

ENAD GLOBAL 7 AB (PUBL)

# INTERIM REPORT

JUL-SEP 2023



# INTERIM REPORT – JUL-SEP 2023

## SUMMARY COMMENTS

We are pleased to deliver solid results for the third quarter with Net Revenue of SEK 517.3 (444.5) million, representing an organic growth of 16.4 percent year-over-year. Adjusted EBITDA came in at SEK 140.7 (113.1) million, a 24.5 percent increase year-over-year and 27.2 percent margin.

My Singing Monsters continued its elevated performance during the period. As a result, Big Blue Bubble remains an important contributor with Net Revenue of SEK 123.4 (47.9) million and Adjusted EBITDA of SEK 87.9 (30.4) million for the period, representing 157.4 percent and 189.1 percent growth year-over-year, respectively.

Daybreak signed the exclusive, worldwide publishing rights for Cold Iron Studio's new multiplayer action shooter based on a major global IP slated for release in 2025. This represents an important new growth opportunity with a balanced risk-reward profile that is representative of the group's updated growth strategy as presented at the capital markets day.

The group continues to deliver healthy results around expectations, benefitting from a balanced portfolio with a solid foundation of sustainable revenues.

## HIGHLIGHTS FOR THE QUARTER

- Net Revenue of SEK 517.3 (444.5) million, representing 16.4 percent organic growth.
- EBITDA of SEK 114.5 (123.2) million.
- Adjusted EBITDA of SEK 140.7 (113.1) million, corresponding to 24.5% percent growth and 27.2% percent margin. The net adjustments for non-recurring items totaled SEK 26.2 million, consisting of SEK 31.8 million in revaluation of Earn-Out liability for Piranha and -6.3 million in restructuring reserve reversal for Antimatter Games' closure.
- EBIT of SEK 43.0 (59.2) million.
- Adjusted EBIT of SEK 78.4 (56.9) million.
- Profit before tax of SEK 37.1 (49.5) million.
- Earnings per share of SEK 0.11 (1.35). Adjusted earnings per share of SEK 0.43 (0.30).
- Cash flows from operations of SEK 112.8 (131.3) million.
- Cash balance of SEK 472.5 million with no bank debt at group level.

## KEY METRICS

	QUARTER		ACCUMULATED		FULL YEAR
	JUL-SEP 2023	JUL-SEP 2022	JAN-SEP 2023	JAN-SEP 2022	JAN-DEC 2022
<i>SEKm, except per share data</i>					
Net Revenue	517.3	444.5	1,571.9	1,306.9	1,865.9
Growth	16.4%	25.5%	20.3%	34.9%	27.1%
Organic FX adj. growth	13.8%	9.0%	14.6%	12.4%	6.2%
EBITDA	114.5	123.2	396.4	296.9	474.5
Adjusted EBITDA	140.7	113.1	443.9	304.0	482.8
Adjusted EBITDA margin, %	27.2%	25.4%	28.2%	23.3%	25.9%
EBIT	43.0	59.2	206.9	-91.7	-275.9
Adjusted EBIT	78.4	56.9	277.5	144.8	275.0
Adjusted EBIT margin, %	15.2%	12.8%	17.7%	11.1%	14.7%
Profit before tax	37.1	49.5	181.7	-115.3	-296.2
Net profit	10.0	119.9	99.7	-1,149.4	-1,239.0
EPS	0.11	1.35	1.12	-12.97	-13.98
Adjusted EPS	0.43	0.30	1.76	0.11	1.91
Adjusted EPS, excl. M&A related amortizations	0.73	0.60	2.63	0.93	3.03

*Note: Innova was divested in September 2022 and was reported as discontinued operations in Q2 2022.*

## COMMENTS FROM THE CEO



*Ji Ham, Acting CEO*

### A solid performance

The group delivered a solid performance for the quarter with Net Revenue of SEK 517.3 (444.5) million, representing an organic growth of 16.4 percent over the comparable period. The profitability was strong with Adjusted EBITDA of SEK 140.7 (113.1) million, representing 24.5 percent growth year-over-year and 27.2 percent margin. The operating cash flow amounted to SEK 112.8 (131.3) million for the quarter. The group continues to generate strong operating cash flows, resulting in an increased cash balance of SEK 472.5 million at quarter end.

My Singing Monsters (MSM) continues to perform at elevated levels. As a result, Big Blue Bubble delivered another strong quarter with Net Revenue of SEK 123.4 (47.9) million, representing 157.4 percent growth year-over-year. As announced in September, Daybreak secured the exclusive, worldwide publishing rights for Cold Iron Studio's new multiplayer action shooter based on a major global IP slated for release in 2025. This deal represents the first step in the group's updated growth strategy focused on the middle market game publishing segment. On the WFH business front, Toadman is demonstrating continued progress with SEK 14.3 million of Net Revenue for the period and is expected to reach breakeven level by the yearend. Piranha successfully launched the fifth DLC for MechWarrior 5 during the

quarter and also announced its plans for MechWarrior 5: Clans, an exciting new entry in the franchise targeted for release in 2024.

Despite several successful campaigns, Petrol has performed softer YTD due to lower project volume this year. Fireshine showed strong growth in the quarter, successfully executing against a robust physical release pipeline.

Overall, the group remains highly focused on continued operating excellence and delivering solid results.

### Long term strategy

On September 20<sup>th</sup>, we hosted a capital markets day (CMD) where we presented our long-term strategy and communicated our new performance targets. Based on the successful completion of the group's realignment and optimization efforts over the last two years, we are able to shift our focus to our long-term future with a solid foundation established. Management sees an exciting potential for the groups long-term growth prospects and is earmarking approximately SEK 500 million of investment over 2023 and 2024 for the middle-market publishing business. Through a combination of our existing business with solid cash generation and new growth initiatives in our franchise-focused middle market publishing, we expect to achieve Net Revenue of SEK 3 billion and Adjusted EBITDA of SEK 1 billion by 2026.

In addition to the investment plans in our long-term growth, we also communicated a shareholder capital return program. Subject to shareholder approval, the size of the capital return program is expected to be up to 50% of net profit annually. It will consist of a combination of dividends and/or share buyback. Based on the full year 2023 profit expectations, the estimated amount to be distributed in 2024 is approximately SEK 100 million, of which a minimum of SEK 40 million will be distributed as dividends.

For further information on our thesis/underwriting of the industry fundamentals and our strategic business approach and plan, please refer to our CMD presentation available on our website.

# BUSINESS OVERVIEW

## Key takeaways from Capital Markets Day

At the CMD we presented targets of SEK 3 billion in Net Revenue with Adjusted EBITDA of SEK 1 billion by 2026. This will be achieved by elevating our stable and cash generative business by adding new growth vectors with agreeable risk levels, by investing approximately SEK 500 million over 2023-24. We also communicated our ambition to launch an annual shareholder capital return program which for 2023 could reach SEK 100 million.

It is important to understand the way we aim to limit the risk and to increase the predictable outcome in our investments. Our investments will be targeting opportunities with a minimum expected IRR of 25 percent, a payback period within 12 months from game release and 42 months from initial funding, and a target investment range of SEK 100-300 million per title. The potential games we would target will be primarily based on known franchises with an existing passionate and core audience. Sequels with similar features and functionalities where EG7 holds necessary competences and capabilities will be prioritized. The investment plan will be prepared and updated annually with annual budgets and approved by the board.

## A leading global live service game developer and operator

Combining Daybreak, Big Blue Bubble and Piranha titles, EG7 currently operates 10 live service games. This diversified and long-life cycle live games portfolio is a key differentiator for the Group and provides a solid foundation of sustainable revenues and cash flows with a high degree of predictability. Net Revenue from this portfolio in Q3 amounted to SEK 302.1 million, corresponding to 58.4 percent of Net Revenue for the Group.

## Iconic world-class brands

EG7 is home to some of the most iconic IPs, both first-party and third-party brands.

- Key first-party brands include:
  - EverQuest, considered to be one of the three most iconic fantasy MMO brands in the world together with World of Warcraft and Ultima Online.
  - H1Z1, the very first battle royale game that was credited as one of the inspirations for Fortnite, with over 40 million life-to-date (LTD) registrations.
  - My Singing Monsters, which has over 150 million (LTD) registrations on mobile and PC, reaching top 10 in over 100 countries in the App Store games category and the No. 1 spot in more than 15 countries 10 years after its release.
- Top tier global third-party brands:
  - DC Comics from Warner Brothers with continuing pipeline of content from blockbuster feature films and TV shows.
  - The Lord of the Rings, arguably the most iconic classic fantasy IP in the world.
  - Dungeons & Dragons, the legendary fantasy IP with a passionate fan base worldwide.
  - Magic: The Gathering, the world's number one trading card game from Wizards of the Coast.

These brands differentiate our portfolio of games from competitors and provide great opportunities to leverage them further toward continuing content development and new future products.

## Robust game development capabilities and live operations expertise

We have 7 game development and live operations studios across North America and Europe in the Group: Piranha, Toadman, Big Blue Bubble, Dimensional Ink, Standing Stone, Rogue Planet, and Darkpaw. Across these studios, we have over 500 passionate and talented employees, who represent the core drivers of our success. In addition to the 10 live service titles operated and managed by our studios, we continue to grow our WFH business to drive further increases in profitability and growth for the Group.

