



Q4

THUNDERFUL GROUP YEAR-END REPORT JANUARY–DECEMBER 2021

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STRONGEST QUARTER FOR THUNDERFUL GROUP SO FAR

GROWTH AND IMPROVED PROFITABILITY IN DISTRIBUTION, LOWER PROFITABILITY BUT ORGANIC GROWTH IN GAMES

FOURTH QUARTER OCTOBER–DECEMBER 2021

- Revenue increased 7.6% to 1,386.7 MSEK (1,288.3).
- Adjusted EBITA rose 22.0% to 117.6 MSEK (96.4), corresponding to an adjusted EBITA margin of 8.5% (7.5).
- Adjusted EBITDA increased 37.9% to 140.9 MSEK (102.2), corresponding to an adjusted EBITDA margin of 10.2% (7.9).
- Operating profit (EBIT) increased 23.5% to 83.7 MSEK (67.8), corresponding to an operating margin of 6.0% (5.3).
- Profit for the quarter amounted to 50.0 MSEK (34.5).
- Earnings per share after dilution amounted to 0.71 SEK (0.60).
- Cash flow from operating activities amounted to 18.6 MSEK (-165.4 MSEK)
- Thunderful Group acquired Robot Teddy Ltd on 27 October 2021. Refer to Note 1.
- Thunderful Group acquired Early Morning Studio AB on 16 November. Refer to Note 1.

PERIOD JANUARY–DECEMBER 2021

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

EVENTS AFTER THE END OF THE QUARTER

- Bergsala AB has extended the distribution agreement with Nintendo of Europe GmbH. Refer to page 17.
- Thunderful Group has entered into a confirmed credit facility of 55 MEUR with Danske Bank. Refer to page 17.
- Thunderful Group AB's CFO Anders Maiqvist has decided to step down from his position as CFO. Refer to page 17.

KEY PERFORMANCE INDICATORS

GROUP	Quarter		Period	
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020*
Operating income, MSEK	1,386.7	1,288.3	3,273.8	3,082.3
Net revenue, MSEK	1,322.6	1,273.0	3,140.8	3,047.8
Gross profit, MSEK	371.1	283.3	956.3	693.2
Gross margin, %	26.8	22.0	29.2	22.5
Operating profit (EBIT), MSEK	83.7	67.8	208.8	214.9
Operating margin (EBIT margin), %	6.0	5.3	6.4	7.0
EBITA, MSEK	103.2	81.7	278.1	256.8
Adjusted EBITA, MSEK	117.6	96.4	298.8	271.5
Adjusted EBITA margin, %	8.5	7.5	9.1	8.8
EBITDA, MSEK	126.5	87.5	335.8	276.7
Adjusted EBITDA, MSEK	140.9	102.2	356.5	291.4
Adjusted EBITDA margin, %	10.2	7.9	10.9	9.5
Profit for the period, MSEK	50.0	34.5	132.2	137.4
Net working capital, MSEK	883.4	541.1	883.4	541.1
Cash flow from operating activities, MSEK	18.6	-165.4	-64.9	-88.6
Interest-bearing net debt, MSEK	210.2	-305.1	210.2	-305.1
Interest-bearing net debt / adjusted EBITDA, LTM	0.6	-0.9	0.6	-1.0
Earnings per share before dilution, SEK	0.72	0.60	1.91	2.65
Earnings per share after dilution, SEK	0.71	0.60	1.90	2.64

* See Note 2 Revaluation of acquisition analysis according to IFRS 3.



WORDS FROM THE CEO

THUNDERFUL GROUP DELIVERS **STRONGEST QUARTER SO FAR**

Despite tough conditions, Thunderful Group presents a strong fourth quarter in 2021. The Distribution segment was characterized by growth and improved profitability, despite challenges in logistics and a global shortage of semiconductors. The Games segment was affected by game releases where unit sales did not meet expectations, but the segment still grew organically by 13%. Financially, this is the Group's strongest quarter ever, but there are more bright lights than that. We added two highly interesting companies to the Thunderful family, and launched our new gaming division Thunderful Investment. We hosted Thunderful World, a digital event where we presented a number of new and exciting game titles to the world. After the end of the quarter, we have extended the distribution agreement with Nintendo and secured a confirmed credit facility of 55 MEUR for new acquisitions and investments within the Games segment. We have further strengthened the organization within Thunderful Games in several positions, at the same time as CFO Anders Maiqvist will leave his assignment to focus on our acquisition strategy. The recruitment of a new CFO is underway.



A strong result for the Group

During the fourth quarter, our adjusted EBITA increased by 22 percent to SEK 117.6 million (96.4), which corresponds to an adjusted EBITA margin of 8.5 percent (7.5 percent). At the same time, net sales reached a new high of SEK 1,322.6 million (1,273.0), and both our business segments grew year-on-year.

Distribution: higher profitability in spite of difficult conditions

With net sales of SEK 1,220.9 million (1,208.3) and an adjusted EBITDA of SEK 96.1 million (76.9), the Distribution segment delivered a strong result for the fourth quarter of the year. It has been a tough year for the segment, which has been affected by logistical challenges and the global shortage of semiconductors. The shortage of semiconductor components has affected all industries that use electronics to some extent, and like other console manufacturers, Nintendo announced that they expected to ship fewer devices in the second half of 2021 than previously planned. Bergsala received a larger allocation of hardware than expected, however, and has also had strong sales of Nintendo games during the quarter.

In the wake of the pandemic, the world's supply chains have faced (and still face) challenges. Despite the disruptions, our Distribution segment has delivered above expectations. This has not only meant net sales growth, but year-on-year we also see a clear improvement in profitability. We close the fourth quarter with unusually high volumes in stock. One of our ways to counter the uncertainty surrounding deliveries has been to order large product quantities to our warehouse.

Games: positive outlook despite setbacks

The internally developed games released during the quarter did not perform in line with expectations, which had a negative effect on sales and profitability.

Despite this, the Games segment grew organically by 13%. Net sales came to SEK 101.7 million (64.7) and our adjusted EBITA rose to SEK 32.5 million (19.8). Good acquisitions over the past year have complemented our operations and are contributing to our growth.





There are also many other positive things to bring from the quarter's releases. For example, our collaboration with Microsoft around **The Gunk** has already engaged hundreds of thousands of players, and we will increase its audience further by releasing it to Steam and other PC platforms later in the year. **Wavetale** started as an exclusive Google Stadia title, but will this year also come out on consoles, Steam and other PC platforms. The work with **Jurassic World Aftermath** has deepened our partnership with Meta. More on that a little further down.

Our collaborations with platforms and partners such as Xbox and Meta are growing stronger. The projects support our investments, and we reach a wide audience. These types of collaborations will continue to be part of our future strategy.

The transition from existing to new projects goes as planned, and our development studios are in full swing. Among others, many have moved on to **SteamWorld Headhunter** that we presented this autumn. We've also approved a number of internally developed prototypes for either continued development or full production.

Speaking of busy development studios: during the quarter we acquired Stockholm-based Early Morning Studio, a mobile game developer on the rise with a good market position for its engaging RPG games. They have a lineup that delivers, a steadily growing fan base and an exciting planned pipeline of free-to-play games. Their next title, **Vendir: Plague of Lies**, comes out this spring and builds on a strong fourth quarter in terms of ad revenues and downloads for their previous titles. Early Morning Studio will guide Thunderful into the mobile world, while Thunderful can help launch their games on PC and consoles.

We've got a lot done in the last twelve months. Among other things, we have invested SEK 294 million in cash into the Games business.

SEK 189 million has gone to acquisitions of companies, we have capitalized game development expenses of around SEK 60 million, and we've invested SEK 45 million in game titles for publishing.

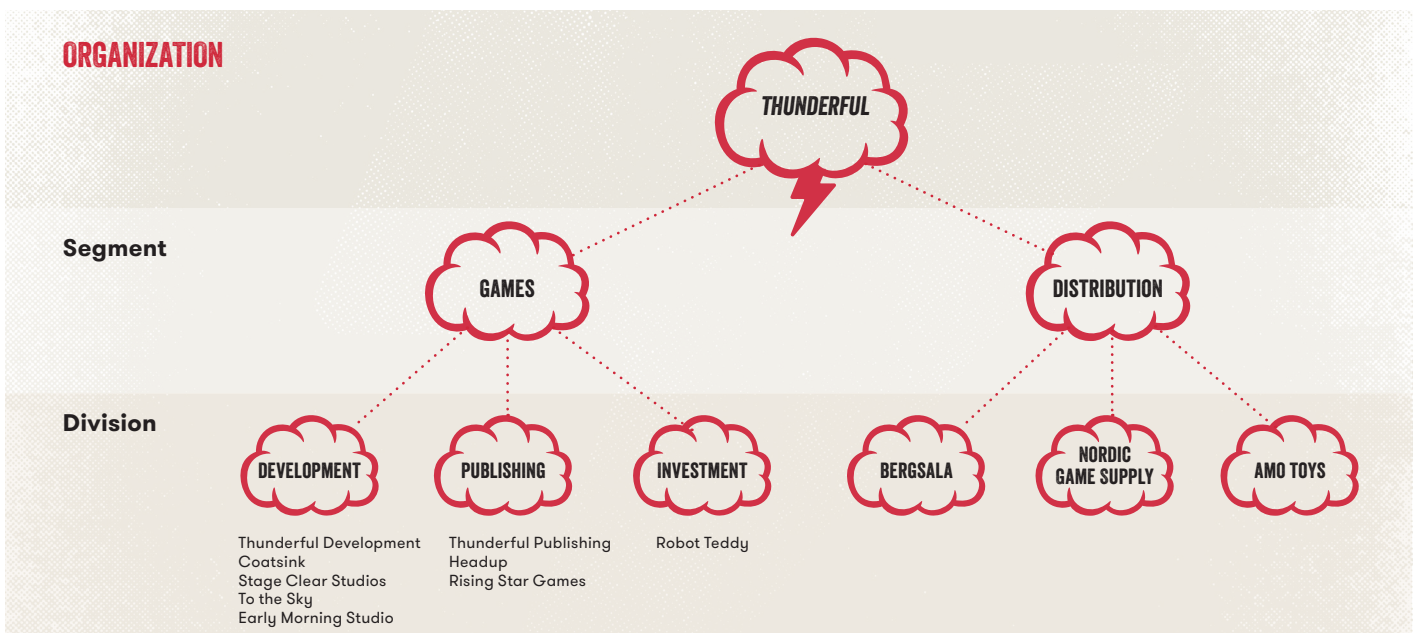
We expect to increase the rate of investment further, and have therefore secured a confirmed credit facility of EUR 55 million with Danske Bank for new acquisitions and investments within all areas of the Games segment.

