.0	0.0
Net profit (loss) for the year	0.0	-0.1
Acquisition costs	31 Dec 2020	31 Dec 2019
Opening balance	10.4	3.5
Acquisitions for the year	24.6	7.9
Divestments during the year	-3.9	-1.0
Indexation	0.2	0.0
Revaluation	0.0	0.0
Exchange-rate differences, net	-0.6	0.0
Closing balance	30.7	10.4
Accumulated depreciation/amortisation		
Opening balance	-3.2	-1.2
Depreciation/amortisation for the year	-6.7	-2.7
Divestments during the year	0.0	0.7
Exchange-rate differences, net	-0.8	0.0
Closing balance	-10.7	-3.2
Carrying amount	19.9	7.2



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 options
Office premises	10	1-32	15	10	0
Cars	26	1-35	17	17	15

	Number of leases with indexed variable fees	Number of leases with cancellation options
Office premises	10	10
Cars	0	21

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Such an assessment is performed at inception of a contract. An identified lease is further categorised by the group as either a short-term lease, a low-value lease or a standard lease. Short-term leases are defined as leases with a lease term of 12 months or less. The group's definition of low-value assets comprises all personal computers and laptops, phones, office equipment and furniture and all other assets of a value less than 50,000 SEK when new. Lease payments related to short-term leases and leases of low-value assets are recognised as operating expenses on a straight-line basis over the term of the lease. The group applies the term "standard lease" to all identified leases that are categorised as neither short-term leases nor low-value leases.

Thus, a standard lease is a lease for which a right-of-use asset and a corresponding lease liability are recognised at commencement of the lease, i.e. when the asset is available for use. The group's right-of-use assets and its long-term and short-term lease liabilities are presented on separate lines of the combined balance sheet.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease liability is determined as the present value of all future lease payments at the commencement date, discounted using the group's calculated incremental borrowing rate determined by country and contract duration (>12-36 months, >37-72 months and >72 months).

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

- fixed payments, less any lease incentives in connection with the signing of the lease,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under residual value guarantees,
- payments of penalties for terminating the lease, if the lease term reflects the fact that the option to terminate the lease will be exercised.

Variable lease payments that do not depend on an index or rate (including property tax) are not included in the measurement of the lease liability. The related variable lease payments are recognised as incurred in the consolidated statement of comprehensive income.

The lease liability is subsequently measured by reducing the carrying amount to reflect the lease payments made and by increasing the carrying amount to reflect interest on the lease liability, using the effective interest method.

A right-of-use asset is initially measured at cost, which includes the total at which the lease liability was originally valued, 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 restoration costs (unless these costs are incurred to produce inventories) with the corresponding obligation recognised and measured as a provision under IAS 37. The right-of-use asset is subsequently measured at cost less accumulated depreciation, any impairment losses and any remeasurement of the lease liability. A remeasurement of the lease liability, and a corresponding applicable adjustment to the related right-of-use asset, is performed when:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the amended lease payments using a revised discount rate,
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the changed lease payments are due to a change in a floating interest rate, in which case a revised discount rate is used),
- the lease contract is modified and this modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the amended lease payments using a revised discount rate.



The right-of-use is normally depreciated on a straight-line basis over the shorter of the useful life and the lease term. However, if it is reasonably certain that ownership of the asset will be transferred at the end of the lease, the right-of-use asset is depreciated over its useful life. Depreciation of a right-of-use asset starts at the commencement date of the lease. Impairment losses on a right-of-use asset are determined and recognised in accordance with IAS 36.

Lease payments related to a standard leases are recognised partly as depreciation of the lease liability and partly as interest expense in the consolidated statement of comprehensive income.

Lease components are separated from non-lease components for leases regarding buildings (offices, warehouses etc.). For leases regarding other asset classes (machinery, vehicles, etc.), the lease components and any associated non-lease components are recognised as a single lease arrangement.

In determining the lease term, extension options are only included if it is determined as reasonably certain that the lease will be extended. Periods that follow the option to terminate are only included in the lease term if it is reasonably certain that the lease will not be terminated. A lease term is reviewed if a significant event or a significant change in circumstances occurs that affects the assessment.