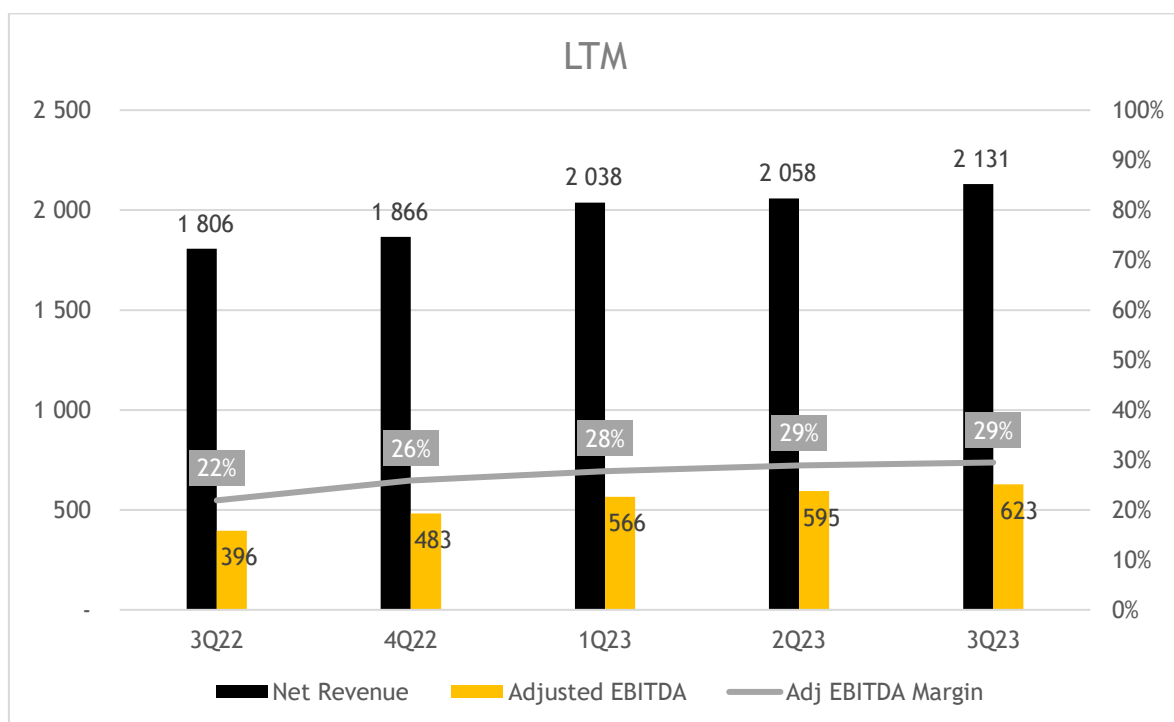
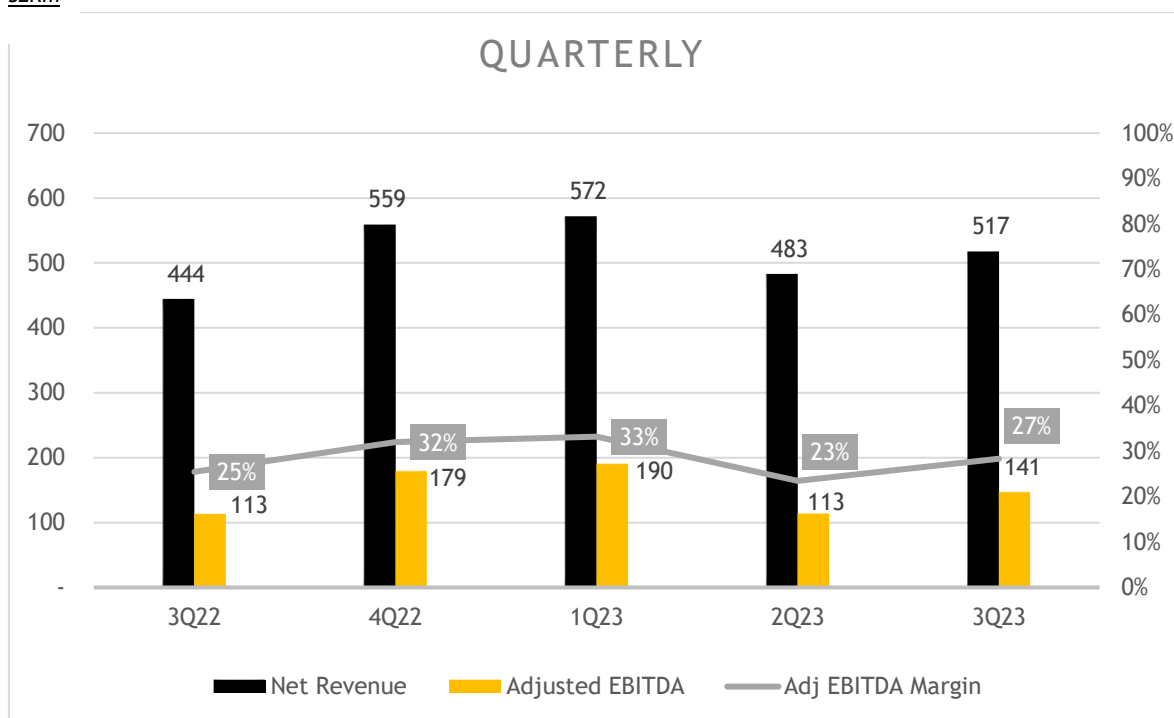
## Creative marketing and distribution expertise and capabilities

Petrol has been responsible for some of the most iconic imageries in gaming with the Call of Duty key art for 17 consecutive years and many other creative works on AAA products in its history. With a blue-chip client list who repeatedly tap Petrol for its premier services, Petrol continues to stamp its mark across the industry, creating some of the most iconic images in gaming.

Fireshine brings a wealth of experience and knowledge in the publishing and distribution of premium titles. Fireshine extends the Group's capabilities beyond digital and live service. In addition to its expertise in physical publishing and distribution, Fireshine continues to invest in digital indie game publishing capabilities to expand its digital growth opportunities.

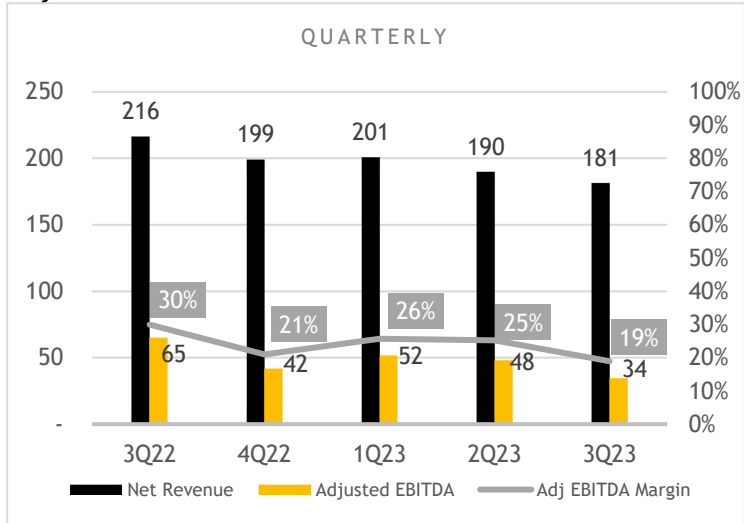
## Net Revenue and Adjusted EBITDA

SEKm

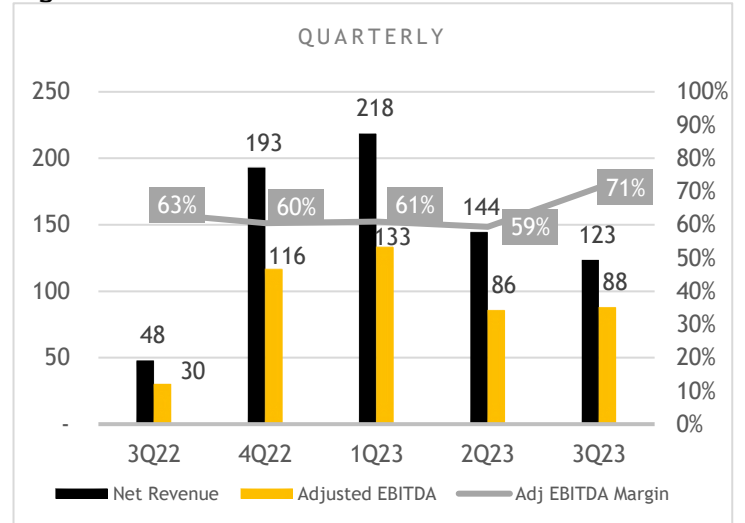


## SUMMARY BY SEGMENT

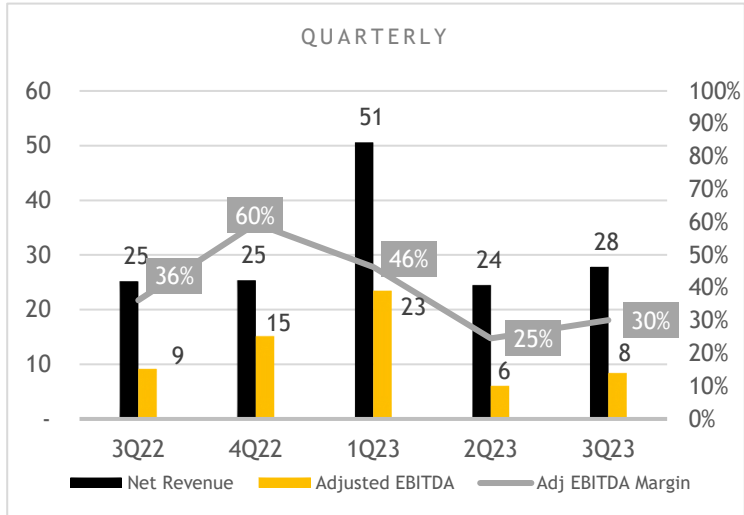
## Daybreak



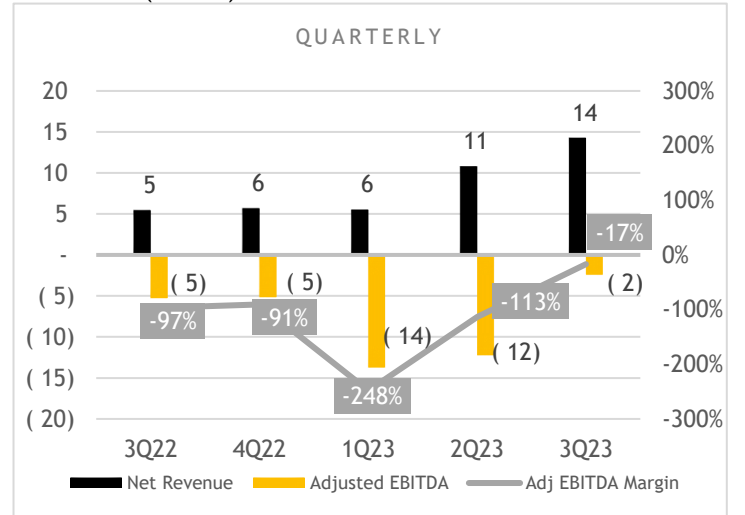
## Big Blue Bubble



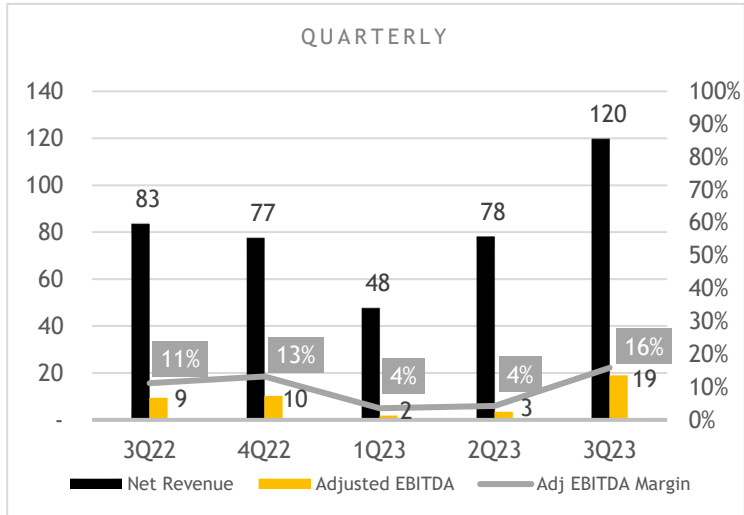
## Piranha



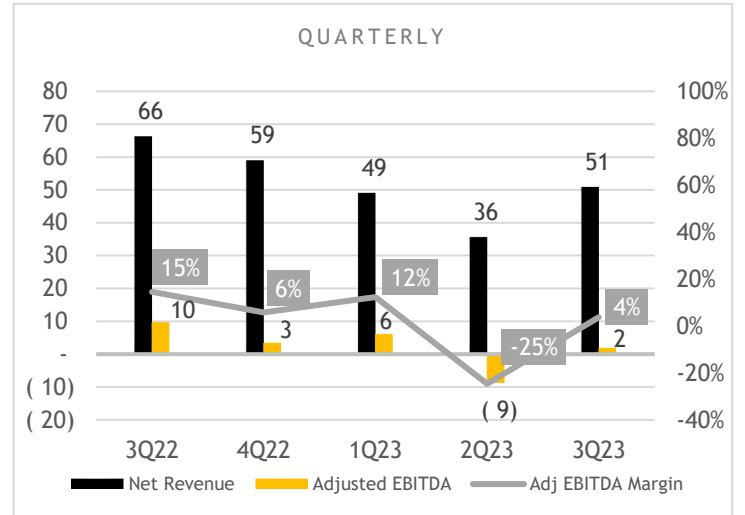
## Toadman (+AMG)