A new division within Games: Thunderful Investment

We have also created a new division to invest in external game development projects. To that end we have acquired Newcastle-based Robot Teddy, who are leading the work of finding suitable projects for us to invest in.

Robot Teddy specializes in helping successful game creators with business and strategy development. Among others, they have long helped Innersloth with business development for their world hit **Among Us**, and in December the companies announced that they are collaborating on the VR version of the game. Robot Teddy's strong contacts in the development community and their ability to see around corners have given them a special position in the gaming industry. They are in the perfect spot to find particularly promising external gaming projects, but they will also broaden our pipeline of high-quality games and contribute to further discussions around publishing and acquisitions.

Thunderful Investment thus complements the range of services we can offer skilled game developers worldwide. We already develop games, publish games, acquire gaming companies, and now we add project financing to that. We have become a 360-degree gaming company.





Thunderful World: a success

With an exciting lineup of internally and externally developed titles, we are in a strong position to become a leading gaming company. In November, we hosted our worldwide digital event Thunderful World to showcase the broad range of games that we publish. The event was broadcast live in collaboration with Twitch, Xbox and IGN. We showed 16 games, of which six were world premieres. A number of celebrities appeared in cameo roles, among them Sarah Bond, Corporate Vice President of Xbox. A unique commitment!

And it turned out very well: our showcase had hundreds of thousands of views during the first 24 hours, and the huge media interest resulted in around 800 news stories. Thunderful World has been a success, but not just in terms of media coverage. The event has strengthened the Thunderful brand globally, has given us more contacts with developers, and has added more games to our pipeline.

Strong leadership

Agostino Simonetta, our new Chief Games Officer, started in the third quarter. This January we also presented a number of important reinforcements to the management of Thunderful Games.

Kathrin Strangfeld joins as VP of Business Management, and most recently comes from many years at Sony PlayStation. She is responsible for the operational activities within Games, as well as for developing the processes, strategies and structures required for the segment's continued growth and success.

Eddie Beardsmore joins as VP of Studios, and is responsible for all of Thunderful's development studios. He most recently comes from the position as COO at our subsidiary Coatsink.

Tom Beardsmore joins as VP of Strategy & Business, and is responsible for driving the company's strategy forward and establishing as strong partnerships as possible. He most recently comes from the position as CEO at our subsidiary Coatsink.

Dieter Schoeller continues as VP of Publishing, and is responsible for publishing our broad portfolio of internally and externally developed game titles.

Callum Underwood joins as VP of Investment. He brings his experience of investing in game projects from Robot Teddy, which he also continues to run.

Anders Maiqvist will leave his position as CFO to instead focus on our upcoming acquisitions. He will continue in his current role until we have found and installed a new CFO. We thank Anders for a very good job so far, and look forward to a strong commitment to future company acquisitions.

After the end of the quarter:

- We have signed an additional agreement with Meta for new development projects.
- We have extended our agreement with Nintendo. The new contract runs for two years, from April 1 2022 until March 31 2024, and contains no material changes from the existing agreement, which also has been in effect for two years.
- We have secured a confirmed credit facility of 55 MEUR for new acquisitions and investments within the Games segment.
- Coatsink is now working on a launch title for PSVR2, PlayStation's next-generation VR console.

2020 and 2021 may go down in history as the years we lost to the pandemic. Be that as it may. At Thunderful, in recent years we have worked hard to build an organization and a business on a vision that will stand the test of time, and the future is already here. I am convinced that we are in a great position for a very exciting 2022 – the year when the world makes a comeback.

GÖTEBORG, FEBRUARY 2022
BRJANN SIGURGEIRSSON, CEO



Kathrin Strangfeld
VP of Business Management



Eddie Beardsmore
VP of Studios



Tom Beardsmore
VP of Strategy & Business



Dieter Schoeller
VP of Publishing



Callum Underwood
VP of Investment



ABOUT THUNDERFUL GROUP

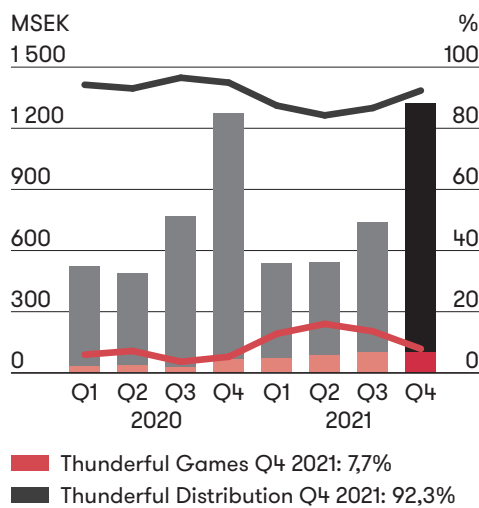
Thunderful Group is a group of companies active in the development and publishing of games as well as the distribution of Nintendo products, games, game accessories, toys and other products.

Thunderful Group was founded in late 2019 after a restructuring of the company groups Bergsala and Thunderful. With its head office in Gothenburg, Thunderful Group covers the entire gaming industry value chain through its Thunderful Games and Thunderful Distribution segments. The Group consists of over 20 subsidiaries and has more than 400 employees in Europe.

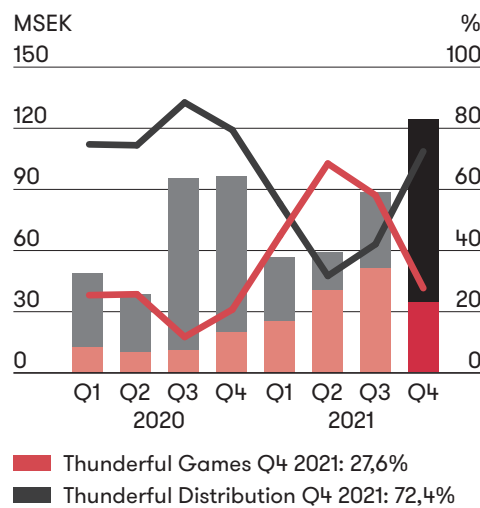


Thunderful Group

NET REVENUE, Q1 2020-Q4 2021



ADJUSTED EBITA, Q1 2020-Q4 2021



MISSION

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

VISION

To be a leader in a world where everyone can play





FINANCIAL DEVELOPMENT OF THE GROUP

QUARTER OCTOBER–DECEMBER

NET REVENUE

The Group's net revenue for the fourth quarter amounted to 1,322.6 MSEK (1,273.0 MSEK), corresponding to an increase of 3.9%. The drivers underlying this are described in the section for each business segment.

Business segments

Net revenue increased 57.2% to 101.7 MSEK (64.7) in the Games segment and 1.0% to 1,220.9 MSEK (1,208.3) in the Distribution segment.

MSEK	Quarter		Period	
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Thunderful Games	101.7	64.7	354.0	156.2
Thunderful Distribution	1,220.9	1,208.3	2,786.8	2,891.6
- of which, Bergsala	632.4	737.2	1,308.3	1,708.4
- of which, Nordic Game Supply	395.7	329.9	984.9	704.6
- of which, Amo Toys	192.8	141.2	493.6	478.6
Other	0.0	0.0	0.0	0.0
Net revenue	1,322.6	1,273.0	3,140.8	3,047.8

Thunderful Games reported organic growth of 8.6 MSEK. The companies acquired in the last 12 months contributed growth of 28.4 MSEK to net revenue.

MSEK	Games		Distribution	
	Oct-Dec 2021	Jan-Dec 2021	Oct-Dec 2021	Jan-Dec 2021
Net revenue growth, %	57.2	126.6	1.0	-3.6
- of which, organic (%)	13.3	-4.8	1.0	-3.6
- of which, acquired (%)	43.9	-131.4	0.0	0.0

In the Distribution segment, net revenue decreased -14.2% to 632.4 MSEK (737.2) in Bergsala, increased 19.9% to 395.7 MSEK (329.9) in Nordic Game Supply and increased 36.5% to 192.8 MSEK (141.2) in Amo Toys.

Bergsala experienced hardware delivery interruptions during the quarter, and the increase for Nordic Game Supply was driven by high demand for products from the brand Razer. For Amo Toys, the increase was driven primarily by certain products that were to be sold in the third quarter being pushed back to the fourth quarter. This was due to delays in repatriating shipping containers from China.

GROSS PROFIT

Gross profit during the fourth quarter amounted to 371.1 MSEK (283.3 MSEK), corresponding to an increase of 31.0 percent and a gross margin of 26.8 percent (22.0). This profit trend was attributable to significantly increased net revenue in the Games segment, with a significantly higher gross margin than in the Distribution segment, while net revenue in the Distribution segment only increased marginally.





OPERATING EXPENSES

Costs for goods for resale and royalties increased 1.0% to -1,015.6 MSEK (-1,005.1).

Other external expenses increased 6.6% to -141.0 MSEK (-132.3). Of the total expense increase of -8.7 MSEK, -10.4 MSEK was from increased warehouse and distribution shipping costs in Amo Toys and NGS and -4.8 MSEK from acquired companies. Other external expenses decreased for marketing costs and nonrecurring costs, presented in the table below. Nonrecurring costs for the quarter pertained to acquisition-related overhead costs from the acquisition of Robot Teddy Ltd and Early Morning Studio AB totalling -6.7 MSEK and other nonrecurring costs for the Thunderful World event totalling -7.7 MSEK.

Personnel expenses increased 51.9% to -77.6 MSEK (-51.1). 99.3% of the cost increase was attributable to the Games segment, in which several acquisitions have been completed and where the management team has been strengthened during the year. The total number of employees at the end of the quarter was 408 (334).

