

Thunderful Group Annual Report 2023



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

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

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

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

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



Our segments



Games

Today, playing games is the most common form of entertainment, and the gaming sector is by far the largest sector in entertainment. Our Games segment develops games, publishes games and invests in game projects, with operations conducted within four revenue streams: IP-Building, Co-Development, Partners, and Investment.



Distribution

Our Distribution segment is active in the distribution of Nintendo products, games, gaming accessories and toys. Our aim is always to achieve this efficiently and sustainably. Operations are conducted through the three subgroups Bergsala, Amo Toys, and Nordic Game Supply.



Game: SteamWorld Build
Studio: The Station

Contents

Introduction

This is Thunderful Group	05
CEO Comment	08
Targets and target fulfilment	12

Strategy

Market and Trends	14
Value Chain	19
Strategic Focus Areas	20

Sustainability

General Management	23
Environment	24
Social	26
Governance	28

Operations

Games	31
IP-Building	32
Co-Development	34
Partners	36
Investment	37
Distribution	41
Bergsala	42
Amo Toys	44
Nordic Game Supply	45

Thunderful as an Investment

The Share and Owners	46
Risks and Risk Management	48

Corporate Governance

Corporate Governance Report	54
Board of Directors	60
Group Management	61

Remuneration

Remuneration Report	62
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Financial Statements

Board of Directors' Report	64
Consolidated Financial Statements	70
Parent Company Financial Statements	75
Notes	80
Audit Report	108

Other Information

Financial Calendar	110
Contact	110

Thunderful Group – an international group in games and entertainment

Thunderful Group is an international corporation that develops, publishes and invests in games as well as distributing Nintendo products, games, game accessories and toys. Operations are conducted through the two segments Games and Distribution.



SEK **2.8** bn
Net Sales 2023

#519

Employees per 31 December 2023



The Group has a diversified business with a common purpose

Thunderful creates, publishes and distributes entertainment products to a broad target group in the Nordics and globally. The two complementary segments enable cash flows from Thunderful Group's Distribution business to be reallocated to the Games segment, where a higher growth rate and return on invested capital can be achieved.

Successful products and partnerships

Through the Games segment, Thunderful Group has had several successful game launches, and has now a broad portfolio of various IPs. This is an important success factor for the Group, together with the fact that the Group, through Bergsala, since 1981 has had the Nordic distribution operations for Nintendo products. The Group also has a wide product range of popular games, game accessories and toys.

Cash flows from Distribution

The Group's positive cash flows from the Distribution segment are invested in the Games segment to enable higher returns.

High industry expertise and entrepreneurial spirit

Thunderful Group is the result of a merger of several different companies, where the companies are increasingly managed based on an overall group strategy and management. The goal is to run the Group's various operations in a good balance between entrepreneurial drive and common strategies and control processes.

International presence

Through its two segments and diversified operations, Thunderful Group has a strong international position and presence.

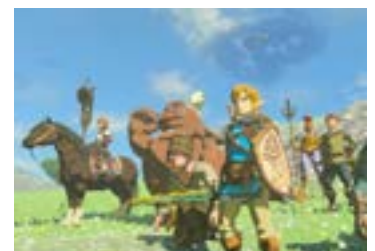
Segments

#2



Countries

#8



International presence

Sweden

Gothenburg (HQ)
Karlshamn
Kungsbacka
Malmö
Stockholm
Skövde

UK

Newcastle
Guildford

Germany

Cologne
Berlin

Norway

Larvik

Spain

Madrid

Denmark

Copenhagen
Aarhus

China

Hong Kong

Finland

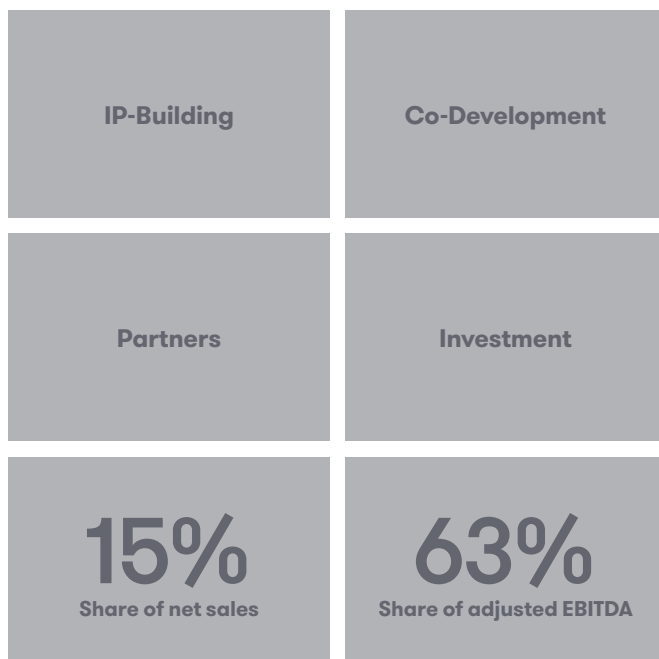
Helsinki



Our business model

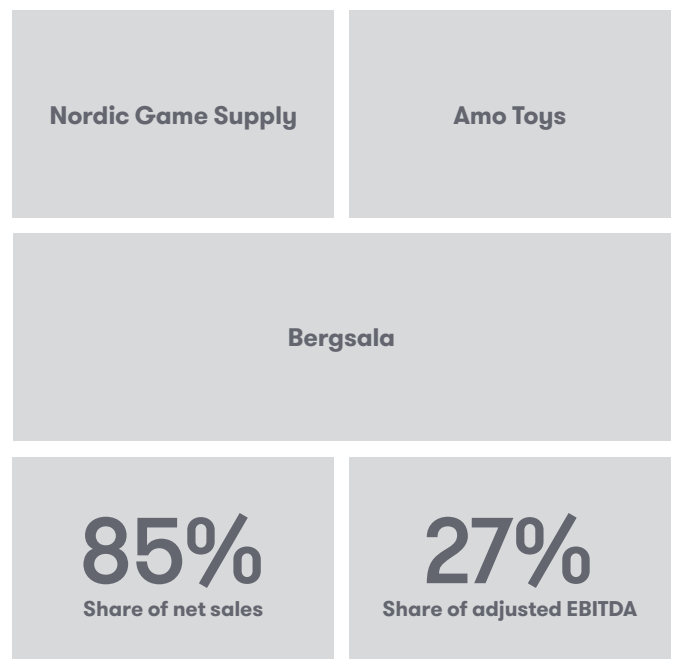
Games

Potential for high growth and profitability



Distribution

High cash flow generation and stable growth



Cash flow

Read more about Thunderful Group's operations on page 30.

CEO Comment

As the company is evolving, we have an opportunity to set a clearer strategy

When I took over as CEO in the autumn, I initiated the work of setting a clearer strategic focus and improving our work processes in order to continue developing and growing the Group. However, towards the end of the year it became obvious that the Group's financial capacity and cash flows were not adequate for the investments previously committed to. After the end of 2023, a far-reaching restructuring program was therefore initiated, a necessary step in laying a stable foundation with a sharper focus on the areas that offer the best potential for future growth and profitability. In order to further streamline the Group's business and ensure its continued operation, a divestment of the Group's distribution operations has been proposed, subject to the approval of the shareholders at the upcoming general meeting.

Since its inception, Thunderful Group's strategy has been to invest cash flow from the stable distribution segment into the games segment, where there is higher potential in growth and margins. However, that strategy has encountered challenges in recent years as the cash flow generated within the Group has not reached a sufficient level to create a balance between our investment commitments and our financial investment capacity.

As well as cost cutting through our ongoing restructuring, we have also begun implementing a new organisational structure with clearer governance, internal reporting and forecasting, as well as higher accountability and a culture of collaboration. A new Group Executive Management Team was formed for our three primary business areas: game development and game publishing (both under the Games segment), and physical distribution (which has its own segment). I am delighted with the skill and experience of this management team, and the drive and engagement everyone brings to the table.

Distribution: strong growth for Amo Toys and a stable year for Bergsala

In the Distribution segment, the Bergsala and Amo Toys operations have performed well during the year 2023. The Nintendo partnership is as strong as ever and Switch sales with gaming software and accessories remain strong

even as the console enters its eighth year. Nintendo has announced that, before April 2025, they will introduce a successor to the Switch to be launched in early 2025, however exactly when the launch will happen has yet to be disclosed.

Amo Toys has developed very well during the year and the Soft Toys category, performed particularly well, especially during the Christmas season. We believe that Amo Toys has now found a stable level, and we are working to get the company to add further successes in other product categories for even higher growth moving forward.

We are continuing our efforts to optimise working capital tie-up for both operations. One key aspect is how we manage our stock levels; Bergsala especially held a slight excess of stock during parts of the year. Closer cooperation between purchasing, logistics and sales will also help in further optimising our processes.

Conversely, Nordic Game Supply has faced huge challenges during the year. The company operates on a heavily competitive market, and has not managed to find its way back to a functioning commercial business model. We therefore decided to carry out a strategic review of the business and after the end of the year it was announced that Nordic Game Supply will be divested.

“

I am convinced that Thunderful has a very bright future ahead.

Games: historical over-investment leads to restructuring to form a new basis for commercial returns and future growth

We have many creative and engaged people in our Games segment. Unfortunately, as an organisation it has not managed to generate sufficient return on investments in acquisitions and game development projects, which led to the impairment of goodwill and capitalised game development expenditure during the fourth quarter.

As our financial situation is now forcing us to reduce our rate of investment, we are prioritising the projects that have the highest potential to produce good returns in the future. Unfortunately, this has led to a need to streamline our operation and make redundancies. This is necessary to establish a stable financial foundation on which we can build.

Going forward, we will improve the Games segment in several areas to ensure that our games become more commercially successful.

We will introduce clearer management of our studios and frameworks in our game development projects. Gaming is a creative industry, but both creativity and structure are needed if we are to deliver quality games that offer a good return on investment. We have the creativity and the engagement within Thunderful Group, and we will now be adding the necessary structures and processes to achieve greater commercial success.



We will also implement a more clearly defined portfolio strategy regarding which games we develop and release. We want players to know what they can expect from a Thunderful game. With improved targeting of our strong points, over time we will hone and optimise our expertise in selected areas. This is particularly true on the sales and marketing side, where it will be easier for us to build the business and reach out to our player community. Thunderful has historically been strong in interesting stories, characters and worlds, and we will build on this strength.

The balance between own IP projects and external projects (income stream IP-building) and commissioned projects (income stream Co-Development) will be reviewed. Projects based on our own financed proprietary IP have greater potential for good profit margins, but also entail a higher risk in terms of investment commitment. Meanwhile, available co-development projects in the market have declined, with the result that in-house IP projects now form a larger share of our portfolio. Our goal is to have a portfolio with a well thought out balance and risk profile, but how quickly we can achieve this depends largely on the market.

CEO Comment

Finally, during the autumn we have also decided to divest our German publishing operation in the subsidiary company Headup. They do produce and release many small indie games every year, but with our updated strategy we will not be able to do the production and marketing processes justice at that launch rate. Furthermore, a group the size of Thunderful does not need two separate publishing arms.

One impact of the above changes is that we will produce and release fewer games a year, but each game will have a higher average development budget within the framework of the AA game category, more resources from the organisation, and thereby higher potential to achieve commercial success.

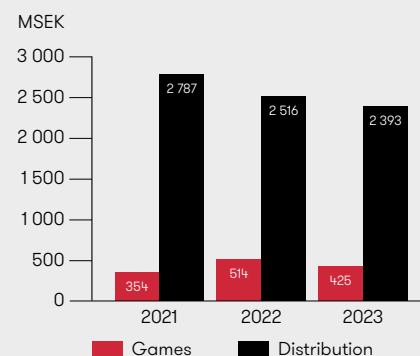
Key performance indicators

Group	2023	2022	Δ%
Net sales, MSEK	2,818.2	2,953.3	-4.6%
Gross profit, MSEK	1,067.1	1,102.5	-3.2%
Gross margin, %	37.9%	37.3%	
EBITA, MSEK	-4.6	279.3	-101.6%
Adjusted EBITA, MSEK	7.7	284.8	-97.3%
Adjusted EBITA margin, %	0.3%	9.6%	
EBITDA, MSEK	229.6	370.1	-38.0%
Adjusted EBITDA, MSEK	241.9	375.6	-35.6%
Adjusted EBITDA margin, %	8.6%	12.7%	
Operating result (EBIT), MSEK	-609.3	196.1	-410.8%
Operating margin (EBIT margin), %	-21.6%	6.6%	
Profit/loss for the period, MSEK	-609.4	121.2	-602.9%
Net core working capital, MSEK	527.8	705.8	-25.2%
Cash flow from operating activities, MSEK	315.4	530.4	-40.5%
Interest-bearing net debt, MSEK	402.1	249.7	61.1%
Interest-bearing net debt/adjusted EBITDA R12M	1.7	0.7	142.9%
Earnings per share before dilution, SEK	-8.67	1.72	-604.1%
Earnings per share after dilution, SEK	-8.67	1.72	-604.1%

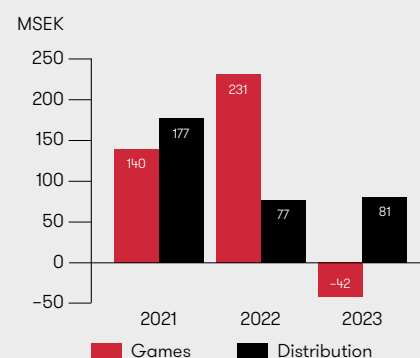
See page 106 for definitions of key performance indicators.

1) Retroactive reclassification has been applied to income related to marketing activities. This income, which was previously recognised as net sales, has been reclassified as other operating income.

Net sales



Adjusted EBITA



Some final words

The proposed divestment of the distribution segment after the end of the year would mean that the Group's operations would be refined to focus on game publishing, game development and various services in the gaming area. Despite facing challenges, the Group has all the building blocks in place to achieve long-term success. We have the engage-

ment and creativity which, with the right governance and structure, will make our game investments successful. I am convinced that Thunderful has a very bright future ahead.

Martin Walfisz

CEO

Thunderful Group AB

Full year January–December 2023

- Net sales decreased by 4.6 percent to SEK 2,818.2 (2,953.3) million.
- Operating profit (EBIT) decreased by 410.8 percent to SEK -609.3 (196.1) million, corresponding to an operating margin of -21.6 percent (6.6). Goodwill impairment amounted to SEK 500.4 million and capitalised development costs to SEK 97.7 million.
- Adjusted EBITDA decreased by 35.6 percent to SEK 241.9 (375.6) million, corresponding to an adjusted EBITDA margin of 8.6 percent (12.7).
- Adjusted EBITA decreased by 97.3 percent to SEK 7.7 (284.8) million, corresponding to an adjusted EBITA margin of 0.3 percent (9.6).
- Profit/loss for the full year amounted to SEK -609.4 (121.2) million.
- Earnings per share before and after dilution amounted to SEK -8.67 (1.72).
- Cash flow from operating activities amounted to SEK 315.4 (530.4) million.

Events after the balance sheet date

Thunderful Group announced that the company will be implementing a restructuring programme to boost its long-term competitiveness. The programme aims to reduce costs and increase the focus on areas with the best potential for future growth and profitability, and is expected to save SEK 90–110 million per year.

Thunderful Group entered into an agreement to divest the operations and assets of Nordic Game Supply for a purchase price corresponding to the book value of the inventory with an agreed discount. The buyer is a company owned by Henrik Mathiasen, CEO of Bergsala AB and acting CEO of Nordic Game Supply. The transaction was approved at the extraordinary general meeting on 22 May.

The distribution agreement regarding Nintendo products in the Nordics and The Baltics were extended by another two years, i.e. until March 2026.

Thunderful Group entered into an agreement regarding the transfer of all shares in its German publishing subsidiary,

Headup GmbH. The transaction was approved at the extraordinary general meeting on 22 May.

Thunderful entered into a share purchase agreement on May 20 to divest the remaining distribution businesses AMO Toys AB, Bergsala Aktiebolag, Thunderful 1 AB as well as the distribution services company Thunderful Solutions AB. The agreed purchase price amounts to SEK 630 million on a cash and debt free basis. The buyer is Bergsala NDP AB, a newly incorporated company owned by Thunderful Group's largest shareholder and board member, Owe Bergsten. The divestment will enable Thunderful Group to fully amortise its existing bank facility with Danske Bank and focus on its games segment, consisting of Game publishing, Game development and Co-development & Partner services. The transaction is conditional upon the shareholders' approval at the annual general meeting on 26 June.

Henrik Lundkvist chose to end his employment as CFO. Per Alnefelt was appointed interim CFO during the recruitment process to find a permanent CFO.

Thunderful Group's medium-term financial targets

Growth



Games

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

>25%

Target

-18.7%

Outcome



Distribution

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

>5-7%

Target

-1.9%

Outcome

Comment 2023

Stable sales development in Distribution, apart from lower market demand for gaming accessories.

Sales in Games were 17.3 percent lower than last year, but adjusted for the acquired revenue in Q4 2022 for the game title Somerville, it was 2.8 percent lower.

Focus in 2024

In Games:

Organic growth through successful game launches.

In Distribution:

Increase our market shares in distribution.

Capital structure

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

<1.5X

Target

1.7X

Outcome

Dividend policy

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

Profitability



Games

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

≥35%

Target

-9.9%

Outcome



Distribution

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

8%

Target

3.4%

Outcome

Comment 2023

In the Games segment, the game portfolio was subject to major impairment during Q4, while profitability on the games released during the year was lower.

In Distribution, Amo Toys and Bergsala reported a strong year, but profitability in the segment was squeezed by weak development in Nordic Game Supply.

Focus in 2024

In Games:

Continue to develop the four revenue streams to create a balanced income portfolio.

In Distribution:

Continue efforts to identify efficiencies in logistics and stock management, and thereby reduce costs.

Game: LEGO® Bricktales
Studio: ClockStone

Continuous development and adaptation to prevailing driving forces and trends

Global gaming market

For many years, the gaming industry has been the largest segment in the global media and entertainment market, where stakeholders compete for consumers' leisure time.

Growth in the gaming industry is primarily driven by an increasing proportion of the population playing, but also for example by new consumption patterns and new pricing models, such as subscription and streaming services.

According to the 2023 Global Games Market Report, published by Newzoo, the global games market for PC and console reached USD 93.6 billion in 2023, an increase of 2.8 percent compared to 2022. The report also states that after a minor post-pandemic decline in 2022, the gaming industry is returning to recovery and growth, despite challenges remaining with high interest rates and inflation. Furthermore, it projects a CAGR of 3.8 percent between 2023 and 2026.

Driving forces

- A growing population, an increasing proportion of whom consume games
- New revenue and pricing models
- Rising average gaming consumption per person

Trends

- A shift towards subscription services which may draw a greater share of streaming consumers to the global gaming market over time
- Global market consolidation

Nordic distribution market

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

The distribution of Nintendo products is driven mainly by so-called console cycles, that is, Nintendo's launches of game consoles. The distribution of toys in the Nordic region has, in recent years, shown a degree of negative market growth and is considered to be a mature market that is characterised by low economic impact and low technical development.

All of Thunderful Group's distribution markets are characterised by a competitive landscape with a few major players, a complex market and extensive needs for working capital.

The likelihood of the total available distribution market increasing is closely linked to macroeconomic parameters. For market participants, growth opportunities derive from a decline in the number of competitors while the proportion of own brands increases.

Driving forces

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

Trends

- The Nintendo Switch console cycle has to date exhibited several years of stable sales, but a console shift is apparently under way
- Consolidation in the reseller market both in home electronics and toy stores



Claire Boissiere

Before joining Thunderful, Claire worked at several major studios including Kuju Entertainment, Media Molecule and PlayStation London Studio, where her responsibilities included leading the creative/writing process with prominent writers on the BAFTA nominated Wonderbook: Book of Spells and its sequel Book of Potions, and other titles.

A positive environment for creativity and commercial success

Claire Boissiere is EVP of Studios & Development at Thunderful Group. She has been at the forefront of game development for 24 years. We took the opportunity to talk to her about what's needed to achieve success in game development.

What makes a game a commercial success?

That's an excellent question! Computer games are some of the most complex and fascinating products that we as humans can develop, and it is hard, or even impossible, to say in advance what combination of factors will turn a game into a commercial success. Some games will not live up to expectations, while others will sell better than anticipated. The key is to work together with our developers to find the right balance between creativity and games as an art form on the one hand – something that gamers want to experience – and the commercial results generated by the human effort on the other.

So how can we find this balance?

Through open and honest communication with our developers, and a genuine understanding of the balance. We need user research and testing to assure that the quality lives up to the market's expectations. We need to ensure that the investment matches the scope and intensity of gaming expected from the target group for each game. And we need to make sure that the investment allows scope for innovation and new ideas. We need to do this with a prototype that has the right specifications and can be measured, producing results that we can interpret, understand and learn from.

“

The key is to work alongside our developers to find the right balance.

What changes are we making?

Generally speaking, we are ensuring Thunderful's future success through a range of changes, all of which aim to lay the foundation for a positive environment focusing on developers, creativity and commercial success.

More specifically, we are introducing an approval process called *Go-ahead*, to clearly signal that this is a collaboration. We work with the developer at each stage of the process to determine whether development is going to plan, and if not, what the most appropriate steps are to get the project back on track. We also need to be able to establish, at an early stage in the process, if a game is actually not practically feasible, before spending too much money on it.

“

One of our main goals in the short term is to create a strong, stable foundation that can help Thunderful to grow in the future.

This is something that happens occasionally, and it is not constructive to pretend that it doesn't, either for us or the developers.

As part of the *Go-ahead* process, we are also introducing a more commercial and strategic focus, and more data-led decision-making. External producers collaborate with brand and sales managers in product-focused teams, to help the developers find the right balance between creative and commercial. Another key aspect here is to ensure that the development process runs smoothly, by identifying important partners that can help with initialisation, and suitable tools and technologies that fit the game concept in question in order to raise efficiency.

Since the computer game industry is people-centred, we do not rely solely on processes. We also review responsibility and accountability within a fixed set of values such as collaboration, ownership and trust. All games are different, each developer is unique, and these essential facts must be the foundation of any changes we make.

What will be the consequences of this?

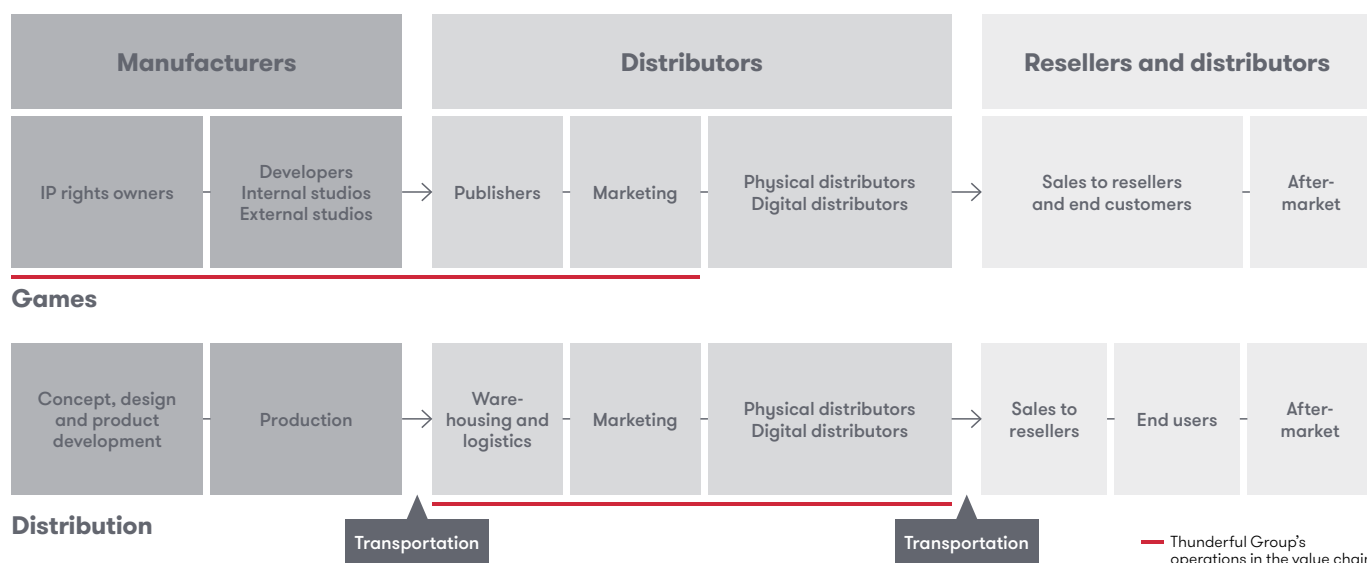
We have already started to see improvement thanks to the *Go-ahead* process. It has been well received by our developers, and while we still have a long way to go, we have had many productive discussions about development times and budgets, understanding and management of risks, and cost efficiency for our players.