## Fireshine



## Petrol



\*AntiMatter contributed positively to Segment Toadman with SEK 3.1 million due to local government grants during the quarter

## **DAYBREAK**

For Q3, Daybreak contributed Net Revenue of SEK 181.3 (216.2) million, corresponding to 16.1 percent decline and Adjusted EBITDA that amounted to SEK 34.3 (64.8) million. Adjusted EBITDA margin amounted to 18.9 (30.0) percent. Daybreaks softer result for the period, and year of approximately 15 percent is due to that both DC Universe Online (DCUO) and The Lord of the Rings Online (LOTRO) have come down further from the pandemic levels. We expect stabilizing and reversing trends as DCUO becomes available on the latest generation of consoles, and we see the projected tractions from LOTRO's latest expansion. During the period Daybreak successfully signed a publishing deal with Cold Iron Studios for their new multiplayer action shooter based on a major global IP license across PC and consoles for release in 2025. Over 2023 and 2024, Daybreak will be advancing approximately USD 23 million to fund the New Game. This publishing advance is divided into six milestone-based tranches, the first two have been successfully delivered by Cold Iron and was approved by the independent board in EG7 with evaluation and advisement from the third-party domain expert consultant. In the third quarter Daybreak funded SEK 50.1 million. The total development advance funded through the end of September amounted to SEK 81.5 million.

## **BIG BLUE BUBBLE**

Big Blue Bubble delivered Net Revenue of SEK 123.4 (47.9) million, corresponding to 157.4 percent growth, and Adjusted EBITDA of SEK 87.9 (30.4) million, representing 189.1 percent growth. The elevated margin for the period was due to an accrued bonus adjustment, the LTM margin excluding the adjustment has been around 60 percent. Big Blue Bubble contributed 23.9 percent of Net Revenue and 62.5 percent of Adjusted EBITDA for the Group. MSM continues to expand its reach on social media platforms and have amassed more than 1.5 million subscribers on YouTube. The game ended the quarter with a successful anniversary campaign and continues to have a solid performance. Beginning in Q4, the expectation is for the year-over-year performance comparison to be unfavorable compared to the peak performance period between December 2022 through November 2023, we expect MSM to perform at materiality higher level compared to years prior to the step up in performance going forward.

## **PIRANHA**

Net Revenue for the quarter came in at SEK 27.8 (25.1) million, representing 10.7 percent growth. Adjusted EBITDA amounted to SEK 8.4 (9.1) million, representing 30.1 percent margin. The fifth DLC for MechWarrior 5 released towards the end of the quarter has performed well. Piranha also is continuing to ramp up its WFH contract in parallel with new development for MechWarrior 5. In addition, as announced at the end of the quarter, Piranha will be releasing MechWarrior 5: Clans, an exciting new standalone entry in the MechWarrior franchise, during the second half of 2024.

Piranha performance has turned around and has gathered momentum throughout 2022 with better-than-expected performance from continuing MechWarrior 5 content releases in addition to the addition of a solid WFH contract for the studio. As a result, Piranha is now expected to perform at higher than previously expected levels going forward especially with the planned release of MechWarrior 5: Clans title in 2024. Due to this elevated performance, we now expect higher earnout payment compared to our previous expectation. We are excited for the overall long-term prospects for Piranha as it ramps its business throughout 2024 and expect solid returns from the business, net of any contingent earnout payments going forward.

## **TOADMAN**

Toadman's Net Revenue came in at SEK 14.3 (5.5) million, representing 161.8 percent growth year-over-year, Adjusted EBITDA came in at SEK -2.4 million. Toadman continues to successfully ramp up its WFH business and is targeting a breakeven profitability by end of 2023 with increasing profitability throughout 2024. In the segment chart for "Toadman (+AMG)" above SEK 3.1 million is included in adjusted EBITDA and refers to government grants in AMG after the closure of the business.

## **PETROL**

For Q3, Petrol's Net Revenue came in at SEK 50.9 (66.3) million, representing 23.2 percent decline year-over-year. Adjusted EBITDA was SEK 1.9 (9.6) million. Despite being a softer quarter Petrol had several successful campaigns, including Lies of P, Lord of the Fallen and Honda Motocompacto. During the period, Petrol once again received a number of industry awards recognizing their

exceptional work on multiple campaigns, including Lords of the Fallen, Call of Duty: Blackcell, Diablo, UFC 287 and 291, Lies of P, Star Wars Outlaws, Island of Insight and Remnant2.

## FIRESHINE

Fireshines Net Revenue came in at SEK 119.6 (83.4) million, representing 43.4 percent growth year-over-year. Adjusted EBITDA came in at SEK 18.9 (9.3) million, representing a 15.8 percent margin. The quarter included a solid line-up of physical releases including F1 Manager, You Suck at Parking, Warhammer 40,000 Darktide, Trepang2 and Lies of P. On the digital publishing front, Fireshine successfully released These Doomed Isles, a new update to Shadows of Doubt - Cheats and Liars, Shimmering Frontier and a new update to Core Keeper just after the close of the period.

## RESULTS BASED ON PRIOR SEGMENT REPORTING STRUCTURE

We are changing our segment reporting structure where we have removed the Game Segment and Service Segment subgroups. Beginning with this period's reporting, we will be providing reporting by each business unit. For historical comparison and reference purposes, we have included the financial data through Q3 2023 grouped in the prior segment reporting groups below.

	JUL-SEP			JAN-SEP			JAN-DEC
SEKm	2023	2022	% CHG	2023	2022	% CHG	2022
<b>Net Revenue</b>							
Game Segment	346.8	294.8	17.6%	1,191.2	820.8	45.1%	1,243.4
Service Segment	170.5	149.7	13.9%	380.7	486.1	-21.7%	622.5
<b>Group Total</b>	<b>517.3</b>	<b>444.5</b>	<b>16.4%</b>	<b>1,571.9</b>	<b>1,306.9</b>	<b>20.3%</b>	<b>1,865.9</b>
<b>Adjusted EBITDA</b>							
Game Segment	128.2	99.0	29.5%	450.0	255.5	76.1%	423.6
Service Segment	20.8	18.9	10.1%	23.1	76.8	-69.9%	90.4
Holding	-8.3	-4.8	72.9%	-29.3	-28.4	3.2%	-31.3
<b>Group total</b>	<b>140.7</b>	<b>113.1</b>	<b>24.4%</b>	<b>443.8</b>	<b>303.9</b>	<b>46.0%</b>	<b>482.7</b>



# FINANCIAL OVERVIEW

## Net Revenue and Operating Profit

SEKm	JUL-SEP			JAN-SEP			JAN-DEC
	2023	2022	% CHG	2023	2022	% CHG	2022
Net Revenue	517.3	444.5	16.4%	1,571.9	1,306.9	20.3%	1,865.9
Adjusted EBITDA	140.7	113.1	24.5%	443.9	304.0	46.0%	482.8
EBITDA	114.5	123.2	-7.0%	396.4	296.9	33.5%	474.5
Adjusted EBIT	78.4	56.9	37.9%	277.5	144.8	91.7%	275.0
EBIT	43.0	59.2	-27.4%	206.9	-91.7	325.6%	-275.9
<b>% Margins</b>							
Adjusted EBITDA margin	27.2%	25.4%		28.2%	23.3%		25.9%
EBITDA margin	22.1%	27.7%		25.2%	22.7%		25.4%
Adjusted EBIT margin	15.2%	12.8%		17.7%	11.1%		14.7%
EBIT margin	8.3%	13.3%		13.2%	-7.0%		-14.8%

Net Revenue in Q3 2023 came in at SEK 517.3 (444.5) million, representing an organic growth rate of 16.4 percent growth year-over-year. Excluding the FX impact, the organic growth rate was 13.8 percent. Adjusted EBITDA and Adjusted EBIT were SEK 140.7 (113.1) million and SEK 78.4 (56.9) million for the quarter, representing 27.2 percent and 15.2 percent margins respectively. The adjustment for non-recurring items affecting EBITDA in the third quarter was SEK 26.2 (-10.1) million, SEK 31.8 million due to adjustment for increased earn-out payment expectations for the Piranha acquisition based on Piranha's stronger than expected performance and SEK -6.3 million reversal of restructuring reserve for the closure of AntiMatter Games. Last year's adjustment was due to a royalty adjustment in Daybreak.