Depreciation and amortisation rose 117.3% to -42.8 MSEK (-19.7). The most important driving factors were depreciation and amortisation related to purchase price allocations (PPA), which increased -5.6 MSEK, as well as increased depreciation and amortisation attributable to licences for publishing, which was reclassified from a prepaid game project in the first quarter of 2021 to an intangible asset in this report.

MSEK	Quarter		Period	
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Costs for goods for resale and royalties	-1,015.6	-1,005.1	-2,317.5	-2,389.1
Other external expenses	-141.0	-132.3	-328.1	-264.1
- of which, marketing costs	-61.4	-67.6	-128.5	-123.8
- of which, acquisition-related nonrecurring costs	-6.7	-14.7	-10.3	-14.7
- of which, other nonrecurring costs	-7.7	0.0	-10.4	0.0
Personnel expenses	-77.6	-51.1	-238.7	-140.1
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-42.8	-19.7	-127.0	-61.8
- of which, PPA-related depreciation and amortisation	-19.5	-13.9	-69.3	-41.8
Other operating expenses	-26.0	-12.4	-53.7	-12.4
Total operating expenses	-1,303.0	-1,220.6	-3,065.0	-2,867.5

The Group applies the following amortisation principles for its game development and for licences for publishing:

Amortisation of finished game-development projects and launched publishing projects – degressive amortisation over two years; 1/3 amortisation during months 1 to 3 following release, 1/3 amortisation in months 4 to 12 following release and the remaining 1/3 in months 13 to 24 following release.

ADJUSTED OPERATING PROFIT, EBITDA

Adjusted operating profit before depreciation, amortisation and impairment of intangible assets and property, plant and equipment (EBITDA) during the quarter amounted to 140.9 MSEK (102.2), corresponding to an adjusted EBITDA margin of 10.2% (7.9). Adjusted EBITDA was adjusted for acquisition-related nonrecurring items of -6.7 MSEK (-14.7) and nonrecurring costs for the Thunderful World event totalling -7.7 MSEK (0.0).

Business segments

Adjusted EBITDA for the Games segment amounted to 51.7 MSEK (23.9) for the quarter, corresponding to an adjusted EBITDA margin of 39.6% (31.8).

Adjusted EBITDA for the Distribution segment totalled 96.1 MSEK (76.9) for the quarter, corresponding to an adjusted EBITDA margin of 7.7% (6.3).

MSEK	Quarter		Period	
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Thunderful Games	51.7	23.9	185.2	67.2
Thunderful Distribution	96.1	76.9	188.5	233.4
Other	-6.9	1.4	-17.2	-9.2
Adjusted EBITDA	140.9	102.2	356.5	291.4
Adjusted nonrecurring items (Games segment)	-7.7	0.0	-8.4	0.0
Adjusted nonrecurring items (Distribution segment)	0.0	0.0	-2.0	0.0
Adjusted nonrecurring items (Other segment)	-6.7	-14.7	-10.3	-14.7
EBITDA	126.5	87.5	335.8	276.7
Adjusted EBITDA margin				
Thunderful Games, %	39.6	31.8	44.3	36.5
Thunderful Distribution, %	7.7	6.3	6.6	8.1
Thunderful Group, %	10.2	7.9	10.9	9.5





ADJUSTED OPERATING PROFIT, EBITA

Adjusted operating profit before acquisition-related depreciation and amortisation (EBITA) amounted to 117.6 MSEK (96.4) for the quarter, corresponding to an adjusted EBITA margin of 8.5% (7.5). Adjusted EBITA was adjusted for acquisition-related nonrecurring items of -6.7 MSEK (-14.7) and the Thunderful World event totalling -7.7 MSEK (0.0).

Business segments

Adjusted EBITA for the Games segment amounted to 32.5 MSEK (19.8) for the quarter, corresponding to an adjusted EBITA margin of 24.9% (26.3).

Adjusted EBITA for the Distribution segment totalled 92.1 MSEK (76.5) for the quarter, corresponding to an adjusted EBITA margin of 7.3% (6.3).

MSEK	Quarter		Period	
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Thunderful Games	32.5	19.8	139.7	53.1
Thunderful Distribution	92.1	76.5	176.6	227.6
Other	-7.0	0.1	-17.5	-9.2
Adjusted EBITA	117.6	96.4	298.8	271.5
Adjusted nonrecurring items (Games segment)	-7.7	0.0	-8.4	0.0
Adjusted nonrecurring items (Distribution segment)	0.0	0.0	-2.0	0.0
Adjusted nonrecurring items (Other segment)	-6.7	-14.7	-10.3	-14.7
EBITA	103.2	81.7	278.1	256.8
Adjusted EBITA margin				
Thunderful Games, %	24.9	26.3	33.4	28.8
Thunderful Distribution, %	7.3	6.3	6.2	7.9
Thunderful Group, %	8.5	7.5	9.1	8.8

OPERATING PROFIT, EBIT

Operating profit during the quarter amounted to 83.7 MSEK (67.8), corresponding to an operating margin of 6.0% (5.3). Operating profit includes acquisition-related nonrecurring items of -6.7 MSEK (-0.0) and nonrecurring costs for the Thunderful World event totalling -7.7 MSEK (0.0).

Business segments

Operating profit in the Games segment amounted to 14.6 MSEK (15.2) for the quarter, corresponding to an operating margin of 11.2% (20.2).

Operating profit in the Distribution segment amounted to 82.6 MSEK (67.2) for the quarter, corresponding to an operating margin of 6.6% (5.5).

MSEK	Quarter		Period	
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Thunderful Games	14.6	15.2	99.2	48.5
Thunderful Distribution	82.6	67.2	137.4	190.4
Other	-13.5	-14.6	-27.8	-24.0
Operating profit	83.7	67.8	208.8	214.9
Operating margin				
Thunderful Games, %	11.2	20.2	23.7	26.3
Thunderful Distribution, %	6.6	5.5	4.8	6.6
Thunderful Group, %	6.0	5.3	6.4	7.0

FINANCIAL NET

Financial net amounted to -20.0 MSEK (-18.8). Of the total financial net, -17.7 MSEK comprises the net of exchange gains and exchange losses.

PROFIT FOR THE PERIOD

Profit for the period amounted to 50.0 MSEK (34.6), corresponding to a net profit margin of 3.6% (2.7).

OTHER COMPREHENSIVE INCOME

Other comprehensive income during the quarter was impacted by currency translation differences in foreign operations and totalled 30.0 MSEK (0.0).



PERIOD JANUARY–DECEMBER

NET REVENUE

The Group's net revenue for the full year amounted to 3,140.8 MSEK (3,047.8), corresponding to an increase of 3.1%. The drivers underlying this increase in net revenue are described in the section for each business segment.

Business segments

Net revenue increased 126.6% to 354.0 MSEK (156.2) in the Games segment and decreased -3.6% to 2,786.8 MSEK (2,891.6) in the Distribution segment.

MSEK	Quarter		Period	
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Thunderful Games	101.7	64.7	354.0	156.2
Thunderful Distribution	1,220.9	1,208.3	2,786.8	2,891.6
- of which, Bergsala	632.4	737.2	1,308.3	1,708.4
- of which, Nordic Game Supply	395.7	329.9	984.9	704.6
- of which, Amo Toys	192.8	141.2	493.6	478.6
Other	0.0	0.0	0.0	0.0
Net revenue	1,322.6	1,273.0	3,140.8	3,047.8

In the Distribution segment, net revenue decreased -23.4% to 1,308.3 MSEK (1,708.4) in Bergsala, increased 39.8% to 984.9 MSEK (704.6) in Nordic Game Supply and increased 3.1% to 493.6 MSEK (478.6) in Amo Toys.

Bergsala experienced hardware delivery interruptions and had fewer major releases than in the comparative period. Net revenue in the comparative period was driven by the global success of Animal Crossing: New Horizons and the high availability of hardware.

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

Thunderful Games reported negative organic growth of -7.5 MSEK. The companies acquired in the last 12 months contributed growth of 205.3 MSEK to net revenue for the period. The launch of three major internally developed games, two of which were released in the fourth quarter and one at the end of the third quarter, led to negative organic growth.

MSEK	Games		Distribution	
	Oct-Dec 2021	Jan-Dec 2021	Oct-Dec 2021	Jan-Dec 2021
Net revenue growth, %	57.2	126.6	1.0	-3.6
- of which, organic (%)	13.3	-4.8	1.0	-3.6
- of which, acquired (%)	43.9	-131.4	0.0	0.0
- of which, Amo Toys	192.8	141.2	493.6	478.6

GROSS PROFIT

Gross profit for the full year amounted to 956.3 MSEK (693.2 MSEK), corresponding to an increase of 38.0 percent and a gross margin of 29.2 percent (22.5). This profit trend was attributable to increased net revenue in the Games segment, with a significantly higher gross margin than in the Distribution segment, while net revenue in the Distribution segment declined.

OPERATING EXPENSES

Costs for goods for resale and royalties decreased -3.0% to -2,317.5 MSEK (-2,389.1).

Other external expenses increased 24.2% to -328.1 MSEK (-264.1). Of the total increase in expenses of -64.0 MSEK, -4.7 MSEK was attributable to increased marketing costs and -6.0 MSEK to non-recurring costs. Other external expenses from acquired companies amounted to -11.1 MSEK.

Personnel expenses increased 70.4% to -238.7 MSEK (140.1). 92.0% of the cost increase was attributable to the Games segment, in which several acquisitions have been completed and where the management team has been strengthened during the year. The total number of employees at the end of the period was 408 (334).

Depreciation and amortisation rose 105.5% to -127.0 MSEK (-61.8). The most important driving factors were PPA-related depreciation and amortisation, primarily pertaining to the acquisition of Coatsink Software Ltd, which increased -27.5 MSEK, as well as increased depreciation and amortisation attributable to licences for publishing, which was reclassified from a prepaid game project in the first quarter of 2021 to an intangible asset in this report.