We have begun to view the portfolio from a holistic perspective, and to measure some of these key aspects while our games are under development. Permanent, meaningful changes obviously take time. One of our main goals in the short term is to create a strong, stable foundation that can help Thunderful to grow in the future. Well-informed decisions are crucial if we are to be able to conduct analyses and make the best possible decisions in all these areas, and alongside stronger relations with our developers we are laying the right foundation for true success.



A pivotal role in two parallel value chains

Thunderful Group's business is divided into two separate, yet mutually supportive, segments: Games and Distribution. Operations in each segment are influenced by prevailing driving forces and trends, but because the segments are such a key part of their value chains, the company itself also has an impact both upstream and downstream. Read more about Thunderful Group's impact in the Sustainability Report on page 23.



Games' role in the value chain

Through its Games segment, Thunderful Group is a games developer and publisher of both internally and externally developed games, and an investor in various gaming projects.

Distribution's role in the value chain

Through its Distribution segment, Thunderful Group is a distributor for third-party manufacturers and has historically worked primarily with distribution to resellers, so-called B2B distribution. With end consumers increasingly having migrated to digital marketplaces, such as Amazon, Elkjøp, Bilka and CDON in recent years, Thunderful Group has through its subsidiaries Bergsala, Amo Toys and Nordic Game Supply also increased its presence in these marketplaces, thus also distributing directly to end consumers, so-called B2C distribution.

Operations that contribute to multidimensional value generation

Having two clearly defined segments enables multidimensional value generation.

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

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





Thunderful Group

For customers, partners and end users

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

#15

Games released during 2023

For employees

- Employs about 520 people
- Competitive working conditions
- Inclusive workplaces promoting diversity and development
- Safe, positive working environments

MSEK 392

In personnel costs during 2023

For shareholders

- Broad exposure to large parts of the gaming industry's value chain
- Well positioned for organic growth in a market with strong underlying global growth
- SEK 299 million invested in Thunderful Games during the year

-4.6%

Net sales

0.3%

Adjusted EBITA

For society

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

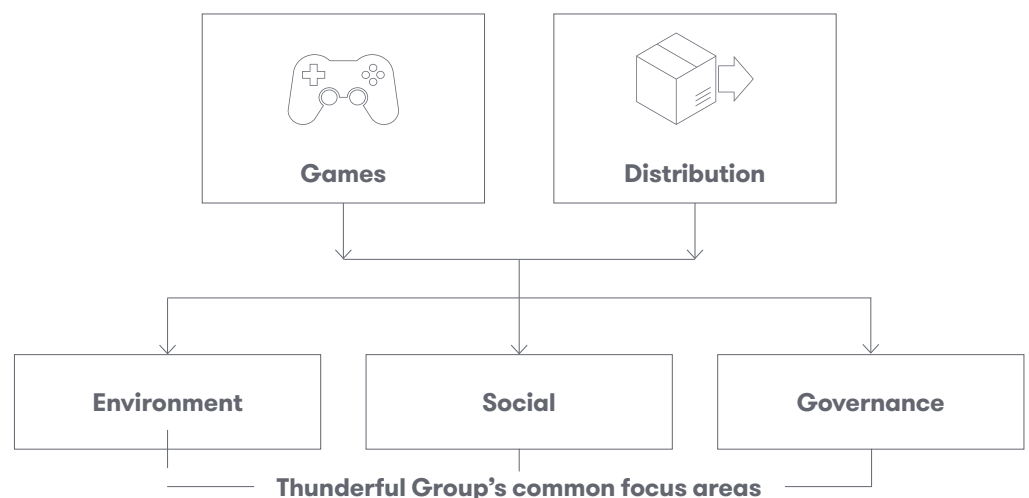
High-quality development of games for all ages



Game: Zelda: Tears of The Kingdom
Studio: Nintendo

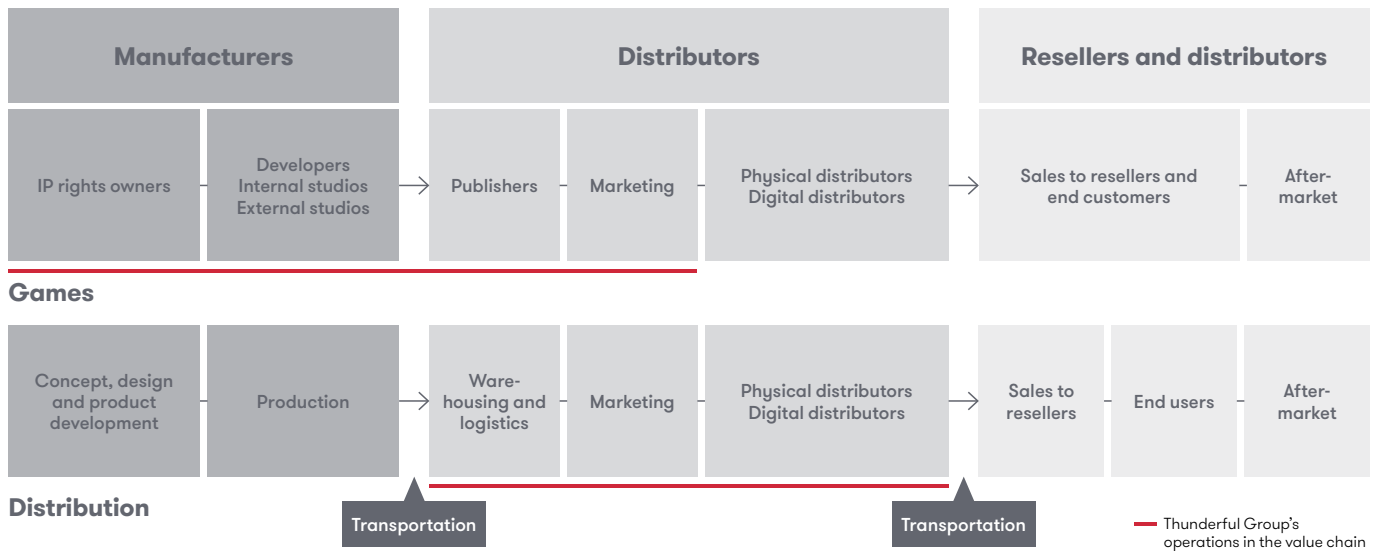
To be a leader in a world where everyone can play

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



Environment

Thunderful Group’s impact at the distribution level



Manufacturing

Thunderful Group does not operate its own factories, but has the opportunity to influence the production of its own brands conducted in OEM (Original Equipment Manufacturer) factories. Thunderful Group does, however, have very limited opportunities to exercise influence on the production of products that the Group distributes on behalf of other brand owners.

Our role as distributor

Thunderful Group deems that its primary environmental impact occurs in distribution, where the Group is responsible for transport to Group warehouses and on to customers. For logistics, Thunderful Group uses three warehouses in Europe. Two partner logistics solutions are used in Sweden and Finland, and in 2021 Thunderful established its own warehouse at Torsvik, Jönköping, to which Nordic Game Supply products were moved.

Transportation

In certain instances, transport to the Group’s warehouses is ordered by our suppliers. In other instances, within Europe we collect goods ourselves by truck using one of our select transport suppliers. Goods from suppliers in Asia are generally shipped to the Nordics by ocean-going vessels and, in rare cases, by rail or air.

Goods such as bulk goods, general cargo or FTL are transported from the Group’s warehouses by truck. Transportation takes place daily to all of the Nordic countries, and also to other European countries as required. Thunderful Group always strives to optimise the cargo space in the containers and trucks that come from suppliers’ warehouses and factories, for both environmental and economic reasons.

Thunderful Group has more difficulty controlling outbound shipments to resellers, as resellers decide how much and how often they want to order. Although the Group constantly strives for the highest possible degree of filling in transport, this remains one of our most distinctive challenges.

Emissions from transportation

As a distributor, Thunderful Group is responsible for shipping to the Group’s warehouses and to the customer. Today, Thunderful Group procures shipping services both directly and through third parties, to and from the Group’s various warehouses. The Group only works with professional transport companies that have well-established environmental and climate-related policies in place. Since 2021, Thunderful Group has started making demands on all procurements – requiring emission reports for CO₂ equivalents (CO₂e) from the entire production and transport chain in accordance with EN 16258. For the truck transport category, this means, for example, that CO₂ equivalents are measured and tracked over the fuel’s life cycle according to the Well to Wheel concept. Emissions are divided into the categories of incoming transports, where Thunderful Group is responsible for transport to one of the Group’s warehouses, and outgoing transports, where the Group is responsible for transport to the customer’s warehouse or store.

CO₂ emissions from transport in 2023

	CO ₂ emissions (tons)
Incoming transports	1,155.0
Outgoing transports	156.8
Total transportation	1,311.8

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

Resellers – Producer responsibility

In connection with our products being sent to resellers and being released on the market, we take responsibility for our production. We follow packaging regulations aided by, for example, Recipo¹⁾ and TMR²⁾. Thunderful Group has board representation in Recipo and can actively drive the agenda. The producer responsibility relating to electronics is based on a 2005 EU directive that aims to boost sustainability. Producer responsibility related to packaging is based on an official Swedish packaging regulation. The aim of the regulation is to ensure that we use as little packaging as possible, and that the packaging that is used can be reused.

Packaging and recycling

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

The Group's Swedish distribution companies are affiliated with TMR (Tailor-Made Responsibility), which works to effectively take care of and recycle packaging. In order to further reduce the quantity of packaging and increase the proportion of sustainable packaging material, the Group's distribution companies are putting pressure on packaging producers.

Games' biggest environmental and climate footprint

The Games segment's biggest environmental and climate footprint is caused by the energy used in its server rooms. Thunderful Group is working actively to minimise the carbon footprint of its server rooms; for instance cooling radiators are installed at its head office in Gothenburg. These radiators cool the room using district cooling, while the heat generated is recovered and used as district heating. This is both a cost-effective and environmentally friendly solution which means that the only energy used for cooling in the server room is for the fans, which is a very low proportion of the total energy consumption. The server room has been adapted to the increased risks of, for example, floods and changing weather conditions that climate change brings with it. It is equipped with heat alarms and water sensors located at floor level. No other equipment has been installed at floor level, in order to avoid any water damage at an early stage. Assessing and securing the risks that climate change entails is a natural part of IT security.

1) Producer responsibility – Recipo.se for electronics and www.tmr.se for packaging
2) A customised collection system for packaging | TMR



By taking our producer responsibility through Recipo we support the European Green Deal by recycling plastic from electronic waste. More than 10 percent of the world's oil production is used in the production of plastics, while less than 10 percent of the plastic is recycled. By using recycled material in new products, we can reduce the use of natural resources and make the value chains more energy efficient. For further information, please go to www.recipo.com/material

recipo



Social

Centralised HR function

Geographically, Thunderful Group is a widespread global group. The relatively new global HR function is responsible for maintaining a cohesive approach to all personnel issues, primarily within the Games segment. The reason for centralising employee issues, recruitment and career development is to create an open and accessible corporate culture in which geographical distances have little effect on the organisation.

A healthy working environment

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

A flexible workplace

The Covid-19 pandemic forced workplaces to develop remote working options, and Thunderful Group was no exception. As this was done successfully and in a way that was appreciated by the Group's employees, Thunderful

drafted a Flexible Workplace Policy following the pandemic which means that staff are able to work from home to some extent. The degree of remote working permitted for employees is determined by the extent to which individual productions require a physical presence, and is determined by the individual coworker in consultation with their immediate production superior or line manager. The physical workplace is still regarded as the primary place of work, since the spontaneous exchange of creative ideas remains an important part of the game development process. Remote working on a permanent basis is only approved in exceptional circumstances.

Diversity in the gaming industry

Thunderful Group works to ensure that everyone, regardless of gender, ethnic origin, belief or non-belief, sexual orientation, age or disability, should have the opportunity to participate in working life on equal terms. Respecting the equal value of all people is of great importance to the Group, and contributes to an inclusive and cohesive work culture. Thunderful Group has an Offensive Treatment Policy which sets out how the Group counteracts and deals with abusive behaviour, while also clarifying the guidelines, rules and issues relating to what is expected of employees of the Thunderful Group.

Historically, the gaming industry has seen a marked overrepresentation of men and this still remains the case to a large extent, although the number and proportion of women in the Swedish gaming industry have both increased.

During 2023, Thunderful Group became a member of the Safe In Our World charity, whose mission is to foster positive mental health and wellbeing. In connection with this, we also implemented a policy on mental health in order to assure a healthy, sustainable workplace.

Local initiatives over the year have included a presence at several Pride festivals, and Thunderful Group also took part in and sponsored Donna Day in 2023. Donna Day takes place in conjunction with the Sweden Game Conference and seeks to inspire and support women, transgender and non-binary people studying game development in higher education.

Onboarding and skills development

Thunderful Group regards it as important to facilitate skills development and career paths within Group companies – something which sets the Group apart as an employer

in the gaming industry. There are local onboarding programmes in place to introduce new employees to Thunderful Group’s approach, values and culture.

Health and wellness initiatives

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

Coworkers*

	2023	2022
Number of employees	519	478
New employees	42	54
Staff turnover, %	8	28
Sick leave, %	2	1

* On 2023-12-31

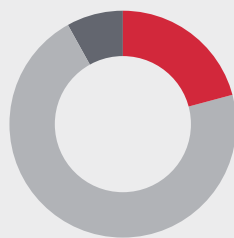
Average number of full-time employees per geographical region

	2023	2022
Sweden	237	228
Norway	10	10
Denmark	25	30
Finland	13	14
Germany	46	30
UK	147	132
Spain	32	34

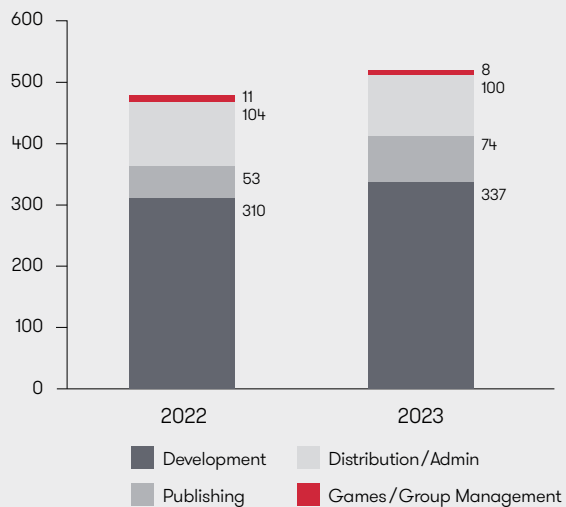
Gender distribution



Age distribution



Number of employees per occupational category*



* On 2023-12-31

Governance

Good business ethics through codes of conduct

Having various value and supply chains, at Thunderful Group we understand the importance of taking responsibility, regardless of each individual's work tasks. The value chains and supply chains are not the same for Distribution and Games. Also in Distribution, the value chains differ between companies, depending on whether the company only distributes or also produces products. Read more about Thunderful Group's distribution companies on page 41.

Thunderful Group applies a Group-wide Code of Conduct with which all employees are expected to comply in their daily work. The Code serves as a guide for the Group's employees regarding attitudes and compliance with the law, both internally and externally in business relationships. The Code is based on the UN Global Compact's Ten Principles for sustainable business, which cover issues including human rights, employment law, the environment and anti-corruption. The Code of Conduct is revised at the local and operational level by the Group Management team, and is revised and approved annually by the Board of Directors.

In addition to the Group-wide internal Code of Conduct, there is also a Code of Conduct applicable to suppliers in the Distribution segment, which is based on the requirements and recommendations set out by two global organisations: the ICTI (Council of Toy Industries) and BSCI (Business Social Compliance Initiative). The ICTI is a non-profit industry organisation that aims to protect the rights and well-being of factory workers, as well as promote safety standards for toys and social responsibility at the supplier level. The BSCI is an industry organisation that aims to ensure better social working conditions and compliance with human rights at the supplier level.

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

Human rights and social conditions in the supply chain

A shared goal for the Group is to supply games and products that are developed in a socially responsible manner at every stage. Thunderful Group works actively to encourage suppliers and other partners to affiliate with the ICTI and/or BSCI and gain certification to their requirements. Certification allows Thunderful Group to guarantee that issues such as human rights are being assured throughout the supply

chain. Suppliers who are unable to gain certification from either of the two organisations are obliged to sign Thunderful Group's Code of Conduct for distribution, which includes a stipulation that human rights are being upheld. Thunderful Group's distribution companies continuously monitor all suppliers to ensure that the factories have up-to-date certification, or have signed and are in compliance with Thunderful Group's Code of Conduct.

Anti-corruption

Thunderful Group has zero tolerance of corruption in all its activities and business relations. The Group-wide Code of Conduct clearly outlines how employees are expected to behave in an ethically appropriate manner in all business relationships. Suppliers who sign Thunderful Group's Code of Conduct for distribution are required to adopt their own zero tolerance policy towards corruption.

Governing documents

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

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

Responsible product development

Thunderful Group seeks to be a responsible company, and has therefore chosen to not develop games with elements of gambling, betting or loot boxes. Likewise, the Group avoids game production that contains excessive violence. All distribution channels and game platforms have guidelines and systems in place to ensure that age restrictions on games are adhered to.

Whistleblowing function

A Group-wide and anonymous whistleblowing function for employees and external parties was implemented in 2023 and is available publicly. This function allows any misconduct and irregularities to be highlighted and prevented, and is part of the Group's work to prevent, for example, corruption. Thunderful Group had no reported cases of irregularities with regard to the environment, social or personnel conditions, human rights or corruption during the year.

Risks and Risk Management

Thunderful Group has a systematic approach to risk analysis and management. A description of the Group's sustainability-related risks is set out in the Risks and Risk Management section on pages 48–53.



About the Sustainability Report

This Sustainability Report relates to Thunderful Group and pertains to the financial year 1 January–31 December 2023. The Board is responsible for ensuring that the report has been drawn up in accordance with the Swedish Annual Accounts Act.

Page reference:

Business model.....	23
Environment.....	24
Personnel and social conditions	26
Human rights.....	28
Anti-corruption.....	28
Policies and Code of Conduct.....	28
Sustainability risks.....	28

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders of Thunderful Group AB (Publ) Corporate identity number: 559230-0445.

Engagement and responsibility

The board of directors is responsible for the statutory sustainability report for the year 2023 on pages 22–29 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

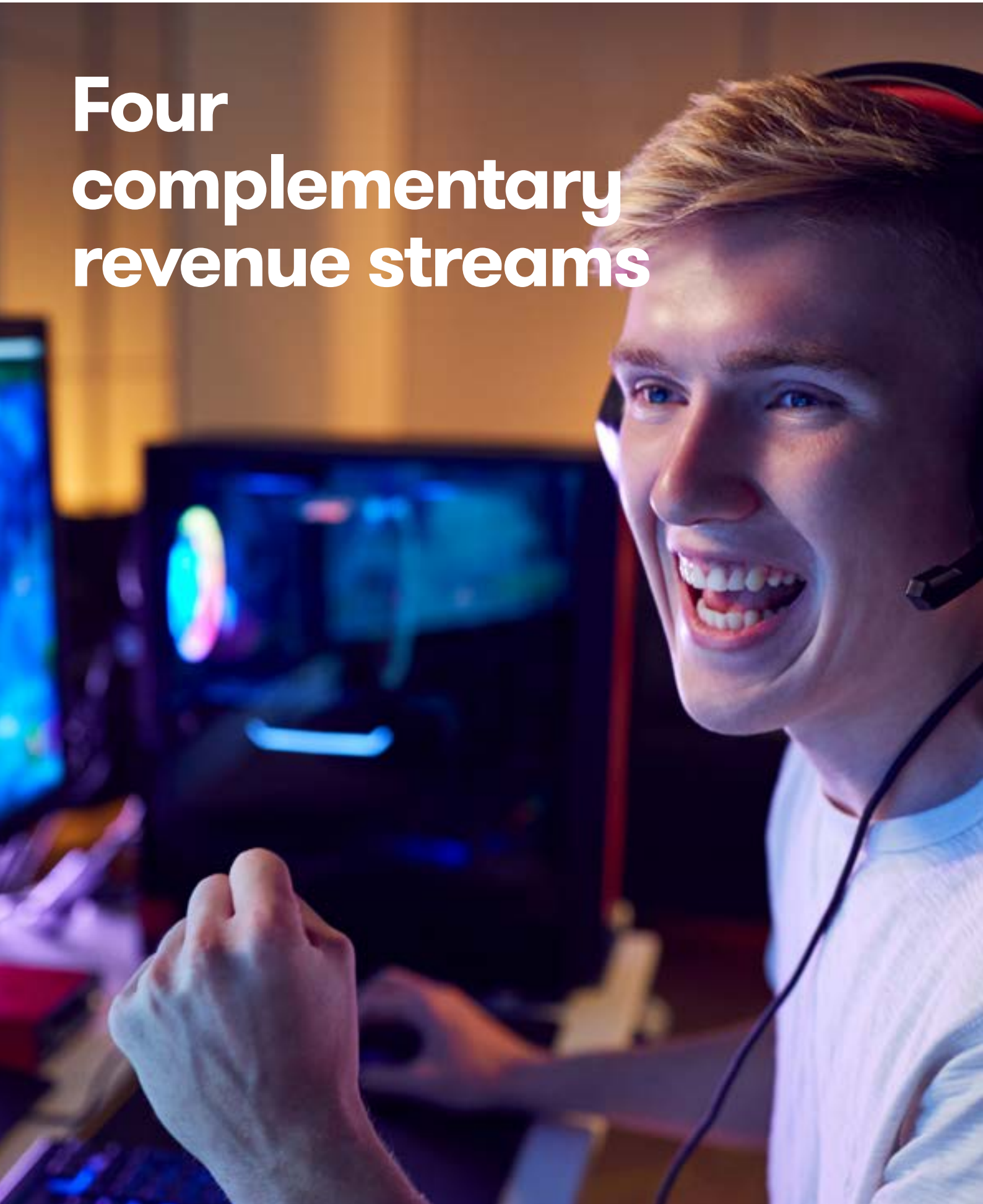
A statutory sustainability report has been prepared.

Gothenburg, 24 May 2024

Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg
Authorised Public Accountant

Four complementary revenue streams





Games

Thunderful Group operates in two segments, Games being one of them. The segment has a clear strategy focused on four different revenue streams: IP-Building, Co-Development, Partners and Investment. The strategy behind these four pillars is to provide four distinct revenue streams, where predictable and stable revenues establish profitability that can be used for long-term investments while minimising the effect of individual game revenues on the company as a whole.

The following section contains a description of each revenue stream, as well as tables of games released in 2023 and games announced for future launch as of 23 February 2024.



With four differentiated revenue streams, we have a balanced foundation on which to stand.

Kathrin Strangfeld – EVP Operations

MSEK **425**
Net sales

39.2%
Adjusted EBITDA margin 2023

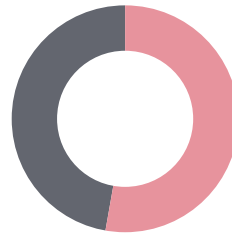
15%
Sales in the Games segment in relation
to total Group sales

IP-Building

IP-Building efforts are focused on developing, expanding and publishing intellectual properties, whether owned by Thunderful, by external partners or through licensing. Thunderful currently owns several game studios, which lays the foundation for continued development and expansion of existing IPs while also experimenting with new ones. The revenue stream is dependent on investments, but also has the opportunity to generate high profits once the games have been launched.

In 2023, Thunderful released 15 games in total, with 15 games in development and an additional 14 games in the publishing pipeline. Some of the games released during the year are “Jurassic World: Aftermath Collection”, “Planet of Lana”, “LEGO™ Bricktales”, “Islanders” and “Laika: Aged Through Blood”. Thunderful has continued to expand on one of its most popular IPs, the SteamWorld Universe, and “SteamWorld Build” was released during the year. The city-building game begins in a desolate night-time desert landscape, illuminated by a sparkling canopy.