## Adjustment bridge

SEKm	JUL-SEP		JAN-SEP		JAN-DEC
	2023	2022	2023	2022	2022
<b>EBITDA</b>	<b>114.5</b>	<b>123.2</b>	<b>396.4</b>	<b>296.9</b>	<b>474.5</b>
Revaluation of deferred purchase consideration*	31.8	0.0	31.8	-0.9	-0.9
Restructuring costs	-6.3	0.0	14.0	0.0	0.0
M&A costs	0.7	-10.1	1.6	8.0	9.2
<b>Adjusted EBITDA</b>	<b>140.7</b>	<b>113.1</b>	<b>443.9</b>	<b>304.0</b>	<b>482.8</b>
<b>EBIT</b>	<b>43.0</b>	<b>59.2</b>	<b>206.9</b>	<b>-91.7</b>	<b>-275.9</b>
Revaluation of deferred purchase consideration*	31.8	0.0	31.8	-0.9	-0.9
Restructuring costs	-6.3	0.0	14.0	0.0	0.0
M&A costs	0.7	-10.1	1.6	8.0	9.2
Write-down games**	9.8	7.8	20.3	229.4	528.3
Write-down AMG closing	-0.6	0.0	2.9	0.0	0.0
FX	0.0	0.0	0.0	0.0	14.4
<b>Adjusted EBIT</b>	<b>78.4</b>	<b>56.9</b>	<b>277.5</b>	<b>144.8</b>	<b>275.1</b>
<b>Net profit</b>	<b>10.0</b>	<b>119.9</b>	<b>99.7</b>	<b>-1,149.4</b>	<b>-1,239.0</b>
Revaluation of deferred purchase consideration*	31.8	0.0	31.8	-0.9	-0.9
Restructuring costs	-6.3	0.0	14.0	0.0	0.0
M&A costs	0.7	-10.1	1.6	8.0	9.2
Write-down games**	9.8	7.8	20.3	229.4	528.3
Write-down AMG closing	-0.6	0.0	2.9	0.0	0.0
FX	0.0	0.0	0.0	0.0	14.4
Tax effect adjustments	-7.3	0.5	-14.5	-48.7	-113.5
Discontinued operations	0.0	-91.3	0.0	971.2	970.9
<b>Adjusted net profit</b>	<b>38.1</b>	<b>26.7</b>	<b>155.7</b>	<b>9.6</b>	<b>169.4</b>
<b>Earnings per share</b>	<b>0.11</b>	<b>1.35</b>	<b>1.12</b>	<b>-12.97</b>	<b>-13.98</b>
<b>Adjusted earnings per share</b>	<b>0.43</b>	<b>0.30</b>	<b>1.76</b>	<b>-0.11</b>	<b>1.91</b>

\*Q3 2023 adjustment of contingent liability Piranha, Q2 2022 adjustment of contingent liability for Big Blue Bubble

\*\* Q3 2023 write down of Power Chord in Big Blue Bubble. Q2 2023 write down of Minimal Affect in Toadman. Q4 2022 write-down of games in Toadman and AntiMatterGames SEK 308.6 million; Evil v Evil, Minimal Affect, Block N Load 2, Hathor, I.G.I and 83. In Q2 2022 Marvel in Daybreak was written down.

## Organic growth bridge

SEKm	JUL-SEP			JAN-SEP		
	2023	2022	% CHG	2023	2022	% CHG
Net Revenue	517.3	444.5	16.4%	1,571.9	1,306.9	20.3%
Magic Online proforma	0.0	0.0		0.0	4.7	
Organic Revenue incl Magic Online	517.3	444.5	16.4%	1,571.9	1,311.6	19.8%
FX effect	-11.4			-69.4		
Organic Revenue FX adjusted incl Magic Online	506.0	444.5	13.8%	1,502.5	1,311.6	14.6%

## Intangible assets

SEKm	JUL-SEP 2023		JUL-SEP 2022	
	Capitalized development costs	Development advance	Capitalized development costs	Development advance
Opening balance	88.7	69.7	313.6	0.0
Acquired capitalized development costs	0.0	0.0	-2.1	0.0
Capitalized development cost/this year's gross investment	18.9	67.3	38.9	0.0
Sold/Scrapped	0.0	0.0	-0.6	0.0
Reclassified from Other intangible assets*	0.0	0.0	5.2	0.0
Amortization of product development	-6.1	-12.9	-10.1	0.0
Write-down of capitalized development costs	-9.8	0.0	-7.4	0.0
FX	0.9	-1.1	5.9	0.0
Closing balance	90.6	123.0	343.4	0.0

\*Reclass 2022 mainly Marvel, a reclass between Other intangible assets and Capitalized development costs.

SEKm	JAN-SEP 2023		JAN-SEP 2022	
	Capitalized development costs	Development advance	Capitalized development costs	Development advance
Opening balance*	70.3	0.0	328.8	0.0
Acquired capitalized development costs	0.0	0.0	0.0	0.0
Capitalized development cost/this year's gross investment	63.8	133.7	113.7	0.0
Sold/Scrapped	0.0	0.0	-0.6	0.0
Reclassified from Other intangible assets**	0.0	0.0	119.1	0.0
Amortization of product development	-26.6	-12.9	-34.5	0.0
Write-down of capitalized development costs	-20.3	0.0	-200.3	0.0
FX	3.4	2.2	17.2	0.0
Closing balance	90.6	123.0	343.4	0.0

\*Fireshine has changed its prepayment for publishing deals from working capital to Development advance in 2023, that is why opening balance is zero. \*\*Reclass 2022 mainly Marvel, a reclass between Other intangible assets and Capitalized development costs.

For Q3 2023 the total capitalized development costs were SEK 18.9 (38.9) million, SEK 14.3 million refers to MechWarrior titles. Amortization of capitalized development cost amounted to SEK -6.1 (-10.1) million. During the quarter, Big Blue Bubble fully wrote down SEK 9.8 million in intangible asset value for Power Chord, which has been performing under expectations. The closing balance of capitalized development cost as by the end of the quarter SEK 90.6 million. Daybreak's new publishing investments is shown under development advances. Daybreak's full year development advances for Cold Iron's project amounts to SEK 81.5 million, the additional development advance for the period amounts to SEK 67.3 million including SEK 18.9 million from Fireshine. The amortized product development costs of SEK -12.9 million are related to Fireshine's published titles.

## Financial net

SEKm	JUL-SEP		JAN-SEP	
	2023	2022	2023	2022
Net interest	2.1	-3.8	2.6	-10.2
Interest on earn-out and other	-6.6	-8.4	-19.2	-23.8
Interest leasing	-0.2	-0.8	-0.9	-2.1
Loan forgiveness (Covid related US)	0.0	0.4	0.0	12.4
Release negative goodwill Serbian acquisition	0.0	0.0	1.1	0.0
Financing fees	-1.0	-0.3	-3.6	-0.7
FX effects	-0.3	3.2	-5.1	0.7
Financial net	-5.9	-9.7	-25.1	-23.6

The financial net amounted in Q3 to SEK -5.9 million compared to SEK -9.7 million for the same period last year. The positive effect in net interest is due to the repayment of the credit facility and overnight lending in 2023. The remaining external credit facility at group level of SEK 100 million was repaid in the first quarter 2023.

## Financing

SEKm	SEP	
	2023	2022
Total debt	-3.8	-404.7
Cash and cash equivalents	472.5	654.2
Net cash	468.7	249.5

The net cash by the end of the quarter amounted to SEK 468.7 million consisting of a cash balance of SEK 472.5 million and a financial debt of SEK 3.8 million. The Group repaid the remaining SEK 100 million of the external loan in Q1 2023.

## Cash flow

SEKm	JUL-SEP		JAN-SEP		JAN-DEC
	2023	2022	2023	2022	2022
Operating profit (EBIT) from continuing operations	43.0	59.2	206.9	-91.7	-275.9
Adjustment for non-cash flow items	78.2	68.2	222.6	422.8	770.3
Financial net	1.9	-9.6	-9.3	-23.6	-20.3
Taxes paid	-11.3	0.2	-51.7	-20.7	-34.6
Operating cash flows before balance sheet cash flow impact	111.8	118.1	368.5	286.8	439.5
Change in net working capital	1.0	13.2	-31.3	-26.5	-64.9
Cash flow from operations	112.8	131.3	337.1	260.3	374.6
Cash flow from investment activities	-83.0	140.5	-168.3	-11.5	-58.1
Cash flow from financing activities	-7.4	-20.4	-120.7	-32.9	-331.8
Cash and cash equivalents, start of period	454.0	381.3	407.8	389.6	389.6
Cash flow for the period	22.4	251.4	48.1	215.9	-15.3
Exchange rate differences	-3.8	21.5	16.6	48.8	33.5
Cash and cash equivalents, end of period	472.5	654.2	472.5	654.3	407.8

For Q3 2023, EG7 had net cash inflow of SEK 22.4 (251.4) million. Cash flow from operations was SEK 112.8 (131.3) million. The main cash outflow was due to SEK -83.0 million of investment activities, of which SEK 67.3 million refers development advances, where SEK 50.1 million refers to the Cold Iron publishing deal, SEK 17.2 million refers to Fireshine and SEK 18.9 million refers to capitalized development expenses. Financing activities was SEK -7.4 million mainly due to office leasing. Exchange fluctuation in liquid funds amounted to SEK -3.8 million. Overall, the Group continued to have strong liquidity with SEK 472.5 million of cash and cash equivalents available as of the end of Q3 2023.

## Related Party Transactions

<i>SEKm</i>		Jan-Sep	Jan-Sep
Related party	Related party transaction - paid	2023	2022
Jason Epstein	SPA related tax refund payment <sup>2)</sup>	-15.0	0.0
Ji Ham	SPA related tax refund payment <sup>2)</sup>	-2.0	0.0
		<b>Jan-Sep</b>	<b>Jan-Sep</b>
<b>Related party</b>	<b>Related party transaction - recognized revenue</b>	<b>2023</b>	<b>2022</b>
Cold Iron LLC <sup>1)</sup>	Game developing - WFH contract revenue <sup>3)</sup>	24.3	0.0
		<b>September</b>	<b>September</b>
<b>Related party</b>	<b>Outstanding liabilities</b>	<b>2023</b>	<b>2022</b>
Jason Epstein	SPA related tax refund <sup>2)</sup>	119.7	139.7
Ji Ham	SPA related tax refund <sup>2)</sup>	16.0	18.7
<b>Total</b>		<b>135.7</b>	<b>158.4</b>
		<b>September</b>	<b>September</b>
<b>Related party</b>	<b>Outstanding receivables</b>	<b>2023</b>	<b>2022</b>
Cold Iron LLC <sup>1)</sup>	Receivables WFH contract	8.9	0.0
Cold Iron LLC <sup>1)</sup>	Publishing deal	81.5	0.0
<b>Total</b>		<b>90.4</b>	<b>0.0</b>

- 1) Cold Iron Studios LLC is owned by Jason Epstein, Chairman of the Board, and Ji Ham, Acting CEO.
- 2) This item is seen under other acquisition related liabilities in note 4 and the total estimated remaining amount by end of September 2023 amounted to SEK 166.6 million of which SEK 119.7 refers to Jason Epstein and SEK 16.0 million to Ji Ham. It refers to acquisition related tax saving benefits from the Daybreak acquisition where the SPA stated that the seller, including Jason Epstein and Ji Ham, and the buyer receive half each from the accumulated tax savings deriving from the acquisition. This amount will be fully settled in 2036 which also means that the tax payments in Daybreak will increase at that point.
- 3) Out of Toadman's SEK 24.3 million recognized revenue that relates to the WFH contract with Cold Iron, SEK 15.4 million has been received and SEK 8.9 million remains as receivables.