MSEK	Quarter		Period	
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Costs for goods for resale and royalties	-1,015.6	-1,005.1	-2,317.5	-2,389.1
Other external expenses	-141.0	-132.3	-328.1	-264.1
- of which, marketing costs	-61.4	-67.6	-128.5	-123.8
- of which, acquisition-related nonrecurring costs	-6.7	-14.7	-10.3	-14.7
- of which, other nonrecurring costs	-7.7	0.0	-10.4	0.0
Personnel expenses	-77.6	-51.1	-238.7	-140.1
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-42.8	-19.7	-127.0	-61.8
- of which, PPA-related depreciation and amortisation	-19.5	-13.9	-69.3	-41.8
Other operating expenses	-26.0	-12.4	-53.7	-12.4
Total operating expenses	-1,303.0	-1,220.6	-3,065.0	-2,867.5

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



ADJUSTED OPERATING PROFIT, EBITDA

Adjusted operating profit before depreciation, amortisation and impairment of intangible assets and property, plant and equipment (EBITDA) for the full year amounted to 356.5 MSEK (291.4), corresponding to an adjusted EBITDA margin of 10.9% (9.5). Adjusted EBITDA was adjusted for total nonrecurring items of -20.7 MSEK (-14.7), of which -10.3 MSEK was attributable to acquisition-related nonrecurring costs, -0.7 MSEK to the sale of a property in the Games segment, -7.7 MSEK to the Thunderful World event in Games and -2.0 MSEK to expenses for a warehouse move in Nordic Game Supply.

Business segments

Adjusted EBITDA for the Games segment amounted to 185.2 MSEK (67.2) for the full year, corresponding to an adjusted EBITDA margin of 44.3% (36.5).

Adjusted EBITDA for the Distribution segment amounted to 188.5 MSEK (233.4) for the full year, corresponding to an adjusted EBITDA margin of 6.6% (8.1).

MSEK	Quarter		Period	
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Thunderful Games	51.7	23.9	185.2	67.2
Thunderful Distribution	96.1	76.9	188.5	233.4
Other	-6.9	1.4	-17.2	-9.2
Adjusted EBITDA	140.9	102.2	356.5	291.4
Adjusted nonrecurring items (Games segment)	-7.7	0.0	-8.4	0.0
Adjusted nonrecurring items (Distribution segment)	0.0	0.0	-2.0	0.0
Adjusted nonrecurring items (Other segment)	-6.7	-14.7	-10.3	-14.7
EBITDA	126.5	87.5	335.8	276.7
Adjusted EBITA margin				
Thunderful Games, %	39.6	31.8	44.3	36.5
Thunderful Distribution, %	7.7	6.3	6.6	8.1
Thunderful Group, %	10.2	7.9	10.9	9.5

ADJUSTED OPERATING PROFIT, EBITA

Adjusted operating profit before acquisition-related depreciation and amortisation (EBITA) amounted to 298.8 MSEK (271.5) for the full year, corresponding to an adjusted EBITA margin of 9.1% (8.8). Adjusted EBITA was adjusted for total nonrecurring items of -20.7 MSEK (-14.7), of which -10.3 MSEK was attributable to acquisition-related nonrecurring costs, -0.7 MSEK to the sale of a property in the Games segment, -7.7 MSEK to the Thunderful World event in Games and -2.0 MSEK to expenses for a warehouse move in Nordic Game Supply.

Business segments

Adjusted EBITA for the Games segment amounted to 139.7 MSEK (53.1) for the full year, corresponding to an adjusted EBITA margin of 33.4% (28.8).

Adjusted EBITA for the Distribution segment amounted to 176.6 MSEK (227.6) for the full year, corresponding to an adjusted EBITA margin of 6.2% (7.9).

MSEK	Quarter		Period	
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Thunderful Games	32.5	19.8	139.7	53.1
Thunderful Distribution	92.1	76.5	176.6	227.6
Other	-7.0	0.1	-17.5	-9.2
Adjusted EBITA	117.6	96.4	298.8	271.5
Adjusted nonrecurring items (Games segment)	-7.7	0.0	-8.4	0.0
Adjusted nonrecurring items (Distribution segment)	0.0	0.0	-2.0	0.0
Adjusted nonrecurring items (Other segment)	-6.7	-14.7	-10.3	-14.7
EBITA	103.2	81.7	278.1	256.8
Adjusted EBITA margin				
Thunderful Games, %	24.9	26.3	33.4	28.8
Thunderful Distribution, %	7.3	6.3	6.2	7.9
Thunderful Group, %	8.5	7.5	9.1	8.8





OPERATING PROFIT, EBIT

Operating profit for the full year amounted to 208.8 MSEK (214.9), corresponding to an operating margin of 6.4% (7.0). Operating profit includes total nonrecurring items of -20.7 MSEK (-14.7), of which -10.3 MSEK was attributable to acquisition-related nonrecurring costs, -0.7 MSEK to the sale of a property in the Games segment, -7.7 MSEK to the Thunderful World event in Games and -2.0 MSEK to expenses for a warehouse move in Nordic Game Supply.

Business segments

Operating profit in the Games segment amounted to 99.2 MSEK (48.5) for the full year, corresponding to an operating margin of 23.7% (26.3).

Operating profit in the Distribution segment amounted to 137.4 MSEK (190.4) for the full year, corresponding to an operating margin of 4.8% (6.6).

MSEK	Quarter		Period	
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Thunderful Games	14.6	15.2	99.2	48.5
Thunderful Distribution	82.6	67.2	137.4	190.4
Other	-13.5	-14.6	-27.8	-24.0
Operating profit	83.7	67.8	208.8	214.9
Operating margin				
Thunderful Games, %	11.2	20.2	23.7	26.3
Thunderful Distribution, %	6.6	5.5	4.8	6.6
Thunderful Group, %	6.0	5.3	6.4	7.0

FINANCIAL NET

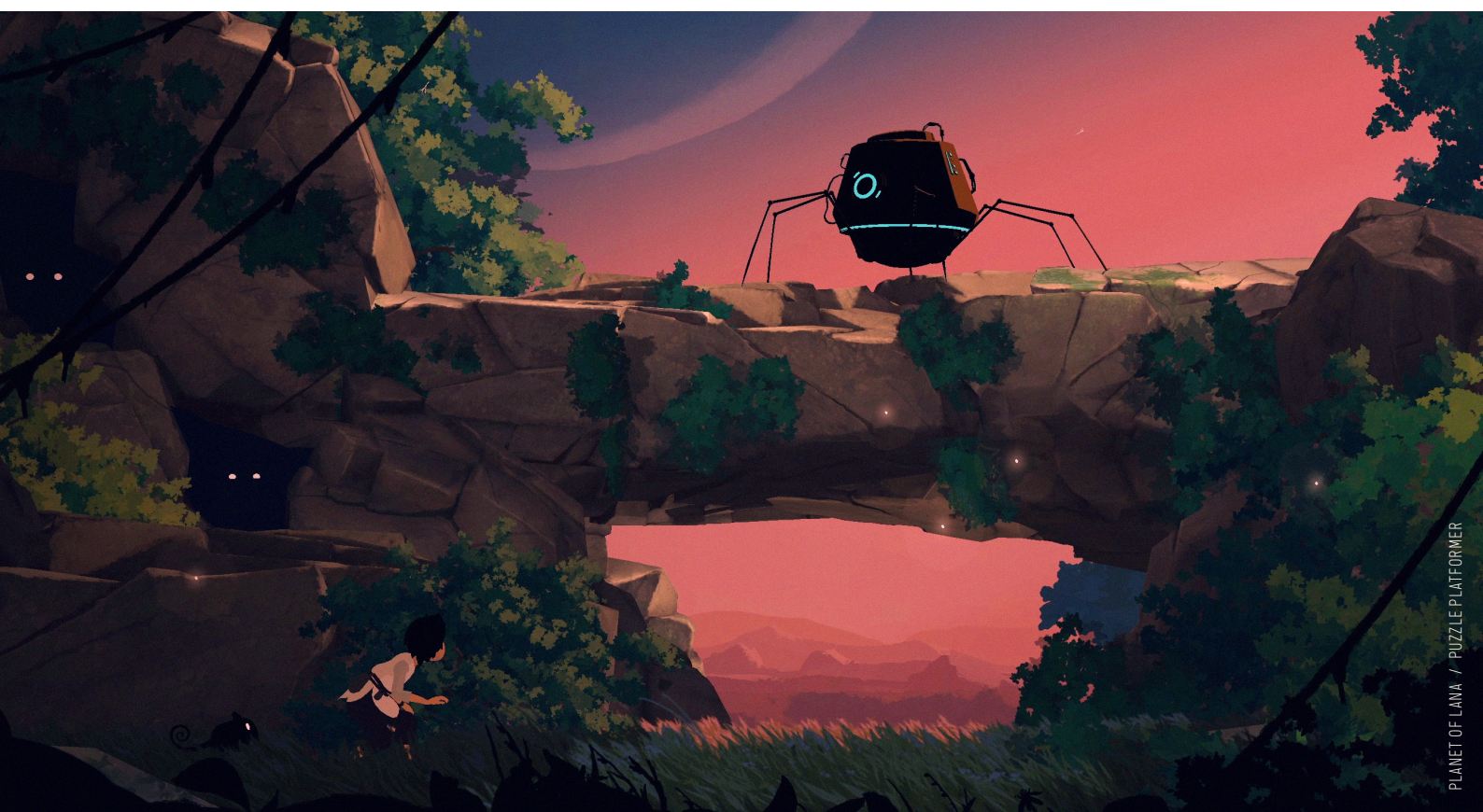
Financial net amounted to -39.9 MSEK (-41.4). Of the total financial net, -33.8 MSEK comprised the net of exchange gains and exchange losses.

PROFIT FOR THE PERIOD

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

OTHER COMPREHENSIVE INCOME

Other comprehensive income for the full year was impacted by currency translation differences in foreign operations and totalled 79.0 MSEK (0.0).





FINANCIAL POSITION

FINANCIAL POSITION AND LIQUIDITY

The Group's total assets on 31 December 2021 amounted to 3,619.7 MSEK, compared with 2,542.1 MSEK on 31 December 2020.

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

The Group's equity on 31 December 2021 amounted to 1,799.9 MSEK, compared with 1,488.8 MSEK on 31 December 2020.

Thunderful Group has after the end of the quarter entered into a confirmed credit facility of 55 MEUR with Danske Bank. The facility replaced the existing overdraft facility of 32.5 MEUR and will be used for acquisitions and investments in the Games segment and for general corporate purposes.