NOTE 8 DEPRECIATION/AMORTISATION AND IMPAIRMENT LOSSES

	Group	
	2020	2019
Thunderful Games	-18.6	-14.4
Thunderful Distribution	-43.1	-3.1
	-61.8	-17.5

Impairment in both segments amounted to 0 MSEK [0].

NOTE 9 FINANCIAL INCOME AND FINANCIAL EXPENSES / OTHER INTEREST INCOME AND SIMILAR ITEMS AS WELL AS OTHER INTEREST EXPENSES AND SIMILAR ITEMS

	Group		Parent company	
	2020	2019	2020	2019
Interest income	27.8	0.1	0	0.3
Intra-group interest income	0	0	17.2	0
Exchange-rate differences, positive	82.6	0	56.9	0
Interest expenses	-41.2	-0.5	-3.5	-0.5
Intra-group interest expenses	0	0	-13.2	0
Exchange-rate differences, negative	-80.9	0	-69.8	0
Other financial items, IPO	-32.6	0	-32.6	0
	-44.4	-0.4	-45.0	-0.2

NOTE 10 TAX

	Group		Parent company	
	2020	2019	2020	2019
Current tax	-40.9	-6.4	-13.7	0.0
Deferred tax	5.5	0.0	0.0	0.0
Tax included profit for the period	-35.4	-6.4	-13.7	0.0

Capitalised deductible temporary differences

On 31 December 2020, the group had no loss carry-forwards and other deductible temporary differences that were taken into account and calculated as a basis for deferred tax assets. The company analyses and assesses each non-capitalised item separately and makes active decisions on the situations in which deferred tax assets on temporary differences should be capitalised. The group does not normally recognise deferred tax assets on temporary differences in situations where it is considered that the ability to utilise them is limited.

NOTE 11 INTANGIBLE ASSETS

IT systems

Refers to the development and adaptation of business systems and e-commerce platforms and are amortised straight-line over five years.

Capitalised expenditure for computer game development

Consists of capitalised expenditure of 43.3 MSEK for computer game development and is amortised degressively over two years after release, 1/3 amortisation during months 1 to 3 after release, 1/3 amortisation during months 4 to 12 after release, and the remaining 1/3 during month 13 to 24 after release. Ongoing projects are not amortised but are tested for impairment every quarter or when there is any indication of impairment. No impairment losses were recognised in 2020.

Publishing and distribution relationships

In connection with the merger in December 2019, the various group companies were valued at multiples that are normally used in comparable business events. The surplus value that then arose after elimination of equity is considered to consist in its entirety of the value of the very long business relationships with suppliers that existed within the Distribution companies, where the agreement with Nintendo has lasted for 40 years and was renewed in 2020. There have also been long business relationships within toy distribution that are expected to continue. For this reason, the value of these distributor relationships was calculated at 371.6 MSEK on 31 December 2019, which is amortised straight-line over the useful life, which is estimated to be 10 years with reference to the current long-term relationship. Amortisation commenced in 2020.

Other intangible assets

An acquisition was completed in 2020 in which 207.1 MSEK was measured as other intangible assets. These assets included IP rights for games that are fully developed or under development, revenue rights for games that are fully developed or under devel-



opment and trademarks for games and game studios. The amortisation term for the various constituent components varies between two and nine years, whereby games under development are not amortised until the game is fully developed and trademarks for the game studio are regarded as having an indefinite useful life.

Specification of amortisation periods

IP rights, games:	5 years
IP rights, games under development:	No amortisation, will commence when the game is fully developed
Trademarks, game studio:	Indefinite
Trademarks, game titles:	8 years
Revenue rights, games:	9 years
Revenue rights, games under development:	No amortisation, will commence when the game is fully developed
Revenue rights, contracts:	2 years
Customer relationships, revenue for game development:	6 years

Value specification

IP rights, games:	12.7
Trademarks, games:	4.5
Revenue rights:	143.1
Customer relationships:	46.8
Total:	207.1

Customer relationships

Customer relationships refer to long-term customer relationships primarily for the development of games on assignment from customers. The customers are generally large-scale global companies active in a number of different areas, such as providing the platforms for game distribution. The customers have historically on a number of occasions commissioned companies in Thunderful group to develop games for the customer's game platform; in a number of cases, the games have been distributed exclusively on the customers' game platforms.