For further detail on related party transactions, please see the Annual report 2022.

# FINANCIAL REPORTS

## Consolidated income statement

SEKm	Note	QUARTER		ACCUMULATED		FULL YEAR
		JUL-SEP 2023	JUL-SEP 2022	JAN-SEP 2023	JAN-SEP 2022	JAN-DEC 2022
Net Revenue	2,3	517.3	444.5	1,571.9	1,306.9	1,865.9
Other Revenue		9.7	3.4	27.2	11.6	12.8
<b>Total Revenue</b>		<b>527.0</b>	<b>447.8</b>	<b>1,599.1</b>	<b>1,318.5</b>	<b>1,878.7</b>
<i>Operating expenses</i>						
Cost of goods and services sold		-167.0	-136.9	-457.6	-445.3	-626.3
Other external expenses		-54.6	-50.9	-192.5	-154.2	-209.0
Personnel expenses		-177.4	-184.6	-580.7	-546.7	-742.4
Own work capitalized		18.9	37.7	63.8	112.6	157.3
Other expenses		-32.4	10.1	-35.7	12.1	16.2
<b>Operating profit before depreciation and amortization (EBITDA)</b>		<b>114.5</b>	<b>123.2</b>	<b>396.4</b>	<b>296.9</b>	<b>474.5</b>
Depreciation of tangible and right-of-use assets		-7.5	-13.4	-30.7	-34.2	-45.9
<b>Operating profit before amortization of intangible assets (EBITA)</b>		<b>107.0</b>	<b>109.8</b>	<b>365.8</b>	<b>262.7</b>	<b>428.7</b>
Amortization and impairment of acquisition-related intangible assets		-33.4	-32.7	-97.1	-91.3	-124.6
Amortization and impairment of other intangible assets		-30.6	-17.9	-61.8	-263.1	-580.0
<b>Operating profit (EBIT)</b>		<b>43.0</b>	<b>59.2</b>	<b>206.9</b>	<b>-91.7</b>	<b>-275.9</b>
Financial net		-5.9	-9.7	-25.1	-23.6	-20.3
<b>Profit before tax</b>		<b>37.1</b>	<b>49.5</b>	<b>181.7</b>	<b>-115.3</b>	<b>-296.2</b>
Tax expense for the period		-27.1	-20.9	-82.1	-62.9	28.1
<b>NET PROFIT FROM CONTINUED OPERATIONS</b>		<b>10.0</b>	<b>28.6</b>	<b>99.7</b>	<b>-178.2</b>	<b>-268.1</b>
Profit from discontinued operations, net of tax	5	0.0	91.3	0.0	-971.2	-970.9
<b>NET PROFIT FOR THE PERIOD</b>		<b>10.0</b>	<b>119.9</b>	<b>99.7</b>	<b>-1,149.4</b>	<b>-1,239.0</b>

The Net profit for the period is fully attributable to the parent company's shareholders.

EARNINGS PER AVERAGE SHARE	QUARTER		ACCUMULATED		FULL YEAR
	JUL-SEP 2023	JUL-SEP 2022	JAN-SEP 2023	JAN-SEP 2022	JAN-DEC 2022
Earnings per share before and after dilution (SEK)	0.11	1.35	1.12	-13.04	-14.04
Average number of shares before and after dilution	88,603,526	88,603,526	88,603,526	88,159,369	88,270,408

## Consolidated comprehensive income

SEKm	QUARTER		ACCUMULATED		FULL YEAR
	JUL-SEP 2023	JUL-SEP 2022	JAN-SEP 2023	JAN-SEP 2022	JAN-DEC 2022
<b>Net profit for the period</b>	10.0	119.9	99.7	-1,149.4	-1,239.0
<b>Other comprehensive income</b>					
<i>Items that will be reclassified to profit or loss</i>					
Translation difference	-27.2	296.8	159.5	742.9	527.6
Deferred tax	0.0	2.5	-0.2	-46.3	-45.8
<b>Other comprehensive income for the period, after tax</b>	<b>-27.2</b>	<b>299.3</b>	<b>159.3</b>	<b>696.6</b>	<b>481.8</b>
<b>Comprehensive income for the period</b>	<b>-17.2</b>	<b>419.2</b>	<b>258.9</b>	<b>-452.8</b>	<b>-757.1</b>

The comprehensive income for the period is attributable in its entirety to the parent company's shareholders.

## Consolidated balance sheet

SEKm	Note	30 SEP 2023	30 SEP 2022	31 DEC 2022
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible non-current assets		4,106.4	4,445.4	3,907.4
Tangible non-current assets		27.6	29.2	29.1
Right-of-use assets		47.1	49.4	39.9
Financial non-currents assets	4	127.9	16.4	110.4
<b>Total non-current assets</b>		<b>4,308.9</b>	<b>4,540.3</b>	<b>4,086.8</b>
<b>Current assets</b>				
Inventory		20.2	13.0	17.3
Current receivables	4	341.0	337.0	440.5
Cash and cash equivalents	4	472.5	654.2	407.8
<b>Total current assets</b>		<b>833.8</b>	<b>1,004.2</b>	<b>865.5</b>
<b>TOTAL ASSETS</b>		<b>5,142.7</b>	<b>5,544.5</b>	<b>4,952.3</b>
<b>EQUITY AND LIABILITIES</b>				
Equity attributable to the parent company's shareholders		4,161.2	4,206.4	3,902.3
<b>Total equity</b>		<b>4,161.2</b>	<b>4,206.4</b>	<b>3,902.3</b>
<b>Non-current liabilities</b>				
Liabilities to credit institutions		3.0	403.6	0.0
Leasing liabilities		32.2	23.0	17.5
Deferred tax liability		141.9	99.6	105.5
Other liabilities		254.9	241.2	210.1
<b>Total non-current liabilities</b>	4	<b>432.0</b>	<b>767.5</b>	<b>333.1</b>
<b>Current liabilities</b>				
Liabilities to credit institutions		0.8	1.1	104.0
Leasing liabilities		15.0	28.8	23.6
Accounts payable		72.2	43.8	84.8
Current tax liability		59.0	77.7	50.4
Other liabilities		53.0	53.7	78.3
Contractual liabilities		98.0	112.4	153.0
Accrued expenses		251.6	253.7	222.8
<b>Total current liabilities</b>	4	<b>549.5</b>	<b>570.7</b>	<b>716.9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,142.7</b>	<b>5,544.5</b>	<b>4,952.3</b>

## Consolidated report of changes in equity

EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		
<i>SEKm</i>	2023 JAN-SEP	2022 JAN-SEP
<b>Opening balance</b>	3,902.3	4,597.8
<b>Changes in equity during the period</b>		
The Net profit of the period	99.7	-1,149.4
Other comprehensive income for the period	159.3	696.6
Rights issue	0.0	61.7
<b>Closing balance</b>	<b>4,161.2</b>	<b>4,206.4</b>



## Consolidated Cash Flow Statement

	QUARTER		ACCUMULATED		FULL YEAR
	JUL-SEP 2023	JUL-SEP 2022	JAN-SEP 2023	JAN-SEP 2022	JAN-DEC 2022
<i>SEKm</i>					
<b>OPERATING ACTIVITIES</b>					
Operating profit (EBIT) from continuing operations	43.0	59.2	206.9	-91.7	-275.9
Adjustments for non-cash flow items	78.2	68.2	222.6	422.8	770.3
Financial items and tax	-9.4	-9.4	-61.0	-44.3	-54.9
<b>Cash flow from operating activities before changes in working capital</b>	<b>111.8</b>	<b>118.1</b>	<b>368.5</b>	<b>286.8</b>	<b>439.5</b>
Cash flow from changes in working capital	1.0	13.2	-31.3	-26.5	-64.9
<b>Cash flow from operating activities</b>	<b>112.8</b>	<b>131.3</b>	<b>337.1</b>	<b>260.3</b>	<b>374.6</b>
<b>INVESTMENT ACTIVITIES</b>					
Investment tangible assets	-7.1	-3.4	-10.3	-6.8	-12.2
Investment intangible assets	-90.5	-39.9	-165.2	-143.5	-187.9
Investment/disposal of subsidiaries	14.6	183.8	7.2	138.8	142.0
<b>Cash flow from investment activities</b>	<b>-83.0</b>	<b>140.5</b>	<b>-168.3</b>	<b>-11.5</b>	<b>-58.1</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash flow from financing activities</b>	<b>-7.4</b>	<b>-20.4</b>	<b>-120.7</b>	<b>-32.9</b>	<b>-331.8</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>22.4</b>	<b>251.5</b>	<b>48.1</b>	<b>215.9</b>	<b>-15.3</b>
Cash and cash equivalents at start of period	454.0	381.3	407.8	389.6	389.6
Cash flow for the period	22.4	251.5	48.1	215.9	-15.3
Exchange rate differences	-3.8	21.5	16.6	48.8	33.5
<b>Cash and cash equivalents at end of period</b>	<b>472.5</b>	<b>654.3</b>	<b>472.5</b>	<b>654.3</b>	<b>407.8</b>
<b>Specification of cash and cash equivalents</b>					
Total cash balance	472.5	654.3	472.5	654.3	407.8
<i>of which are blocked</i>	-2.6	-2.6	-2.6	-2.6	-2.6
<b>Cash at the end of the period</b>	<b>469.9</b>	<b>651.7</b>	<b>469.9</b>	<b>651.7</b>	<b>405.2</b>

## Parent Company Income Statement

	QUARTER		ACCUMULATED		FULL YEAR
	JUL-SEP 2023	JUL-SEP 2022	JAN-SEP 2023	JAN-SEP 2022	JAN-DEC 2022
<i>SEKm</i>					
Net Revenue	0.1	2.4	2.1	3.8	5.6
Other Revenue	0.0	0.0	0.0	0.0	0.0
<b>Total Revenue</b>	<b>0.1</b>	<b>2.4</b>	<b>2.1</b>	<b>3.8</b>	<b>5.6</b>
<i>Operating expenses</i>					
Cost of goods and services sold	-15.4	-18.3	-35.6	-40.4	-54.4
Other external expenses	1.2	-5.2	-18.8	-21.3	-27.6
Personnel expenses	5.1	-4.5	-17.2	-16.6	-15.4
Own work capitalized	0.0	15.2	0.0	31.0	48.6
Other expenses	0.0	0.0	0.0	0.0	0.0
<b>Operating profit before depreciation and amortization (EBITDA)</b>	<b>-8.9</b>	<b>-10.5</b>	<b>-69.5</b>	<b>-43.5</b>	<b>-43.2</b>
Depreciation and amortization	3.5	0.0	0.0	1.8	-104.5
<b>Operating profit (EBIT)</b>	<b>-5.4</b>	<b>-10.5</b>	<b>-69.5</b>	<b>-41.7</b>	<b>-147.7</b>
Financial net	0.0	224.6	213.9	-627.5	-523.2
<b>Profit before tax</b>	<b>-5.4</b>	<b>214.1</b>	<b>144.3</b>	<b>-669.3</b>	<b>-670.9</b>
Appropriations	0.0	0.0	0.0	0.0	-226.7
Tax expense for the period	1.1	3.1	14.9	-44.4	27.0
<b>NET PROFIT</b>	<b>-4.3</b>	<b>217.1</b>	<b>159.2</b>	<b>-713.7</b>	<b>-870.6</b>