SEASONAL VARIATIONS

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

CASH FLOW AND INVESTMENTS

Cash flow from operating activities amounted to 18.6 MSEK (-165.4) for the fourth quarter and to -64.9 MSEK (-88.6) for the full year.

Cash flow from investing activities amounted to -193.7 MSEK (-126.0) for the fourth quarter and to -316.8 MSEK (-155.6) for the full year.

Cash flow from financing activities amounted to 113.4 MSEK (480.4) for the fourth quarter and to 134.4 MSEK (509.0) for the full year.

The total cash flow for the fourth quarter amounted to -61.7 MSEK (268.1) and to -247.3 MSEK (264.7) for the full year.

Operating cash flow during the fourth quarter amounted to -395.1 MSEK (-117.0), corresponding to a cash conversion of -280% (-87).

Operating cash flow for the fourth quarter included capex of -193.7 MSEK. For the full year, operating cash flow amounted to -302.6 MSEK (10.0), corresponding to a cash conversion of -85% (3).

MSEK	Quarter		Period	
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Development capex	25.1	1.4	59.6	20.2
Publishing licenses capex	33.0	N/A	45.1	N/A
Acquisition capex	131.7	123.4	188.9	123.4
Other capex	3.9	1.2	23.2	12.0
Total investments	193.7	126.0	316.8	155.6

Investments in internal game development during the fourth quarter amounted to 25.1 MSEK (2.6) and investments in publishing licences amounted to 33.0 MSEK (N/A). Investments in internal game development for the full year amounted to 59.6 MSEK (20.2) and investments in publishing licences amounted to 45.1 MSEK (N/A).

Acquisition investments amounted to 131.7 MSEK (123.4) during the fourth quarter and to 188.9 MSEK (123.4) for the full year.

Other investments amounted to 3.9 MSEK (1.2) during the fourth quarter and to 23.2 MSEK (12.0) for the full year.

Total investments thus amounted to 193.7 MSEK (126.0) in the fourth quarter and to 316.8 MSEK (155.6) for the full year.

PARENT COMPANY

Net revenue in the Parent Company during the fourth quarter amounted to 1.8 MSEK (5.0), operating loss to -9.8 MSEK (profit: 0.3) and profit for the period to 9.6 MSEK (72.4).

Net revenue in the Parent Company for the full year amounted to 6.0 MSEK (10.1), operating loss to -21.5 MSEK (-7.1) and profit for the period to 14.4 MSEK (64.0).

The Parent Company's revenue comprises intra-Group services.



OPERATIONAL OVERVIEW BY SEGMENT

THUNDERFUL GAMES

Thunderful Games develops, publishes and invests in game projects. The business segment consists of three divisions:

- Thunderful Studios, with game development teams from previously independent game studios including Image & Form, Zoink, The Station and Coatsink. The game development strategy is based on in-house developed, high-quality and rich content games for PC, consoles and mobile.
- Thunderful Publishing, with publishing teams in several European countries who have been integrated into a joint organization and conduct publishing operations under one and the same brand. The division publishes games that are developed both inside and outside of the Group.
- Thunderful Investment, with an emphasis on investing in external game-development projects. The aim is to broaden the admission area for good games and game studios and offer synergies in the form of development support, publishing services and acquisitions.

COMMENTS ON EVENTS DURING THE QUARTER

On 27 October 2021, Thunderful Group AB acquired all of the shares in Robot Teddy Ltd, based in Newcastle, the UK. The initial cash consideration was 7.0 MGBP on a cash- and debt-free basis and the sellers also received 3.0 MGBP to reinvest in Thunderful Group through a private placement of 575,338 new shares. In addition to the initial consideration additional earn-out components capped at 12.0 MGBP may be paid out with a maximum of 4.0 MGBP in newly issued shares and the additional amount to be paid in cash. The total maximum consideration for the acquisition is therefore 22.0 MGBP (on a cash and debt free basis).

On 16 November 2021, Thunderful Group acquired all of the shares in Early Morning Studio AB, based in Stockholm, Sweden. The initial consideration was 80.0 MSEK on a cash- and debt-free basis, whereof 45.0 MSEK was paid in cash and 35.0 MSEK was paid through off-setting newly issued shares in Thunderful Group. In addition to the initial consideration an additional earn-out component capped at 270.0 MSEK can be paid, making the maximum consideration 350.0 MSEK on a cash- and debt-free basis.

THUNDERFUL DISTRIBUTION

Thunderful Distribution, with operations in distribution and sale of, among other items, 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 Nordic Game Supply and Amo Toys include Rockstar, 2K Games, Razer, Thrustmaster, PowerA, Hori, L.O.L., BabyBorn, Little Tikes, GeoMag and Intex.

COMMENTS ON EVENTS DURING THE QUARTER

No significant events during the quarter.





GAMES RELEASED DURING AND AFTER THE FOURTH QUARTER OF 2021

During the fourth quarter of 2021, the Group released eight games. Two of these are from the Group's own studios and six are from external studios through the Group's publishing activities.

After the end of the quarter but before the publication of this report, one more game was released. This game was developed by an external studio through the Group's publishing operations.

GAMES RELEASED DURING THE FOURTH QUARTER OF 2021

Game description				Platforms					
Title	Release	Publisher	Genre	Studio	PC	Console	Mobile	VR	Streaming
Silver Chains	20 Oct 2021	Headup	Horror	Ⓔ	●	●	○	○	○
Moonglow Bay	26 Oct 2021	Coatsink	RPG	Ⓔ	○	●	○	○	○
Pumpkin Jack	27 Oct 2021	Headup	Platformer	Ⓔ	○	●	○	○	○
Pixel Heroes Megabyte & Magic	5 Nov 2021	Headup	RPG	Ⓔ	○	●	○	○	○
Wavetale (Stadia)	10 Nov 2021	Thunderful	Action Adventure	Ⓘ	○	○	○	○	●
White Shadows	7 Dec 2021	Thunderful	Puzzle Platformer	Ⓔ	●	●	○	○	○
Firegirl	14 Dec 2021	Thunderful	Roguelike Platformer	Ⓔ	●	○	○	○	○
The Gunk	16 Dec 2021	Thunderful	Action Adventure	Ⓘ	●	●	○	○	○

GAMES RELEASED AFTER THE QUARTER BUT BEFORE THE PUBLICATION OF THIS INTERIM REPORT

Aerial Knight's Never Yield	15 Feb 2022	Headup	Runner	Ⓔ	○	○	●	○	○
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Advertised game name "Non-advertised game name" Ⓘ Internal studio Ⓔ External studio ● Released ● Under development ○ N/A





ONGOING DEVELOPMENT AND UPCOMING RELEASES



As of 31 December 2021, the Group has announced 17 ongoing internal game-development projects (see below). For updated information on release dates, please refer to the publishers mentioned below or Thunderful Group's website.

Game description				Platforms					
Title	Release	Publisher	Genre	Own IP	PC	Console	Mobile	VR	Streaming
The Gunk	2022, 1H	Thunderful	Action Adventure	✓	●	○	○	○	○
Vendir: Plague of Lies	2022, 1H	EMS	CRPG	✓	●	●	●	○	○
Wavetale	2022, 1H	Thunderful	Action Adventure	✓	●	●	○	○	○
Shadow Point	2022, 1H	Coatsink	Puzzle Adventure	✓	○	○	○	●	○
"Strawberry (a SteamWorld IP game)"	2022, 1H	Thunderful	Puzzle	✓	○	○	●	○	○
"Jaffa (a Jurassic World IP game)"	2022, 1H	Coatsink	Survival Horror	✗	●	○	●	○	○
Tinkertown	2022, 2H	Headup	Sandbox	✓	●	●	○	○	○
"Cicada"	2022, 2H	Coatsink	Adventure / Survival	✓	●	●	○	○	○
"Salted Caramel"	2022, 2H	Coatsink	Sports Action	✓	○	○	○	●	○
"Coffee (a SteamWorld IP Game)"	2022, 2H	Thunderful	Citybuilder	✓	●	●	○	○	○
SteamWorld Headhunter	2023	Thunderful	3rd Person Action	✓	●	●	○	○	○
"Chocolate"	2023	Coatsink	Sandbox Adventure	✗	●	○	○	○	○
"Caramel (a SteamWorld IP Game)"	2023	Thunderful	Turn-based tactical Shooter / Strategy	✓	●	●	○	○	○
"Date"	2023	Coatsink	VR Co-op survival	✓	○	○	○	●	○
"Mango"	2023	Thunderful	Roguelike Action	✓	●	●	○	○	○
"Vanilla"	2024	Thunderful	Horror Stealth	✓	●	●	○	○	○
"Lemon"	2024	To The Sky	3rd Person Action Adventure	✓	●	●	○	○	○

Advertised game name "Non-advertised game name" ✓ Yes ✗ No ● Released ● Under development ○ N/A



ANNOUNCED RELEASES OF INTERNALLY DEVELOPED THUNDERFUL GAMES

In addition to internal development, the Group has 31 game titles that are being developed by third parties and are intended to be published by one of the Group's publishing companies.

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

Advertised game name "Non-advertised game name" ● Launched ● Under development ○ N/A



OTHER INFORMATION

ORGANIZATION

As of 31 December 2021, the number of full-time employees was 408 (334), of whom 96 (86) women and 312 (248) men.

RELATED PARTY TRANSACTIONS

No transactions with related parties took place during the quarter.

RISK AND UNCERTAINTIES

Thunderful Group is exposed to risks, particularly the dependence on key individuals, the dependence on successful game development, the sales performance of released games, the dependence on a few distributors, and the success and performance of acquisitions. The complete risk analysis is found on pages 31–32 of the Group's 2020 Annual Report, published on the company's website.