Trademarks

Pertains to game studio trademarks with an indefinite economic life, and trademarks for in-house developed games, in cases where the group company has registered the trademark of the games where the brand can be used for future commercial activities.

IP rights

Games developed internally where the group company owns all IP rights to the game. Games under development are not amortised but are impairment tested annually. When a game is launched in the market, amortisation of the IP right commences over a term of five years.

Revenue rights

For certain game titles developed by external game studios, the group companies receive a part of net revenue from the game. Revenue rights for games that have been launched are amortised over nine years and games under ongoing development and that have not yet been launched are not amortised but are impairment tested annually.

Acquisition costs	Capitalised development expenditure	Publishing and distribution relationships
Opening balance, 1 January 2020	44.2	371.6
Internal development	19.8	0.0
Acquisition of operations	10.8	0.0
The year's acquisitions through non-cash issue	0.0	0.0
Closing accumulated cost, 31 December 2020	74.8	371.6
Opening amortisation and impairment losses, 1 January 2020	-21.2	0.0
Amortisation and impairment losses for the year	-10.3	-37.2
Closing accumulated impairment losses, 31 December 2020	-31.5	-37.2
Closing carrying amount	43.3	334.4

Acquisition costs	IT systems	Other intangible assets
Opening balance, 1 January 2020	7.4	0.0
Internal development	0.0	0.0
Acquisition of operations	0.0	0.0
Acquisitions for the year	2.1	212.1
Exchange-rate differences through business combinations	0	-5.0
Closing accumulated cost, 31 December 2020	9.5	207.1
Opening amortisation and impairment losses, 1 January 2020	-5.3	0.0
Amortisation and impairment losses for the year	-0.9	-4.6
Closing accumulated impairment losses, 31 December 2020	-6.2	-4.6
Closing carrying amount	3.3	202.5

Goodwill

Goodwill is recognised as an intangible fixed asset with an indefinite useful life at cost less accumulated impairment losses. On 31 December 2020, goodwill amounted to 277.8 MSEK. All intangible assets with an indefinite useful life are tested at least every year to ensure that the value does not deviate negatively from the current carrying amount and that there is no indication of an impairment loss. Individual assets may be tested more frequently if there are indications of a decrease in value. In 2020, one of the subsidiaries implemented an asset acquisition of a business from a non-group company.



	Group	
	31 Dec 2020	31 Dec 2019
Opening acquisitions costs	5.6	0.0
The year's acquisitions through non-cash issue	0.0	3.1
The year's acquisitions through asset acquisitions	14.0	0.0
The year's acquisitions through business combinations	271.2	2.5
Exchange-rate differences through business combinations	-9.0	0.0
Closing accumulated acquisition costs	281.8	5.6
Opening impairment losses through non-cash issue	-3.1	-3.1
Impairment losses for the year	0.0	0.0
The year's amortisation of goodwill through asset acquisitions	-0.9	0.0
Closing accumulated impairment losses	-4.0	-3.1
Closing carrying amount	277.8	2.5

Impairment testing of goodwill

During the annual impairment testing, goodwill is allocated to the operating segments that are expected to benefit from synergism from the business combinations from which goodwill arises. Allocation is as follows, compared with the recoverable amount:

Goodwill per business segment	Group	
	31 Dec 2020	31 Dec 2019
Games	277.8	2.5
Distribution	0.0	0.0
Total	277.8	2.5

The recoverable amount for each segment is determined on the basis of calculations of value in use, which comprised a thorough three-year forecast, followed by an extrapolation of expected cash flows for the units' remaining useful life, using a declining growth rate that is decided by management. The present value of the expected cash flow from each segment is determined using a discount rate that corresponds to the market's assumption of the time value of money and specific risks for the segment. The weighted cost of capital is calculated at 14.29% after tax with a perpetual sales growth rate of 2%. The calculation shows a strong surplus value in the recoverable amount, which mainly stems from goodwill in Coatsink Software Ltd.