## Parent Company's Balance Sheet

<i>SEKm</i>	30 SEP 2023	30 SEP 2022	31 DEC 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible non-current assets	0.0	88.7	0.0
Tangible non-current assets	0.0	0.0	0.0
Financial non-currents assets	3,666.4	3,652.0	3,659.0
<b>Total non-current assets</b>	<b>3,666.4</b>	<b>3,740.7</b>	<b>3,659.0</b>
<b>Current assets</b>			
Current receivables	56.2	204.8	69.2
Cash and cash equivalents	39.0	215.2	42.5
<b>Total current assets</b>	<b>95.2</b>	<b>420.0</b>	<b>111.7</b>
<b>TOTAL ASSETS</b>	<b>3,761.7</b>	<b>4,160.7</b>	<b>3,770.6</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	3,694.9	3,692.5	3,535.6
Non-current liabilities	0.0	400.4	99.5
Current liabilities	66.8	67.9	135.5
<b>EQUITY AND LIABILITIES</b>	<b>3,761.7</b>	<b>4,160.7</b>	<b>3,770.6</b>

## Segment performance data

SEKm	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2022 Full year
<b>NET REVENUE</b>									
<b>Game</b>									
Daybreak	181.3	189.6	200.6	198.9	216.2	203.4	212.1	172.4	830.7
Big Blue Bubble	123.4	144.4	218.3	192.7	47.9	43.2	26.2	27.3	310.1
Piranha	27.8	24.5	50.5	25.3	25.1	22.9	16.2	29.9	89.5
Toadman & AMG	14.3	10.8	5.5	5.7	5.5	0.9	1.1	1.4	13.2
Game total	346.8	369.3	475.1	422.6	294.8	270.4	255.6	230.9	1,243.4
<b>Service</b>									
Petrol	50.9	35.6	49.1	59.0	66.3	49.9	53.7	64.4	228.8
Fireshine Games	119.6	78.0	47.6	77.4	83.4	142.5	90.4	203.7	393.7
Service total	170.5	113.6	96.6	136.4	149.7	192.4	144.0	268.1	622.5
<b>GROUP TOTAL</b>	<b>517.3</b>	<b>482.9</b>	<b>571.7</b>	<b>559.0</b>	<b>444.5</b>	<b>462.8</b>	<b>399.7</b>	<b>499.0</b>	<b>1,865.9</b>
<b>NET REVENUE GROWTH YoY (%)</b>									
<b>Game</b>									
Daybreak	-16%	-7%	-5%	15%	27%	16%	13%	6%*	18%
Big Blue Bubble	157%	234%	734%	607%	52%	59%	14%	21%*	184%
Piranha	11%	7%	212%	-15%	-47%	92%	247%*	1035%*	-5%*
Toadman & AMG	162%	1108%	381%	311%	305%	-65%	-48%	-46%	76%
Game total	18%	37%	86%	83%	18%	25%	19%*	22%*	36%*
<b>Service</b>									
Petrol	-23%	-29%	-9%	-8%	90%	52%	71%	140%	40%
Fireshine Games	43%	-45%	-47%	-62%	21%	130%	55%	55%	0%
Service total	14%	-41%	-33%	-49%	44%	103%	61%	69%	12%
<b>GROUP TOTAL</b>	<b>16%</b>	<b>4%</b>	<b>43%</b>	<b>12%</b>	<b>25%</b>	<b>49%</b>	<b>32%*</b>	<b>43%*</b>	<b>27%*</b>
<b>NET REVENUE ORGANIC YoY (%)</b>									
<b>Game</b>									
Daybreak	-16%	-7%	-7%*	5%*	13%*	2%*	2%*	6%*	6%*
Big Blue Bubble	157%	234%	734%	607%	52%	59%	14%	21%*	184%*
Piranha	11%	7%	212%	-15%	-47%	92%	247%*	1035%*	-2%*
Toadman & AMG	162%	1108%	381%	311%	305%	-65%	-48%	-46%	76%
Game total	18%	37%	83%*	75%*	8%*	14%*	10%*	22%*	27%*
<b>Service</b>									
Petrol	-23%	-29%	-9%	-8%	90%	52%	71%	140%	40%
Fireshine Games	43%	-45%	-47%	-62%	21%	130%	55%	55%	0%
Service total	14%	-41%	-33%	-49%	44%	103%	61%	69%	12%
<b>GROUP TOTAL</b>	<b>16%</b>	<b>4%</b>	<b>41%*</b>	<b>8%*</b>	<b>19%*</b>	<b>41%*</b>	<b>25%*</b>	<b>43%*</b>	<b>21%*</b>
<b>ORGANIC FX ADJUSTED GROWTH YoY (%)</b>									
<b>Game</b>									
Daybreak	-17%	-13%	-17%*	-13%*	-8%*	-12%*	-8%*	2%*	-10%*
Big Blue Bubble	162%	237%	687%	529%	30%	40%	4%	14%*	151%*
Piranha	12%	10%	195%	-25%	-54%	69%	216%*	487%*	-16%*
Toadman & AMG	162%	1107%	381%	313%	300%	-65%	-48%	-47%	75%
Game total	18%	33%	69%*	47%*	-10%*	-2%*	-2%*	15%*	8%*
<b>Service</b>									
Petrol	-25%	-33%	-18%	-23%	55%	31%	53%	123%	19%
Fireshine Games	32%	-48%	-48%	-64%	16%	119%	44%	50%	-5%
Service total	7%	-44%	-37%	-53%	31%	86%	47%	63%	2%
<b>GROUP TOTAL</b>	<b>14%</b>	<b>1%</b>	<b>31%*</b>	<b>-5%*</b>	<b>1%*</b>	<b>24%*</b>	<b>12%*</b>	<b>36%*</b>	<b>6%*</b>
<b>ADJ EBITDA</b>									
<b>Game</b>									
Daybreak	34.3	47.8	51.6	41.7	64.8	51.7	74.8	51.5	233.0
Big Blue Bubble	87.9	85.8	133.1	116.5	30.4	22.8	12.4	16.3	182.1
Piranha	8.4	6.0	23.4	15.1	9.1	4.5	2.5	2.4	31.2
Toadman & AMG	-2.4	-12.2	-13.7	-5.1	-5.3	-7.4	-4.9	-7.7	-22.7
Game total	128.2	127.4	194.5	168.1	99.0	71.6	84.9	62.5	423.6
<b>Service</b>									
Petrol	1.9	-8.8	6.0	3.4	9.6	-4.4	13.2	17.4	21.8
Fireshine Games	18.9	3.3	1.7	10.2	9.3	30.6	18.5	31.6	68.6
Service total	20.9	-5.5	7.7	13.6	18.9	26.2	31.7	49.0	90.4
<b>Holding</b>	-8.3	-8.6	-12.4	-2.9	-4.8	-13.5	-10.1	-19.7	-31.3
<b>GROUP TOTAL</b>	<b>140.7</b>	<b>113.3</b>	<b>189.8</b>	<b>178.8</b>	<b>113.1</b>	<b>84.3</b>	<b>106.5</b>	<b>91.7</b>	<b>482.7</b>

	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2022 Full year
SEKm									
<b>ADJ EBITDA MARGIN (%)</b>									
<b>Game</b>									
Daybreak	19%	25%	26%	21%	30%	25%	35%	30%	28%
Big Blue Bubble	71%	59%	61%	60%	63%	53%	47%	60%	59%
Piranha	30%	25%	46%	60%	36%	20%	16%	8%	35%
Toadman & AMG	-17%	-113%	-248%	-91%	-97%	-833%	-424%	-560%	-173%
Game total	37%	34%	41%	40%	34%	26%	33%	27%	34%
<b>Service</b>									
Petrol	4%	-25%	12%	6%	15%	-9%	25%	27%	10%
Fireshine Games	16%	4%	4%	13%	11%	22%	20%	15%	17%
Service total	12%	-5%	8%	10%	13%	14%	22%	18%	15%
<b>GROUP TOTAL</b>	<b>27%</b>	<b>23%</b>	<b>33%</b>	<b>32%</b>	<b>25%</b>	<b>18%</b>	<b>27%</b>	<b>18%</b>	<b>26%</b>
<b>ADJ EBIT</b>									
<b>Game</b>									
Daybreak	-2.6	12.1	16.5	4.1	26.6	17.1	42.9	21.5	90.7
Big Blue Bubble	81.6	76.3	127.3	111.8	25.6	18.2	8.1	12.7	163.8
Piranha	6.0	2.1	17.8	10.4	1.1	-5.7	-8.9	-22.0	-3.1
Toadman & AMG	-1.0	-13.2	-14.5	-1.4	-6.9	-8.2	-5.6	-6.4	-22.0
Game total	84.0	77.3	147.1	125.0	46.4	21.4	36.5	5.8	229.3
<b>Service</b>									
Petrol	-0.2	-10.5	4.1	1.1	7.4	-6.2	11.4	15.7	13.7
Fireshine Games	4.1	2.9	1.3	9.9	8.9	30.3	18.1	31.2	67.2
Service total	3.9	-7.6	5.4	11.0	16.3	24.1	29.5	46.9	80.8
<b>Holding</b>	<b>-9.4</b>	<b>-9.7</b>	<b>-13.5</b>	<b>-5.7</b>	<b>-5.8</b>	<b>-12.6</b>	<b>-11.0</b>	<b>-26.3</b>	<b>-35.2</b>
<b>GROUP TOTAL</b>	<b>78.4</b>	<b>60.0</b>	<b>139.0</b>	<b>130.3</b>	<b>56.9</b>	<b>32.9</b>	<b>55.0</b>	<b>26.4</b>	<b>275.0</b>
<b>ADJ EBIT MARGIN (%)</b>									
<b>Game</b>									
Daybreak	-1%	6%	8%	2%	12%	8%	20%	12%	11%
Big Blue Bubble	66%	53%	58%	58%	53%	42%	31%	47%	53%
Piranha	21%	9%	35%	41%	4%	-25%	-55%	-74%	-3%
Toadman & AMG	-7%	-123%	-264%	-24%	-126%	-919%	-486%	-462%	-167%
Game total	24%	21%	31%	30%	16%	8%	14%	3%	18%
<b>Service</b>									
Petrol	0%	-30%	8%	2%	11%	-12%	21%	24%	6%
Fireshine Games	3%	4%	3%	13%	11%	21%	20%	15%	17%
Service total	2%	-7%	6%	8%	11%	13%	20%	17%	13%
<b>GROUP TOTAL</b>	<b>15%</b>	<b>12%</b>	<b>24%</b>	<b>23%</b>	<b>13%</b>	<b>7%</b>	<b>14%</b>	<b>5%</b>	<b>15%</b>
<b>Employees on the last day of the period</b>									
<b>Game</b>									
Daybreak	264	261	260	258	243	234	246	239	258
Big Blue Bubble	71	74	70	69	64	69	69	69	69
Piranha	101	94	81	72	70	77	77	80	72
Toadman	119	114	56	57	122	143	137	133	57
AMG	0	38	42	50	58	56	46	43	50
Game total	555	581	509	506	557	579	575	564	506
<b>Service</b>									
Petrol	79	79	84	84	84	79	80	76	84
Fireshine Games	30	30	31	30	30	27	28	28	30
Service total	109	109	115	114	114	106	108	104	114
<b>Holding</b>	<b>8</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>8</b>	<b>6</b>	<b>7</b>	<b>9</b>
<b>GROUP TOTAL</b>	<b>672</b>	<b>699</b>	<b>633</b>	<b>629</b>	<b>681</b>	<b>693</b>	<b>689</b>	<b>675</b>	<b>629</b>

\*Proforma

AntiMatter contributed positively to Segment Toadman with SEK 3.1 million due to local government grants during the quarter.

