ENAD GLOBAL 7 AB (PUBL)

INTERIM REPORT

JANUARY–JUNE 2021

ENAD GLOBAL 7

INTERIM REPORT

JANUARY – JUNE 2021

JANUARY – JUNE 2021 IN SUMMARY

- Total revenue amounted to SEK 769.0 (326.3 in the same period last year) million, corresponding to a growth of 136 percent. Net revenue amounted to SEK 688.0 (293.5) million.
- EBITDA amounted to SEK 183.8 (35.7) million, EBITA amounted to SEK 164.0 (28.8) million and EBIT amounted to SEK 83.6 (28.1) million.

APRIL – JUNE 2021 IN SUMMARY

- Total revenue amounted to SEK 422.5 (162.5 in the same quarter last year) million, corresponding to a growth of 160 percent. Net revenue amounted to SEK 384.4 (138.0) million.
- EBITDA amounted to SEK 96.8 (21.0) million, EBITA amounted to SEK 85.7 (17.5) million and EBIT amounted to SEK 35.4 (17.2) million.
- Adjusted EBITDA amounted to SEK 111.8 million. The non-recurring cost items of SEK 15 million are mainly due to M&A expenses that were taken in the quarter, not attributable to any acquisition made during the quarter of SEK 5 million and one-time retention bonus salary payments for key employees of Daybreak of SEK 10 million.
- Earnout payment to the sellers of Daybreak Game Company was completed of USD 40 million equivalent to approximately SEK 350 million affecting the cash flow.

SUMMARY A WORD FROM THE CEO

During the second quarter, we delivered a net revenue growth of 179%, EBITDA growth of 360% and meanwhile having successfully integrated the acquisitions we closed in the first quarter of 2021. With our rapid acquisition growth, we have digested, integrated and built up the necessary processes to continue our strategic focus. I am delighted to announce that the relaunch of MechWarrior was profitable already after a couple of weeks. It was a testament of the collaboration power between the subsidiaries of the group.

Robin Flodin, CEO EG7

422.5
Q2 2021 TOTAL REVENUE (SEKm)

96.8
Q2 2021 EBITDA (SEKm)

179%
NET REVENUE GROWTH

FINANCIAL OVERVIEW - GROUP	QUARTER		ACCUMULATED		FULL YEAR
	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
(SEKm)	*3 months*	*3 months*	*6 months*	*6 months*	*12 months*
Total revenue	422.5	162.5	769.0	326.3	657.2
Total revenue growth	160%	786%	136%	829%	290%
Net revenue	384.4	138.0	688.0	293.5	569.8
Net revenue growth	179%	1,014%	134%	1,032%	276%
EBITDA	96.8	21.0	183.8	35.7	12.6
EBITDA margin	25%	15%	27%	12%	2%
EBITA	85.7	17.5	164.0	28.8	-2.6
EBITA margin	22%	13%	24%	10%	neg
Operating profit (EBIT)	35.4	17.2	83.6	28.1	-7.8
Operating margin (EBIT margin)	9%	12%	12%	10%	neg
Net profit	-2.7	11.7	14.5	2.2	-98.0
Net debt	-40.6	74.8	-40.6	74.8	-568.1
Equity ratio	70%	35%	70%	35%	68%
Average number of employees	835	198	705	198	231
Total number of shares	87,118,089	34,988,526	87,118,089	34,988,526	76,630,359
Earnings per share (SEK)	-0.03	0.33	0.17	0.06	-1.28

DIVISION OVERVIEW	Total revenue Q1 2021	Total revenue Q2 2021	Share of total revenue Q2	EBITDA Q1 2021	EBITDA Q2 2021	Share of total EBITDA Q2	EBITDA margin* Q2
Games	**258.6**	**254.2**	**60%**	**84.7**	**67.4**	**70%**	**27%**
Live services PC/console	196.5	206.9	49%				
Live services mobile	19.6	23.4	6%				
Other game revenue	42.5	39.6	9%				
Adjustments for internal transactions	-	-15.6	-4%				
Services	**87.9**	**168.2**	**40%**	**2.3**	**29.4**	**30%**	**17%**
Publishing	56.7	135.7	32%				
Marketing	32.8	34.8	9%				
Adjustments for internal transactions	-1.6	-2.3	-1%				
Total	**346.5**	**422.5**		**87.0**	**96.8**	**100%**	**23%**

COMMENTS LIVE SERVICES PC/CONSOLE

- The segment was stable with a 5.3% increase in revenue, however the FX effect with USD/SEK amounted to -4%, so the real increase was approximately 9% from last quarter.
- No significant changes in the performance of the games.
- EBITDA contribution was also negatively affected by paid retention bonuses of approximately SEK 10 million that were paid as one-time payments to key employees that did not hold any shares or few shares.

COMMENTS LIVE SERVICES MOBILE

- The segment grew by 19.1%, with good performance of My Singing Monsters.
- Our mobile segment is not negatively affected by market conditions, but we see continued growth as the brand My Singing Monsters is also planned to be expanded into multiple other platforms.

COMMENTS OTHER GAME REVENUE

- The segment was stable with a slight decrease of 6.8% compared to last quarter.
- The majority of the revenue originates from own work capitalized and conducted work-for-hire.