ACCOUNTING POLICIES

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. For the Parent Company, the Swedish Financial Reporting Board's Recommendation RFR 2 Financial Reporting for Legal Entities has been applied in the preparation of this interim report. The accounting policies and basis of calculation correspond to the policies applies in the company's most recent annual report, except for the fact that "Prepaid game projects" have been reclassified to "Intangible assets" as "Publishing licenses." This reclassification means that the expensing of projects after game release is now recognised according to the same policy, but will be recognised in the future as "Depreciation and amortisation" rather than "Purchased games-development services." IAS 8 has been observed, but the comparative period has not been restated since this has not entailed any material difference and has not impacted EBIT. For financial assets and liabilities, carrying amount is deemed to be a good approximation of fair value. Financial instruments measured at fair value comprise liabilities for earn-outs. These are measured at fair value through profit or loss. Measurement is based on other observable data for the asset or liability, meaning Level 3 according to IFRS. No reclassification has been carried out between the different levels during the period.

For further information on the Group's accounting policies, refer to the 2020 Annual Report, which is published on the company's website.

DIVIDEND

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

EVENTS DURING THE QUARTER

On 27 October 2021, Thunderful Group AB acquired all of the shares in Robot Teddy Ltd, based in Newcastle, the UK. The initial cash consideration was 7.0 MGBP on a cash- and debt-free basis and the sellers also received 3.0 MGBP to reinvest in Thunderful Group through a private placement of 575,338 new shares. In addition to the initial consideration additional earn-out components capped at 12.0 MGBP may be paid out with a maximum of 4.0 MGBP in newly issued shares and the additional amount to be paid in cash. The total maximum consideration for the acquisition is therefore 22.0 MGBP (on a cash and debt free basis).

On 16 November 2021, Thunderful Group acquired all of the shares in Early Morning Studio AB, based in Stockholm, Sweden. The initial consideration was 80.0 MSEK on a cash- and debt-free basis, whereof 45.0 MSEK was paid in cash and 35.0 MSEK was paid through off-setting newly issued shares in Thunderful Group. In addition to the initial consideration an additional earn-out component capped at 270.0 MSEK can be paid, making the maximum consideration 350.0 MSEK on a cash- and debt-free basis.

EVENTS AFTER THE END OF THE QUARTER

- Bergsala AB extended the distribution agreement with Nintendo of Europe GmbH. The new agreement applies until 31 March 2024 and has essentially the same terms and conditions as the current agreement.
- Thunderful Group has entered into a confirmed credit facility of 55 MEUR with Danske Bank. The facility replaced the existing overdraft facility of 32.5 MEUR and will be used for acquisitions and investments in the Games segment and for general corporate purposes.
- Thunderful Group AB's CFO Anders Maiqvist decided to step down from his position as CFO. Maiqvist will remain in his position as CFO until a successor has been appointed, and will therefore help Thunderful with the company's acquisition processes on a consultancy basis.

AUDITORS' REVIEW

This report has not been subject to review by the Group's auditors.



THE SHARE



The number of shares in Thunderful Group on 31 December 2021 was 70,214,602, corresponding to share capital of 702,146.02 SEK. The largest shareholders are Bergsala Holding AB with 24.4%, Swedbank Robur Fonder with 8.2%, Brjann Sigurgeirsson with 6.2% and Klaus Lyngeled with 6.1%.

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

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SIGNATURES AND ASSURANCE

The Board of Directors and the CEO offer their assurance that this interim report gives a true and fair view of the Group's and Parent Company's operations, financial position and results of operations and describes the significant risks and uncertainties facing the Group and the Parent Company.

Gothenburg, 17 February 2022

Mats Lönnqvist, Chairman of the Board

Tomas Franzén, Board member

Owe Bergsten, Board member

Cecilia Ogvall, Board member

Oskar Burman, Board member

Brjann Sigurgeirsson, CEO

This information is of a nature that Thunderful Group AB is obligated to publish under the EU's Market Abuse Regulation. It was submitted for publication through the agency of the contact persons set out below at 7:30 a.m. CET on 17 February 2022.

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GROUP INCOME STATEMENT

MSEK	Quarter		Period	
	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020*
Net revenue	1,322.6	1,273.0	3,140.8	3,047.8
Capitalised work on own account	25.1	1.4	57.1	20.2
Other operating income	39.0	14.0	75.9	14.3
Operating income	1,386.7	1,288.3	3,273.8	3,082.3
Operating expenses				
Goods for resale (Distribution)	-1,004.1	-998.9	-2,268.4	-2,361.9
Purchased games-development services (Games)	-11.5	-6.2	-49.1	-27.2
Other external expenses	-141.0	-132.3	-328.1	-264.1
Personnel expenses	-77.6	-51.1	-238.7	-140.1
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-42.8	-19.7	-127.0	-61.8
Other operating expenses	-26.0	-12.4	-53.7	-12.4
Total operating expenses	-1,303.0	-1,220.6	-3,065.0	-2,867.5
Operating profit	83.7	67.8	208.8	214.8
Profit/loss from financial items				
Total financial items	-20.0	-18.8	-39.9	-41.4
Profit after financial items	63.7	49.0	168.9	173.4
Tax on net profit for the period	-13.7	-14.4	-36.7	-36.0
Net profit for the period	50.0	34.6	132.2	137.4
Other comprehensive income				
Currency translation difference in foreign operations	30.0	0.0	79.0	0.0
Comprehensive income for the period	80.0	34.6	211.2	137.4
Net profit for the period attributable to:				
Shareholders of the Parent Company	50.0	34.6	132.2	137.4
Earnings per share before dilution, SEK	0.72	0.60	1.91	2.65
Earnings per share after dilution, SEK	0.71	0.60	1.90	2.64
Comprehensive income for the period attributable to:				
Shareholders of the Parent Company	80.0	34.6	211.2	137.4
Average number of shares	69,976,275	58,005,932	69,322,610	52,067,926

* See Note 2 Revaluation of acquisition analysis according to IFRS 3.



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GROUP BALANCE SHEET



MSEK	31 Dec 2021	31 Dec 2020*
ASSETS		
Fixed assets		
<i>Intangible assets</i>		
IT systems	3.6	3.3
Capitalised development expenditure, games	122.7	43.3
Publishing licenses	57.5	0.0
Publishing and distribution relationships	297.3	334.4
Goodwill	728.0	362.5
Game rights	296.0	138.3
Customer relationships	120.0	45.5
Other intangible assets	24.2	18.7
	1,649.2	946.0
<i>Property, plant and equipment</i>		
Right-of-use assets	114.6	19.9
Buildings and land	0.6	3.9
Equipment, tools, fixtures and fittings	14.8	4.3
	130.0	28.2
<i>Financial assets</i>		
Other securities held as non-current assets	0.1	0.1
Deferred tax assets	1.3	1.1
Other non-current receivables	7.0	3.5
	8.5	4.7
Total fixed assets	1,787.6	978.9
Current assets		
<i>Inventories, etc.</i>		
Finished goods and goods for resale	758.6	341.3
Advance payments to suppliers	5.4	150.5
	764.0	491.8
<i>Current receivables</i>		
Accounts receivable	866.6	619.4
Current tax assets	4.6	11.1
Other receivables	35.7	11.0
Prepaid game projects	0.0	31.8
Prepayments and accrued income	101.0	93.0
	1,007.9	766.3
Cash and cash equivalents	60.2	305.1
Total current assets	1,832.1	1,563.2
TOTAL ASSETS	3,619.7	2,542.1

* See Note 2 Revaluation of acquisition analysis according to IFRS 3.



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GROUP BALANCE SHEET, CONTINUED



MSEK	31 Dec 2021	31 Dec 2020*
EQUITY AND LIABILITIES		
Equity		
Share capital	0.7	0.7
Subscribed but not registered share capital	0.0	0.0
Other capital contributions	1,271.8	1,171.9
Other equity, including net profit for the year	527.4	316.2
	1,799.9	1,488.8
Provisions		
Provisions for pensions and similar obligations	0.2	0.2
Deferred tax liabilities	156.9	114.3
Other provisions	2.0	2.6
	159.1	117.0
Non-current liabilities		
Non-current earn-out consideration	355.8	209.3
Non-current lease liabilities	91.2	13.4
	447.0	222.7
Current liabilities		
Overdraft facility	270.4	0.0
Advance payments from customers	0.0	0.0
Accounts payable	588.6	422.8
Current tax liabilities	50.4	45.5
Other liabilities	97.7	82.1
Current earn-out consideration	96.6	76.4
Current lease liabilities	20.5	5.8
Accrued expenses and deferred income	89.5	80.9
	1,213.7	713.5
TOTAL EQUITY AND LIABILITIES	3,619.7	2,542.1

* See Note 2 Revaluation of acquisition analysis according to IFRS 3.



GROUP STATEMENT OF CHANGES IN EQUITY

MSEK	Share capital	Other capital contributions	Other equity, incl. net profit for the period	Total equity
Opening balance, 1 January 2021	0.7	1,171.9	316.2	1,488.8
New issues of shares, acquisition Headup GmbH	0.0	25.3	0.0	25.3
New issues of shares, acquisition Stage Clear Studios, SL	0.0	4.1	0.0	4.1
New issues of shares, acquisition Robot Teddy Ltd	0.0	35.5	0.0	35.5
New issues of shares, acquisition Early Morning Studio	0.0	35.0	0.0	35.0
Transactions with owners	0.0	99.9	0.0	99.9
Total comprehensive income for the period	0.0	0.0	211.2	211.2
Closing balance, 31 December 2021	0.7	1,271.8	527.4	1,799.9
Opening balance, 1 January 2020	0.5	294.8	222.7	518.0
New 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	-43.9	-43.9
Net profit for the year	0.0	0.0	137.4	137.4
Closing balance, 31 December 2020	0.7	1,171.9	316.2	1,488.8