Share of Thunderful Games net sales FY2023



■ IP-Building, 53%

Comment 2023

- Stable contribution from game releases and back catalogue
- Strengthened marketing and production teams
- Strategic review of game portfolio during Q4, focusing on profitable titles



Game: Spel: LEGO®: Bricktales VR
Studio: ClockStone

Game: Jurassic World: Aftermath
Studio: Coatsink



Games released during 2023

Game description				Platform			
Title	Release	Publisher	Studio	PC	Console	Mobile	VR
Vendir: Plague of Lies	2023-02-21	Early Morning Studio	Internal	●	●	●	●
Jurassic World: Aftermath Collection	2023-02-22	Coatsink	Internal	●	●	●	●
Super Meat Boy Forever	2023-04-20	Headup	External	●	●	●	●
Planet of Lana	2023-05-23	Thunderful	External	●	●	●	●
Dr Fetus Mean Meat Machine	2023-06-22	Headup	Internal	●	●	●	●
Tinkertown	2023-06-22	Headup	Internal	●	●	●	●
Viewfinder	2023-07-18	Thunderful	External	●	●	●	●
Astronimo	2023-09-27	Coatsink	Internal	●	●	●	●
Islanders	2023-09-28	Coatsink	Internal	●	●	●	●
Sol Frontiers	2023-10-12	Early Morning Studio	Internal	●	●	●	●
Laika: Aged Through Blood	2023-10-19	Headup	External	●	●	●	●
Worldless	2023-11-21	Coatsink	External	●	●	●	●
SteamWorld Build	2023-12-01	Thunderful	Internal	●	●	●	●
LEGO Bricktales	2023-12-07	Thunderful	External	●	●	●	●
Soulslinger	2023-12-14	Headup	External	●	●	●	●

● Released ● Under development ● Not available

Co-Development

Co-Development encompasses development services provided by Thunderful’s two studios Coatsink and Stage Clear, in partnership with external parties. This revenue stream contributes predictable revenues with stable and high margins and revenue shares from developed games. In this part of the organisation, the priority is long-term collaborative relationships with different partners, and there is no need for investment.

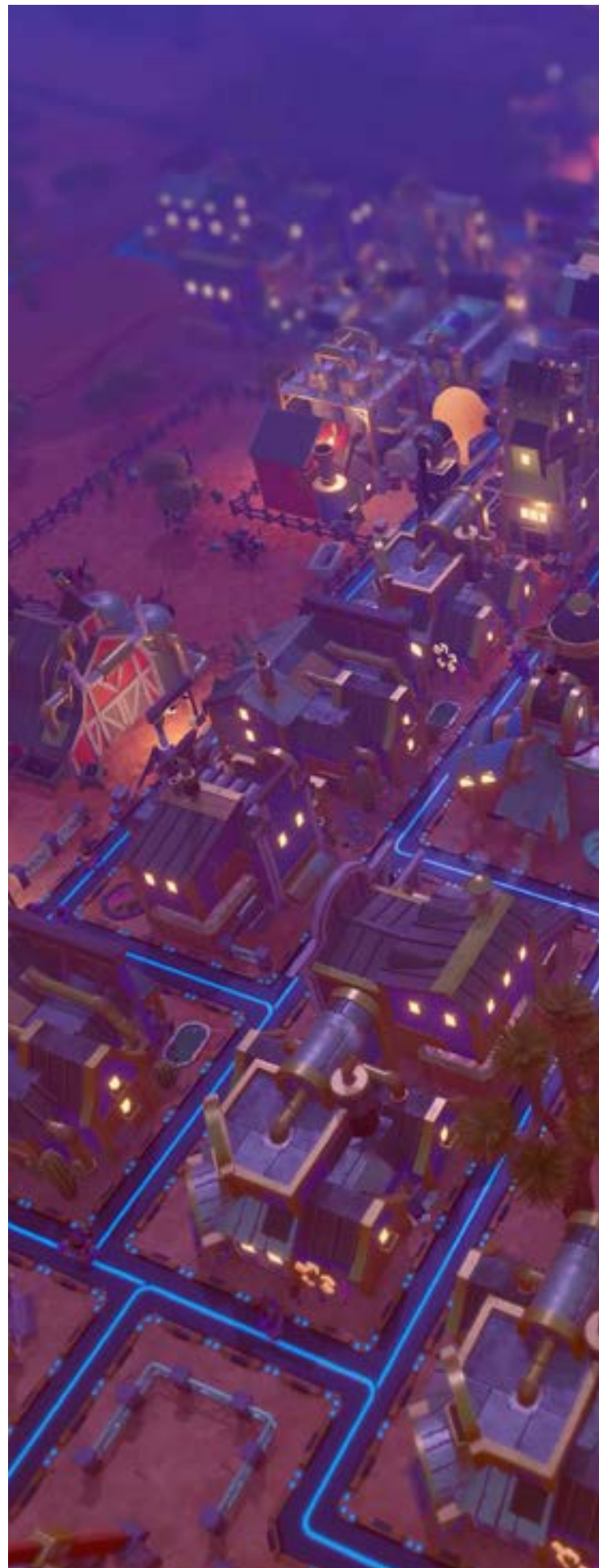
Share of Thunderful Games net sales FY2023



■ Co-Development, 39%

Comment 2023

- A more cautious market during 2023
- During 2023, a new deal was signed with a key client
- Continued stable profitability in 2023



Game: SteamWorld Build
Studio: The Station





Partners

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

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

Share of Thunderful Games net sales FY2023



■ Partners, 8%

Comment 2023

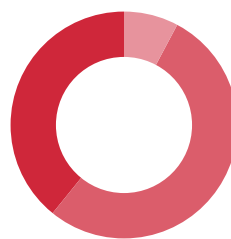
- Revised strategy in 2023
- New team in place
- Extended range of services to better meet customer needs



Investment

The Investment pillar includes investments ranging from the early prototype phase in game development projects to company acquisitions. The Investment revenue stream is dependent on a certain rate of investment and contributes variable revenue shares from games in which Thunderful has invested. Thunderful has acquired companies such as Coatsink, Headup, Robot Teddy, Jumpship, Fizbin and others.

Share of Thunderful Games net sales FY2023



■ IP-Building, 8% ■ Co-Development, 53% ■ Partners, 39%

Comment 2023

- Less focus on investments during the year
- Acquisition of Studio Fizbin in 2023. Earnings from this have gone into IP-Building

Announced releases of internally developed Thunderful games as of 23 February 2024

Game description			Platform			
Title	Release	Publisher	PC	Console	Mobile	VR
Tinkertown	2024, 1H	Headup	●	●	●	●
Vendir: Plague of Lies	2024, 1H	Early Morning Studio	●	●	●	●
"Kokidon"	2024, 2H	Thunderful	●	●	●	●
"Caramel (a SteamWorld IP Game)"	2024, 2H	Thunderful	●	●	●	●
"Date"	2024, 2H	Coatsink	●	●	●	●
"Lemon"	2024, 2H	To The Sky	●	●	●	●
"Strawberry (a SteamWorld IP Game)"	2024, 2H	Thunderful	●	●	●	●
"Axe"	2024, 2H	Early Morning Studio	●	●	●	●
"Chilli Choc"	2024, 2H	Coatsink	●	●	●	●
Islanders	2024, 2H	Coatsink	●	●	●	●
SteamWorld Headhunter	2025	Thunderful	●	●	●	●
"Mango"	2025	Thunderful	●	●	●	●
"Watermelon"	2025	Thunderful	●	●	●	●
"Neapolitan"	2025	Coatsink	●	●	●	●
"Oyster"	2025	Coatsink	●	●	●	●

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

Game: Planet of Lana
Studio: Wishfully



Announced releases of externally developed Thunderful games as of 23 February 2024

Game description		Platform			
Title	Release	PC	Console	Mobile	VR
"Leche"	2024, 1H	●	●	●	●
ASKA	2024, 1H	●	●	●	●
Phantom Spark	2024, 1H	●	●	●	●
"Moose Tracks"	2024, 1H	●	●	●	●
Soulslinger	2024, 2H	●	●	●	●
Symphonia	2024, 2H	●	●	●	●
Replaced	2024, 2H	●	●	●	●
"Peach"	2024, 2H	●	●	●	●
"Snowflake"	2024, 2H	●	●	●	●
Ikaro Will Not Die	2025	●	●	●	●
"Matcha"	2025	●	●	●	●
"Rocky Road"	2025	●	●	●	●
"Ube"	2025	●	●	●	●
"Grape"	2025	●	●	●	●

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



Game: Viewfinder
Studio: Sad Owl Studios



Well-established and competitive Nordic distribution business



Distribution

In addition to Games, Thunderful Group also operates in the Distribution segment. Business in the segment is focused on three strategic areas: Maintain Relationships, Own Brands, and Strengthen the Group.

Maintain Relationships

In order to continue securing and negotiating profitable contracts and gain access to the strongest brands, maintaining the good relationships and partnerships that the subsidiaries Bergsala, Amo Toys and Nordic Game Supply have with brand owners and customers is fundamental.

Own Brands

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

Strengthen the Group

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

MSEK **2,393**
Net sales

-1.9%
Net sales growth

4.4%
Adjusted EBITDA margin

8.5%
Growth excl. Nordic Game Supply

Bergsala

Distributor of Nintendo products in the Nordic region

Bergsala was founded in 1976 and has, since 1981, distributed and sold Nintendo's hardware and software in Sweden. Since 2012, Bergsala has also been responsible for distribution in the rest of the Nordic and Baltic countries. The company deals with everything from transport, logistics and warehousing, to sales and marketing to resellers. As well as management and responsibility for the entire distribution process, the company also has a service commitment, i.e. management and responsibility for service, returns and repairs.



Bergsala has had an uninterrupted partnership with Nintendo for more than 40 years, the contract being renewed every two years. The most recent renewal was in March 2024.

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



Game: Super Mario Bros. Wonder
Studio: Nintendo



MSEK **1,308**
Net sales

1981

Swedish distributor of
Nintendo since

7.6%
Net sales growth

>9 million
Consoles sold

8.7%
Adjusted EBITDA margin

>21 million
Games sold

Amo Toys

More than 50 years of experience in toy distribution

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

Amo Toys currently has about 80 brands in its portfolio, nine of which are own brands, including Happy Friend, Happy Baby and Junior Home.



MSEK **579**
Net sales

1965
Amo Toys founded

10.5%
Net sales growth

Ca. 80
Brands

9.9%
Adjusted EBITDA margin

#9
Own Brands

Nordic Game Supply

Leading Nordic distributor of video/computer games and associated accessory equipment

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

Operations include the physical distribution in Sweden, Norway and Denmark for game companies Take-Two and Konami. The company is also a distributor for brands including 2K Games, Razer and Thrustmaster, which are some of the gaming industry's most well-known manufacturers of game accessories. The company also distributes merchandise from well-known game titles such as Fortnite and Minecraft.



MSEK **506**
Net sales

2010
Nordic Game Supply founded

-27.7%
Net sales growth

Ca. 20
Brands

-12.9%
Adjusted EBITDA margin

#4
Own Brands

The share and shareholders

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

In 2023, the share price of Thunderful Group's share fell by -64.5 percent from its opening price of SEK 14.80 on 2 January to its closing price of SEK 5.25 on 29 December. The highest closing price was quoted on 22 February at SEK 21.00 and the lowest closing price was SEK 4.10 on 12 December. During the year, a total of 52,129,429 Thunderful Group shares were traded in a total of 35,817 trades. The share traded on 100 percent of the year's trading days, with an average daily turnover of SEK 2,130,621, with an average of 143 trades per day. At the end of the year, Thunderful Group's market capitalisation amounted to approximately SEK 369.1 million.

Total return

The total return on Thunderful Group's share in 2023, i.e. the price change including reinvested dividends, was a negative 64.5 percent.

Dividend and dividend policy

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

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

www.thunderfulgroup.com

Responsible for IR matters

Interim CFO Per Alnefelt

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per.alnefelt@thunderfulgroup.com



Share capital

As of 31 December 2023, Thunderful Group AB's share capital amounted to SEK 702,905.97, divided between 70,290,597 shares with a quota value of SEK 0.01 each. Each share carries one vote and entitles the holder to the same proportion of the company's assets and earnings and confer equal rights to dividends.

Shareholders

At the end of the year, Thunderful Group had 6,375 (6,636) shareholders. The largest shareholders are Bergsala Holding AB with 25.5 percent, Brjann Sigurgeirsson with 6.2 percent, Avanza Pension with 6.2 percent, and Klaus Lyngedal with 6.1 percent. Of the total number of shares in the company, 9.7 percent are held by institutions. Foreign ownership amounts to 12.4 percent.

Name	Shares	Capital and votes, %
Bergsala Holding AB	17,913,693	25.5%
Brjann Sigurgeirsson (privately and in holding company)	4,375,000	6.2%
Avanza Pension	4,340,555	6.2%
Lyngedal Holding AB	4,275,000	6.1%
Knutsson Holdings AB	2,496,028	3.6%
ÖstVäst Capital Management	2,200,000	3.1%
Nordnet Pensionsförsäkring	1,941,063	2.8%
Provobis Holding AB	1,750,000	2.5%
Nordea Liv & Pension	1,695,292	2.4%
Hinapulkka & Allihuoppa Oy	1,260,000	1.8%
TOTAL TOP 10	42,246,631	60.1%
Other	28,043,966	39.9%
TOTAL	70,290,597	100.0%

Stock market contacts

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

Information about 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 market-

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

Certified advisers

FNCA Sweden AB

info@fnca.se

Analysts who monitor Thunderful Group

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Risks and Risk Management

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

Risk diversification

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

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

Thunderful's Games segment has four clear revenue streams which increase risk diversification. IP Building is dependent on a high rate of investment and can generate very high rates of profitability. Co-Development contributes with predictable revenues with stable and high margins without the need to invest, as well as variable revenue shares from developed games. Partners contribute with predictable revenues with stable and high margins without the need to invest, as well as variable revenue shares from games that our partners self-publish. Investments is dependent on a certain rate of investments and contributes with variable revenue shares from games in which Thunderful has invested.

Risk management

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

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

Risks

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

Strategic risks are internal and external factors that can affect Thunderful Group's operations and ability to achieve the strategic and financial objectives of the operations. Read more about Thunderful Group's strategy and financial targets on pages 12–21.

Operational risks are risks that Thunderful Group can largely control and prevent itself and that mainly concern employees, gaming projects, supplier and customer relations and environmental impact. Read more about Thunderful Group's work with diversity and environmental impact on pages 24–27.

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

Financial risks refer, among other things, to risks related to maintaining future profitability and credit risks that could adversely affect the Group's profits. There are also valuation and accounting risks. Read more about Thunderful Group's financial risk management on page 86.

Sustainability risks run like a common thread through these areas and involve risks related to employees, climate impact, anti-corruption and human rights. Read more about Thunderful Group's sustainability work on pages 22–27. The Corporate Governance Report on pages 54–61 includes a detailed description of the internal control aimed at managing risks in connection with the financial reporting processes.

▲ Increased ► Unchanged ▼ Decreased

Risk by category	Risk area	Consequence	Likelihood	Priority	Focus 2023
Strategic risks					
Market	Adaptation to current market trends	High	Low	High	►
	Competition with other game developers and other entertainment industries	High	Low	Low	►
	Inventory build-up and impairment need	High	Medium	High	▲
Acquisitions	Further acquisitions	Low	Medium	High	►
	Integration of acquired operations	Low	Medium	Low	►
External factors	Pandemics, political, economic and other external events	Medium	Medium	Medium	▲
	Extreme weather due to climate change	Medium	Low	Low	►
IT systems	Functional and reliable IT systems	Medium	Low	Low	▼
Operational risks					
Coworkers	Attracting and retaining employees	High	Medium	High	►
	Attracting and retaining senior executives and other key personnel	High	Medium	High	►
	Physical and mental health in the workplace	High	Medium	High	►
	Recruitment	Medium	Medium	Medium	►
Game projects	Internally developed game projects are not successful	High	Medium	High	▲
	Internally developed game projects are delayed	Medium	Medium	Medium	▲
	Externally developed game projects are not successful	Medium	High	Medium	▲
	Development of games for different platforms and relationships maintained with all platforms	Low	Medium	High	►
Supplier relations	The contract with Nintendo	High	Low	High	►
	Establishing and maintaining supplier relationships	High	Low	High	►
	Logistics services	Medium	Low	Medium	►
	Human rights at the supplier level	High	Low	Low	►
	Anti-corruption	High	Low	Low	►
Customer relationships	Limited number of major customers	Medium	Low	Medium	►
Environmental impact	Negative environmental impact and emissions	Medium	High	Medium	►
Legal risks					
IP rights	Protection of intellectual property rights, know-how and trade secrets	High	Low	High	►
Regulatory compliance	Compliance with regulations and adaptation to changes in applicable regulations	Low	Medium	High	►
Open-Source	Software in the game development operations	Low	Low	High	►
Financial risks					
Profitability	Maintaining future profitability	High	Low	High	►
Credit risk	Exposure to resellers	Medium	Low	High	►
Accounting	Valuation and accounting risks	Medium	Low	High	►



Game: Zelda: Tears of the Kingdom
Studio: Nintendo

Description

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

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

Operational risks (cont.)

Supplier relations (cont.)	Logistics services	The Group uses warehouses to store games, game accessories and toys supplied by manufacturers and suppliers. These warehouses are leased by external property owners, with warehouse management being provided by external suppliers of warehousing and logistics services. Termination of, or deficiencies in, these services, may adversely affect operations in the form of increased expenses and delays. There is also a risk of damage to warehoused products due to, for example, fire, theft, sabotage or other accidents. This could lead to delayed deliveries and thus affect the Group's ability to meet its obligations to resellers.
	Human rights at the supplier level	Risks to human rights at the supplier level occur within Distribution, where the value chains differ from company to company. Some act only as a distributor without transparency in the supplier's production or supply chain, while others procure production of items. In such cases, the supplier is required to sign the Group's Code of Conduct for Distribution companies or alternatively to join BSCI or ICTI. Read more about the member organisations on page 28.
	Anti-corruption	There are few points of contact in the Group's operations where corruption could arise. In Games, it could arise in connection with acquisitions and in the publishing business. For Distribution, some points of contact entail risks in connection with production and choice of supplier. The Group manages risk through clear processes and a Group-wide Code of Conduct to which all employees are expected to adhere.
Customer relationships	Limited number of major customers	Terminated partnerships with resellers or financial difficulties for the resellers could lead to increased costs and loss of revenue. Should any of the Group's resellers terminate the agreement or end up in financial difficulties, the Group could be adversely affected in the short term. This could result in delays, credit losses, loss of revenue and adjustment costs to find new resellers to partner with, which could have a material negative effect on the Group's earnings and cash flow.
Environmental impact	Negative environmental impact and emissions	The largest negative environmental impact within the Group is in Distribution, whose value chain includes production, transport and handling of waste and recycling of physical products. Beyond that, the Group's environmental impact consists of office operations and server rooms. The Group has decided to first map all emissions in order to subsequently be able to influence and minimise them.

Legal risks

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

Financial risks

For financial risks, see Note 4 on page 86.

Corporate Governance Report

Legislation and Swedish Corporate Governance Code

Thunderful Group AB, the Parent Company of Thunderful Group, is a Swedish public limited company. Prior to listing on First North Premier, the company's corporate governance was 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 listing 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 securities market and apply the Swedish Corporate Governance Code (the "Code"). The Code sets a higher standard for good corporate governance than the minimum requirements of the Swedish Companies Act and thus complements the Swedish Companies Act by setting higher corporate governance requirements in a number of areas, but at the same time enables the company to deviate from these in individual cases if this is deemed to result in better corporate governance (following the principle of "comply or explain"). Such deviations, and the chosen alternative solution, shall be described, and the reasons for the deviation explained, in an annual Corporate Governance Report. The company has not noted any deviations from the Code since the publication of the 2020 Annual Report and until the publication of this Annual Report.

General Meeting

In accordance with the Swedish Companies Act, the General Meeting is the company's highest decision-making forum. At the General Meeting, the shareholders exercise their right to vote on the company's affairs in key issues, such as amendments to 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 (AGM) must be held within six months from the end of the financial year. In addition to the AGM, 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. Furthermore, an announcement that the notice has been issued shall be published in the Swedish daily newspaper Dagens Industri. Shareholders wishing to attend and vote in a General Meeting, either in person or by proxy, 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.

Bergsala Holding AB, which held 25.5 percent of the votes per 31st December 2023, was the only owner that held, directly or indirectly, shares representing one tenth or more of the number of votes for all shares in the company.

The Annual General Meeting (AGM) was held in Gothenburg on 17 May 2023. At the AGM among other things, the election of the board, auditors and election committee was carried out. Further-

more, the following decisions were taken:

- the board was authorized to, in the period leading up to the 2024 AGM, on one or more occasions decide on a new issue of shares, warrants and/or convertibles up to a maximum of 7,029,059 shares, which corresponded to a dilution of approximately 10 percent of all outstanding shares at the time for the summons.
- establishment of warrant-based incentive program 2023/2026 for certain key persons and decisions on staff option program 2023/2026 for certain foreign key persons and targeted issue of warrants for delivery of shares in staff option program 2023/2026.
- amendment of the articles of association

Minutes from the 2023 Annual General Meeting are available at www.thunderfulgroup.com under "Corporate governance/Annual General 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 of Chairman of the Board, Board Members and auditor, as well as remuneration to these.

The Extra General Meeting held on 2 September 2020 resolved to adopt instructions and rules of procedure for the Nomination Committee. The Nomination Committee shall comprise the Chairman of the Board and three committee members appointed by the three largest shareholders as per 30 September.

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

The members of the Nomination Committee shall be announced no later than six months before the AGM. If the shareholder structure changes significantly no later than seven weeks before the AGM, 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.

During 2023, the following nomination committee has been appointed for the 2024 general meeting: Anders Holmgren (Setterwalls law firm as representative of Bergsala Holding), Brjann Sigurgeirsson (representing himself), Anders Enochsson (representative of Knutsson Holding) and Patrick Svensk (chairman of the board).

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 results and position, and evaluating the operational management. Furthermore, the Board of Directors is responsible for ensuring that accurate information is given to the company's shareholders, that the company complies with laws and regulations and that the company develops and implements internal policies and ethical guidelines. Moreover, the Board of Directors is responsible for ensuring that annual and interim reports are prepared in a timely manner. The Board of Directors also appoints the company's CEO.

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

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

The Board of Directors adheres to written rules of procedure which are revised annually and adopted at the Board meeting following election. The rules of procedure regulate, among other things, the practices of the Board of Directors, tasks, decisions-making within the company, the Board of Directors' meeting agenda, the duties of the Chairman of the Board and the allocation of responsibilities between the Board of Directors and the CEO. Instructions for financial reporting and instructions for the CEO are also adopted in connection with the Board meeting following election. 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 Board meeting following election, at least five ordinary Board meetings shall be held between each AGM. In addition to these meetings there are informal contacts between the Board Members. In 2023, 16 Board meetings were held. Owe Bergsten did not take part in the Board meeting on 19 October 2023, but otherwise all of the Board Members took part in the Board meetings.

At the end of the year, a board evaluation was carried out, which showed a well-functioning board work. The board evaluation is done through a survey. The answers are compiled and discussed with the Board, CEO and the Nomination Committee.

The Board of Directors diversity policy

The Board as a whole must have a collective competence and experience appropriate for the work of the Board for the business that is conducted and to be able to identify and understand the risks that the business entails and the regulations that regulate the business that is conducted. When electing new Board members, the suitability

of the individual member must be tested with the aim of achieving a Board with a collective competence that is sufficient for effective management of the company. The Nomination Committee strives for relevant expertise in gaming and distribution business, financing and more, as well as an even gender distribution. It is the responsibility of the Nomination Committee to take this into account, with the aim of achieving an appropriate composition of the board with regard to the company's operations and conditions in general. The composition of the board consists of one woman and four men and is judged to represent a breadth of knowledge and valuable contact networks in relevant areas.

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 Patrick Svensk, and the Board Member Mats Lönnqvist, also chairman of the Committee. The Audit Committee shall, without it affecting the Board's responsibilities and tasks in general, monitor the company's and Group's financial reporting, monitor the efficiency of the company's and the Group's internal control, internal auditing (if such a function is established in the future) and risk management, keep informed about the auditing of the Annual Report and consolidated financial statements as well as the conclusions of the Swedish Inspectorate of Auditors' 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. In 2023, five Audit Committee meetings were held where all members participated.

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 regarding the election of auditors.

Remuneration Committee

The Remuneration Committee is comprised of the Board Members Patrick Svensk, chairman of the Committee, and the Board Member 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 programmes for variable remuneration to the Group Management that were ongoing or completed during the year, and (iii) to monitor and evaluate the application of any guidelines for remuneration to senior executives adopted by the General Meeting as well as current remuneration structures and remuneration levels. In 2023, two Remuneration Committee meetings were held where all members participated.