Recoverable amount per business segment	Group	
	31 Dec 2020	31 Dec 2019
Games	644.5	0.0
Distribution	n.a.	n.a.
Total	644.5	0.0

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

Right-of-use assets

Refers to financial leasing, which is depreciated straight-line over the term of the lease. See Note 7.

Other property, plant and equipment

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

Buildings:	50 years
Inventories:	5 years

	Buildings and land	Inventories	Total
Acquisition costs			
Opening balance, 1 January 2020	4.1	23.5	27.6
Acquisitions for the year	0.0	2.3	2.3
Acquisition of operations	0.0	2.2	2.2
The year's acquisitions through non-cash issue	0.0	0.0	0.0
Closing accumulated cost, 31 December 2020	4.1	28.0	32.1
Opening depreciation and impairment losses, 1 January 2020	-0.1	-22.7	-22.8
Depreciation and impairment losses for the year	-0.1	-1.0	-1.1
Closing accumulated impairment losses, 31 December 2020	-0.2	-23.7	-23.9
Closing carrying amount	3.9	4.3	8.2

NOTE 13 SHARES IN GROUP COMPANIES

	Parent company	
	31 Dec 2020	31 Dec 2019
Opening acquisition costs	989.9	0.0
Acquisitions for the year	525.4	989.9
Closing accumulated cost	1,515.3	989.9
Opening impairment losses	0.0	0.0
Impairment losses for the year	0.0	0.0
Closing accumulated impairment losses	0.0	0.0
Closing carrying amount	1,515.3	989.9



NOTE 14 SPECIFICATION OF SHARES IN GROUP COMPANIES

	Corp. ID. No.	Domicile	Share of equity	Share of voting power	No. of shares	Carrying amount
Subsidiaries						
Bergsala AB	556315-6412	Kungsbacka	100%	100%	1,000	350.0
Thunderful Development AB	559139-0728	Gothenburg	100%	100%	50,000	425.7
Amo Toys Nordic AB	559091-1474	Kungsbacka	100%	100%	500	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	525.3
Sub-subsidiaries						
Image & Form International AB	556544-1069	Gothenburg	100%	100%		
Zoink AB	556874-5185	Gothenburg	100%	100%		
Guiding Rules Games AB	556983-8005	Gothenburg	100%	100%		
Thunderful Publishing AB	559154-8721	Gothenburg	100%	100%		
Rising Star Games Ltd	5252507	Herts, 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 AB	556923-9428	Kungsbacka	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	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	100%	100%		
						1,515.3

NOTE 15 OTHER ASSETS

Other assets consist of the following items:

	Group	
	31 Dec 2020	31 Dec 2019
Other receivables	3.5	3.0
Other securities held as non-current assets	0.1	0.2
Deferred tax assets	1.1	0.0
Total	4.7	3.2

NOTE 16 INVENTORIES

Inventories consist of the following:

	Group	
	31 Dec 2020	31 Dec 2019
Goods for resale	341.3	347.0
Total	341.3	347.0

Advance payments to suppliers consist of the following:

	Group	
	31 Dec 2020	31 Dec 2019
Goods for resale	150.5	113.1
Total	150.5	113.1

Inventories are measured at the lower of cost and net realisable value. Obsolescence is 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 17 ACCOUNTS RECEIVABLE

Accounts receivable and other receivables consist of the following:

	Group	
	31 Dec 2020	31 Dec 2019
Accounts receivable, gross	619.4	466.8
Total	619.4	466.8

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 credit 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 2020. 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%.