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GROUP CASH FLOW STATEMENT

MSEK	Quarter		Period	
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020*
Operating activities				
Profit after financial items	63.8	48.9	168.9	173.4
Adjustment for non-cash items				
- Depreciation, amortisation and impairment	42.7	19.7	127.0	61.8
- Translation differences	16.9	0.0	31.2	-3.0
- Other adjustments	-0.6	16.5	-0.9	5.0
	122.8	85.1	326.2	237.2
Income tax paid	-5.2	-6.1	-39.2	-28.8
Cash flow from operating activities before changes in working capital	117.6	79.1	287.0	208.4
Changes in working capital				
Change in inventories and advance payments to suppliers	188.3	333.4	-268.0	-31.8
Change in accounts receivable	-475.5	-58.0	-247.2	-152.5
Change in accounts payable	161.2	-355.6	165.8	-48.9
Change in other working capital	27.0	-85.1	-2.5	-63.8
Cash flow from operating activities	18.6	-165.4	-64.9	-88.6
Investing activities				
Acquisition of subsidiaries/business (refer to Note 1, Acquisitions)	-131.7	-123.4	-188.9	-123.4
Investment in property, plant and equipment	-1.0	-1.2	-12.5	-3.4
Investment in capitalised development expenditure, games	-25.1	-1.4	-59.6	-20.2
Investment in publishing rights ¹	-33.0	N/A	-45.1	N/A
Investment in other intangible assets	-0.3	0.0	-10.5	-8.2
Investment in financial assets	-2.6	0.0	-3.6	-0.4
Sale of fixed assets	0.0	0.0	3.4	0.0
Cash flow from investing activities	-193.7	-126.0	-316.8	-155.6
Financing activities				
Change in overdraft facilities and liabilities to shareholders	118.4	-263.3	270.4	-229.3
Borrowings	0.0	0.0	0.0	0.9
Repayment of lease liabilities	-5.0	0.0	-16.9	-6.3
Repayment of earn-out liabilities	0.0	0.0	-119.1	0.0
New issues of shares	0.0	743.7	0.0	743.7
Dividend paid	0.0	0.0	0.0	0.0
Cash flow from financing activities	113.4	480.4	134.4	509.0
Cash flow for the year	-61.7	268.1	-247.3	264.7
Cash and cash equivalents at the beginning of the year	129.2	47.9	305.1	51.2
Exchange-rate differences in cash and cash equivalents	-7.3	-10.8	2.4	-11.0
Cash and cash equivalents at the end of the year	60.2	305.1	60.2	305.1

* See Note 2 Revaluation of acquisition analysis according to IFRS 3.

¹ In Q1 2021, publishing licenses were reclassified from prepaid game projects to intangible assets.



PARENT COMPANY INCOME STATEMENT

MSEK	Quarter		Period	
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net revenue	1.8	5.0	6.0	10.1
Other operating income	0.0	0.0	0.1	0.0
Operating income	1.8	5.0	6.1	10.1
Operating expenses				
Other external expenses	-4.8	-3.3	-16.2	-13.0
Personnel expenses	-5.1	-1.5	-9.7	-4.2
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	0.0	0.0	0.0	0.0
Other operating expenses	-1.7	0.0	-1.7	0.0
Total operating expenses	-11.6	-4.7	-27.6	-17.2
Operating profit	-9.8	0.3	-21.5	-7.1
Profit/loss from financial items				
Total financial items	5.2	-44.1	22.9	-45.1
Profit after financial items	-4.6	-43.8	1.4	-52.2
Year-end appropriations	16.8	129.9	16.8	129.9
Tax on net profit for the period	-2.6	-13.7	-3.8	-13.7
Net profit/loss for the period and comprehensive income for the period	9.6	72.4	14.4	64.0





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PARENT COMPANY BALANCE SHEET

MSEK	31 Dec 2021	31 Dec 2020
ASSETS		
Fixed assets		
<i>Property, plant and equipment</i>		
Equipment, tools, fixtures and fittings	0.0	0.0
	0.0	0.0
<i>Financial assets</i>		
Shares in Group companies	2,181.2	1,515.3
Total fixed assets	2,181.2	1,515.3
Current assets		
Receivables from Group companies	646.1	624.4
Other receivables	16.3	5.6
Prepayments and accrued income	2.8	0.1
Total current assets	665.2	630.1
Cash and bank balances	0.0	228.3
TOTAL ASSETS	2,846.4	2,373.6
EQUITY AND LIABILITIES		
Equity		
<i>Restricted equity</i>		
Share capital	0.7	0.7
	0.7	0.7
<i>Unrestricted equity</i>		
Retained earnings	51.0	0.3
Subscribed but not registered share capital	0.0	0.0
Share premium reserve	1,979.8	1,866.6
Net profit for the period	14.4	64.0
Total unrestricted equity	2,045.2	1,930.9
Total equity	2,045.9	1,931.6
Untaxed reserves		
Tax allocation reserves	27.5	21.4
Total untaxed reserves	27.5	21.4
Provisions		
Deferred tax	0.0	0.0
Total provisions	0.0	0.0
Non-current liabilities		
Non-current liabilities	348.8	117.7
Total non-current liabilities	348.8	117.7
Current liabilities		
Overdraft facility	268.6	0.0
Liabilities to Group companies	45.9	189.3
Accounts payable	3.1	22.2
Tax liabilities	4.5	13.7
Other liabilities	97.0	76.6
Accrued liabilities	5.1	1.2
Total current liabilities	424.2	303.0
TOTAL EQUITY AND LIABILITIES	2,846.4	2,373.6



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SEGMENT REPORTING

Thunderful Group monitors net revenue, adjusted EBITDA, adjusted EBITA and operating profit (EBIT) per business segment.

MSEK	Quarter		Period	
	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
Net revenue				
Thunderful Games	101.7	64.7	354.0	156.2
Thunderful Distribution	1,220.9	1,208.3	2,786.8	2,891.6
– of which, Bergsala	632.4	737.2	1,308.3	1,708.4
– of which, Nordic Game Supply	395.7	329.9	984.9	704.6
– of which, Amo Toys	192.8	141.1	493.6	478.6
Net revenue	1,322.6	1,273.0	3,140.8	3,047.8
Adjusted EBITDA				
Thunderful Games	51.7	23.9	185.2	67.2
Thunderful Distribution	96.1	76.9	188.5	233.4
– of which, Bergsala (%)	56.7 (9.0)	52.8 (7.2)	104.3 (8.0)	160.6 (9.4)
– of which, Nordic Game Supply (%)	34.9 (8.8)	30.4 (9.2)	53.9 (5.5)	40.5 (5.7)
– of which, Amo Toys (%)	4.5 (2.3)	-6.3 (-4.5)	30.3 (6.1)	32.3 (6.7)
Other	-6.9	1.4	-17.2	-9.2
Adjusted EBITDA	140.9	102.2	356.5	291.4
Adjusted nonrecurring items (Games segment)	-7.7	0.0	-8.4	0.0
Adjusted nonrecurring items (Distribution segment)	0.0	0.0	-2.0	0.0
Adjusted nonrecurring items (Other segment)	-6.7	-14.7	-10.3	-14.7
EBITDA	126.5	87.5	335.8	276.7
Adjusted EBITDA margin – Thunderful Games, %	39.6	31.8	44.3	36.5
Adjusted EBITDA margin – Thunderful Distribution, %	7.7	6.3	6.6	8.1
Adjusted EBITDA margin – Thunderful Group, %	10.2	7.9	10.9	9.5
Adjusted EBITA				
Thunderful Games	32.5	19.8	139.7	53.1
Thunderful Distribution	92.1	76.5	176.6	227.6
Other	-7.0	0.1	-17.5	-9.2
Adjusted EBITA	117.6	96.4	298.8	271.5
Adjusted nonrecurring items (Games segment)	-7.7	0.0	-8.4	0.0
Adjusted nonrecurring items (Distribution segment)	0.0	0.0	-2.0	0.0
Adjusted nonrecurring items (Other segment)	-6.7	-14.7	-10.3	-14.7
EBITA	103.2	81.7	278.1	256.8
Adjusted EBITA margin – Thunderful Games, %	24.9	26.3	33.4	28.8
Adjusted EBITA margin – Thunderful Distribution, %	7.3	6.3	6.2	7.9
Adjusted EBITA margin – Thunderful Group, %	8.5	7.5	9.1	8.8
Operating profit (EBIT)				
Thunderful Games	14.6	15.2	99.2	48.5
Thunderful Distribution	82.6	67.2	137.4	190.4
Other	-13.5	-14.6	-27.8	-24.0
Operating profit (EBIT)	83.7	67.8	208.8	214.9
Operating margin (EBIT margin) – Thunderful Games, %	11.2	20.2	23.7	26.3
Operating margin (EBIT margin) – Thunderful Distribution, %	6.6	5.5	4.8	6.6
Operating margin (EBIT margin) – Thunderful Group, %	6.0	5.3	6.4	7.0



ALTERNATIVE KPIS

Certain information in this report that management and analysts use to assess the Group's development has not been prepared in accordance with IFRS. Management believes that this information makes it easier for investors to analyse the Group's earnings development and financial position. Investors should consider this information to be a complement to financial reporting in accordance with IFRS.



DEFINITIONS AND EXPLANATIONS OF ALTERNATIVE KPIS

Alternative KPI	Definition	Explanation
Net revenue growth	Change in net revenue for the period, calculated as an increase in net revenue compared with the previous year, expressed as a percentage.	Indicates the business's net revenue during the period compared with the previous period.
Gross profit	Profit after operating income and costs for goods for resale and game projects.	Indicates the product profitability of the core business.
Gross margin	Gross profit in relation to operating income.	Indicates the product profitability of the core business.
Operating profit (EBIT)	Operating profit after depreciation, amortisation and impairment of property, plant and equipment and intangible assets.	Enables comparisons of profitability regardless of capital structure or tax situation.
Operating margin (EBIT margin)	Operating profit in relation to operating income.	Enables comparisons of profitability regardless of capital structure or tax situation.
EBITDA	Operating profit before depreciation, amortisation and impairment of property, plant and equipment and intangible assets.	Shows the company's earning capacity from operating activities regardless of capital structure and tax situation and is intended to be compared with other companies in the same industry.
EBITDA margin	EBITDA in relation to operating income.	Shows the company's earning capacity from operating activities regardless of capital structure and tax situation and is intended to be compared with other companies in the same industry.
Adjusted EBITDA	EBITDA excluding items affecting comparability.	Shows the company's earning capacity from operating activities regardless of capital structure, tax situation and items affecting comparability and is intended to be compared with other companies in the same industry.
Adjusted EBITDA margin	Adjusted EBITDA in relation to operating income.	Shows the company's earning capacity from operating activities regardless of capital structure, tax situation and items affecting comparability and is intended to be compared with other companies in the same industry.
EBITA	Operating profit before amortisation of other intangible assets and after impairment of goodwill.	Shows the company's earning capacity from operating activities regardless of capital structure and tax situation and is intended to be compared with other companies in the same industry.
EBITA margin	EBITA in relation to operating income.	Shows the company's earning capacity from operating activities regardless of capital structure and tax situation and is intended to be compared with other companies in the same industry.
Net working capital	Non-interest-bearing current assets less non interest-bearing current liabilities.	Indicates the sum of working capital that is tied up in the business and can be analysed in relation to net revenue to assess how efficiently the working capital is used in the business.
Operating cash flow	Adjusted EBITDA increased / decreased with changes in adjusted working capital and decreased with investments.	The Group uses operating cash flow to monitor the development of the business.
Cash conversion	Operating cash flow as a percentage of EBITDA.	Cash conversion provides an indication of the Group's ability to generate operating cash flows.
Interest-bearing net debt	The sum of current and non-current interest-bearing liabilities relating to right-of-use assets and overdraft facilities less cash and cash equivalents.	Interest-bearing net debt is a measure that shows the Group's interest-bearing indebtedness.
Interest-bearing net debt / EBITDA, LTM	Interest-bearing net debt as a share of adjusted EBITDA, LTM.	Thunderful Group believes that this measure is helpful in showing financial risk and that it is a useful measure to monitor the Group's debt level.