CEO and other senior executives

The CEO is subordinate to the Board of Directors and responsible for the ongoing management and day-to-day running of the company. The rules of procedure for the Board of Directors and the instructions for the CEO stipulate the division of work between the

Remuneration to Board Members 2023 (SEK thousand)

Name	Board fee	Salary	Other benefits	Bonus	Pension	Total remuneration, bonuses and pensions
Patrick Svensk	332.5	-	-	-	-	332.2
Mats Lönnqvist	725.0	-	-	-	-	725.0
Owe Bergsten	422.6	-	-	-	-	422.6
Tomas Franzén	425.8	-	-	-	-	425.8
Oskar Burman	250.0	-	-	-	-	250.0
Cecilia Ogvall	275.0	-	-	-	-	275.0
Sara Bach	145.8	-	-	-	-	145.8
Total:	2,576.7	-	-	-	-	2,576.7

Board of Division and CEO. Thunderful Group has a Group Management comprising three persons which, in addition to CEO Martin Walfisz, is comprised of Per Arnefelt interim CFO, Claire Boissiere EVP of Studios & Development, Kathrin Strangfeld EVP of Operations, Johan Mannerhill EVP of Distribution and Sue Smith GVP of People & Culture.

Remuneration to Board Members, the CEO and senior executives

Remuneration to Board Members

The AGM resolves on remuneration to Board Members elected by the AGM. The Annual General Meeting on 17 May 2023, resolved that the Board remuneration payable until the next AGM shall be SEK 1,500 thousand, of which SEK 500 thousand shall be paid to the Chairman of the Board and SEK 250 thousand to each of the other Board Members. SEK 50 thousand shall be paid to the chairman of the audit committee and SEK 30 thousand to each member of the audit committee. SEK 40 thousand shall be paid to the chairman of the remuneration committee, and SEK 20 thousand shall be paid to each member of the remuneration committee. Board Members are entitled to a fee in relation to the number of months each Board Member has held the position from the time of election until the next AGM is held.

The table above presents remuneration to the company's Board Members as described above and refers to remuneration paid during the financial year of 2023 including any conditional or deferred remuneration and any benefits in kind that have been granted for services performed for the Group, regardless of by whom or in what capacity the services have been performed. All amounts are stated in SEK thousands and remuneration has been paid by the Group companies.

Remuneration guidelines for senior executives

At the Extra 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 employment conditions for members of the Senior Management shall be based on market terms and be competitive in order to ensure that the company can attract and retain competent members of the Senior Management at a reasonable cost for the company.

The total remuneration for the Senior Management may consist of fixed salary, variable remuneration, pension and other benefits. In order to avoid that the Senior Management is encouraged to take

unreasonable risks, there shall be a fundamental balance between any fixed and variable remuneration. The fixed salary shall thus be large enough in relation to the total remuneration paid to the member of the Senior Management in order to render it possible to reduce the variable remuneration to zero. The variable remuneration to a member of the Senior Management whose function or total remuneration level implies that he or she can have a material effect on the company's risk profile, may not be greater than the fixed salary. Variable remuneration is to be linked to predetermined and measurable performance criteria, formulated with the objective to promote the Group's long-term value creation. Remuneration shall not discriminate on grounds of gender, ethnic background, national origin, age, disability or other irrelevant factors.

Regarding employments that are regulated by laws and regulations other than Swedish, necessary adjustments may be adopted regarding pension benefits and other benefits in order to follow such imperative regulations or fixed local customs, whereas these guide-lines overall purpose shall be applied as far as possible.

Fixed salary

Members of the Senior Management employed by the Group shall be offered a market level fixed salary on market terms, based on the work instructions, degree of difficulty of the work performed as well as responsibilities, experience, competence and performances. Salary shall be determined per calendar year with an annual salary revision.

Members of the Senior Management active in the Group on a consultancy basis are paid a market level consultancy fee based on responsibilities and performances for time spent.

Variable remuneration

The Group does not currently offer any variable remuneration and thus the Group does not have any obligations regarding variable remuneration to Senior Management. If the Group would like to pay variable remuneration to Senior Management amendments to this remuneration policy are necessary to be made.

Certain variable remuneration can be provided due to extraordinary circumstances, provided that such extraordinary arrangements are solely made on an individual level in order to either recruit or retain members of the Senior Management, or as remuneration for an extraordinary work performance beyond the persons ordinary work tasks. Such remuneration may not supersede a sum corresponding to 50 percent of the annually fixed salary and may not be provided more than once a year per person. Resolutions regarding such remuneration shall be made by the board of directors.

Share related incentive programs

Certain members of the Senior Management participate in share related option programs in Thunderful. The programs are described in the annual report. The remuneration committee and the board of directors shall annually evaluate whether to propose additional share related incentive programs.

The board of directors shall each year consider whether the annual shareholders' meeting is to be proposed to adopt a share based incentive program. Proposed incentive programs shall contribute to a long-term value growth. As share related incentive programs are resolved by the shareholders' meeting, this remuneration policy does not apply to such programs.

It shall be possible to offer members of the Senior Management corresponding incentives as should have been offered pursuant to a share based incentive program, should it show to be practically impossible to effectuate such program in the tax domicile of a member of the Senior Management, or if the company assesses that such participation cannot take place at reasonable administrative costs or financial contributions. The cost and the investment for the company as well as the incentive and financial outcome for the Senior Management member in question shall under those circumstances essentially correspond to the share based incentive program.

Pension

Members of the Senior Management employed by the Group are entitled pension in accordance with the Group's Pension Policy, which is in line with the ITP pension scheme. Members of the senior management shall, unless otherwise specifically agreed upon, be offered pension terms which are in accordance with the market in the country where the members of the senior management are habitually resident. Variable remuneration shall, as a main rule, not be considered pensionable income.

Other benefits

Other benefits such as a company car, additional health insurance and medical benefits shall be limited in value in relation to other remuneration, at the most 30% of the fixed salary, and shall be paid only in so far as it is considered to be in accordance with the market for other members of senior managements holding corresponding positions on the employment market where the member in question is operating.

Termination and severance payment

The managing director and one other members of the Senior Management have mutual notice periods of six (6) months. Senior Management active in the Group on a consultancy basis have entered

into consultancy agreements with the Group remaining in force either for a period of 12 months to be extended one (1) month before the expiry of the first 12 month period or until terminated by either party with at least two (2) months' written notice. Redundancy pay, apart from salary, during the period of termination notice is not allowed.

Deviations from the remuneration policy

The board of directors shall be entitled to deviate from the guidelines in this policy in individual cases if there are special reasons for doing so and if it is necessary in order to facilitate the long-term interests of the company, including sustainability.

The table below presents remuneration to the senior executives and refers to remuneration paid during 2023 including any conditional or deferred remuneration and any benefits in kind (including e.g. car benefits) that have been granted for services performed for the Group, regardless of by whom or in what capacity the services have been performed. All amounts are stated in SEK thousands and remuneration has been paid by the Group companies.

Incentive programmes

The Group has set up share-based incentive programmes for some of the company's Board Members and senior executives.

The terms of the incentive programmes are described below. The maximum number of shares that can be issued in total under the three incentive programmes, without consideration of potential future recalculation in accordance with the warrant terms for the respective programmes, amounts to 1,210,000 shares, which corresponds to a dilution of approximately 1.7 percent based on the assumption that all programmes are fully exercised and calculated on the number of shares in the company as per 31 December 2023.

Warrant-based incentive programme 2020/2023 (i)

The Extraordinary General Meeting on 2 September 2020 resolved on a warrant-based incentive programme for the company's Board Members Oskar Burman and Cecilia Ogvall through the issue of 168,350 warrants and a programme for the Group's CFO and Head of Distribution at that time plus certain key personnel through the issue of 350,870 warrants. The warrant programme was implemented in October 2020 and for each warrant, a warrant premium of SEK 1.20 was paid.

Each warrant entitles the holder to acquire a new share in the company at an exercise price amounting to SEK 38.37 per share. The warrants can be exercised during the period from 1 November 2023 to 30 November 2023 inclusive. Upon full exercise of all issued war-

Remuneration to senior executives 2023 (SEK thousand)

Name	Salary	Other benefits	Bonus	Pension	Total remuneration, bonuses and pensions
Martin Walfisz, CEO (from September 2023)	1,683.6	30.8	870.0	380.1	2,964.5
Anders Maiqvist, former Acting CEO (up to and including August 2023)	2,038.7	39.7	966.7	568.8	3,613.9
Other members of Group Management ¹⁾	13,025.7	84.9	1,078.0	812.3	15,000.9
Total:	16,748.1	155.4	2,914.7	1,761.2	21,579.3

¹⁾ Other members of Group Management amounted to six people at the end of 2023. In addition, former Chief Financial Officer Lennart Sparud and former Chief Strategy & Investment Officer Agostino Simonetta are included up to and including December 2023.

rants, a total of 519,220 new shares would be issued and the share capital would increase by SEK 5,129.22, which corresponds to a dilution of approximately 0.74 percent based on the assumption that all of the warrants in the programme are fully exercised and based on the number of shares in the company as per 31 December 2023. The warrants are subject to customary recalculation provisions in connection with issues, etc.

As the share price was lower than the exercise price, the programme expired in November 2023.

Warrant-based incentive programme 2022/2025 (ii)

The Annual General Meeting held on 27 April 2022 resolved to implement a warrant-based incentive programme for the new CFO of the Group, the Group's CSIO and the Group's COO through an issue of 270,000 warrants. The warrant programme was implemented in May 2022 and a SEK 0.27 warrant premium was paid for each warrant.

Each warrant entitles the holder to acquire a new share in the company at an exercise price of SEK 47.22 per share. The warrants can be exercised during the period from 19 May 2025 to 30 June 2025 inclusive. Upon full exercise of all issued warrants, a total of 270,000 new shares will be issued and the share capital will increase by SEK 2,700.00, which corresponds to a dilution of approximately 0.38 percent based on the assumption that all of the warrants in the programme are fully exercised and based on the number of shares in the company as per 31 December 2022. The warrants are subject to customary recalculation provisions in connection with issues, etc.

Warrant-based incentive programme 2023/2026 (iii)

The Annual General Meeting held on 17 May 2023 resolved on a warrant-based incentive programme for the Group CEO, the CFO at that time and certain key personnel in the Group through an issue of 940,000 warrants. The warrant programme was implemented in June 2023 and a SEK 2.23 warrant premium was paid for each warrant.

Each warrant entitles the holder to acquire a new share in the company at an exercise price of SEK 20.28 per share. The warrants can be exercised during the period from 19 May 2026 to 30 June 2026 inclusive. Upon full exercise of all issued warrants, a total of 350,870 new shares will be issued and the share capital will increase by SEK 3,508.70, which corresponds to a dilution of approximately 0.50 percent based on the assumption that all of the warrants in the programme are fully exercised and based on the number of shares in the company as per 31 December 2023. The warrants are subject to customary recalculation provisions in connection with issues, etc.

Internal control and risk management

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

The overall purpose of the internal control is to ensure that the company's strategies and targets can be implemented and to ensure that the financial reporting has been prepared in accordance with

applicable laws, accounting standards and other requirements imposed on listed companies. The Swedish Companies Act, the Swedish Annual Accounts Act and the Code govern the Board of Directors' responsibility for the internal control of the company. The allocation of the roles and responsibilities has been stated 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, to contribute to effective management of the company's risks. The Board of Directors is also responsible for monitoring the company's financial position, overseeing the effectiveness of the company's internal control and risk management, staying informed about the audit of the Annual Report and consolidated financial statements, and 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 oversee 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.

Responsibility for 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, as 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 gives the Board of Directors a good understanding and reliable documentation regarding the financial reporting in the Annual Report.

Risk assessment and control activities

The risk assessment work includes identifying and evaluating the risk of material 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 to affected employees. Financial reporting is implemented mainly in a Group-wide system with predefined report templates. The company's financial reporting follows the laws and regulations that apply in Sweden and the local rules in each country where the business is conducted. The company's information to the shareholders and other stakeholders is provided via the Annual Report, interim reports and press releases.

Monitoring

The CEO ensures that the Board of Directors receives continuous reports on the development of the company's operations, including the company's results and position, and information about important events, such as 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 regularly 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 review 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 or herself to be guided in his or her work by the Board of Directors or any senior executive. The auditor's reporting to the General Meeting takes place at the AGM 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 Öhrlings PricewaterhouseCoopers AB with Nicklas Kullberg as auditor in charge. Remuneration to the company's auditor is paid in accordance with an approved invoice. Remuneration to Öhrlings PricewaterhouseCoopers AB was SEK 3.3 million for the 2023 financial year and pertained to auditing services for the company.

Stock market information and insider rules

Listed companies are required to give all players in the stock market simultaneous access to insider information about the company, and there are insider rules to prevent market abuse.

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

Policies and guidelines regarding disclosures and insider rules as well as 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 since listing are published on the company's website (www.thunderfulgroup.com) in direct connection with publication.

Auditor's report on the corporate governance report

To the general meeting of the shareholders of Thunderful Group AB (Publ), corporate identity number 559230-0445.

Engagement and responsibility

The Board of Directors is responsible for ensuring that the corporate governance statement for the year 2023 on pages 54–61 has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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

Opinion

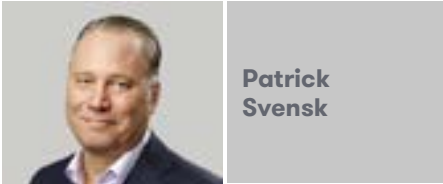
A corporate governance statement has been prepared. Disclosures in accordance with chapter 6, section 6, the second paragraph, points 2–6 of the Annual Accounts Act and chapter 7, section 31, the second paragraph of the same law, are consistent with the other parts of the annual accounts and consolidated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

Gothenburg, 24 May 2024

Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg
Authorised Public Accountant

Board of Directors



**Patrick
Svensk**

Chairman of the Board since 2023
Born 1966

Background and education:

MSc. Business Administration, Finance and Marketing, Stockholm School of Economics.
Since 1991, Patrick Svensk has, among other things, been CEO of TV3 Sweden, Kanal 5, Zodiak Entertainment, Nice Entertainment and Bright Group as well as chairman of the board of Betsson, Readly and Scrive.

Selection of other assignments:

Chairman of the board of Scrive AB, Hacksaw AB and Readly International AB. Board member of PodX Group AB (incl subsidiaries).

Holdings in the company:

15,000 shares

Independent in relation to the company: Yes

Independent in relation to major shareholders: Yes

Favourite Thunderful game:

Lost in Random

Favourite Nintendo game:

Mario Golf SuperRush



**Mats
Lönnqvist**

Board member since 2020
Born 1954

Background and education:

BSc 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. Previous roles include CFO of the government-owned company Securum, and CFO and deputy CEO of Biacore, Esselte, Postnord and SAS.

Selection of other assignments:

Chairman of the board of Hydros cand Group AB, Ovacon AB, Östa Bostäder AB etc. Board member of Norva 24 Group AB, Prosero Security Holding AB, Liljedahl Group AB and Tagehus Holding AB etc.

Holdings in the company:

156,879 shares

Independent in relation to the company: Yes

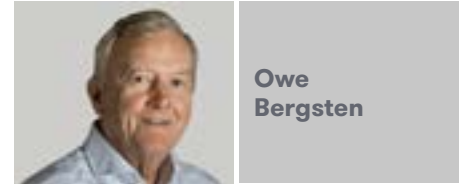
Independent in relation to major shareholders: Yes

Favourite Thunderful game:

Lost in Random

Favourite Nintendo game:

Pikmin 3



**Owe
Bergsten**

Board Member since 2019
Born 1950

Background and education:

Several 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 working at Bergsala since its foundation.

Selection of other assignments:

Chairman of the board of Havsskatten AB. Board member of Bergsala Holding AB, Logi & Bastu på Käringön AB and Orrviken Invest Aktiebolag.

Holdings in the company:

17,913,693 shares

Independent in relation to the company: Yes

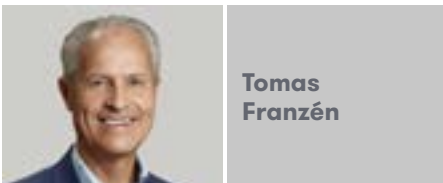
Independent in relation to major shareholders: No

Favourite Thunderful game:

SteamWorld Dig

Favourite Nintendo game:

Zelda: Wind Waker



**Tomas
Franzén**

Board Member since 2020
Born 1962

Background and education:

MSc. Engineering at Linköping University. Tomas Franzén has many years of experience as CEO and chairman of the board within the Bonnier Group, Com Hem, Eniro and Song Networks (later TDC).

Selection of other assignments:

Chairman of the Board of TietoEvry Corp, Pamica Group, Elajo Invest AB etc.

Board member of Axel Johnson Aktiebolag, Dustin Group AB, Liljedahl Group AB, Martin & Servera etc.

Holdings in the company:

136,879 shares

Independent in relation to the company: Yes

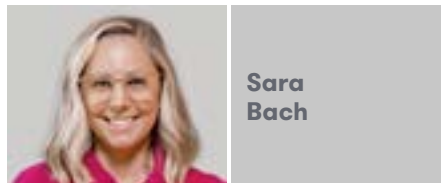
Independent in relation to major shareholders: Yes

Favourite Thunderful game:

Wavetale

Favourite Nintendo game:

Super Mario Odyssey



**Sara
Bach**

Board Member since 2023
Born 1982

Background and education:

MSc in Media Technology at Linköping University. Sara Bach has worked in the game industry since 2006 and over the years has held various leadership roles in game production and product at EA Dice (Battlefield etc.), King (Candy Crush etc.) and Mojang (Minecraft).

Selection of other assignments:

Responsible for Finnish Supercell's game portfolio (Clash of Clans, Clash Royale, Brawl Stars, Hay Day & Boom Beach).

Holdings in the company:

0 shares

Independent in relation to the company: Yes

Independent in relation to major shareholders: Yes

Favourite Thunderful game:

Planet of Lana

Favourite Nintendo game:

Zelda: Tears of the Kingdom

Group Management



Martin Walfisz

CEO since 2023
Born 1973

Background and education:

Software engineer and honorary doctorate at Blekinge Institute of Technology. Martin Walfisz has been active as an entrepreneur, business leader and investor in the gaming industry for over 25 years. In 1997, he founded Massive Entertainment (now part of Ubisoft), where he was CEO until 2009. Since then, Martin has held senior positions and board assignments at many game companies, and built up the game investment business Nordisk Games for the media group Egmont. He is also the founder of the Association of Swedish Game Developers, and was its first chairman.

Selection of other assignments:

Chairman of the board of Multiscryption Holding ApS. Board member of Cross Reality International AB and Game Habitat Southern Sweden AB.

Holdings in the company:

14,880 shares and 250,000 warrants

Favourite Thunderful game:

Lonely Mountains: Downhill

Favourite Nintendo game:

Super Mario Galaxy



Per Alnefelt

Interim CFO since April 2024
Born 1960

Background and education:

MSc. Business and Economics, Uppsala University. With more than 30 years of experience from leading finance positions in global companies as well as listed Swedish companies, Per spent his early days of his career working with auditing, leasing & mutual funds sales and treasury. He subsequently took on positions as Finance Director/ Business Director/CFO at Fujitsu Siemens Computers Nordic Region, Rank Xerox AB, Letsbuyit.com, Teleperformance Nordic and Tobin Properties AB. Per has also gained management consulting experience from 5 years with Capacent AB. The last 3 years Per has worked as interim consultant with focus on the CFO agenda and with clients such as Storskogen Group AB and Dynamic Code AB.

Holdings in the company:

0 shares

Favourite Thunderful game:

Planet of Lana

Favourite Nintendo game:

Super Mario



Claire Boissiere

EVP of Studios & Development since 2023
Born 1971

Background and education:

Claire has been at the forefront of games development for over 23 years, working across production, design and narrative to deliver innovative and award-winning games. She has worked at several major studios including Kuju Entertainment, Media Molecule and PlayStation London Studio, where her responsibilities included leading the creative/ writing process with prominent writers on the BAFTA nominated Wonderbook: Book of Spells and its sequel Book of Potions, and other titles.

Selection of other assignments:

Chair of BGI and National Video Games Museum, advisor to Grads in Games and member of BAFTA.

Holdings in the company:

30,000 O

Favourite Thunderful game:

Somerville

Favourite Nintendo game:

Animal Crossing



Kathrin Strangfeld

EVP of Operations since 2023
Born 1981

Background and education:

Kathrin obtained a dual degree in International Business from Universidad de Belgrano in Buenos Aires, Argentina, and Aalen University in Germany. In 2008, she transitioned into the video games industry, joining PlayStation. Her 14-year tenure at PlayStation saw her hold several senior roles in business development and corporate strategy. Kathrin's educational background and multifaceted professional experiences reflect a versatile skill set, poised to navigate the complexities of the evolving global business landscape.

Holdings in the company:

80,000 O, 40,000 W

Favourite Thunderful game:

Lost In Random

Favourite Nintendo game:

Mario Kart



Johan Mannerhill

EVP of Distribution since 2023
Born 1973

Background and education:

Johan has more than two decades of experience from leading positions in the entertainment industry, most recently at Warner Bros. Discovery where he was Managing Director of Home Entertainment Film, TV and Games across the Nordics for seven years. Prior to this, he held leading commercial positions at Bandai Namco and Electronic Arts after starting his career in the logistics solutions industry. In addition, Johan has played a key role in establishing and chairing industry associations within games (MDTS and Dataspelebranschen/Swedish Games Industry) and the film/TV industry (DEG Nordic).

Holdings in the company:

0 shares

Favourite Thunderful game:

SteamWorld Dig 2

Favourite Nintendo game:

Mario's Cement Factory



Sue Smith

GVP of People & Culture since 2023
Born 1971

Background and education:

Gained a Combined BA from Sunderland University and a CIPD Post Graduate Diploma in People Management & Development from Dundee & Angus College. Before joining Thunderful Group, Sue held various people-related roles across private, public and third-sector global and regional organisations, including HR Business Partner at Thunderful's subsidiary Coatsink, HR Controller at logistics firm Vantec Europe and HR Manager at transport group Arriva plc. Sue has also held HR positions at the Church of England, County Durham & Darlington Fire & Rescue Service, North Tyneside Council, Age UK North Tyneside and Age UK Northumberland.

Selection of other assignments:

Chair of BGI and National Video Games Museum, advisor to Grads in Games and member of BAFTA.

Holdings in the company:

30,000 O

Favourite Thunderful game:

Planet of Lana for the artwork

Favourite Nintendo game:

Overcooked

Remuneration Report 2023

Introduction

This remuneration report describes how the guidelines for remuneration to senior executives for Thunderful Group AB (“Thunderful” or “the company”), adopted by the Annual General Meeting on 2 September 2020, were applied during 2023. The report also contains information on remuneration to the CEO and a summary of the company’s outstanding share and share price-related incentive programmes. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Board of Corporate Governance’s Rules on remuneration of the board and executive management and on Incentive programmes.

Further information on remuneration to senior executives can be found in Note 9 (Average number of employees/salaries etc.) on page 90 of the Annual Report for 2023. Information on the Remuneration Committee’s work in 2023 can be found in the corporate governance report on pages 54–59 of the Annual Report for 2023.

Board fees are not covered by this report. Such fees are decided annually by the Annual General Meeting and are reported in the corporate governance report on pages 54–59 of the Annual Report for 2023.

Developments in 2023

The CEO summarises the company’s overall results in his report on pages 8–11 of the Annual Report for 2023.

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

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

The guidelines can be found on page 56 of the Annual Report for 2023. During 2023, the company has followed the applicable remuneration guidelines adopted by the Annual General Meeting. No deviations from the guidelines have been made and no deviations have been made from the decision-making process that, according to the guidelines, is to be applied to determine the compensation. No remuneration has been reclaimed.

Total remuneration to the CEO during 2023 (SEK thousand)¹⁾

Name of executive (position)	Basic salary ²⁾	Other benefits ³⁾	One-year	Multi-year	Extraordinary items	Pension cost ⁴⁾	Total remuneration	Proportion of fixed and variable remuneration
Martin Walfisz, CEO (from September 2023)	1,683.6	30.8	870.0	0.0	0.0	380.1	2,964.5	71% / 29%
Anders Maiqvist, former Acting CEO (up to and including August 2023)	2,038.7	39.7	966.7	0.0	0.0	568.8	3,613.9	73% / 27%

1) With the exception of Multi-year variable remuneration, the table reports remuneration for the year 2023. There is no multi-year variable remuneration.

2) Including holiday pay.

3) Refers to car benefit.