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 18 PREPAYMENTS AND ACCRUED INCOME

Prepayments and accrued income consist of the following:

	Group	
	31 Dec 2020	31 Dec 2019
Game projects	31.8	20.0
Accrued income	67.7	7.5
Other prepaid expenses	25.3	3.9
Total	124.8	31.4

Game projects comprise the financing of game projects developed by external game developers. For these game projects, one of the subsidiaries has entered into an agreement concerning revenue allocation with the external game developer. Generally, the subsidiary receives all revenue up until such time as the investment in the game project has been repaid and thereafter future revenue is divided between the subsidiary and the external game developer. Following the game's launch, the game projects item is expensed in the same manner as amortisation of capitalised game development expenditure: 1/3 is expensed during months 1 to 3 after release, 1/3 is expensed during months 4 to 12 after release, and the remaining 1/3 during month 13 to 24 after release. Ongoing projects are tested for impairment annually when there are indications of any decline in value, and quarterly.

NOTE 19 CASH AND CASH EQUIVALENTS

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

	Group		Parent company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Cash and bank balances	305.1	51.2	228.3	0.0
Total	305.1	51.2	228.3	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.



NOTE 20 SHARE CAPITAL, NUMBER OF SHARES

Share capital

As per 31 December 2020, Thunderful Group AB's share capital consists of 68,530,668 shares with a quotient value of SEK 0.01 SEK 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 pre- mium reserve	Statutory reserve	Retained earnings	Net profit for the year	Total
Opening balance, 1 January 2020	0.5	989.5	0.0	0.0	-0.3	989.7
Distribution of earnings according to AGM	0.0	0.0	0.0	-0.3	0.3	0.0
New issues of shares, cash	0.0	7.0	0.0	0.6	0.0	7.6
New issues of shares, acquisition Coatsink Software Ltd	0.0	133.6	0.0	0.0	0.0	133.6
New issues of shares, IPO	0.2	749.8	0.0	0.0	0.0	750.0
IPO-expenses, equity	0.0	-13.3	0.0	0.0	0.0	-13.3
Net profit for the year	0.0	0.0	0.0	0.0	64.0	64.0
Closing balance, 31 December 2020	0.7	1,866.6	0.0	0.3	64.0	1,931.6

NOTE 21 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 78.8 MSEK mainly pertain to the value of distribution agreements and most of the surplus value of the year's acquisitions was identified to derive from the acquisition of Coatsink Software Ltd.

The carrying amounts and changes to them are as follows:

	Warranty provision	Deferred tax liabilities	Other provisions	Total
Opening balance, 1 January 2020	1.3	78.8	0.3	80.4
Acquisitions for the year	1.3	35.5	0.0	36.8
Reversals for the year	0.0	0.0	-0.1	-0.1
Closing balance, 31 December 2020	2.6	114.3	0.2	117.0

Other equity, including net profit for the year

Other equity refers to equity contributed by owners and includes paid premiums in connection with share issues, as well as profit for the year. The amount includes non-distributable reserves of 3.0 MSEK, consisting of the Reserve Fund and the Development Fund.

NOTE 22 NON-CURRENT LIABILITIES

Non-current liabilities consist of the following:

	Group		Parent company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Non-current earn- out consideration	124.6	0.0	117.7	0.0
Total	124.6	0.0	117.7	0.0

For additional information about business combinations, see Note 2 Accounting policies and the subheading "Business combinations."

NOTE 23 CURRENT LIABILITIES

Current liabilities consist of the following:

	Group		Parent company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Current overdraft facilities	0.0	74.7	0.0	74.7
Liabilities to shareholders	0.0	154.6	0.0	0.0
Accounts payable	422.8	471.7	22.2	0.0
Total	422.8	701.0	22.2	74.7

NOTE 24 OTHER LIABILITIES

Other liabilities consist of the following:

	Group		Parent company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
VAT liability	25.3	34.8	0.0	0.0
Current earn-out consideration	76.4	0.0	76.4	0.0
Other liabilities	56.6	18.0	0.2	0.0
Total	158.3	52.8	76.6	0.0



NOTE 25 ACCRUED EXPENSES AND DEFERRED INCOME

Accrued expenses consist of the following:

	Group		Parent company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Customer bonuses	31.3	30.8	0.0	0.0
Other accrued expenses	49.6	24.4	1.2	0.0
Total	80.9	55.2	1.2	0.0

NOTE 26 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 15 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, i.e. the date on which the group undertakes to purchase or sell the asset. At initial recognition, the group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs for financial assets and financial liabilities measured at fair value through profit or loss are expensed in profit or loss.