# NOTES TO THE INTERIM REPORT

## **Note 1 - Accounting Principles, Estimates and Assessments**

This interim report regards the Swedish parent company Enad Global 7 AB, corporate identity number 556923-2837, and its subsidiaries. EG7 is a group in the gaming industry that develops, markets, publishes, and distributes PC, console and mobile games to the global gaming market. The parent company is a corporation with its registered office in Stockholm, Sweden. The address of the head office is Ringvägen 100, 118 60 Stockholm.

EG7 applies International Financial Reporting Standards (IFRS) as adopted by the EU. The group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable parts of the Annual Accounts Act (1995: 1554).

The parent company applies the Annual Accounts Act and RFR 2 Accounting for Legal Entities.

In the third quarter of 2023, EG7 implemented a change to the internal organization, including internal reporting and decision-making processes. The segments correspond to the respective operating units, which follows the internal organization, and it is at this level that the company's highest executive decision-maker follows up on operating results as a basis for decisions on the allocation of resources. As a result, segment reporting from the third quarter of 2023 is updated to include the segments Daybreak, Big Blue Bubble, Piranha, Toadman, Fireshine and Petrol as this best reflects how EG7 primarily manages and monitors its business operations.

Since the group presented the segments as a Game and a Service segment during the first two quarters, the aggregated presentation for Games and Services is also retained in the interim reports for quarters three and four 2023 to facilitate comparability with previous periods.

A description of the respective companies that now form segments can be found in EG7's annual report for 2022 on pages 5-9.

All amounts in this report are stated in millions of Swedish kronor (SEK millions) unless otherwise stated.

Rounding differences may occur.

## Note 2 - Operational Segments

		Big Blue Bubble	Piranha	Toadman	Fireshine	Petrol	Total Segments	Intra-group items and elim	Total group
<b>Jan-Sep 2023</b>	Daybreak								
Revenue from external customers	571.6	486.2	102.8	30.6	245.2	135.6	1,571.9	0.0	1,571.9
<b>Net Revenue</b>	<b>571.6</b>	<b>486.2</b>	<b>102.8</b>	<b>30.6</b>	<b>245.2</b>	<b>135.6</b>	<b>1,571.9</b>	<b>0,0</b>	<b>1,571.9</b>
<b>Operating profit before depreciation and amortization (EBITDA)</b>	133.7	275.0	37.8	-37.9	24.0	-0.8	431.8	-35.3	396.4
Depreciation and amortization Financial net									-189.6
<b>Profit before tax</b>									<b>-25.1</b>
Tax expense									181.7
									-82.1
<b>NET PROFIT FROM CONTINUED OPERATIONS</b>									<b>99.7</b>
Profit from discontinued operations, net of tax									0.0
<b>NET PROFIT FOR THE YEAR</b>									<b>99.7</b>
<b>Jan-Sep 2022</b>	Daybreak	Big Blue Bubble	Piranha	Toadman	Fireshine	Petrol	Total Segments	Intra-group items and elim	Total group
Revenue from external customers	631.8	117.4	64.2	7.5	316.3	169.8	1,306.9	0.0	1,306.9
<b>Net Revenue</b>	<b>631.8</b>	<b>117.4</b>	<b>64.2</b>	<b>7.5</b>	<b>316.3</b>	<b>169.8</b>	<b>1,306.9</b>	<b>0.0</b>	<b>1,306.9</b>
<b>Operating profit before depreciation and amortization (EBITDA)</b>	187.4	66.6	16.1	-16.8	58.4	18.4	330.1	-33.2	296.9
Depreciation and amortization Financial net									-388.6
<b>Profit before tax</b>									<b>-23.6</b>
Tax expense									-115.3
									-62.9
<b>NET PROFIT FROM CONTINUED OPERATIONS</b>									<b>-178.2</b>
Profit from discontinued operations, net of tax									-971.2
<b>NET PROFIT FOR THE YEAR</b>									<b>-1,149.3</b>

## Note 3 - Revenue from Customer Contracts

		Big Blue Bubble	Piranha	Toadman	Fireshine	Petrol	Total group
<b>Jan-Sep 2023</b>	Daybreak						
<b>Geographical region</b>							
Europe	84.8	77.7	11.2	6.1	117.7	10.0	307.5
North America	457.4	365.0	83.0	24.4	98.4	102.8	1,131.1
Other markets	29.4	43.5	8.6	0.0	29.1	22.8	133.3
<b>Revenue from customer contracts</b>	<b>571.6</b>	<b>486.2</b>	<b>102.8</b>	<b>30.6</b>	<b>245.2</b>	<b>135.6</b>	<b>1,571.9</b>
<b>Jan-Sep 2022</b>	Daybreak	Big Blue Bubble	Piranha	Toadman	Fireshine	Petrol	Total group
<b>Geographical region</b>							
Europe	91.9	31.9	47.9	7.5	139.8	27.6	346.6
North America	513.5	78.5	16.3	0.0	143.8	130.7	882.8
Other markets	26.3	7.0	0.0	0.0	32.7	11.5	77.5
<b>Revenue from customer contracts</b>	<b>631.8</b>	<b>117.4</b>	<b>64.2</b>	<b>7.5</b>	<b>316.3</b>	<b>169.8</b>	<b>1,306.9</b>

## Note 4 - Financial Instruments

Valuation of financial assets and liabilities per Sep 30. 2023

Financial assets	Financial assets valued at fair value through profit or loss	Financial assets valued at amortized cost	Total reported values
Accounts receivable	0.0	204.2	204.2
Cash and cash equivalents	0.0	472.5	472.5
<b>Total</b>	<b>0.0</b>	<b>676.8</b>	<b>676.8</b>

Financial liabilities	Financial liabilities valued at fair value through profit or loss	Financial liabilities valued at amortized cost	Total reported values
Contingent consideration	126.5	0.0	126.5
Liabilities to credit institutions	0.0	3.8	3.8
Accounts payable	0.0	72.2	72.2
Leasing	0.0	47.2	47.2
Other acquisition related liabilities	0.0	166.6	166.6
Deferred revenue	0.0	100.6	100.6
Other financial liabilities	0.0	144.9	144.9
<b>Total</b>	<b>126.5</b>	<b>535.3</b>	<b>661.8</b>

Valuation of financial assets and liabilities per Sep 30. 2022

Financial assets	Financial assets valued at fair value through profit or loss	Financial assets valued at amortized cost	Total reported values
Accounts receivable	0.0	203.3	203.3
Cash and cash equivalents	0.0	654.2	654.2
<b>Total</b>	<b>0.0</b>	<b>857.5</b>	<b>857.5</b>

Financial liabilities	Financial liabilities valued at fair value through profit or loss	Financial liabilities valued at amortized cost	Total reported values
Contingent consideration	84.7	0.0	84.7
Liabilities to credit institutions	0.0	404.7	404.7
Accounts payable	0.0	43.8	43.8
Leasing	0.0	51.8	51.8
Other acquisition related liabilities	0.0	194.5	194.5
Deferred revenue	0.0	117.3	117.3
Other financial liabilities	0.0	169.9	169.9
<b>Total</b>	<b>84.7</b>	<b>982.0</b>	<b>1,066.7</b>

### Valuation Hierarchy

The levels in the valuation hierarchy are defined as follows:

- Level 1 - Listed prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 - Observable input data for the asset or liability other than quoted prices included in level 1. either directly (i.e., price quotations) or indirectly (i.e., derived from price quotations).
- Level 3 - Input data for the asset or liability that is not based on observable market data (i.e., non-observable input data).

### Contingent consideration

The contingent consideration is reported at fair value according to level 3 in the valuation hierarchy. The fair value is calculated using a valuation model that discounts the present value of expected payments of cash flows with a risk-adjusted discount rate. Expected cash flows are determined based on probable scenarios based on expected financial outcomes and future financial forecasts. The most significant input factor used in the valuation at fair value is a risk-adjusted discount factor of 13.9 percent.

Piranha performance has turned around and has gathered momentum throughout 2022 with better-than-expected performance from continuing MechWarrior 5 content releases in addition to the addition of a solid WFH contract for the studio. As a result, Piranha is now expected to perform at higher than previously expected levels going forward especially with the planned release of MechWarrior 5: Clans title in 2024. Due to this elevated performance, we now expect higher earnout payment compared to our previous expectation. We are excited for the overall long-term



prospects for Piranha as it ramps its business throughout 2024 and expect solid returns from the business, net of any contingent earnout payments going forward.

<b>Contingent consideration</b>	<b>Jan-Sep 2023</b>	<b>Jan-Sep 2022</b>
At beginning of period	83.9	128.7
Acquisitions during the period	0.0	0.0
Payments	0.0	-68.2
Discount effect	7.1	10.5
Change in value reported in the result	31.8	-0.9
FX effect	3.8	14.5
<b>At end of period</b>	<b>126.6</b>	<b>84.7</b>

#### *Current receivables and liabilities*

For current receivables and liabilities, such as accounts receivable and accounts payable, the reported value is considered to be a good approximation of the fair value.

## Note 5 - Divestments and discontinued operations

April 19, 2022, EG7 announced the intent to sell the Russian subsidiary Innova Intellectual Properties S.ar.L. subsidiary. The completion of the sale to Games Mobile ST LTD ("GMST") was communicated on September 23, 2022, with a transaction value of EUR 21 million. EUR 17 million paid at closing and an additional EUR 4 million in six installments over the following 18 months.