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

Share-based payment

Outstanding share-related and share price-related incentive programmes

Warrant-based incentive programme 2020/2023 (i)

The Extraordinary General Meeting on 2 September 2020 resolved on a warrant-based incentive programme for the company's Board Members Oskar Burman and Cecilia Ogvall through the issue of 168,350 warrants and a programme for the Group's CFO and Head of Distribution at that time plus certain key personnel through the issue of 350,870 warrants. The warrant programme was implemented in October 2020 and for each warrant, a warrant premium of SEK 1.20 was paid. Each warrant entitles the holder to acquire a new share in the company at an exercise price amounting to SEK 38.37 per share. The warrants can be exercised during the period from 1 November 2023 to 30 November 2023 inclusive. Upon full exercise of all issued warrants, a total of 519,220 new shares will be issued and the share capital will increase by SEK 5,129.22. The warrants are subject to customary recalculation provisions in connection with issues, etc.

As the share price was lower than the exercise price, the programme expired in November 2023.

Warrant-based incentive programme 2022/2025 (ii)

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Each warrant entitles the holder to acquire a new share in the company at an exercise price of SEK 20.28 per share. The warrants can be exercised during the period from 19 May 2026 to 30 June 2026 inclusive. Upon full exercise of all issued warrants, a total of 350,870 new shares will be issued and the share capital will increase by SEK 3,508.70, which corresponds to a dilution of approximately 0.50 percent based on the assumption that all of the warrants in the programme are fully exercised and based on the number of shares in the company as per 31 December 2023. The warrants are subject to customary recalculation provisions in connection with issues, etc.

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

During 2023, Thunderful had short-term variable remuneration for other senior executives.

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

Changes in remuneration and the company's results over the last five reported financial years (income statement, IS) (SEK thousand)

	IS-4 vs IS-5	IS-3 vs IS-4	IS-2 vs IS-3	IS-1 vs IS-2	IS vs IS-1	IS 2023
Remuneration to the CEO		-15.3 (-2%)	+54.1 (+7%)	+1,604.4 (+205%)	+4,193.5 (+176%)	6,578.4
The Group's operating profit/loss		+5,807.1 (+3%)	-6,058.5 (-3%)	-12,755.4 (-6%)	-805,392.5 (-411%)	-609,336.0
Average remuneration based on the number of FTEs* in the Parent Company					+67.1 (+9%)	838.7

* Excluding members of Group Management.

Board of Directors' Report



Game: Pokémon, Scarlet & Violet: The Hidden Treasure of Area Zero
Studio: Game Freak/Nintendo



Information about the business

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

Thunderful Group was founded in 2019 following the restructuring of the Bergsala and Thunderful groups of companies to create a new, robust operator in the gaming industry. Thunderful Group operates within all segments of the gaming industry.

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

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

Thunderful Games

Thunderful Games is divided into four distinct revenue streams:

- **IP Building** includes the development and publishing of proprietary games with own IP and the publishing of externally developed games with licensed IP. This revenue stream is dependent on high rates of investment and offers the potential for very high rates of profitability.
- **Co-development** includes game development within Thunderful Studios on behalf of external licence owners. This revenue stream contributes predictable revenue with stable, high margins without the need to invest, as well as variable revenue shares from developed games.
- **Partners** includes service and support for external game developers that self-publish games. This revenue stream contributes predictable income with stable, high margins without the need to invest, as well as variable income shares from games published by partners.



- **Investments** encompasses investments ranging from the prototype phase of small game development projects to acquisitions of major game development companies. The project investment revenue stream depends on a certain rate of investment and contributes variable income shares from games in which Thunderful has invested.

Thunderful Distribution

Thunderful Distribution operates in the distribution and sale of, among other things, Nintendo products, games, game accessories and toys. The segment includes 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 toys, games, game accessories and merchandise. Brands distributed by Nordic Game Supply and Amo Toys include Rockstar, 2K Games, Razer, Thrustmaster, Konami, Next Level Racing, L.O.L. Surprise, Baby Born, Little Tikes, Squishmallows and Intex.

Significant events during the financial year

Acquisitions of Studio Fizbin GmbH and TecTeam Scandinavia Holding AB

Thunderful's subsidiary Headup GmbH made a small supplementary acquisition of German games development studio, Studio Fizbin GmbH during the first quarter. Headup is part of Thunderful's publishing operation, which even before the acquisition acted as the publisher for Studio Fizbin's next game, with the initial release expected in 2024.

Thunderful's subsidiary Amo Toys AB also made a small supplementary acquisition of the assets and liabilities of operations within distribution group TecTeam Scandinavia Holding AB ("TecTeam") in the first quarter. TecTeam's operations are a complement to Amo Toy's existing product offering.

Dialogue with Finansinspektionen

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

New agreement on liquidity guarantee

Thunderful Group appointed ABG Sundal Collier as liquidity provider for the company's shares listed on Nasdaq Stockholm First North Premier Growth Market. The commitment takes place within the framework of Nasdaq Stockholm's rules on liquidity providers. ABG Sundal Collier undertakes to continuously quote prices for Thunderful's share in accordance with the minimum requirements prevailing at any time for liquidity providers set out by Nasdaq Stockholm. The aim is to improve the liquidity of the share and reduce the spread.

Martin Walfisz appointed new CEO

The Board of Directors announced their decision to appoint Martin Walfisz as the new CEO of Thunderful Group. Martin took up the position on 28 August 2023, succeeding Anders Maiqvist who had been Acting CEO since 10 August 2022. Martin is an experienced games industry entrepreneur, executive and investor in several leading Nordic and European games companies. Martin founded his first game studio, Massive Entertainment, and grew it from zero to 150 people during his 12 years at the helm.

New CFO appointed

In June, Lennart Sparud, the previous CFO, announced that he would be leaving the company. In August, Annette Collin was appointed Interim CFO while a new CFO was recruited. Henrik Lundkvist was named the new CFO in December 2023. Henrik was previously CFO of bio-tech company Probi AB, which is listed in the mid-cap segment.

Exploring the possibility of divesting Headup

In November, Thunderful Group announced that it is exploring the possibility of divesting its German publishing operation Headup GmbH, a subsidiary it acquired in 2021.

New SteamWorld game

Thunderful Group released a new SteamWorld game in December. SteamWorld Build is the latest addition to the popular, multi-million selling SteamWorld franchise. Players of the game build a small mining town in the Wild West and populate it with the franchise's iconic steam-driven robots. SteamWorld Build was developed by The Station, which is owned by Thunderful and based in Karlshamn.

Multi-year overview, Group	2023	2022	2021
Net sales, MSEK	2,818.2	2,953.3	3,061.3
Profit/loss after financial items, MSEK	-594.5	158.3	168.9
Balance sheet total, MSEK	3,194.1	3,668.7	3,619.7
Equity/assets ratio, %	43.3%	54.1%	49.7%
Average number of employees	510	470	364

Multi-year overview, Parent Company	2023	2022	2021
Net sales, MSEK	10.4	9.8	6.0
Profit/loss after financial items, MSEK	-384.3	56.8	1.4
Balance sheet total, MSEK	2,472.3	3,287.2	3,285.1
Equity/assets ratio, %	69.0%	63.0%	62.9%
Number of employees	6	4	4

Comments on multi-year overview

Consolidated net sales for the 2023 financial year amounted to SEK 2,818.2 million, compared with SEK 2,953.3 million for the preceding year. The Games segment shows negative growth of SEK -89.1 million, and the Distribution segment shows negative growth of SEK -46.0 million.

The following pages set out an earnings analysis for the Group for the 2023 financial year.

Net sales

Consolidated net sales for the full year amounted to SEK 2,818.2 (2,953.3) million, corresponding to a decrease of 4.6 percent. Driving forces for net growth are reported under the segments.

Segments

Net sales decreased by 17.3 percent to SEK 425.3 (514.4) million in the Games segment and by 1.9 percent to SEK 2,392.9 (2,438.8) million in the Distribution segment.

MSEK	2023	2022
Thunderful Games	425.3	514.4
Thunderful Distribution	2,392.9	2,438.8
- of which, Bergsala	1,308.3	1,215.8
- of which, Nordic Game Supply	505.5	699.1
- of which, Amo Toys	579.1	524.0
Net sales	2,818.2	2,953.3

In the Distribution segment, net sales in Bergsala increased by 7.6 percent to SEK 1,308.3 (1,215.8) million, net sales in Nordic Game Supply decreased by 27.7 percent to SEK 505.5 (699.1) million and net sales in Amo Toys increased by 10.5 percent to SEK 579.1 (524.0) million.

The increase in Bergsala's sales relative to the comparison period

can be attributed to the successful release of the game *The Legend of Zelda: Tears of the Kingdom*, continued good access to hardware, and strong underlying demand from Nintendo's successful release of *The Super Mario Bros. Movie*. The negative impact of Nordic Game Supply can be explained by strategic changes where the company stopped using private labels and simultaneously closed the German operation. Sales in Amo Toys were slightly higher than in the comparison period due to strong demand.

Thunderful Games reported organic growth of SEK -96.2 million. The comparison period includes acquired income of SEK 74.5 million relating to the acquisition of Jumpship and its release of the game *Somerville* in Q4 2022. Acquisition-driven growth in the period amounted to SEK 7.1 million in net sales.

Organic growth is not adjusted for exchange rates.

%	Games	Distribution
Net sales growth, %	-17.3%	-1.9%
- of which, organic, %	-18.7%	-1.9%
- of which, acquired, %	1.4%	0.0%

Gross profit

Gross profit for the full year amounted to SEK 1,067.1 (1,102.5) million, corresponding to a decrease of 3.2 percent and a gross margin of 37.9 percent (37.3). This development is due to lower net sales, as well as to lower margins from Nordic Games Supply.

Operating expenses

Costs for goods for resale decreased by 2.2 percent to SEK -2,016.2 (-2,061.3) million. Costs for game development services and royalties increased by 33.6 percent to SEK -69.4 (-51.9) million.

Other external expenses decreased by 0.7 percent to SEK -382.7 (-385.2) million.

Personnel expenses increased by 33.6 percent to SEK -392.0 (-293.4) million. The total number of employees at the end of the period amounted to 519 (478).

Depreciation/amortisation and impairment increased by 381.9 percent to SEK -838.9 (-174.1) million, of which SEK -97.7 million was impairment of capitalised expenses for game development and impairment of publishing licences. PPA-related (Purchase Price Allocation-related) amortisation and impairment increased by SEK -521.5 million, of which SEK -500.4 million was impairment of goodwill items in the Games segment.

MSEK	2023	2022
Expenses for merchandise and royalties	-2,085.5	-2,113.3
Other external expenses	-382.7	-385.2
- of which, acquisition-related non-recurring expenses	-2.8	-5.5
- of which other non-recurring expenses	-9.5	0.0
Personnel expenses	-392.0	-293.4
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	-838.9	-174.1
- of which, PPA-related amortisation	-604.7	-83.2
Other operating expenses	-62.9	-53.7
Total operating expenses	-3,762.0	-3,019.7

Adjusted operating profit, EBITDA

Adjusted operating profit before depreciation, amortisation and impairment of property, plant and equipment and intangible assets (EBITDA) for the period January–December amounted to SEK 241.9 (375.6) million, corresponding to an adjusted EBITDA margin of 8.6 percent (12.7). Adjusted EBITDA is adjusted for non-recurring items of SEK -12.3 (-5.5) million related to restructuring, inventory relocation and acquisitions.

Segments

Adjusted EBITDA for the Games segment for the year amounted to SEK 166.7 (301.3) million, corresponding to an adjusted EBITDA margin of 39.2 percent (58.6). Adjusted EBITDA is adjusted for restructuring-related non-recurring items of SEK -6.8 (0.0) million.

Adjusted EBITDA for the Distribution segment for the year amounted to SEK 105.7 (97.9) million, corresponding to an adjusted EBITDA margin of 4.4 percent (4.0). Adjusted EBITDA is adjusted for stock relocation-related non-recurring items of SEK -2.7 (0.0) million.

MSEK	2023	2022
Thunderful Games	166.7	301.3
Thunderful Distribution	105.7	97.9
Other	-30.5	-23.5
Adjusted EBITDA	241.9	375.6
Adjusted non-recurring items (Games segment)	-6.8	0.0
Adjusted non-recurring items (Distribution segment)	-2.7	0.0
Adjusted non-recurring items (Other segment)	-2.8	-5.5
EBITDA	229.6	370.1
Adjusted EBITDA margin, %		
Thunderful Games, %	39.2%	58.6%
Thunderful Distribution, %	4.4%	4.0%
Thunderful Group, %	8.6%	12.7%

Adjusted operating profit, EBITA

Adjusted operating profit before acquisition-related amortisation (EBITA) over the full year amounted to SEK 7.7 (284.8) million, corresponding to an adjusted EBITA margin of 0.3 percent (9.6). Adjusted EBITA is adjusted for non-recurring items of SEK -12.3 (-5.5) million related to restructuring, stock relocation and acquisitions.

Segments

Adjusted EBITA for the Games segment over the full year amounted to SEK -42.1 (231.3) million, corresponding to an adjusted EBITA margin of -9.9 percent (45.0). Adjusted EBITA is adjusted for restructuring-related non-recurring items of SEK -6.8 (0.0) million.

Adjusted EBITA for the Distribution segment over the full year amounted to SEK 80.6 (77.2) million, corresponding to an adjusted EBITA margin of 3.4 percent (3.2). Adjusted EBITA is adjusted for stock relocation-related non-recurring items of SEK -2.7 (0.0) million.

MSEK	2023	2022
Thunderful Games	-42.1	231.3
Thunderful Distribution	80.6	77.2
Other	-30.8	-23.7
Adjusted EBITA	7.7	284.8
Adjusted non-recurring items (Games segment)	-6.8	0.0
Adjusted non-recurring items (Distribution segment)	-2.7	0.0
Adjusted non-recurring items (Other segment)	-2.8	-5.5
EBITA	-4.6	279.3
Adjusted EBITA margin		
Thunderful Games, %	-9.9%	45.0%
Thunderful Distribution, %	3.4%	3.2%
Thunderful Group, %	0.3%	9.6%

Operating profit, EBIT

Operating profit/loss over the full year amounted to SEK -609.3 (196.1) million, corresponding to an operating margin of -21.6 percent (6.6). Operating profit/loss includes non-recurring items of SEK -12.3 (-5.5) million related to restructuring, stock relocation and acquisitions.

Segments

Operating profit/loss for the Games segment over the full year amounted to SEK -616.4 (185.3) million, corresponding to an operating margin of -144.9 percent (36.0). The operating profit/loss includes restructuring-related non-recurring items of SEK -6.8 (0.0) million.

Operating profit for the Distribution segment over the full year amounted to SEK 40.7 (40.0) million, corresponding to an operating margin of 1.7 percent (1.6). The operating profit includes stock relocation-related non-recurring items of SEK -2.7 (0.0) million.

MSEK	2023	2022
Thunderful Games	-616.4	185.3
Thunderful Distribution	40.7	40.0
Other	-33.7	-29.2
Operating profit/loss	-609.3	196.1
Operating margin		
Thunderful Games, %	-144.9%	36.0%
Thunderful Distribution, %	1.7%	1.6%
Thunderful Group, %	-21.6%	6.6%

Net financial items

Net financial items amounted to SEK 14.8 (-37.7) million. Total net financial items are made up of SEK -2.6 (-51.7) million from net exchange gains and losses, SEK -32.2 (-11.4) million from net interest income and expenses, SEK 44.8 (25.4) million from the net of revaluation of additional purchase considerations, and SEK 4.8 (0.0) million from profit from associated companies.

Net exchange gains and losses includes unrealised currency exchange effects in the amount of SEK -7.1 (-50.9) million.

Net profit for the year

The profit/loss for the full year amounted to SEK -609.4 (121.2) million, corresponding to a net profit margin of -21.6 percent (4.1).

Other comprehensive income

Other comprehensive income is affected by translation differences from foreign operations which amounted to SEK 7.9 (58.6) million during the period.

Parent Company

The Parent Company's net sales in the period amounted to SEK 10.4 (9.8) million, its operating loss was SEK -34.0 (-32.9) million and the profit/loss for the period was SEK -364.6 (21.2) million. The Parent Company's sales comprise intra-Group services.

Impairment of participations in subsidiaries amounted to SEK 376.7 million in Q4, of which SEK 337.7 million related to subsidiaries within the Games segment and SEK 39.0 million to subsidiaries within the Distribution segment.

Financial position and liquidity

Consolidated total assets amounted to SEK 3,194.1 million on 31 December 2023, compared with SEK 3,668.7 million on 31 December 2022.

Core working capital amounted to SEK 527.8 million on 31 December 2023, compared with SEK 705.8 million on 31 December 2022.

Consolidated equity amounted to SEK 1,382.3 million on 31 December 2023, compared with SEK 1,982.7 million on 31 December 2022.

Thunderful Group has a confirmed EUR 55 million credit facility with Danske Bank. On the balance sheet date, 31 December 2023, Thunderful Group had utilised SEK 499.3 million of this facility and its cash and cash equivalents amounted to SEK 209.1 million. Including the unutilised part of the confirmed credit facility, available cash and cash equivalents amounted to SEK 320.1 million on 31 December 2023, compared with SEK 493.7 million on 31 December 2022.

In connection with the annual report, the company has received a waiver from the bank, which is conditional upon the divestment of the distribution operations AMO Toys AB, Bergsala Aktiebolag, Thunderful 1 AB and Thunderful Solutions AB subject to shareholder approval at the general meeting on 26 June. In connection with the divestment, Thunderful will fully amortize its existing bank facility of EUR 55.0 million and subsequently take up a new bank facility of EUR 10.5 million, tied to the bank's general terms and conditions in addition to required collaterals. Given this, we assess that current and available funds will be sufficient to ensure going concern.

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 three quarters of the year.

Cash flow and investments

Cash flow from operating activities for the full year amounted to an inflow of SEK 315.4 (530.4) million.

Cash flow from investing activities for the full year amounted to an outflow of SEK -330.2 (-301.7) million.

Cash flow from financing activities for the full year amounted to an inflow of SEK 167.8 (-237.1) million.

Total cash flow for the full year amounted to an inflow of SEK 153.0 (-8.4) million.

MSEK	2023	2022
Development capex	214.3	143.3
Publishing licences capex	82.8	69.7
Gaming projects capex	1.7	9.1
Acquisitions capex	23.8	70.2
Other capex	7.6	9.4
Total investment	330.2	301.7

Over the full year, investments in internal game development amounted to SEK 214.3 (143.3) million, investments in publishing licences amounted to SEK 82.8 (69.7) million, and investments in game projects amounted to SEK 1.7 (9.1) million.

Acquisition investment over the full year amounted to SEK 23.8 (70.2) million.

Other investments over the full year amounted to SEK 7.6 (9.4) million.

Accordingly, total investment over the full year amounted to SEK 330.2 (301.7) million.

Significant risks and uncertainties

The Group's strategic, operational, legal and financial risks are presented on pages 48-53. This section describes the Group's financial risks and how they are managed.

Financial risks

Profitability

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

Credit risk

The Group has significant exposure to its resellers in the Distribution segment, primarily with regard to outstanding accounts receivable. On 31 December 2023, such outstanding accounts receivable totalled SEK 472.3 million. The value of these receivables could be negatively affected if one or more customers become insolvent and/or enter bankruptcy. There is also a risk that customers will not pay for purchased products or pay later than expected, which is a risk that could increase during periods of economic decline or uncertainty. If the risks materialise, they could negatively affect the Group's cash flow and earnings.

Valuation and accounting risks

As of 31 December 2023 and 31 December 2022, the Group had goodwill and intangible assets (including capitalised expenditure for games development, publishing licences, investments in games projects and IT systems) whose book value amounted to SEK 1,568.5 million and SEK 2,004.9 million respectively, corresponding to 49.1 percent and 54.6 percent of the Group's total assets respectively. Further estimates and assessments are presented in Note 3.

The Group's financial risk management

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

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

Financing risk

Financing risk refers to the risk that the financing of the Group's capital requirements and refinancing of existing borrowings could become more difficult or more expensive. The risk may be mitigated by having maturity dates evenly distributed over time and by avoiding situations where short-term borrowings exceed liquidity limits. The company's finance policy states that the CFO shall ensure that the remaining average credit duration of the total debt portfolio exceeds the decided minimum duration and that, at every given time, liquidity must be overseen and comply with this policy. As at 31 December 2023, the Group has liabilities to credit institutions and net debt is SEK 290.2 million.

Foreign exchange risk

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

which essentially eliminates a large part of the Group's total currency exposure. A sensitivity analysis of the Group's foreign exchange risk, divided into transaction risk and translation exposure, can be found in Note 38.

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, limit bad debts, improve cash flow and optimise 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.

Proposed appropriation of profit

The Board of Directors proposes that the available funds

Share premium reserve	1,969,428,778
Retained earnings	101,030,375
Profit/loss for the year	-364,631,331
	1,705,827,822
are to be carried forward	1,705,827,822

Consolidated income statement

MSEK	Note	2023	2022 ¹⁾
Net sales	3, 6	2,818.2	2,953.3
Other operating income		182.0	163.0
Operating income		3,000.2	3,116.2
Capitalised work on own account		152.4	99.6
Goods for resale (Distribution)	7	-2,016.2	-2,061.3
Purchased game development services and royalties (Games)	7	-69.4	-51.9
Other external expenses	7, 8	-382.7	-385.2
Personnel expenses	7, 9	-392.0	-293.4
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	5, 11	-838.0	-174.1
Other operating expenses		-62.9	-53.7
Operating profit/loss		-609.3	196.1
Profit from financial items			
Total financial items	12	14.8	-37.7
Profit/loss after financial items		-594.5	158.3
Tax on net profit for the year	13	-14.9	-37.2
Net profit/loss for the year		-609.4	121.2
Other comprehensive income			
Currency translation difference in foreign operations		7.9	58.6
Comprehensive income for the year		-601.5	179.8
Net profit/loss for the year attributable to:			
Parent Company shareholders		-609.4	121.2
Earnings per share before dilution, SEK		-8.67	1.72
Earnings per share after dilution, SEK		-8.67	1.72
Comprehensive income for the year attributable to:			
Parent Company shareholders		-601.5	179.8
Average number of shares		70,290,597	70,261,677

1) Income related to marketing activities has been reclassified from net revenue to other income in the prior periods.

Consolidated balance sheet

MSEK	Note	31/12/2023	31/12/2022
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
IT systems	14	2.5	4.0
Capitalised development expenditure, games	14	307.1	231.7
Publishing licences	14	143.6	110.9
Investments in games projects	14	13.5	9.1
Publishing and distribution relationships	14	223.0	260.1
Goodwill	14	475.4	928.2
Game rights	14	291.8	331.4
Customer relationships	14	88.7	105.7
Other intangible assets	14	22.9	23.8
		1,568.5	2,004.9
<i>Property, plant and equipment</i>			
Right-of-use assets	10, 15	113.7	133.7
Buildings and land	15	2.8	0.5
Equipment, tools, fixtures and fittings	15	20.5	17.5
		137.0	151.6
<i>Financial assets</i>			
Participations in associated companies	18	4.6	0.0
Other securities held as non-current assets	18	0.2	0.2
Other non-current receivables	18	7.4	7.4
		12.2	7.6
Deferred tax assets	18	1.1	1.3
Total non-current assets		1,718.8	2,165.4
Current assets			
<i>Inventories, etc.</i>			
Finished goods and goods for resale	19	578.6	600.3
Advance payments to suppliers	19	50.8	49.6
		629.4	649.9
<i>Current receivables</i>			
Accounts receivable	20	472.3	654.6
Current tax receivables		14.3	19.3
Other receivables		15.6	9.0
Prepaid expenses and accrued income	21, 22	134.6	113.8
		636.8	796.8
Cash and cash equivalents	23	209.1	56.6
Total current assets		1,475.3	1,503.3
TOTAL ASSETS		3,194.1	3,668.7

Consolidated balance sheet cont.