Financial assets

Classification and subsequent measurement

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

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

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

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

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

Amortised cost: Assets held solely for the purpose of collecting contractual cash flows that solely comprise payments of principal

and interest, and that are not identified as measured at fair value through profit or loss, are measured at amortised cost. The carrying amounts of these assets are adjusted with any expected credit losses that have been recognised (see "Impairment and expected loss" below). Interest income from these financial assets is recognised in financial net using the effective interest method.

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

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

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

Impairment loss 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 15). 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 2020, Thunderful Group had net cash holdings of 305.1 MSEK (-178.1 at the end of 2019).

NOTE 27 ADJUSTMENT FOR NON-CASH ITEMS

	Group		Parent company	
	2020	2019	2020	2019
Exchange-rate differences	5.0	0.0	-6.1	0.0
Adjustments 2019 ¹	0.0	123.6	0.0	0.0

1) Closing balance 2019 has been added for the new subgroups, but not earnings for 2019, which explains why a difference arises.

NOTE 28 ACQUISITION OF SUBSIDIARIES IN CASH FLOW STATEMENT

	Group		Parent company	
	2020	2019	2020	2019
Asset acquisition from Station Interactive AB	7.0	0.0	0.0	0.0
Guiding Rules Games AB	0.0	-2.5	0.0	0.0
Coatsink Software Ltd	-116.4	0.0	-190.7	0.0
Total	-123.4	-2.5	-190.7	0.0

NOTE 29 AUDITORS' FEES

At the 2020 Annual General Meeting (AGM), Grant Thornton was elected auditor for the period up to the end of the 2021 AGM.

	31 Dec 2020	31 Dec 2019
Audit engagement	2.7	0.8
Auditing activities in addition to audit engagement	0.0	0.0
Tax advisory services	0.5	0.0

NOTE 30 RELATED PARTY TRANSACTIONS

Transactions between the parent company and its subsidiaries have been eliminated in the group and are not reported in this Note. Transactions with key members of management and Board members are disclosed in Note 6 and transactions with former owners (loans) are reported in Note 23. Interest terms for liabilities to shareholders were equivalent to interest terms for overdraft facilities with credit institutions.

NOTE 31 CONTINGENT LIABILITIES

The companies in the group guarantee each other's obligations through a so-called up & downstream guarantee.

NOTE 32 ASSETS PLEDGED FOR LIABILITIES TO CREDIT INSTITUTIONS

Chattel mortgages pledged as security for commitments amounted to 260.3 MSEK on 31 December 2020.

NOTE 33 SIGNIFICANT EVENTS AFTER THE BALANCE-SHEET DATE

The outbreak of the pandemic during 2020 had a limited but mixed impact on the group's operations during the year. Demand for a number of the group's products increased during the pandemic; however, the individual operating entity Amo Toys, where a large part of sales takes place in physical stores in the Nordic countries, was adversely affected during periods by limitations imposed by public agencies.

Thunderful Group carefully monitors the development of the COVID-19 pandemic and works intensively to adapt its operations to the prevailing agency-decreed limitations. It is currently difficult to assess how the pandemic will impact the group in 2021 but as long as agency-decreed limitations are in effect, the impact will probably be equivalent to that of 2020.

On 15 March 2021, Thunderful Group acquired the German game publisher and game developer Headup GmbH for an upfront cash consideration of 5.0 MEUR. Headup GmbH, founded in 2009, is a



well-established publisher and game developer active on all major platforms: consoles, mobile devices and PCs. The head office is located in Düren, outside Cologne in Germany. Revenues for 2020 amounted to 4.2 MEUR. The acquisition is in line with Thunderful Group's strategy to expand in the Games segment and the group as a whole. The acquisition strengthens Thunderful Group's international position, broadens its network towards more development studios and creates synergies within the group's publishing operations.