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CALCULATION OF ALTERNATIVE KPIs

MSEK	Quarter		Period	
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net revenue growth				
Net revenue previous period	1,273.0	999.0	3,047.8	2,077.7
Net revenue current period	1,322.6	1,273.0	3,140.8	3,047.8
Net revenue growth, %	3.9	27.4	3.1	46.7
Gross profit and gross margin				
Operating income	1,386.7	1,288.3	3,273.8	3,082.3
Costs for goods for resale and game projects	-1,015.6	-1,005.1	-2,317.5	-2,389.1
Gross profit, MSEK	371.1	283.3	956.3	693.2
Gross margin, %	26.8	22.0	29.2	22.5
Adjusted EBITA and adjusted EBITA margin				
Operating profit (EBIT)	83.7	67.8	208.8	214.9
Amortisation and impairment of acquisition-related intangible assets	19.5	13.9	69.3	41.8
Adjusted nonrecurring items (Games segment)	7.7	0.0	8.4	0.0
Adjusted nonrecurring items (Distribution segment)	0.0	0.0	2.0	0.0
Adjusted nonrecurring items (Other segment)	6.7	14.7	10.3	14.7
Adjusted EBITA	117.6	96.4	298.8	271.5
Adjusted EBITA margin, %	8.5	7.5	9.1	8.8
Adjusted EBITDA and adjusted EBITDA margin				
Operating profit (EBIT)	83.7	67.8	208.8	214.9
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	42.8	19.7	127.0	61.8
Adjusted nonrecurring items (Games segment)	7.7	0.0	8.4	0.0
Adjusted nonrecurring items (Distribution segment)	0.0	0.0	2.0	0.0
Adjusted nonrecurring items (Other segment)	6.7	14.7	10.3	14.7
Adjusted EBITDA	140.9	102.2	356.5	291.4
Adjusted EBITDA margin, %	10.2	7.9	10.9	9.5
Net working capital				
Inventories	764.0	491.8	764.0	491.8
Accounts receivable	866.6	619.4	866.6	619.4
Other receivables	35.7	11.0	35.7	11.0
Accounts payable	588.6	422.8	588.6	422.8
Other liabilities	194.3	158.3	194.3	158.3
Total net working capital	883.4	541.1	883.4	541.1
Operating cash flow and cash conversion				
Adjusted EBITDA	140.9	134.8	356.5	291.4
Changes in working capital	-342.3	-125.8	-342.3	-125.8
Investments (capex)	-193.7	-126.0	-316.8	-155.6
Operating cash flow	-395.1	-117.0	-302.6	10.0
Cash conversion, %	-280	-87	-85	3
Interest-bearing net debt				
Non-current interest-bearing liabilities	0.0	0.0	0.0	0.0
Current interest-bearing liabilities	270.4	0.0	270.4	0.0
Cash and cash equivalents	-60.2	-305.1	-60.2	-305.1
Interest-bearing net debt	210.2	-305.1	210.2	-305.1
Adjusted EBITDA, LTM	356.5	315.5	356.5	291.4
Interest-bearing net debt / adjusted EBITDA, LTM	0.6	-0.9	0.6	-1.0



NOTES

NOTE 1 ACQUISITIONS

Headup Gmbh

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. Revenue for 2020 amounted to 4.2 MEUR. The acquisition is in line with Thunderful Group's strategy to expand in the Games segment and in the Group as a whole.

The acquisition strengthens Thunderful Group's international position, broadens its network to include more development studios 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
<i>Carrying amount of identifiable net assets</i>	
Property, plant and equipment	0.7
Inventories	1.8
Other current assets	17.7
Cash and cash equivalents	1.6
Current liabilities	-14.5
	7.3
Other intangible assets	28.4
Deferred tax on other intangible assets	-8.5
Goodwill	84.6

In connection with the acquisition of Headup GmbH, 446,250 shares were issued at a price of 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.



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

Stage Clear Studios, SL

On 2 September 2021, Thunderful Group acquired the Spanish game studio Stage Clear Studios, SL for an initial consideration of 1.0 MEUR. Stage Clear Studios, SL was founded in 2012 and is a well-established studio that develops games for consoles and PC. The company is run by Daniel Santos Fonseca, CEO and one of the founders, and the head office is located in Madrid, Spain.

Stage Clear develops games based on their own concepts but also offer a broad range of other services. The studio specialises in large-scale game development, graphic production and porting, meaning that they create additional versions of existing games so that they can be played on several different platforms. Stage Clear has established itself as a robust, reliable development studio that delivers on time and on budget.

Consideration for the acquisition:

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

In connection with the acquisition of Stage Clear Studios, SL, 65,025 shares were issued at a price of 62.70 SEK per share. The cash-financed proportion of the purchase consideration amounted to 10.2 MSEK. The contingent earn-out is based on the company's EBIT performance during 2021 and operational milestones from 2022 to 2025. The total contingent consideration is capped at 1.5 MEUR.

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

**Robot Teddy Ltd**

On 27 October 2021, Robot Teddy Ltd, based in Newcastle, the UK was acquired for an initial cash consideration of 7.0 MGBP. Furthermore, the sellers received 3.0 MGBP to re-invest in Thunderful Group by way of a direct issue of 575,338 new shares.

Robot Teddy manages business and strategy development for a number of prominent games and game studios including Among Us, Gang Beasts and SUPERHOT. Robot Teddy is also co-developing Viewfinder, a new noteworthy title from Fern Turtle.

Consideration for the acquisition:

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

In conjunction with the acquisition of Robot Teddy Ltd, the sellers received 35.5 MSEK to re-invest in Thunderful Group by way of a direct issue of 575,338 new shares. The cash-financed proportion of the purchase consideration amounted to 100.6 MSEK. The contingent earn-out is based on the company's EBIT performance and operational milestones from 2022 to 2025. The total contingent consideration is capped at 12 MGBP.

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

Early Morning Studio AB

On 16 November 2021, Early Morning Studio AB, based in Stockholm, was acquired for an initial cash consideration of 80.0 MSEK. Early Morning Studio is known for its immersive role-playing games that have found their audience in the mobile market. With hit titles Vampire's Fall: Origins (2018) – with more than 10 million players so far – Champions of Avan (2021) and Vendir: Plague of Lies (full release planned for 2022), Early Morning Studio has found a concept makes them a valuable addition to the Thunderful family.

Consideration for the acquisition:

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

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

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

**NOTE 2 REVALUATION OF ACQUISITION ANALYSIS
ACCORDING TO IFRS 3**

On 30 April, Thunderful Group announced that its subsidiary Coatsink Software Ltd, after lengthy negotiations, had signed an agreement with the Facebook Group valued at more than 20 MUSD. As a result, the PPA from the acquisition of Coatsink has been adjusted back to the PPA reported in Thunderful Group's prospectus, since the value of the agreement was initially included in the calculation of the consideration but was later adjusted downward in the Annual Report when the assessment was revaluated. In the following table, the revaluation for full-year 2020 is recognised in accordance with IFRS 3.



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

CONT. NOTE 2 REVALUATION OF ACQUISITION ANALYSIS ACCORDING TO IFRS 3

MSEK	Original Full-year 2020	Change 2020	Revaluation Full-year 2020
Earnings per share after dilution, SEK	2.59	0.05	2.64
Average number of shares	52,067,926	52,067,926	52,067,926
ASSETS			
Fixed assets			
Intangible assets			
IT systems	3.3	0.0	3.3
Capitalised development expenditure, games	43.3	0.0	43.3
Publishing licenses	0.0	0.0	0.0
Publishing and distribution relationships	334.4	0.0	334.4
Goodwill	277.8	84.7	362.5
Game rights	138.3	0.0	138.3
Customer relationships	45.5	0.0	45.5
Other intangible assets	18.7	0.0	18.7
	861.2	84.8	946.0
Property, plant and equipment			
Right-of-use assets	19.9	0.0	19.9
Buildings and land	3.9	0.0	3.9
Equipment, tools, fixtures and fittings	4.3	0.0	4.3
	28.2	0.0	28.2
Financial assets			
Other securities held as non-current assets	0.1	0.0	0.1
Deferred tax assets	1.1	0.0	1.1
Other non-current receivables	3.5	0.0	3.5
	4.7	0.0	4.7
Total fixed assets	894.1	84.7	978.8
Current assets			
Inventories, etc.			
Finished goods and goods for resale	341.3	0.0	341.3
Advance payments to suppliers	150.5	0.0	150.5
	491.8	0.0	491.8
Current receivables			
Accounts receivable	619.4	0.0	619.4
Current tax assets			
Other receivables	11	0.0	11
Prepaid game projects	31.8	0.0	31.8
Prepayments and accrued income	93	0.0	93
	766.3	0.0	766.3
Cash and cash equivalents	305.1	0.0	305.1
Total current assets	1,563.2	0.0	1,563.2
TOTAL ASSETS	2,457.3	84.8	2,542.1

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



FINANCIAL CALENDAR

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

FOR MORE INFORMATION

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