MSEK	Note	2023	2022
EQUITY AND LIABILITIES			
Equity			
Share capital	24	0.7	0.7
Other contributed capital		1,274.8	1,274.8
Other equity including net profit for the year		106.8	707.2
		1,382.3	1,982.7
Non-current liabilities			
Non-current additional purchase consideration	26	181.6	286.9
Deferred tax liabilities	13, 26	152.5	151.3
Provisions	25	2.0	1.8
Non-current lease liabilities	10	86.6	105.0
		422.6	545.1
Current liabilities			
Overdraft facility	27	0.0	63.6
Liabilities to credit institutions	27	499.3	111.3
Advance payments from customers	27	1.1	0.0
Accounts payable	27	573.9	598.7
Current tax liabilities	28	26.9	35.7
Other liabilities	28	76.5	85.8
Current additional purchase consideration	28	97.9	140.2
Current lease liabilities	10	25.3	26.4
Accrued expenses and prepaid income	29, 30	88.2	79.2
		1,389.2	1,140.9
TOTAL EQUITY AND LIABILITIES		3,194.1	3,668.7

Consolidated statement of changes in equity

MSEK	Share capital	Other contributed capital	Other equity including net profit for the year	Total capital
Opening balance, 1 January 2023	0.7	1,274.8	707.2	1,982.7
Issued share options	0.0	0.0	1.1	1.1
Transactions with owners	0.0	0.0	1.1	1.1
Total other comprehensive income for the year	0.0	0.0	-601.5	-601.5
Closing balance, 31 December 2023	0.7	1,274.8	106.8	1,382.3
Opening balance, 1 January 2022	0.7	1,271.8	527.4	1,799.9
New issues of shares, acquisition of Headup GmbH	0.0	3.0	0.0	3.0
Transactions with owners	0.0	3.0	0.0	3.0
Total other comprehensive income for the year	0.0	0.0	179.8	179.8
Closing balance, 31 December 2022	0.7	1,274.8	707.2	1,982.7

Consolidated cash flow statement

MSEK	Note	2023	2022
Operating activities			
Profit/loss after financial items		-594.5	158.3
Adjustment for non-cash items	33		
- Depreciation/amortisation and impairment		839.0	174.0
- Exchange rate differences		6.0	9.5
- Revaluation of additional purchase considerations		-44.8	-25.4
- Other adjustments		27.4	2.6
		233.1	319.0
Income tax paid		-32.4	-81.9
Cash flow from operating activities before changes in working capital		200.7	237.1
Changes in working capital			
Change in inventories and advances to suppliers		-6.7	114.1
Change in accounts receivable		182.3	212.0
Change in accounts payable		-24.8	10.1
Change in other working capital		-35.9	-42.9
Cash flow from operating activities		315.4	530.4
Investing activities			
Acquisition of subsidiaries/operations	34, 36	-23.8	-70.2
Investment in property, plant and equipment		-7.2	-7.3
Investment in capitalised development expenditure, games		-214.3	-143.3
Investment in game projects		-33.6	-9.1
Investment in publishing rights		-82.8	-69.7
Investment in other intangible assets		-0.4	-1.6
Investment in financial assets		0.0	-0.5
Sales of non-current assets		31.9	0.0
Cash flow from investing activities		-330.2	-301.7
Financing activities			
Change in overdraft facility		-63.6	-206.8
Borrowings from credit institutions		388.0	111.3
Repayments of lease liabilities		-33.6	-24.1
Amortisation of liability for additional purchase consideration		-124.1	-117.5
Option premiums paid in		1.1	0.0
Cash flow from financing activities		167.8	-237.1
Cash flow for the year			
Cash and cash equivalents at beginning of year		56.6	60.2
Exchange rate difference in cash and cash equivalents		-0.5	4.8
Cash and cash equivalents at end of year		209.1	56.6

Exchange-rate differences in the credit facility have been reclassified from exchange rate differences in cash and cash equivalents to exchange rate differences in adjustment for non-cash items in the comparative periods.

Parent Company income statement

MSEK	Note	2023	2022
Net sales		10.4	9.8
Other operating income		0.2	0.1
Operating income		10.7	9.9
Operating expenses			
Other external expenses	7	-26.4	-25.8
Personnel expenses	9	-18.2	-16.9
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets		-0.0	-0.0
Other operating expenses		-0.1	-0.1
Total operating expenses		-44.7	-42.8
Operating profit/loss		-34.0	-32.9
Profit from financial items			
Total financial items	12	-350.3	89.7
Profit/loss after financial items		-384.3	56.8
Year-end appropriations		19.7	-36.1
Tax on net profit for the year	13	0.1	0.5
Net profit/loss for the year and comprehensive income for the year		-364.6	21.2

Parent Company balance sheet

MSEK	Note	31/12/2023	31/12/2022
ASSETS			
Non-current assets			
<i>Property, plant and equipment</i>			
Equipment, tools, fixtures and fittings		0.1	0.0
		0.1	0.0
<i>Financial assets</i>			
Participations in Group companies	16, 17	2,020.9	2,397.2
Total non-current assets		2,021.0	2,397.2
Current assets			
Receivables from Group companies		297.2	884.3
Current tax receivables		0.1	3.5
Other receivables		3.1	0.8
Prepaid expenses and accrued income		2.1	1.4
Total current assets		302.5	890.0
Cash and bank balances	23	148.8	0.0
TOTAL ASSETS		2,472.3	3,287.2

Parent Company balance sheet cont.

MSEK	Note	31/12/2023	31/12/2022
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	24	0.7	0.7
		0.7	0.7
Unrestricted equity			
Retained earnings		101.0	78.7
Share premium reserve		1,969.4	1,969.5
Net profit/loss for the year		-364.6	21.2
Total unrestricted equity		1,705.8	2,069.4
Total equity		1,706.5	2,070.1
Non-current liabilities			
Non-current additional purchase considerations	26	171.8	285.3
Total non-current liabilities		171.8	285.3
Current liabilities			
Overdraft facility	27	0.0	63.6
Liabilities to credit institutions	27	499.3	111.3
Liabilities to Group companies		0.0	605.4
Accounts payable	27	4.7	4.6
Other liabilities	28	0.7	3.1
Current additional purchase consideration	26	87.4	136.8
Accrued liabilities	30	1.8	7.1
Total current liabilities		594.0	931.8
TOTAL EQUITY AND LIABILITIES		2,472.3	3,287.2

Parent Company change in equity

Parent Company, MSEK	Share capital	Share premium reserve	Statutory reserve	Retained earnings	Net profit/loss for the year	Total
Opening balance, 1 January 2023	0.7	1,969.4	0.0	78.7	21.2	2,070.1
Appropriation of profit, approved by AGM	0.0	0.0	0.0	21.2	-21.2	0.0
Issued share options	0.0	0.0	0.0	1.1	0.0	1.1
Total other comprehensive income for the year	0.0	0.0	0.0	0.0	-364.6	-364.6
Closing balance, 31 December 2023	0.7	1,969.4	0.0	101.0	-364.6	1,706.5

Parent Company, MSEK	Share capital	Share premium reserve	Statutory reserve	Retained earnings	Net profit/loss for the year	Total
Opening balance, 1 January 2022	0.7	1,966.5	0.0	64.3	14.4	2,045.9
Appropriation of profit, approved by AGM	0.0	0.0	0.0	14.4	-14.4	0.0
New share issue, acquisition of operations, Headup GmbH	0.0	3.0	0.0	0.0	0.0	3.0
Total other comprehensive income for the year	0.0	0.0	0.0	0.0	21.2	21.2
Closing balance, 31 December 2022	0.7	1,969.5	0.0	78.7	21.2	2,070.1

Parent Company cash flow statement

MSEK	Note	2023	2022
Operating activities			
Profit/loss after financial items		-384.3	56.8
Adjustment for non-cash items	33		
- Impairment of participations in subsidiaries		376.7	0.0
- Revaluation of additional purchase considerations		-47.5	-28.1
- Other adjustments		8.7	19.2
		-46.4	47.9
Income tax paid		-2.6	-7.5
Cash flow from operating activities before changes in working capital		-49.0	40.4
Changes in working capital			
Change in receivables		30.6	210.9
Change in current liabilities		-33.9	33.5
Cash flow from operating activities		-52.3	284.8
Investing activities			
Acquisition of subsidiaries	34, 36	-0.0	-81.4
Cash flow from investing activities		-0.0	-81.4
Financing activities			
Option premiums paid in		1.1	0.0
Amortisation of liability for additional purchase consideration		-124.1	-109.2
Repayments of lease liabilities		-0.4	-0.3
Change in bank overdraft facility		324.5	-93.8
Cash flow from financing activities		201.1	-203.3
Cash flow for the year		148.8	0.0
Cash and cash equivalents at beginning of year		0.0	0.0
Cash and cash equivalents at end of year		148.8	0.0

Contents

Note	Page
Note 1 Nature of the operations	81
Note 2 Accounting policies, etc.	81
Note 3 Estimates and assessments	85
Note 4 Financial risks	86
Note 5 Segment reporting	86
Note 6 Revenue recognition	88
Note 7 Operating expenses	89
Note 8 Fees to auditors	89
Note 9 Average number of employees/salaries etc.	90
Note 10 Leases	91
Note 11 Depreciation/amortisation and impairment	92
Note 12 Financial income and financial expenses/Other interest income and similar profit/loss items as well as Other interest expenses and similar profit/loss items	92
Note 13 Tax	93
Note 14 Intangible assets	93
Note 15 Property, plant and equipment	96
Note 16 Participations in Group companies	96
Note 17 Specification of participations in Group companies	97
Note 18 Other non-current assets	98
Note 19 Inventories	98
Note 20 Accounts receivable	98
Note 21 Contract assets	99
Note 22 Prepaid expenses and accrued income	99
Note 23 Cash and cash equivalents	99
Note 24 Share capital, number of shares	99
Note 25 Provisions	100
Note 26 Non-current liabilities	100
Note 27 Current liabilities	100
Note 28 Other liabilities	100
Note 29 Contract liabilities	100
Note 30 Accrued expenses and prepaid income	101
Note 31 Financial instruments	101
Note 32 Changes in liabilities related to financing activities	103
Note 33 Adjustment for non-cash items	104
Note 34 Acquisition of subsidiaries/operations in cash flow statement	104
Note 35 Related party transactions	104
Note 36 Business acquisitions	104
Note 37 Measurement and events in additional purchase considerations over the year	105
Note 38 Sensitivity analysis	105
Note 39 Contingent liabilities	105
Note 40 Assets pledged for liabilities to credit institutions	105
Note 41 Events after the balance sheet date	105
Note 42 Definitions of key performance indicators	106
Note 43 Approval of financial statements	106



Game: Planet of Lana
Studio: Wishfully

Notes

1

Nature of the operations

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

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

The Thunderful Group has two segments:

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

The Games segment encompasses companies that develop, publish and invest in games. The Distribution segment covers the groups of companies selling game-related products and toys.

The Group's financial statements for the financial year that ended on 31 December 2023 (including comparative figures) were approved by the Board of Directors on 24 May 2024 (see Note 43). It is not permissible to change the financial statements after they have been approved.

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 may affect the totals when all sub-components are aggregated.

Basis for preparing the accounts

The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 – Supplementary Accounting Rules for Groups and International Financial Reporting Standards (IFRS) as adopted by the EU. The financial statements have been prepared based on the assumption that the Group conducts its operations according to the going concern principle. Preparing financial statements in accordance with IFRS requires certain key esti-

mates for accounting purposes to be applied. It also requires that management make certain assessments when applying the Group's accounting policies. The areas including a high degree of assessment, which are complex, or those areas where assumptions and estimates are of material importance for the consolidated accounts are stated in Note 3.

Consolidation principles applied

In the consolidated financial statements, the operations of the Parent Company and the subsidiaries are consolidated up to and including 31 December 2023. All subsidiaries have 31 December as their balance sheet date.

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

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

Business acquisitions

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

Definition of Group companies

The consolidated financial statements include Thunderful Development AB and all companies over which the Parent Company (Thunderful Group AB) has control, meaning the power to direct the activities, exposure to variable returns and the ability to utilise its power. Because the new Group was formed in December 2019, this was considered to be a reverse acquisition and Thunderful Development AB is therefore considered the accounting Parent Company while Thunderful Group AB is the legal Parent Company. When the Group ceases to have control or a controlling 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 2023, the Group consisted of 30 (29) companies.

Note 2 cont.

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.

Translation of foreign currencies

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

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

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

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.

Non-recurring items

The company defines non-recurring items as profit or loss items of significant nature not included in the Group's normal recurring profit and which complicates the comparison between periods, including transaction costs acquisitions.

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.

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

In the preparation of the consolidated financial statements, Thunderful Group estimates the income taxes in each of the tax jurisdictions in which the Group operates as well as deferred taxes based on

temporary differences. Deferred tax assets relating to loss carry-forwards and temporary differences are recognised in those cases when future taxable income is expected to permit the recovery of those tax assets. Changes in assumptions about future forecast taxable income and changes in tax rates could result in significant differences in the measurement of deferred taxes.

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.

Current tax

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

Pension obligations

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

Warrant programme

There is an outstanding warrant programme targeted at the company's employees. Employees who wanted to participate in the programme have paid a premium equivalent to the market value of the warrant. Since the market value has been paid, there is no effect on the company's profit for the period or its financial position. The number of warrants is set out in Note 9.

Intangible assets

Intangible assets are recognised at historical cost less straight-line accumulated amortisation and any impairment. Goodwill is not subject to amortisation, as it is considered to have an unlimited economic life and is tested for impairment quarterly. The Group applies a degressive amortisation method over two years for completed game development projects and launched publishing projects with 1/3 amortisation over months 1 to 3 following release, 1/3 amortisation over

months 4 to 12 and the remaining 1/3 over months 13 to 24. In other respects, amortisation is calculated in accordance with the straight-line method and is based on the following expected useful lives:

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

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 products (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 supplement and use or sell the asset,
- the company has the capacity to use or sell the asset,
- the company understands that the asset will probably generate future economic benefits,
- technical, financial and other resources are available to complete the development of the asset,
- the company has the capacity to reliably measure the expenses.

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

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

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

Publishing licences

Publishing licences are recognised at cost less accumulated amortisation and any impairment. Publishing licences are amortised using a degressive amortisation method over two years following release, 1/3 amortisation over months 1 to 3 after release, 1/3 amortisation over

months 4 to 12 following release and the remaining 1/3 over months 13 to 24 following release. Ongoing projects are not amortised but are impairment tested quarterly.

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

Property, plant and equipment

Property, plant and equipment are recognised at historical cost less straight-line accumulated depreciation and any impairment. Land is not subject to depreciation, as it is considered to have an unlimited economic life.

In other respects, depreciation is calculated in accordance with the straight-line method and is based on the following expected useful lives:

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

Leases

Accounting for leases requires the use of a number of different assumptions, 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 a need for revision is indicated 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, assumptions are made based on the information available in the lease together with management's judgement of relevant circumstances. On 31 December 2023, the carrying amount of right-of-use assets was SEK 113.7 (133.7) million and total lease liabilities amounted to SEK 111.9 (131.4) million.

Of the carrying amount, the main value refers to the right-of-use assets attributable to leases for premises that have different types of extension and termination options. Changes in assessments of whether or not it is reasonably certain that such options will be exercised could have a material impact on the carrying amounts for right-of-use assets and lease liabilities recognised under IFRS 16. As of 31 December 2023, this amount was, however, insignificant.

Note 2 cont.

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.

Accounts receivable

Receivables are recognised net after provisions for expected credit losses. The net value reflects the amounts that are expected to be collected, based on circumstances known at the balance sheet date. Changes in circumstances such as higher than expected defaults or changes in the financial situation of a significant customer could lead to significant deviations in the measurement. On 31 December 2023, accounts receivable, net of provisions for expected credit losses, amounted to SEK 472.3 (654.6) million. SEK 1.4 million was reserved for any expected credit losses and a bad debt loss of SEK 0.8 million was confirmed during the year.

Cash and cash equivalents

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

Calculation of expected credit losses

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

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 predetermined period. Provisions for warranties are estimated based on historical data regarding the scope of measures, cost of repairs and similar. On 31 December 2023, Thunderful Group's provision for warranty commitments amounted to SEK 1.8 (1.7) million.

Disputes

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

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.

Cash flow

The cash flow statement is prepared using the indirect method. The reported cash flow only includes transactions that have resulted in receipts or payments.

Changes in accounting policies and disclosures

New or amended standards that have not yet taken effect are not expected to have any material effect on the Group's financial statement.

Parent Company accounting policies

The Parent Company's annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Corporate Reporting Board'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 policies have been applied for all periods of time specified in the Parent Company's annual accounts.

IFRS 9 is not applied in the Parent Company. Instead, the Parent Company applies the points stated in RFR 2 (IFRS 9 Financial Instruments, points 3–10). Financial instruments are measured at cost. In subsequent periods, financial assets acquired with the intention of being held in the short term will be recognised at the lower of cost or market value. When calculating the net selling price of receivables recognised as current assets, the principles for impairment testing and loss risk provisioning in IFRS 9 are applied. In the case of a receivable recognised at amortised cost at Group level, this means that the loss risk provision recognised in the Group in accordance with IFRS 9 shall also be taken up in the Parent Company.

IFRS 16 is not applied in the Parent Company. All leases are recognised as operating leases, regardless of whether the agreements are finance or operating leases. Lease payments are recognised as a cost on a straight-line basis over the term of the lease.

Participations in subsidiaries

In the Parent Company, participations in subsidiaries are accounted for using the cost method less any impairment. Cost includes acquisition-related costs and any additional purchase considerations.

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.

3

Estimates and assessments

Use of estimated values

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

Uncertainty in the estimate

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

Revenue recognition

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

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

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

Capitalisation of game development expenditure

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

The Group holds capitalised intangible non-current assets that have not yet been completed. These assets 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.

Additional purchase considerations for 10 acquisitions

The contingent considerations attached to the acquisitions of Guiding Rules Games AB (Dec '19), Coatsink Software Ltd (Oct '20), acquisition of the assets of Station Interactive AB (Nov '20), Headup GmbH (Mar '21), acquisition of the assets of Tussilago AB (May '21), To The Sky AB (Aug '21), Stage Clear Studios, SL (Sep '21), Early Morning Studio AB (Nov '21), Jumpship Ltd (Nov '22) and Studio Fizbin GmbH (Mar '23) have been valued on the basis of the acquired companies' forecast profit over a period of between two and six years. If income and expenses deviate from the forecast, the additional purchase considerations may need to be revalued with the effect taken over the income statement.

Impairment of assets and useful life

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

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

The impairment testing of goodwill and other intangible assets with indefinite useful lives, including sensitivity analyses performed, indicated an impairment loss of SEK 500.4 million. Values assigned to publishing and distribution relationships are amortised on a straight-line basis over a period of ten years, as long-term collaborations with contracts renewed on an ongoing basis justify a longer amortisation period. See Note 14 for more information. The value according to the balance sheet on 31 December 2023 was SEK 223.0 million for publishing and distribution relationships, SEK 475.4 million for goodwill, SEK 291.8 million for game rights, SEK 88.7 million for customer relationships and SEK 22.9 million for other intangible assets.

4

Financial risks

The Group's financial risk management

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

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

Financing risk

Financing risk refers to the risk that the financing of the Group's capital requirements and refinancing of existing borrowings could become more difficult or more expensive. The risk may be mitigated by having maturity dates evenly distributed over time and by avoiding situations where short-term borrowings exceed liquidity limits. The company's finance policy states that the CFO shall ensure that the remaining average credit duration of the total debt portfolio exceeds the decided minimum duration and that, at every given time, liquidity must be overseen and comply with this policy. As at 31 December 2023, the Group has liabilities to credit institutions and net debt is SEK 290.2 million.

Foreign exchange risk

Foreign exchange risk is defined as the risk that fluctuations in currency exchange rates have a negative impact on the Group's financial position, profitability or cash flow. Revenue is mainly generated in EUR, SEK, DKK and USD 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 finance policy, and the Group's overall currency exposure shall be managed centrally by the CFO. The Group's overdraft facility is denominated in EUR, which essentially eliminates a large part of the Group's total currency exposure. A sensitivity analysis of the Group's foreign exchange risk, divided into transaction risk and translation exposure, can be found in Note 38.

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 finance policy defines how credit management is to be performed in the Group to achieve competitive and professional credit sales, limit bad debts, improve cash flow and optimise profit. Within the Distribution segment, the company has credit insurance for most of the accounts receivable balance.

Interest rate risk

Cash and cash equivalents

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

Thunderful Group AB is part of a cash pooling arrangement with the majority of its subsidiaries and has a short-term credit facility with Danske Bank. As at 31 December 2023, SEK 499.3 million of its total overdraft facility of EUR 55.0 million has been drawn upon, which translates to SEK 610.2 million as per the balance sheet date.

5

Segment reporting

The Group has two segments:

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

Thunderful Games

Thunderful Games' operations are divided into four clear revenue streams:

- **IP Building** encompasses the development and publication of games developed in house with proprietary IP, and the publication of externally developed games with licensed IP. The revenue stream is dependent on a high rate of investment and can generate very high profitability levels when published games reach commercial success.
- **Co-development** encompasses game development within Thunderful Studios on behalf of external licence owners. This revenue stream contributes predictable revenue with stable, high margins without the need to invest, as well as variable revenue shares from developed games.
- **Partners** encompasses service and support for external game developers that self-publish games. This revenue stream contributes predictable income with stable, high margins without the need to invest, as well as variable income shares from games published by our partners.

- **Investments** encompasses investments ranging from the prototype phase of small game development projects to acquisitions of major game development companies. The project investment revenue stream depends on a certain rate of investment and contributes variable income shares from games in which Thunderful has invested.

Thunderful Distribution

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

Other

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

Segment reporting

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

Other companies that are also reported in the Games segment are: Robot Teddy Ltd, Thunderful Publishing AB, Headup GmbH, Thunderful Games Ltd and Studio Fizbin GmbH.

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

The segments are monitored regularly by the CEO.

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

Thunderful Distribution invoices Thunderful Games for ongoing accounting services. In 2023, these amounted to SEK 2.8 (1.3) million.

MSEK	2023	2022
Thunderful Games	438.3	521.4
Thunderful Distribution	2,561.7	2,594.7
Other	0.2	0.1
Operating income	3,000.2	3,116.2

MSEK	2023	2022
Thunderful Games	-208.7	-69.9
Thunderful Distribution	-25.1	-20.7
Other	-0.4	-0.3
Depreciation and impairment	-234.2	-90.9

MSEK	2023	2022
Thunderful Games	-42.1	231.3
Thunderful Distribution	80.6	77.2
Other	-30.8	-23.7
Adjusted EBITA	7.7	284.8

MSEK	2023	2022
Adjusted non-recurring items Games	-6.8	0.0
Adjusted non-recurring items Distribution	-2.7	0.0
Adjusted non-recurring items Other	-2.8	-5.5
EBITA	-4.6	279.3

EBITA margin, %	2023	2022
Thunderful Games	-9.9%	45.0%
Thunderful Distribution	3.4%	3.2%
Thunderful Group	0.3%	9.6%

MSEK	2023	2022
Thunderful Games	-567.5	-46.0
Thunderful Distribution	-37.2	-37.2
PPA-related amortisation and impairment	-604.7	-83.2

MSEK	2023	2022
Thunderful Games	-616.4	185.3
Thunderful Distribution	40.7	40.0
Other	-33.6	-29.2
EBIT	-609.3	196.1

Breakdown of non-current assets by country and segment

Country	2023			2022		
	Distribution	Games	Other	Distribution	Games	Other
Sweden	349.4	1,203.0	1.0	387.6	1,668.7	1.4
Denmark	1.1	0.0	0.0	1.2	0.0	0.0
UK	0.0	122.7	0.0	0.0	98.5	0.0
Germany	0.3	37.8	0.0	0.1	2.6	0.0
Other	0.0	3.5	0.0	0.0	0.3	0.0
Total	350.8	1,367.0	1.0	388.9	1,770.1	1.4

6

Revenue recognition

Revenue types and flows

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

Games

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

When Thunderful acts as a publisher and investor for other game studios outside the Group, revenue from the game is distributed from the time it is released depending on the specific agreement between Thunderful and the external game studio. Depending on the weighting in the agreement, Thunderful will receive most of its investment after release before the external game studio receives its share. For companies within the Group's publishing operation, agreed and paid instalments to a developer are considered to be an intangible asset (Licences for publishing) 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, revenue from sales derives primarily from digital platform operators such as Valve (Steam), Sony, Nintendo or Microsoft. In these cases, the payment streams from customers go via the platform operator who pays any VAT and charges its fee, usually 20–30 percent after deducting VAT, before the money reaches Thunderful. The platform operator is considered a customer of Thunderful, which means that revenue is recognised net, after the fee to the platform operator. Sold games are recognised as income during the period when the sale to the end customer 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 publisher to Thunderful. One is based on the workforce involved in building the game, and the other is sales-based royalties. 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 on a straight-line basis since the effort is constant throughout the project's lifetime. Royalties are 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 royalties 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 are described in the agreements as a fixed bonus based on the selling price. The Group provides a product warranty in accordance with the terms and conditions for this warranty. Resellers and customers can return the product for repair or replacement if it does not work in accordance with the specification. These warranties are recognised in accordance with IAS 37.