Income statement discontinued operations	QUARTER		ACCUMULATED		FULL YEAR
	JUL-SEP 2023	JUL-SEP 2022	JAN-SEP 2023	JAN-SEP 2022	JAN-DEC 2022
<i>SEKm</i>					
Net Revenue		73.9		197.2	197.2
Other Revenue		2.8		27.2	27.2
<b>Total Revenue</b>		<b>76.7</b>		<b>224.4</b>	<b>224.4</b>
<i>Operating expenses</i>					
Cost of goods sold		-33.8		-78.8	-78.8
Other external expenses		-9.2		-22.5	-22.5
Personnel expenses		-22.0		-57.9	-57.9
Other expenses		-4.0		-7.4	-7.4
<b>Operating profit before depreciation and amortization (EBITDA)</b>		<b>7.7</b>		<b>57.8</b>	<b>57.8</b>
Depreciation of tangible and right-of-use assets		-4.9		-14.1	-14.1
<b>Operating profit before amortization of intangible assets (EBITA)</b>		<b>2.8</b>		<b>43.7</b>	<b>43.7</b>
Amortization of acquisition-related intangible assets		-14.9		1,126.8	-1,126.8
Amortization of other intangible assets		-0.2		-0.2	-0.2
<b>Operating profit (EBIT)</b>		<b>-12.3</b>		<b>-1,083.3</b>	<b>-1,083.3</b>
Transactional result/Financial net		111.3		112.9	112.9
<b>Profit before tax</b>		<b>99.0</b>		<b>-970.5</b>	<b>-970.5</b>
Tax expense for the period		-7.3		-0.4	-0.4
<b>NET PROFIT FROM DISCONTINUED OPERATIONS</b>		<b>91.7</b>		<b>-970.8</b>	<b>-970.8</b>

Balance sheet discontinued operations	26 SEP 2022
Intangible non-current assets	27.7
Tangible non-current assets	9.1
Financial non-currents assets	48.3
Inventory	1.0
Current receivables	151.2
Cash and cash equivalents	121.7
Non-current liabilities	-5.7
Current liabilities	-241.3
<b>Net identifiable assets</b>	<b>112.0</b>

## Note 6 - Significant Events After the Balance Date

No significant events after the balance date.

# THE SHARE AND SHAREHOLDERS

SHAREHOLDER (30-09-2023)	No. of Shares	Capital %
Jason Epstein	8 582 320	9,69%
Avanza Pension	7 576 212	8,55%
Settecento LTD	6 981 119	7,88%
Alta Fox Capital	5 347 681	6,04%
Aguja Capital GmbH	3 002 104	3,39%
Rasmus Davidsson	2 872 743	3,24%
Alexander Albedj	2 692 105	3,04%
Chelverton Asset Management	2 150 000	2,43%
Handelsbanken Liv Försäkring AB	2 104 049	2,37%
Ji Ham	2 018 472	2,28%
Other shareholders	45 276 721	51,10%
<b>Total</b>	<b>88 603 526</b>	<b>100,00%</b>

EG7 stock is listed on Nasdaq First North Growth Market with the ticker symbol 'EG7.' As of September 30, 2023, the total number of shares outstanding was 88,603,526 and the closing share price was SEK 21.00 per share.

## RELATED PARTY TRANSACTIONS

<i>SEKm</i>		Jan-Sep	Jan-Sep
Related party	Related party transaction - paid	2023	2022
Jason Epstein	SPA related tax refund payment <sup>2)</sup>	-15.0	0.0
Ji Ham	SPA related tax refund payment <sup>2)</sup>	-2.0	0.0
		<b>Jan-Sep</b>	<b>Jan-Sep</b>
<b>Related party</b>	<b>Related party transaction - recognized revenue</b>	<b>2023</b>	<b>2022</b>
Cold Iron LLC <sup>1)</sup>	Game developing - WFH contract revenue <sup>3)</sup>	24.3	0.0
		<b>September</b>	<b>September</b>
<b>Related party</b>	<b>Outstanding liabilities</b>	<b>2023</b>	<b>2022</b>
Jason Epstein	SPA related tax refund <sup>2)</sup>	119.7	139.7
Ji Ham	SPA related tax refund <sup>2)</sup>	16.0	18.7
<b>Total</b>		<b>135.7</b>	<b>158.4</b>
		<b>September</b>	<b>September</b>
<b>Related party</b>	<b>Outstanding receivables</b>	<b>2023</b>	<b>2022</b>
Cold Iron LLC <sup>1)</sup>	Receivables WFH contract	8.9	0.0
Cold Iron LLC <sup>1)</sup>	Publishing deal	81.5	0.0
<b>Total</b>		<b>90.4</b>	<b>0.0</b>

1) Cold Iron Studios LLC is owned by Jason Epstein, Chairman of the Board, and Ji Ham, Acting CEO.

2) This item is seen under other acquisition related liabilities in note 4 and the total estimated remaining amount by end of September 2023 amounted to SEK 166.6 million of which SEK 119.7 refers to Jason Epstein and SEK 16.0 million to Ji Ham. It refers to acquisition related tax saving benefits from the Daybreak acquisition where the SPA stated that the seller, including Jason Epstein and Ji Ham, and the buyer receive half each from the accumulated tax savings deriving from the acquisition. This amount will be fully settled in 2036 which also means that the tax payments in Daybreak will increase at that point.

3) Out of Toadman's SEK 24.3 million recognized revenue that relates to the WFH contract with Cold Iron, SEK 15.4 million has been received and SEK 8.9 million remains as receivables.

For further detail on related party transactions, please see the Annual report 2022.

## RISKS

Risks with the company's share are described in EG7's company description, which was published on January 30, 2019. It can be downloaded from the company's website [www.enadglobal7.com](http://www.enadglobal7.com). Risks are also included in the annual report for 2022.

## AUDITOR

Öhrlings PricewaterhouseCoopers AB (PwC) is the company's auditor and is represented by Niklas Renström.

# DEFINITIONS

**Average number of employees:** The average number of employees during the period.

**Cash conversion:** Operational cashflow divided by proforma EBITDA over the last twelve months.

**Earnings per share:** Net profit for the period divided by the total number of shares outstanding.

**EBITDA:** Earnings before interest, tax, depreciation and amortization of tangible and intangible non-current assets.

**Adjusted EBITDA:** EBITDA adjusted for items considered to be non-recurring and one-time in nature for comparability between periods.

**EBITDA margin (%):** EBITDA as a percentage of total Revenue.

**EBITA:** Operating profit before depreciation of intangible assets.

**EBITA margin (%):** EBITA as a percentage of total Revenue.

**Adjusted EBIT:** EBIT adjusted for items considered to be non-recurring and one-time in nature for comparability between periods.

**Operating profit (EBIT):** Earnings before financial items and tax.

**EBIT:** Earnings before interest and tax

**EBIT margin (%):** Operating profit as a percentage of total Revenue.

**Equity ratio:** Equity as a percentage of total assets.

**Life to Date (LTD):** Accumulated number since right from start.

**Net cash:** Interest-bearing assets and cash and cash equivalents less interest-bearing liabilities.

**Net debt:** Interest-bearing liabilities less interest-bearing assets and cash and cash equivalents.

**Net profit:** Profit after tax for the period.

**Net Revenue:** Revenue from sales less discounts and after elimination of any related party transactions.

**Net Revenue growth:** Increase in Net Revenue from the same period the previous year as a percentage.

**Number of shares:** Total number of shares outstanding.

**Organic growth:** Net Revenue increase from comparable period last year divided by the Net Revenue for the comparable period last year. Including all newly acquired businesses contributing with Revenue last year but excluding newly acquired businesses contributing with Revenues this year.

**Organic growth in local currency:** Organic growth excluding the translation impact of changed currency exchange rates. The comparison period is recalculated with the average exchange rate for the current period.

**Total Leverage:** Cash debt (including remaining purchase consideration in cash and for the avoidance of doubt excluding any remaining purchase considerations to be settled in company shares) divided by proforma EBITDA.

**FOR MORE INFORMATION, PLEASE CONTACT:**

Ji Ham. Acting CEO  
Mail: [ji@enadglobal7.com](mailto:ji@enadglobal7.com)  
Phone: +46 70 065 07 53

Fredrik Rüdén. deputy CEO and CFO  
Mail: [fredrik.ruden@enadglobal7.com](mailto:fredrik.ruden@enadglobal7.com)  
Phone: +46 733 117 262

**EG7 IN SHORT**

EG7 is a group of companies within the gaming industry that develops, markets, publishes and distributes PC, console and mobile games to the global gaming market. The company employs approximately 500 game developers and develops its own original IPs, as well as acts as consultant to other publishers around the world through its game development divisions Daybreak Games, Piranha Games, Toadman Studios and Big Blue Bubble. In addition, the Group's marketing department Petrol has contributed to the release of 2,000+ titles, of which many are leading global brands such as Call of Duty, Destiny and Elden Ring. The Group's publishing and distribution department Fireshine Games hold expertise in both physical and digital publishing. EG7 is headquartered in Stockholm with approximately 670 employees in 16 offices worldwide.

Nasdaq First North Growth Market Ticker  
Symbol: EG7

**CERTIFIED ADVISOR**

As a company listed on Nasdaq First North Growth Market Stockholm, the company has an obligation to use a Certified advisor. EG7 has appointed:

Eminova Fondkommission AB  
Mail: [info@eminova.se](mailto:info@eminova.se)  
Phone: +46 8 684 211 00

**AUDITING**

This report has been subject to limited review by the company's auditor.

**NEXT REPORT**

The next financial report will be published:

Interim report Q4 2023: February 13, 2024

Annual Report 2023: April 24, 2024

Interim report Q1 2024: May 14, 2024

Interim report Q2 2024: August 14, 2024

Interim report Q3 2024: November 12, 2024

Interim report Q4 2024: February 11, 2025

**IMPORTANT INFORMATION**

This information is information that Enad Global 7 AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication through the agency of the contact persons set out below at 7:00am CET on November 14, 2023.

# THE BOARD'S DECLARATION

The Board of Directors and CEO ensure that this interim report gives a true and fair view of the company's operations and financial position.

Stockholm November 14, 2023

<b>Ji Ham</b>	<b>Jason Epstein</b>	<b>Gunnar Lind</b>	<b>Marie-Louise Gefwert</b>	<b>Ben Braun</b>	<b>Ron Moravek</b>
<i>Acting Chief Executive Officer/Member of the Board</i>	<i>Chairman of the board</i>	<i>Member of the board</i>	<i>Member of the board</i>	<i>Member of the board</i>	<i>Member of the board</i>