Following the acquisition, Headup's CEO Dieter Schoeller has assumed the position of Head of Publishing in Thunderful Group, and is thus responsible for Thunderful's publishing operations in Sweden and Germany.

Consideration for the acquisition:

MSEK	
Purchase consideration	
Cash and cash equivalents	50.8
Maximum contingent earn-out consideration	61.0
- of which, newly issued shares	25.3
Total maximum purchase consideration	111.8

In connection with the acquisition of Headup GmbH, 446,250 shares were issued at a price of 56.80 SEK per share. The newly issued shares are subject to claw-back rights and are a part of the earn-out consideration. The cash-financed proportion of the purchase consideration amounted to 50.8 MSEK. The acquisition was implemented on a debt- and cash-free basis.

The contingent consideration is based on the company's EBIT performance during 2021, 2022 and 2023. The total contingent consideration is capped at 6 MEUR. Since the acquisition was implemented on 15 March 2021, the acquisition analysis and the assessment of the value of the future earn-out consideration had not been finalised on the date when the Annual Report was signed, 6 April 2021.

Acquisition analysis

The acquisition was implemented on 15 March 2021 and on the date when the Annual Report was signed, 6 April 2021, the acquisition analysis had not been finalised.

NOTE 34 DEFINITIONS OF KEY PERFORMANCE INDICATORS

Net revenue

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

Profit after financial items

Profit after financial income and costs, but before taxes.

Total assets

The company's total assets.

Equity/assets ratio

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

NOTE 35 APPROVAL OF FINANCIAL STATEMENTS

The group's financial statements for the financial year that ended on 31 December 2020 (including comparative figures) were approved by the Board of Directors on 6 April 2021.



SIGNATURES

Gothenburg, 6 April 2021

Brjann Sigurgeirsson
Chief Executive Officer

Mats Lönnqvist
Chairman of the Board

Oskar Burman

Tomas Franzén

Cecilia Ogvall

Owe Bergsten

Our audit report was submitted on 6 April 2021

Grant Thornton Sweden AB

Patric Hofréus
Authorised Public Accountant





AUDITOR'S REPORT

**To the general meeting of the shareholders of
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 2020, with the exception of the corporate governance report and the sustainability report on pages 33–37 and 24–25, respectively. The annual accounts and consolidated accounts of the company are included on pages 26–69 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 2020 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 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not include the corporate governance report and the sustainability report on pages 33–37 and 24–25, respectively. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

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

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

Other information than the annual accounts and consolidated accounts

This document also contains information other than the annual accounts and consolidated accounts and can be found on pages 1–23 and 73–76. The Board of Directors and the Managing Director are responsible for the other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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



Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional 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 con-

clusions 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 2020 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.



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.

The auditor's examination of the Corporate Governance Statement

The Board of Directors is responsible for that the corporate governance statement on pages 33–37 has been prepared in accordance with the Annual Accounts Act. Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

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

Göteborg 6 April 2021

Grant Thornton Sweden AB

Patric Hofréus
Authorized Public Accountant



BOARD OF DIRECTORS



MATS LÖNNQVIST

Chairman of the board of directors since 2020.
Born 1954.

Background and education:

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

Other assignments:

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

Holdings in the Company:
136,879 shares.

Favourite Thunderful game:
SteamWorld Quest

Favourite Nintendo game:
Pikmin 3



OWE BERGSTEN

Board member since 2019.
Born 1950.

Background and education:

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

Other assignments:

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

Holdings in the Company:
17,163,028 shares.

Favourite Thunderful game:
SteamWorld Dig

Favourite Nintendo game:
Zelda: Wind Waker



TOMAS FRANZÉN

Board member since 2020.
Born 1962.

Background and education:

M.Sc. in Engineering at Linköping University. Tomas Franzén has extensive experience as CEO and chairman of the board of directors within the Bonnier group, Com Hem, Eniro and Song Networks (later TDC). Franzén is currently a professional board member and holds a number of positions in both listed and private companies.

