

EG7 undertakes further business optimization to improve performance and provides preliminary financial figures for Q2

Enad Global 7 AB (publ) ("EG7") today announced a comprehensive cost-saving plan to secure that all business units are operated in a financially sound way. The cost savings plan is expected to generate annual saving of approximately SEK 68 million. Including SEK 35 million in cost savings previously communicated in May, the total expected annual savings amount to SEK 103 million. With these measures, EG7 reiterates its full-year guided Net Revenue of SEK 1.8 billion with an Adjusted EBITDA margin estimated at the lower end of 22-25%.

Management is favoring allocation of its available capital towards investments that can contribute significantly to its Net Revenue target of SEK 3 billion in 2026 and longer-term growth beyond. The recent acquisition of S6 and the game Palia is an example of such efforts. In line with that and in response to continued industry challenges faced by the service-oriented businesses, management has implemented measures to streamline operations further.

All business units are contributing to the cost-saving plan, with the largest adjustments occurring in non-profitable businesses that have not delivered according to management expectations.

The measures announced will bring Toadman to immediate profitability. The annual cost savings for Toadman is approximately SEK 63 million. Additionally, Big Blue Bubble, Daybreak, Fireshine, Petrol, and Piranha, on a combined basis, will contribute SEK 39 million in annual savings, bringing the total annual saving for the group to SEK 103 million.

Preliminary financial information for Q2

For Q2, the Group generated Net Revenue of SEK 352.7 million and Adjusted EBITDA of SEK 33.4 million. The second quarter typically is the Group's seasonal low and the results reflect this. Additionally, for 2024, the Group's performance will be backend-loaded as communicated with the Q1 earnings report. A number of larger performance drivers are expected latter part of Q3 and into Q4 this year, including MechWarrior 5: Clans, which is expected to be the largest revenue driver for this year. Based on the second half 2024 expectations, the Group remains on track to achieve the guided Net Revenue target of SEK 1.8 billion. As for the Adjusted EBITDA margin, while the cost savings changes will provide improved on-going profitability, the Group is trending towards achieving the lower end of the published margin range of 22-25%. The market challenges remain for the near-term, which could potentially further pressure the Group's performance. However, management remains highly focused on delivering against its near-term plans and after the acquisition of S6, it is even more confident on delivering against its long-term success.

SEKm	APR-JUN 2024
Net Revenue	352.7
EBITDA	23.6
Adjusted EBITDA	33.4
Adjusted EBITDA margin, %	9.5%
EBIT	-25.9
Adjusted EBIT	-16.1
Adjusted EBIT margin, %	-4.6%
Profit before tax	-33.4
Net profit	-38.8

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About EG7

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 470+ game developers and develops its own original IPs, as well as acts as consultants 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 world famous brands such as Call of Duty, Destiny, Dark Souls and Rage. The group's publishing and distribution departments Fireshine Games hold expertise in both physical and digital publishing. EG7 is headquartered in Stockholm with approximately 630 employees in 16 offices worldwide.

Enad Global 7 is listed on Nasdaq Stockholm with Ticker Symbol: EG7

This information is information that Enad Global 7 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 above, at 2024-07-26 15:00 CEST.

Attachments

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