Transaction price – volume discounts

Products are sometimes 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 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 according to legal and common 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.

Breakdown of revenue

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.

Net sales by country for the Distribution segment

Country	Group	
	2023	2022
Sweden	1,323.3	1,177.9
Norway	150.9	195.2
Finland	215.9	254.3
Denmark	629.6	623.3
Other	73.2	188.1
Total	2,392.9	2,438.8

Net sales by country for the Games segment

Country	Group	
	2023	2022
Sweden	166.2	76.1
UK	211.1	371.6
Germany	46.3	55.2
Other	1.7	11.5
Total	425.3	514.4

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

Customer	2023		2022	
	Net sales	Share of total net sales	Net sales	Share of total net sales
Customer 1	-	-	443.2	14.6%
Total	-	-	443.2	14.6%

Net sales by reporting over time

Category	2023		2022	
	Games	Distribution	Games	Distribution
Goods and services transferred at a certain time	286.4	2,392.9	383.0	2,516.2
Services transferred over time	138.9	0.0	131.4	0.0
Total	425.3	2,392.9	514.4	2,516.2

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

Category	2024	2025
Expected revenues, unfulfilled performance obligations	0.2	4.1

7

Operating expenses

Cost of goods sold and other items

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

MSEK	Group		Parent Company	
	2023	2022	2023	2022
Expenses for merchandise and royalties	-2,085.5	-2,113.3	0.0	0.0
Other external expenses	-382.7	-385.2	-26.4	-25.8
– of which, acquisition-related non-recurring expenses	-2.8	-5.5	0.0	0.0
– of which other non-recurring expenses	-9.5	0.0	0.0	0.0
Personnel expenses	-392.0	-293.4	-18.2	-16.9
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	-838.9	-174.1	0.0	0.0
– of which, PPA-related amortisation	-604.7	-83.2	0.0	0.0
Other operating expenses	-62.9	-53.7	-0.1	-0.1
Total operating expenses	-3,762.0	-3,019.7	-44.7	-42.8

8

Fees to auditors

At the 2023 AGM, Öhrlings Pricewaterhouse Coopers AB was elected auditor for the period up until the 2024 AGM.

	31/12/2023	31/12/2022
Öhrlings PricewaterhouseCoopers AB		
Audit engagement	3.1	0.0
Other assignments	0.2	0.0
Grant Thornton Sweden AB		
Audit engagement	0.7	3.5
Other assignments	0.4	0.4
Tax advice	0.4	0.0
Övriga revisionsfirmor		
Audit engagement	1.0	1.9
Other assignments	2.9	0.0
Tax advice	3.1	0.0

9

Average number of employees/salaries etc.

Average number of employees	2023		2022	
	Women	Total	Women	Total
<i>Parent Company</i>				
Sweden	1	6	2	7
	1	6	2	7
<i>Subsidiaries</i>				
Sweden	55	232	69	221
Germany	12	46	7	30
Spain	8	31	6	34
Norway	3	10	2	10
Finland	7	13	7	14
Denmark	10	26	11	30
UK	39	146	37	132
	134	504	139	471
Group total	135	510	141	478

Salaries and other remuneration	Group		Parent Company	
	2023	2022	2023	2022
Board of Directors and CEO	25.2	22.8	8.5	3.6
Other employees	275.6	209.3	4.7	10.1
	300.8	232.1	13.2	13.7
<i>Social security expenses</i>				
Pension expenses, the Board of Directors and the CEO	1.9	1.8	1.0	0.6
Pension expenses, other employees	15.9	14.0	0.7	0.7
Other social security expenses	61.4	46.0	4.6	2.9
	79.2	61.8	6.3	4.2

Gender distribution among senior executives	Group		Parent Company	
	2023	2022	2023	2022
Proportion of women on the Board of Directors	20%	4%	20%	20%
Proportion of men on the Board of Directors	80%	96%	80%	80%
Proportion of women among other senior executives	44%	0%	0%	0%
Proportion of men among other senior executives	56%	100%	100%	100%

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

Remuneration to senior executives 2023 (SEK thousand)

Remuneration to Group Management has been paid in monthly salary, as well as through other taxable benefits such as a company car benefit. Variable remuneration in 2023 has been short term. The CEO has a bonus of a maximum of six months' salary in accordance with the

employment contract. The CEO has a mutual notice period of six months. The CEO is assured of an occupational pension. The occupational pension is a defined contribution and the monthly premium shall correspond to 25% of the fixed monthly salary applicable at any given time.

Name	Salary	Other benefits	Bonus	Pension	Total remuneration, bonuses and pensions
Martin Walfisz, CEO (from September 2023)	1,683.6	30.8	870.0	380.1	2,964.5
Anders Maiqvist, former Acting CEO (up to and including August 2023)	2,038.7	39.7	966.7	568.8	3,613.9
Other members of Group Management ¹⁾	13,025.7	84.9	1,078.0	812.3	15,000.9
Total	16,748.1	155.4	2,914.7	1,761.2	21,579.3

1) Other members of Group Management amounted to six people at the end of 2023. In addition, former Chief Financial Officer Lennart Sparud and former Chief Strategy & Investment Officer Agostino Simonetta are included up to and including December 2023.

Remuneration to senior executives 2022 (SEK thousand)

Name	Salary	Other benefits	Bonus	Pension	Total remuneration, bonuses and pensions
Anders Maiqvist, Acting CEO (from August 2022)	1,365.8	25.4	0.0	537.2	1,928.4
Brjann Sigurgeirsson, former CEO (up to and including July 2022)	357.0	46.6	0.0	52.9	456.5
Other members of Group Management	3,560.6	45.5	1,260.0	486.3	5,352.4
Total	5,283.4	117.5	1,260.0	1,076.4	7,737.3

Warrant programme

Total number of warrants	31/12/2023	31/12/2022
Opening balance	775,180	505,180
Allotted during the period	940,000	270,000
Forfeited during the period	-	-
Redeemed during the period	-	-
Expired during the period	-505,180	-
Closing balance	1,210,000	775,180

Board of directors remuneration

At the Annual General Meeting on 17 May 2023, it was resolved that the Board of Directors remuneration for the period until the next Annual General Meeting shall be paid with a maximum of SEK 1,500 thousand calculated on a full business period between Annual General Meetings (12 months), of which a maximum of SEK 500 thousand shall be paid to the Chairman of the Board and a maximum of SEK 250 thousands shall be paid to each Board member. The members of the Board of Directors are entitled to remuneration in relation to the number of months each member has held the role from the time of election until the next Annual General Meeting is held.

10

Lease

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

Balance sheet	Group	
	31/12/2023	31/12/2022
Right-of-use assets, cost	175.1	177.3
Right-of-use assets, acc. depreciation	-61.3	-43.6
Right-of-use assets, carrying amount	113.7	133.7
Deferred tax assets	0.6	0.5
Interim receivables	-4.8	-4.5
Total assets	223.3	263.2
Current lease liabilities	25.3	26.4
Non-current lease liabilities	86.6	105.0
Retained earnings	-1.7	-0.4
Net profit/loss for the year	-0.6	-1.4
Total liabilities and equity	109.6	129.6
Income statement		
Lease expenses	31.8	26.1
Interest expenses	-3.0	-1.9
Depreciation	-29.5	-25.9
Deferred tax	0.1	0.4
Net loss for the year	-0.6	-1.4

Cost	Group	
	31/12/2023	31/12/2022
Opening balance	177.3	136.9
Acquisitions for the year	16.7	44.4
Disposals for the year	-16.4	-7.1
Indexation	-2.4	1.1
Revaluation	0.1	0.9
Exchange rate differences, net	-0.2	1.1
Closing balance	175.0	177.3
Accumulated depreciation		
Opening balance	-43.6	-21.8
Depreciation for the year	-29.5	-26.2
Disposals for the year	11.8	4.0
Exchange rate differences, net	-0.1	0.4
Closing balance	-61.4	-43.6
Carrying amount	113.7	133.7

Right-of-use assets	Number of right-of-use assets	Interval remaining term (months)	Average remaining (months)	Number of leases with extension options	Number of leases with buy option	Number of leases with indexed variable fees	Number of leases with cancellation options
Office premises	14	1–91	36	14	0	13	14
Cars	30	16–48	30	18	17	0	29
Production equipment and forklifts	19	6–21	13	19	19	0	19
Current leases, office premises	0	8	8	8	0	1	1

An agreement is, or contains, a lease if the agreement transfers the right to determine the use of an identified asset for a certain period in exchange for compensation. Such an assessment is made when an agreement is entered into. The Group further classifies an identified lease as a current lease, as a lease of a low-value asset or as a standard lease. Current leases are defined as leases with a lease term of 12 months or less. The Group's definition of a low-value asset includes all personal computers, laptops, telephones, office equipment and furniture, as well as all other assets with a value (when new) of less than SEK 50,000. Lease fees relating to current leases and leases of low-value assets are reported as operating expenses on a straight-line basis over the lease term. The Group applies the term "standard lease" to all identified leases that are categorised neither as current leases nor as leases of low-value assets.

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

as non-current and current lease liabilities are presented as separate items in the consolidated balance sheet.

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

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

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

Note 10 cont.

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

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

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

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

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

Lease fees paid regarding standard leases are reported partly as repayment of the lease liability and partly as interest expense in the consolidated statement of comprehensive income.

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

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

11

Depreciation/amortisation and impairment

	Group	
	2023	2022
Thunderful Games	-208.7	-69.9
Thunderful Distribution	-25.1	-20.7
Thunderful Other	-0.4	-0.3
PPA-related amortisation and impairment	-604.7	-83.2
Total	-838.9	-174.1

Impairment in both segments amounted to SEK -598.1 (-10.0) million.

12

Financial income and financial expenses/ Other interest income and similar profit/loss items as well as Other interest expenses and similar profit/loss items

	Group		Parent Company	
	2023	2022	2023	2022
Impairment of shares in subsidiaries	0.0	0.0	-376.7	0.0
Profit from associated companies	4.8	0.0	0.0	0.0
Interest income	4.6	0.8	4.1	0.5
Intra-Group interest income	0.0	0.0	530.8	182.7
Exchange rate differences, positive	27.9	59.5	0.0	0.0
Unrealised exchange rate differences, positive net	0.0	0.0	0.0	41.8
Revaluation of earn-out liability, positive	74.2	136.9	74.2	136.8
Interest expenses	-36.8	-12.2	-31.3	-8.9
Intra-Group interest expenses	0.0	0.0	-492.1	-154.5
Exchange rate differences, negative	-28.3	-57.7	-0.6	0.0
Unrealised exchange rate differences, negative net	-2.1	-53.5	-32.0	0.0
Revaluation of earn-out liability, negative	-29.4	-111.5	-26.7	-108.7
Total	14.8	-37.7	-350.3	89.7

13

Tax

	Group		Parent Company	
	2023	2022	2023	2022
Current tax	-36.2	-60.7	0.1	0.5
Deferred tax	21.3	23.5	0.0	0.0
Tax included in net profit for the year	-14.9	-37.2	0.1	0.5

Reconciliation of income tax

	Group		Parent Company	
	Percent	Amounts	Percent	Amounts
Profit/loss before tax		-594.5		-364.7
Tax in accordance with applicable tax rate	20.6%	122.5	20.6%	75.1
Adjustments for previous years' taxes	0.0%	0.2	0.0%	0.1
Adjustment for differences in tax rates outside of Sweden	-0.0%	-0.1	0.0%	0.0
Tax-free income	4.0%	24.0	4.2%	15.3
Non-deductible costs	-23.0%	-136.9	-22.8%	-83.3
Non-deductible costs	0.7%	4.1	0.6%	2.4
Loss carry-forward utilised during the year that was not previously recognised as an asset	1.2%	6.9	1.5%	5.6
Unutilised loss carry-forward generated during the year	-6.6%	-39.0	-4.1%	-15.1
Other	0.6%	3.5	0.0%	0.0
Recognised income tax	2.5%	-14.9	0.0%	0.1

The 2023 closing tax deficit carried forward amounted to SEK 80.8 (29.5) million.

Capitalised deductible temporary differences

The company analyses and assesses each case of non-capitalised items separately and makes active decisions about the situations in which deferred tax assets on temporary differences should be capitalised. The Group does not normally report deferred tax assets on temporary differences in situations where the opportunities to utilise these are considered to be limited.

Deferred tax

As per 31 December 2023, the Group recognised deferred tax assets of SEK 1.1 (1.3) million, primarily pertaining to deferred tax on eliminated inter-company gains on inventories and IFRS 16. The gross deferred tax amounts for IFRS 16 amounted to SEK 22.7 (26.2) million in receivable and SEK -22.1 (-26.4) million in payable as per the balance sheet date. Deferred tax liabilities of SEK 152.5 (151.3) million pertaining mainly to the value of publishing and distribution relationships, game rights and customer relationships.

14

Intangible assets

IT systems

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

Capitalised expenditure for computer game development

Consists of capitalised expenses of SEK 307.1 million for game development and is amortised using a degressive amortisation method over two years following release, 1/3 amortisation over months 1 to 3 after release, 1/3 amortisation over months 4 to 12 following release and the remaining 1/3 over months 13 to 24 following release. Ongoing projects are not amortised but are tested for impairment in the event of any indication of a decrease in value and at each quarter. In 2023, capitalised development expenditure was written down by SEK 85.9 (10.0) million.

Publishing licences

Consists of publishing licences for SEK 143.6 million within one of the Group's publishing activities and is amortised using a degressive amortisation method over two years following release, 1/3 amortisation over months 1 to 3 after release, 1/3 amortisation over months 4 to 12 following release and the remaining 1/3 over months 13 to 24 following release. Ongoing projects are not amortised but are tested for impairment in the event of any indication of a decrease in value and at each quarter. In 2023, capitalised development expenditure was written down by SEK 11.8 (0.0) million.

Investments in game projects

Consists of consulting services and support for third-party developers who publish their own games or want strategy advice. Projects are not depreciated, but rather tested for impairment on a quarterly basis at minimum. In 2023, investments in gaming projects were written down by SEK 3.8 million (SEK 0.0 million).

Publishing and distribution relationships

In connection with the merger in December 2019, the various groups were valued at multiples that are normally used in comparable business events. The surplus value that then arose after elimination of equity is judged to consist in its entirety of the value of the very long business relationships that have existed within the Distribution companies with their suppliers, where the agreement with Nintendo lasted for 40 years and was renewed in 2022. There have also been long business relationships within toy distribution that are expected to continue. As a result, the value of these distributor relationships was calculated at SEK 371.6 million as of 31 December 2019, which is amortised on a straight-line basis over the useful life, which is estimated to be 10 years with reference to the long relationship to date. The value as of 31 December 2023 amounts to SEK 223.0 million.

Note 14 cont.

Game rights

Game rights include IP rights for games that are fully developed and under development as well as revenue rights for games that are fully developed and under development. Game rights amount to SEK 291.8 million and are attributable to four acquisitions, one of which was completed in 2022. The amortisation period for the various components varies between 2–9 years where games under development are not amortised until the game is fully developed.

IP rights

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

Revenue rights

For some game titles developed by external game studios, the Group's companies receive a part of the game's net sales revenue. For games that are under development and have not yet been launched, there is no amortisation, but annual impairment tests are performed. No impairment was recognised in 2023.

Specification of amortisation period

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

Customer relationships

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

Customer relationships amount to SEK 88.7 million and are attributable to two acquisitions. The amortisation period for the various components varies between 6–9 years.

Specification of amortisation period

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

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

Specification of amortisation period

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

Intangible fixed assets

Cost	Capitalised expenses for development work	Publishing and distribution relationships
Opening balance, 1 January 2023	317.5	371.6
Internal development	202.3	0.0
Acquisitions of operations	11.6	0.0
Exchange rate difference through foreign subsidiaries	1.1	0.0
Closing accumulated cost, 31 December 2023	532.5	371.6
Opening amortisation and impairment, 1 January 2023	-85.8	-111.5
Amortisation and impairment for the year	-139.6	-37.1
Closing accumulated amortisation and impairment, 31 December 2023	-225.4	-148.6
Closing carrying amount	307.1	223.0

Cost	Capitalised expenses for development work	Publishing and distribution relationships
Opening balance, 1 January 2022	166.6	371.6
Internal development	143.3	0.0
Exchange rate difference through foreign subsidiaries	7.6	0.0
Closing accumulated cost, 31 December 2022	317.5	371.6
Opening amortisation and impairment, 1 January 2022	-43.9	-74.3
Amortisation and impairment for the year	-41.9	-37.2
Closing accumulated amortisation and impairment, 31 December 2022	-85.8	-111.5
Closing carrying amount	231.7	260.1

Cost	IT systems	Publishing licences
Opening balance, 1 January 2023	13.1	165.3
Acquisitions for the year	0.3	82.4
Disposals	-0.6	0.0
Exchange rate difference through foreign subsidiaries	0.0	2.9
Closing accumulated cost, 31 December 2023	12.8	251.0
Opening amortisation and impairment, 1 January 2023	-9.2	-54.4
Reclassifications of amortisation	1.8	0.0
Amortisation and impairment for the year	-3.0	-53.0
Closing accumulated amortisation and impairment, 31 December 2023	-10.4	-107.4
Closing carrying amount	2.5	143.6

Cost	IT systems	Publishing licences
Opening balance, 1 January 2022	11.5	95.1
Acquisitions for the year	1.6	69.7
Exchange rate difference through foreign subsidiaries	0.0	0.5
Closing accumulated cost, 31 December 2022	13.1	165.3

Opening amortisation and impairment, 1 January 2022	-7.9	-37.6
Amortisation and impairment for the year	-1.3	-16.8
Closing accumulated amortisation and impairment, 31 December 2022	-9.2	-54.4

Closing carrying amount	4.0	110.9
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Cost	Game rights	Customer relationships
Opening balance, 1 January 2023	372.7	129.0
Exchange rate difference through acquisitions of operations	5.7	3.7
Closing accumulated cost, 31 December 2023	378.4	132.7

Opening amortisation and impairment, 1 January 2023	-41.3	-23.3
Amortisation and impairment for the year	-45.3	-20.7
Closing accumulated amortisation and impairment, 31 December 2023	-86.6	-44.0

Closing carrying amount	291.8	88.7
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Cost	Game rights	Customer relationships
Opening balance, 1 January 2022	308.4	127.0
Acquisitions of operations	59.2	0.0
Exchange rate difference through acquisitions of operations and foreign subsidiaries	5.1	2.0
Closing accumulated cost, 31 December 2022	372.7	129.0

Opening amortisation and impairment, 1 January 2022	-12.4	-7.0
Amortisation and impairment for the year	-28.9	-16.3
Closing accumulated amortisation and impairment, 31 December 2022	-41.3	-23.3

Closing carrying amount	331.4	105.7
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Cost	Investments in games projects	Other intangible assets
Opening balance, 1 January 2023	9.1	25.9
Acquisitions for the year	7.3	0.0
Exchange rate difference through foreign subsidiaries	0.9	0.4
Closing accumulated cost, 31 December 2023	17.3	26.3

Opening amortisation and impairment, 1 January 2023	0.0	-2.1
Amortisation and impairment for the year	-3.8	-1.3
Closing accumulated amortisation and impairment, 31 December 2023	-3.8	-3.4

Closing carrying amount	13.5	22.9
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Cost	Investments in games projects	Other intangible assets
Opening balance, 1 January 2022	0.0	25.3
Acquisitions for the year	9.1	0.0
Exchange rate difference through foreign subsidiaries	0.0	0.6
Closing accumulated cost, 31 December 2022	9.1	25.9

Opening amortisation and impairment, 1 January 2022	0.0	-1.1
Amortisation and impairment for the year	0.0	-1.0
Closing accumulated amortisation and impairment, 31 December 2022	0.0	-2.1

Closing carrying amount	9.1	23.8
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Goodwill

Goodwill is reported as an intangible non-current asset with an indefinite useful life at cost less accumulated impairment. As of 31 December 2023, goodwill amounted to SEK 475.4 (928.2) million. All intangible non-current assets with an indefinite useful life are tested every quarter to determine whether the value deviates negatively from the current book value and whether there is any indication of impairment. Individual assets can be tested more often if there are indications of a decrease in value.

	Group	
	31/12/2023	31/12/2022
Opening cost	932.2	732.0
Acquisitions of assets for the year	11.0	0.0
Acquisitions of operations for the year	26.4	169.3
Exchange rate difference through acquisitions of operations	10.1	30.9
Closing accumulated cost	979.7	932.2
Opening impairment through non-cash issue	-4.0	-4.0
Impairment for the year	-500.4	0.0
Closing accumulated impairment	-504.4	-4.0
Closing carrying amount	475.4	928.2

Impairment testing of goodwill

In the quarterly impairment test, goodwill is allocated to the operating segments that are expected to benefit from the synergy effects from the business acquisitions where goodwill arises.

Goodwill is allocated as follows:

Goodwill per operating segment	Group	
	31/12/2023	31/12/2022
Games	464.4	928.2
Distribution	11.0	0.0
Total	475.4	928.2

Note 14 cont.

The recoverable amount for each segment, defined as cash-generating units, is determined based on the discounted cash flow without taking potential future expansion of the operations or future restructuring into account. A comprehensive five-year forecast is used in the calculation, followed by extrapolating expected cash flows for the units' remaining useful lives with an estimated growth rate of 2 percent (2) after the forecast period and a weighted average cost of capital (WACC) before tax of 15.4 percent (15.1). After evaluation of the Games portfolio the recoverable amount in the segment Thunderful Games was calculated to SEK 1,256.9 (2,770.5) million using this methodology, which resulted in impairment of SEK 500.4 million as of 31 December 2023. The recoverable amount is thus the same as the goodwill value. An increase in the estimated discount rate of 1% would result in an additional impairment in the amount of SEK 115.3 million.

Revenue development during the forecast period is 1-5 years based on budget values as the starting point and individual companies' estimated forecasts thereafter.

15 Property, plant and equipment

Right-of-use assets

Refers to financial leases, which are depreciated on a straight-line basis over the lease term. See Note 10.

Other property, plant and equipment

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

Buildings:	50 years
Equipment:	5 years

Cost	Buildings and land	Equipment	Total
Opening balance, 1 January 2023	1.0	41.4	42.5
Acquisitions for the year	2.8	8.4	11.2
Exchange rate differences through foreign subsidiaries	0.0	-0.7	-0.8
Closing accumulated cost, 31 December 2023	3.8	49.1	52.9
Opening depreciation and impairment, 1 January 2023	-0.5	-23.9	-24.4
Reclassifications of depreciation	0.0	1.8	1.8
Depreciation and impairment for the year	-0.5	-6.5	-7.0
Closing accumulated depreciation and impairment, 31 December 2023	-1.0	-28.6	-29.6
Closing carrying amount	2.8	20.5	23.3

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

16 Participations in Group companies

	Parent Company	
	31/12/2023	31/12/2022
Opening cost	2,397.2	2,181.2
Acquisitions for the year	0.4	216.0
Closing accumulated cost	2,397.6	2,397.2
Opening impairment	0.0	0.0
Impairment for the year	-376.7	0.0
Closing accumulated impairment	-376.7	0.0
Closing carrying amount	2,020.9	2,397.2

17

Specification of participations in Group companies

Subsidiary	Corporate identity number	Domicile	Share of equity	Share of voting rights	Number of shares	Carrying amount
Bergsala AB	556315-6412	Kungsbacka	100%	100%	1,000	350.0
Thunderful Development AB	559139-0728	Gothenburg	100%	100%	50,000	455.7
Amo Toys AB	556923-9428	Kungsbacka	100%	100%	600	2.5
Nordic Game Supply AB	559226-5333	Kungsbacka	100%	100%	500	0.0
Thunderful Solutions AB	559199-9940	Kungsbacka	100%	100%	500	0.0
Coatsink Software Ltd	07567431	Sunderland, UK	100%	100%	2,000,000	700.1
Jumpship Ltd	10573099	Guildford, UK	100%	100%	2,278	87.4
Thunderful Animation AB	559091-1474	Kungsbacka	100%	100%	500	175.2
Headup GmbH	207/5837/0539	Düren, Germany	100%	100%	26,000	114.3
Stage Clear Studio, SL	B/86440815	Madrid, Spain	100%	100%	900	0.0
Robot Teddy Ltd	10847056	Newcastle, UK	100%	100%	2,151	57.2
Early Morning Studio AB	559175-8890	Gävle	100%	100%	5,263,158	78.5
Thunderful 1	559416-2090	Kungsbacka	100%	100%	250	0.0
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%		
Thunderful Games Ltd	5252507	Luton, UK	100%	100%		
Bergsala AS	917011508	Oslo, Norge	100%	100%		
Bergsala A/S	26350832	Copenhagen, Denmark	100%	100%		
Oy Bergsala AB	6671702	Vantaa, Finland	100%	100%		
Amo Toys AS	911743531	Oslo, Norge	100%	100%		
Amo Toys A/S	34050864	Tranbjerg, Denmark	100%	100%		
Amo Oy	0104667-6	Vantaa, Finland	100%	100%		
Amo Toys HK Ltd	-	Hong Kong, HK	100%	100%		
Nordic Game Supply A/S	32663834	Tranbjerg, Denmark	100%	100%		
Nordic Game Supply GmbH	19211 KI	Neumunster, Germany	100%	100%		
Nordic Game Supply HK Ltd	-	Hong Kong, HK	100%	100%		
To The Sky AB	559319-3427	Gothenburg	91%	91%		
Studio Fizbin GmbH	HRB 75 05 72	Ludwigsburg, Germany	100%	100%		

18

Other non-current assets

Other non-current assets consist of the following items:

	Group	
	31/12/2023	31/12/2022
Participations in associated companies	4.6	0.0
Other receivables	7.4	7.4
Other securities held as non-current assets	0.2	0.2
Deferred tax assets	1.1	1.3
Total	13.3	8.9

19

Inventories

Inventory consists of the following:

	Group	
	31/12/2023	31/12/2022
Goods for resale	578.6	600.3
Total	578.6	600.3

Advance payments to suppliers consist of the following:

	Group	
	31/12/2023	31/12/2022
Goods for resale	50.8	49.6
Total	50.8	49.6

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

Impairment of SEK 27.3 (0.0) million has been recognised in the Goods for resale line in the income statement.