Other assignments:

Chairman of the board in AB Dagens Nyheter, AB Kvällstidningen Expressen, BOLD Printing Malmö AB, Bonnier Business Media Sweden AB, Bonnier Magazines & Brands AB, Bonnier News Group AB, Bonnier News Local AB, Bonnier News Sweden AB, Dagens Industri Aktiebolag, Elajo Invest Aktiebolag (publ), Fibertjänst Holding AB, Helsingborgs Dagblad Aktiebolag, Sappa Holding AB, Sydsvenska Dagbladets Aktiebolag, Sydsvenska Dagbladets Försäljningsaktiebolag and Tidnings AB Marieberg. Board member in Aktiebolaget Sappa, AIK Fotboll AB, Axel Johnson Aktiebolag, Bonnier Business Press AB, Den Digitala Väktaren i Sverige AB, Dustin Group AB, Fibertjänst Omsorg Sverige AB, Fibertjänst Sverige AB, Hydros cand Group AB, Martin & Servera Aktiebolag, Ovacon AB, Safe Solutions CCTV Kameracentral AB, Safe Solutions Consulting i Sverige AB, Safe Solutions Consulting i Sverige Holding AB, Safe Solutions Teknik i Sverige AB, Svensk Satellitservice SMATV AB, TF Invest AB and Zenturio AB (publ). CEO in TG Invest AB.

Holdings in the Company:
136,879 shares.

Favourite Thunderful game:
Zombie Vikings

Favourite Nintendo game:
Super Mario Odyssey



BOARD OF DIRECTORS



OSKAR BURMAN

Board member since 2020.
Born 1975.

Background and education:

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

Other assignments:

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

Holdings in the Company:

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

Favourite Thunderful game:

Stick it to the Man!

Favourite Nintendo game:

Goldeneye 007



CECILIA OGVALL

Board member since 2020.
Born 1966.

Background and education:

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

Other assignments:

Partner at Cecilia Ogvall Handelsbolag.

Holdings in the Company:

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

Favourite Thunderful game:

Anthill

Favourite Nintendo game:

Picross





GROUP MANAGEMENT



BRJANN SIGURGEIRSSON

CEO since 2019.
Born 1967.

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

Other assignments:
Board member in Brjann Sigurgeirsson Holding AB.

Holdings in the Company:
4 325 000 shares.

Favourite Thunderful game:
SteamWorld Heist

Favourite Nintendo game:
Super Metroid



ANDERS MAIQVIST

CFO since 2019.
Born 1983.

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

Other assignments:
Board member in Bergsala SDA AB, Handic Trading AB, Benolly AB and Maiassets AB. Deputy board member in Luxlie AB.

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

Favourite Thunderful game:
Stick it to the Man!

Favourite Nintendo game:
Super Mario Bros 3



KLAUS LYNGELED

Head of Games since 2019.
Born 1975.

Background and education:
Studies in mathematics at Örebro University. Klaus Lyngeled is the founder of Zoink and has a background as a concept artist at Shiny Entertainment and as creative director at Unique Development Studios.

Other assignments:
Chairman of the board in Lyngeled Holding AB. CEO in Lyngeled Holding AB.

Holdings in the Company:
4,275,000 shares.

Favourite Thunderful game:
The Gunk

Favourite Nintendo game:
Conkers Bad Fur Day.



HENRIK MATHIASSEN

Head of Distribution since 2019.
Born 1971.

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

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

Holdings in the Company:
985,000 shares and 84,175 warrants series 2020/2023 (i).

Favourite Thunderful game:
The Gunk

Favourite Nintendo game:
Mario Kart





OTHER INFORMATION

FINANCIAL CALENDAR

Annual General Meeting 2021	27 April, 2021
Interim report Jan – Mar 2021	18 May 2021
Interim report Apr – Jun 2021	12 August 2021
Interim report Jul – Sep 2021	16 November 2021

FOR MORE INFORMATION

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

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CERTIFIED ADVISER

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