20

Accounts receivable

Accounts receivable and other receivables consist of the following:

	Group	
	31/12/2023	31/12/2022
Accounts receivable, gross	473.7	656.3
Provision for bad debt losses	-1.4	-1.6
Total	472.3	654.6

Age distribution, accounts receivable	31/12/2023
Accounts receivable, not due	433.7
Overdue 0-30 days	38.8
Overdue 31-60 days	3.1
Overdue 61-90 days	0.7
Overdue >90 days	-2.6
Expected bad debt losses	-1.4
Total	472.3

Changes in bad debt loss provision for the Group's doubtful receivables

Provision for doubtful accounts receivable 1 Jan 2023 (opening balance)	-1.6
Provision for doubtful accounts receivable	-0.7
Reversed bad debt losses	0.1
Bad debt losses	0.8
Total	-1.4

Accounts receivable are measured at fair value on initial recognition and subsequently measured at amortised cost using the effective interest method, less any provision for expected losses. The Group applies the simplified approach for accounts receivable and uses a matrix to estimate the expected losses. The change in the provision is normally recognised in the statement of comprehensive income in other external expenses. No change was recognised for 2023. The expected loss calculation is based on historical data and is adjusted using a forward-looking analysis, including macroeconomic factors impacting the various customer segments and more specific factors such as signs of bankruptcy or known insolvency, etc. The companies regarded as having the highest credit risk through accounts receivable (primarily in the Distribution segment) commission a credit insurance company and insure most of their accounts receivable. The deductible in connection with an insured bad debt loss is 10 percent.

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

21

Contract assets

Contract assets consist of the following:

	Group	
	31/12/2023	31/12/2022
Accrued income	72.5	80.0
Supplier bonus	4.2	1.9
Total	76.7	81.9

22

Prepaid expenses and accrued income

Prepaid expenses and accrued income consist of the following:

	Group		Parent Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Contract assets, see Note 21	76.7	81.9	0.0	0.0
Other accrued income	44.5	10.4	0.0	0.0
Other prepaid expenses	18.2	21.5	2.1	1.4
Total	139.4	113.8	2.1	1.4

24

Share capital, number of shares

Share capital

As per 31 December 2023, Thunderful Group AB's share capital consists of 70,290,597 shares with a quotient value of SEK 0.01 per share. All shares are fully paid up. All shares entitle the holder to the same proportion of the company's assets and earnings and confer equal rights to dividends.

Parent Company change in equity

Parent Company	Share capital	Share premium reserve	Statutory reserve	Retained earnings	Net profit/loss for the year	Total
Opening balance, 1 January 2023	0.7	1,969.4	0.0	78.8	21.2	2,070.1
Appropriation of profit, approved by AGM	0.0	0.0	0.0	21.2	-21.2	0.0
Issued share options	0.0	0.0	0.0	1.1	0.0	1.1
Comprehensive income for the year	0.0	0.0	0.0	0.0	-364.6	-364.6
Closing balance, 31 December 2023	0.7	1,969.4	0.0	101.0	-364.6	1,706.5

23

Cash and cash equivalents

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

	Group		Parent Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Cash and cash equivalents	209.1	56.6	148.8	0.0
Total	209.1	56.6	148.8	0.0

25 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 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 of the Group policy of bearing the costs of repairing faulty products. Warranties are normally provided for one or two years from the date of sale.

The carrying amounts and changes to them are as follows:

	Warranty provisions	Other provisions	Total
Opening balance, 1 January 2023	1.7	0.2	1.9
Acquisitions for the year	0.1	0.0	0.1
Reversals for the year	0.0	0.0	0.0
Closing balance, 31 December 2023	1.8	0.2	2.0

26 Non-current liabilities

Non-current liabilities consist of the following:

	Group		Parent Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Deferred tax liabilities	152.5	151.3	0.0	0.0
Non-current additional purchase consideration	181.6	286.9	171.8	285.3
Total	334.1	438.2	171.8	285.3

For additional information about business acquisitions, see Note 36 Business acquisitions.

27 Current liabilities

Current liabilities consist of the following:

	Group		Parent Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Current overdraft facilities	0.0	63.6	0.0	63.6
Liabilities to credit institutions	499.3	111.3	499.3	111.3
Advance payments from customers	1.1	0.0	0.0	0.0
Accounts payable	573.9	598.7	4.7	4.6
Total	1,074.3	773.6	504.0	179.4

28 Other liabilities

Other liabilities consist of the following:

	Group		Parent Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Current additional purchase consideration	97.9	140.2	87.4	136.8
Current tax liabilities	26.9	35.7	0.0	0.0
Other current liabilities	76.5	85.8	0.7	3.1
Total	201.3	261.7	88.1	139.9

29 Contract liabilities

Contract liabilities consist of the following:

	Group	
	31/12/2023	31/12/2022
Customer bonuses	23.1	38.0
Deferred income	0.0	1.3
Supplier commitments	21.9	0.1
Total	45.0	39.4

In total, SEK 1,3 million of the previous year's balance was taken up as revenue during 2023.

30

Accrued expenses and prepaid income

Accrued expenses consist of the following:

	Group		Parent Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Contract liabilities, see Note 29	45.0	39.4	0.0	0.0
Accrued personnel expenses	27.4	21.1	0.9	2.9
Other accrued expenses	15.8	18.7	0.9	4.2
Total	88.2	79.2	1.8	7.1

31

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 key financial instruments is provided in the Board of Directors' report. Note 19 contains a description of accounts receivable and the credit risk associated with them.

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

Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the instrument's contractual terms and conditions. Purchases and sales of financial assets are normally recognised on the trade date, that is, the date on which the Group undertakes to purchase or sell the asset. Financial instruments are initially recognised at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities; for example, 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 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 for any expected credit losses that have been recognised (see "Impairment and expected loss" below). Interest income from these financial assets is recognised in net financial items 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 net financial items when it arises. Interest income from these financial assets is recognised in net financial items 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 net financial items. The Group has no investments in equity instruments.

Impairment and expected loss

The Group assesses on a future-oriented 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 has been used for cash and bank balances. For accounts receivables, the Group applies the "simplified approach" (see Note 20). For cash, a ratings-based approach is used based on a forecast of the probability of default for each counterparty.

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.

Note 31 cont.

Financial liabilities

Classification and subsequent measurement

The Group's financial liabilities, excluding liabilities for additional purchase considerations, are classified and subsequently measured at amortised cost. Liabilities for additional purchase considerations 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.

Liability for additional purchase considerations

Liability for additional purchase considerations is initially measured at fair value on the date on which the contract is entered into, and is

subsequently remeasured at fair value through profit or loss. Fair value is determined through discounted future cash outflows in accordance with the contract and using a WACC of 16.1 percent (15.2).

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.

Net debt/Net cash

At the end of 2023, Thunderful Group had a net debt of SEK -290.2 (-118.3) million.

As of 31 December 2023	Carrying amount			Fair value			
	Measured at fair value	Measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Accounts receivable		472.3	472.3				
Cash and cash equivalents		209.1	209.1				
Total		681.4	681.4				
Financial liabilities							
Overdraft facility		0.0	0.0				
Accounts payable		-573.9	-573.9				
Lease liabilities		-111.9	-111.9				
Liability for additional purchase consideration	-279.4		-279.4			-279.4	-279.4
Total	-279.4	-685.8	-965.2	-	-	-279.4	-279.4

As of 31 December 2022	Carrying amount			Fair value			
	Measured at fair value	Measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Accounts receivable		654.6	654.6				
Cash and cash equivalents		56.6	56.6				
Total		711.2	711.2				
Financial liabilities							
Overdraft facility		-63.6	-63.6				
Accounts payable		-598.7	-598.7				
Lease liabilities		-131.3	-131.3				
Liability for additional purchase consideration	-427.2		-427.2			-427.2	-427.2
Total	-427.2	-793.6	-1,220.8	-	-	-427.2	-427.2

The table below analyses the Group's financial liabilities divided according to the time remaining on the balance sheet date until the contractual due date. The amounts provided in the table are the contractual, undiscounted cash flows. Future cash flows in foreign

currencies and relating to variable interest have been calculated based on the exchange rate and interest rate in effect on the balance sheet date.

As of 31 December 2023	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total contractual cash flows	Carrying amount
Financial liabilities							
Borrowings from credit institutions	-6.7	-519.5				-526.3	-499.3
Accounts payable	-573.9					-573.9	-573.9
Lease liabilities	-8.2	-24.5	-27.0	-48.0	-27.8	-135.6	-111.9
Liability for additional purchase consideration	-33.3	-68.6	-49.7	-221.3		-372.8	-279.5
Total	-622.1	-612.6	-76.7	-269.3	-27.8	-1,608.5	-1,464.6

As of 31 December 2022	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total contractual cash flows	Carrying amount
Financial liabilities							
Borrowings from credit institutions	-1.1	-178.3				-179.4	-174.9
Accounts payable	-598.7					-598.7	-598.7
Lease liabilities	-7.1	-21.4	-27.3	-50.8	-35.1	-141.7	-131.3
Liability for additional purchase consideration	-132.4	-10.7	-90.8	-318.4	-28.3	-580.6	-427.2
Total	-739.4	-210.4	-118.1	-369.1	-63.4	-1,500.4	-1,332.1

32 Changes in liabilities related to financing activities

	1/1/2023	Inward cash flows	Outward cash flows	Items not affecting cash flow	31/12/2023
Borrowings from credit institutions	-174.9	-324.4			-499.3
Lease liabilities	-131.3		33.6	-14.2	-111.9
Liability for additional purchase consideration	-427.2		124.1	23.6	-279.5
Carrying amount	-733.4	-324.4	157.7	9.4	-890.7

	1/1/2022	Inward cash flows	Outward cash flows	Items not affecting cash flow	31/12/2022
Borrowings from credit institutions	-270.4		95.5		-174.9
Lease liabilities	-111.7		28.7	-48.3	-131.3
Liability for additional purchase consideration	-452.4		117.5	-92.3	-427.2
Carrying amount	-834.5	-	241.7	-140.6	-733.4

	2023	2022
Revaluation of leases	2.3	-3.8
Revaluation of additional purchase considerations	44.8	25.4
Acquisitions	-17.9	-107.0
Lease liabilities entered into	-16.7	-43.6
Lease liabilities disposed of	4.6	3.1
Exchange rate differences	-7.7	-14.7
Total	9.4	-140.6

33

Adjustment for non-cash items

	Group		Parent Company	
	2023	2022	2023	2022
Depreciation/amortisation and impairment	838.9	174.0	376.7	0.0
Exchange rate differences	6.0	9.5	8.7	19.2
Revaluations of additional purchase considerations	-44.8	-25.4	-47.5	-28.1
Impairment of stock	27.4	0.0	0.0	0.0
Other	0.0	2.6	0.0	0.0

During the year 2023, the Group and the parent company received interest income of SEK 4.0 (0.5) million and paid interest expenses of 30.6 (8.5) million.

34

Acquisitions of subsidiaries/operations in the cash flow statement

	Group		Parent Company	
	2023	2022	2023	2022
Jumpship Ltd	0.0	-70.2	0.0	-81.4
Studio Fizbin	-12.8	0.0	0.0	0.0
TecTeam	-11.0	0.0	0.0	0.0
Total	-23.8	-70.2	0.0	-81.4

35

Related party transactions

Transactions between the Parent Company and its subsidiaries have been eliminated in the Group and are not reported in this note.

Anders Maiqvist was Acting CEO of Thunderful Group from 10 August 2022 until 28 August 2023. Through companies and together with related parties, Anders Maiqvist owns 50 percent of the shares in Wester Maiqvist AB. In June 2022, Thunderful Group entered into a consultancy agreement with Wester Maiqvist AB regarding warehouse and logistics optimisation. During 2023, Wester Maiqvist AB invoiced Thunderful Group SEK 2.8 million for services provided. The agreement ceased in its entirety during Q1 2023. Anders Maiqvist also entered into an agreement with Thunderful Group for CFO-related consultancy services in 2023 and invoiced SEK 1.0 million via Benolly AB. The agreement ceased in its entirety during Q3 2023.

36

Business acquisitions

Studio Fizbin

On 28 February 2023, German games developer Studio Fizbin GmbH was acquired via Thunderful's subsidiary Headup GmbH for an initial cash purchase consideration of EUR 1.2 million and an earnout component of EUR 1.6 million. The head office is located in Ludwigsburg, Germany. Transaction costs of SEK 1.3 million, which are direct attributable to the share issue, has been reported as a deduction item from the value of transferred shares and from shareholders' equity respectively. The studio is reported in the Games segment.

Purchase consideration for the acquisition:

Purchase consideration	
Cash and cash equivalents	15.4
Contingent additional purchase consideration	17.9
Total purchase consideration	33.3
<i>Carrying amounts for identifiable net assets</i>	
Property, plant and equipment	0.4
Intangible assets	11.6
Other current assets	1.5
Cash and cash equivalents	2.6
Current liabilities	-9.2
	6.9
Other intangible assets	
Goodwill	26.4

The following table shows the net sales and operating profit for Studio Fizbin for the full year 2023 as well as the result the company has contributed with since the acquisition.

	2023	March-Dec 2023
Net sales	7.1	7.1
EBIT	10.1	11.8

The contingent consideration has an operational component of EUR 1.0 million, which is linked to the release of the game Kokidon. The total contingent consideration is capped at EUR 2.3 million.

Thunderful's subsidiary Amo Toys AB also made a small add-on acquisition for the assets and liabilities of operations within distribution group TecTeam Scandinavia Holding AB ("TecTeam") for an initial cash purchase consideration of SEK 20.5 million. TecTeam's operation is reported in the Distribution segment.

37

Measurement and events in additional purchase considerations over the year

	Koncernen		Moderbolaget	
	2023	2022	2023	2022
As of 1 January	427.2	452.4	422.1	445.4
Contingent considerations paid	-124.1	-117.5	-118.6	-114.1
Incurred through acquisitions and recalculations	17.9	107.0	0.0	107.1
Revaluations	-44.8	-25.4	-47.5	-28.1
Exchange rate differences	3.2	10.7	3.2	11.8
As of 31 December	279.4	427.2	259.2	422.1

38

Sensitivity analysis

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

The Group's net assets in foreign operations by currency:

	31/12/2023 Net assets	31/12/2022 Net assets
EUR	121.6	118.8
GBP	179.1	231.1
DKK	86.5	65.5

Consolidated operating profit by foreign currency:

	2023	2022
EUR	25.4	10.6
GBP	105.7	279.1
DKK	-66.6	-30.9

A change in the EUR exchange rate versus the SEK of +/- 10 percent, with all other variables constant, would impact operating profit for the year by SEK 2.0 (1.1) million and equity by SEK 9.0 (11.9) million. A change in the GBP exchange rate versus the SEK of +/- 10 percent, with all other variables constant, would impact operating profit for the year by SEK 2.1 (27.9) million and equity by SEK 43.9 (23.1) million. A change in the DKK exchange rate versus the SEK of +/- 10 percent, with all other variables constant, would impact operating profit for the year by SEK 6.3 (3.1) million and equity by SEK 9.2 (6.6) million.

39

Contingent liabilities

The Group companies guarantee one another's commitments by means of an upstream and downstream guarantee.

40

Assets pledged for liabilities to credit institutions

Corporate mortgages pledged as security for commitments amounted to SEK 265.8 million on 31 December 2023. There were no assets pledged for the parent company.

41

Events after the balance sheet date

- Thunderful Group announced that the company will be implementing a restructuring programme to boost its long-term competitiveness. The programme aims to reduce costs and increase the focus on areas with the best potential for future growth and profitability, and is expected to save SEK 90-110 million per year.
- Thunderful Group entered into an agreement to divest the operations and assets of Nordic Game Supply for a purchase price corresponding to the book value of the inventory with an agreed discount. The buyer is a company owned by Henrik Mathiasen, CEO of Bergsala AB and acting CEO of Nordic Game Supply. The transaction was approved at the extraordinary general meeting on 22 May.
- The distribution agreement regarding Nintendo products in the Nordics and The Baltics were extended by another two years, i.e. until March 2026.
- Thunderful Group entered into an agreement regarding the transfer of all shares in its German publishing subsidiary, Headup GmbH. The transaction was approved at the extraordinary general meeting on 22 May.
- Thunderful entered into a share purchase agreement on May 20 to divest the remaining distribution businesses AMO Toys AB, Bergsala Aktiebolag, Thunderful 1 AB as well as the distribution services company Thunderful Solutions AB. The agreed purchase price amounts to SEK 630 million on a cash and debt free basis. The buyer is Bergsala NDP AB, a newly incorporated company owned by Thunderful Group's largest shareholder and board member, Owe Bergsten. The divestment will enable Thunderful Group to fully amortise its existing bank facility with Danske Bank and focus on its games segment, consisting of Game publishing, Game development and Co-development & Partner services. The transaction is conditional upon the shareholders' approval at the annual general meeting on 26 June.
- Henrik Lundkvist chose to end his employment as CFO. Per Alnefelt was appointed interim CFO during the recruitment process to find a permanent CFO.

42

Definitions of key performance indicators

Net sales

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

Gross profit

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

Operating profit (EBIT)

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

EBITDA

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

Adjusted EBITDA

EBITDA excluding items affecting comparability.

EBITA

Operating profit before amortisation and impairment of other intangible assets.

Adjusted EBITA

EBITA excluding items affecting comparability.

Net core working capital

Inventories plus accounts receivable minus accounts payable.

Interest-bearing net debt

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

Interest-bearing net debt/adjusted EBITDA LTM

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

43

Approval of financial statements

The consolidated financial statements for the financial year ending on 31 December 2023 (including comparison figures) were approved by the Board of Directors on 24 May 2024.

Signatures

The Board of Directors and CEO offer their assurance that this annual 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, 24 May 2024

Martin Walfisz
CEO

Patrick Svensk
Chairman of the Board

Mats Lönnqvist
Board Member

Owe Bergsten
Board Member

Tomas Franzén
Board Member

Sara Bach
Board Member

Our Auditor's Report was submitted on 24 May 2024
Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg
Authorised Public Accountant

This information is of a nature that Thunderful Group AB (publ) 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 6:00 p.m. CET on 24 May 2024.

For more information, please contact:

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Auditor's report

To the general meeting of the shareholders of Thunderful Group AB (Publ), 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 (Publ) for the year 2023 with the exception of the sustainability report on pages 22–29, the corporate governance report on pages 54–61 and the remuneration report on pages 62–63. The company's annual report and consolidated accounts are included on pages 64–107 of 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 2023 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 2023 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 statements do not include the sustainability report on pages 22–29, the corporate governance report on pages 54–61 and the compensation report on pages 62–63. 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

The audit of the annual accounts and consolidated accounts for the financial year 2022 has been carried out by another auditor who submitted an audit report dated 26 April 2023 with unmodified statements in Report on the annual report and the consolidated accounts.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and can be found on pages 1–53, 62–63 as well as 110. 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.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

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 2023 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.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Gothenburg, May 24, 2024

Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg
Authorized Public Accountant

Other Information

Financial Calendar

Annual General Meeting 2024	26 June 2024
Interim report Apr–Jun 2024	21 August 2024
Interim report Jul–Sep 2024	14 November 2024
Year-end report 2024	11 Feb 2025

For more information

Further information about the Group is available on its website:
thunderfulgroup.com

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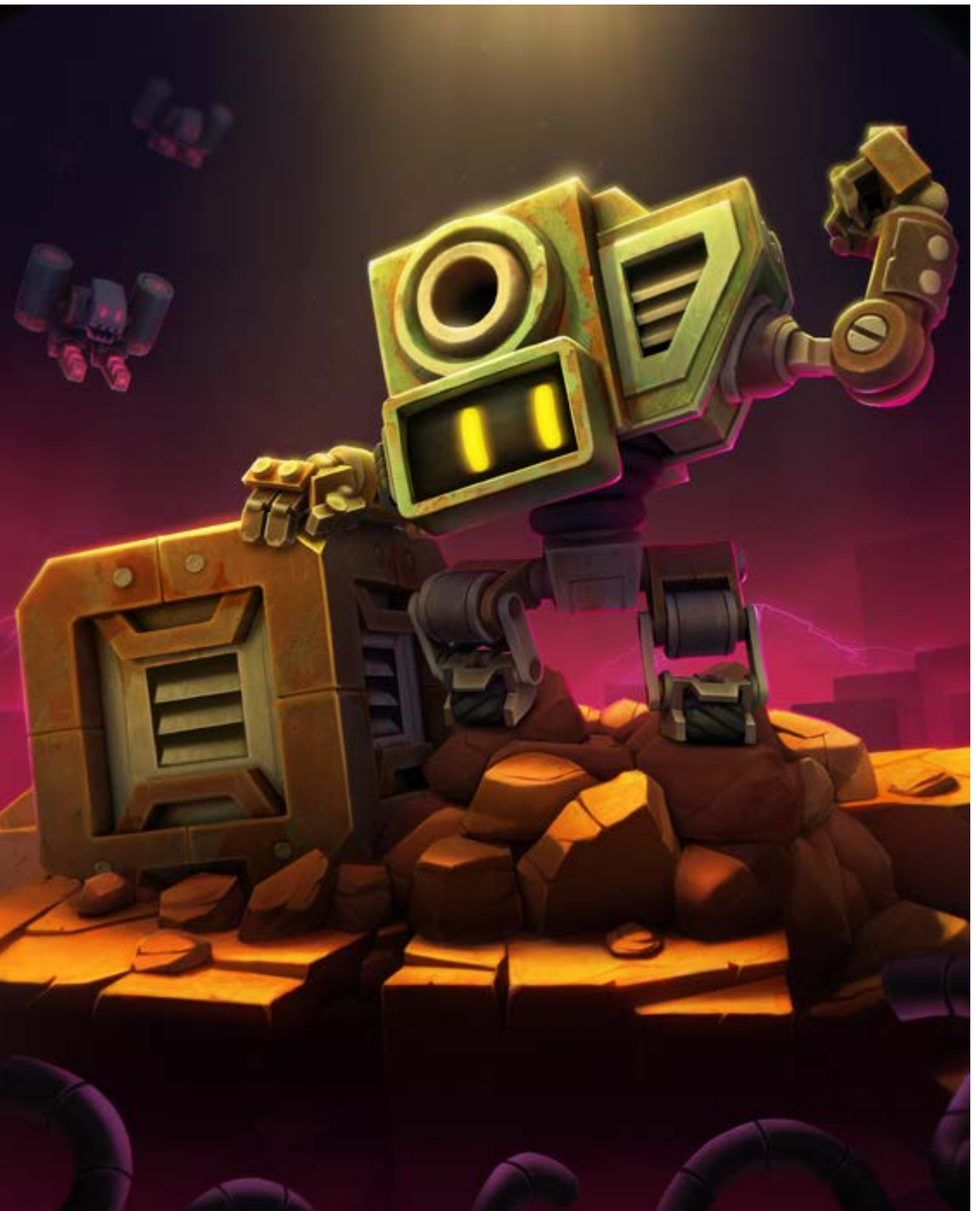
Certified adviser

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