COMMENTS PUBLISHING

- Despite significant growth of 139.5%, the publishing segment had planned for another eight releases during the quarter, where some of the titles would bring significant upside. Of the eight titles, five are from our third-party clients and cannot be named, but the three second party titles are KeyWe, Gestalt and Abermore. All these eight titles are pushed into Q3 and Q4 2021. The expected revenue shifted in this quarter is estimated to be between SEK 50-100 million.
- The significant revenue growth in the publishing segment is due to the published games through our own platform 4Game of SEK 74.1 million.

COMMENTS MARKETING

- The segment was stable with a slight growth of 6.2% from last quarter.

*: Calculated here as EBITDA as a percentage of total revenue.

A WORD FROM THE CEO

HIGH GROWTH GAMING COMPANY

During the second quarter of 2021, we have worked tirelessly with integrating the two acquisitions we closed during the previous quarter. Our aggressive M&A history has resulted in yet another record quarter for EG7 and we are happy to present the best figures in the company's history. Total revenue amounted to SEK 422.5 million and adjusted EBITDA to SEK 111.8 million. Total revenue growth compared to the same quarter last year was 160%. During the quarter we have also successfully relaunched MechWarrior 5 and hired some new key employees.

It is with great pride that I see EG7 grow and become a stronger group of companies for every quarter that passes!

"The best quarter in the history of EG7 - again"

"FOCUS ON INTEGRATION"

INTEGRATION AND INTERNAL PROCESSES

EG7 remains one of the gaming companies with the highest growth in the industry. This active acquisition agenda calls for highly efficient processes when it comes to integration and internal work. We have completed two acquisitions in 2021 and have been busy with not only consolidating but integrating these companies into the group.

Our philosophy is that the companies in the group should cooperate when it is advantageous to do so. The relaunch of MechWarrior 5 is one concrete example of this. That is why we work actively with coordination between the companies, and during the first half of 2021, our processes for, among other things, integration have become stronger than ever. We continue to see this as a huge competitive advantage as we can thereby realize synergy effects related to covering the entire gaming value chain.

RELAUNCH OF MECHWARRIOR 5

I am happy to announce that we have done a successful relaunch of MechWarrior 5 during the quarter. The title had previously sold hundreds of thousands of copies and the relaunch on May 27, 2021 has resulted in an additional 160,000 copies being sold of which approximately 75,000 DLC (downloadable content) units generating a total revenue of SEK 22.7 million. 81% of the game units were sold through Steam.

The relaunch of MechWarrior 5 also demonstrates a successfully executed collaboration between the EG7 group companies. The title is developed by Piranha Games, published by Sold Out and marketed by Petrol, all companies of the EG7 group.

EFFECTS OF COVID-19

Most industries have been affected by Covid-19 and the gaming industry is no exception. We consider the effect on EG7 to be mostly unchanged in relation to our previous quarterly report. This means that most of our employees continue to work from home without any major impact on their daily activities or productivity.

We continue to see slight delays in our external marketing campaigns. This means that revenue from our marketing division Petrol is shifted into the future. We also see that our publisher Sold Out had lower than expected sales during the quarter, but at the same time see good opportunities to recover already in the third and fourth quarters with very good demand.

"Another record quarter"

FUTURE PROSPECTS

I feel exceptionally proud to have presented the best quarter in EG7's history for the second consecutive quarter. We have worked with determination to create smooth internal processes between the group companies meanwhile having relaunched MechWarrior 5 and I believe the future for EG7 remains bright.

When it comes to future acquisitions, we are, as always, continuously evaluating new opportunities with a special focus on game IP. We remain selective but focused in our search which I view as another competitive advantage for us.

Looking back at the first half of 2021, I am both humbled and proud over the exceptional work that the EG7 team has done.

Robin Flodin
CEO - Enad Global 7 AB (publ)

FINANCIAL OVERVIEW

THE QUARTER APRIL-JUNE 2021

Amounts in SEK unless otherwise stated. Amounts in parentheses, unless otherwise stated, refer to the corresponding values the previous year. Accounting according to IFRS, refer to page 20 for further information.

NET REVENUE AND EBIT

Net revenue for the second quarter of 2021 amounted to SEK 384.4 (138.0 the same quarter the previous year) million, which is mainly attributable to marketing, game development and publishing services. EBIT amounted to SEK 35.4 (17.2) million.

GAME DEVELOPMENT

During the second quarter, SEK 36.2 (10.0) million was capitalized as an intangible asset - in-house game development.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization during the period amounted to SEK -61.4 (-3.8) million.

FINANCIAL NET

The financial net for quarter two amounted to SEK -28.3 (0.8) million as a consequence of the long-term debt that the company has used as part of its financing.

TAX

Tax on the net profit amounted to SEK -9.8 (-6.2) million.

THE PERIOD JANUARY-JUNE 2021

NET REVENUE AND EBIT

Net revenue for the first half of 2021 amounted to SEK 688.0 (293.5 the same period the previous year) million. EBIT amounted to SEK 83.6 (28.1) million.

GAME DEVELOPMENT

During the period, SEK 63.6 (17.2) million was capitalized as an intangible asset - in-house game development.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization during the period amounted to SEK -100.2 (-7.7) million.

FINANCIAL NET

The financial net for the period amounted to SEK -45.8 (-13.5) million as a consequence of the long-term debt that the company has used as part of its financing.

TAX

Tax on the net profit amounted to SEK -23.3 (-12.4) million.

FINANCIAL POSITION

FINANCIAL POSITION AND LIQUIDITY

At the end of the quarter, the group had 546.1 (144.7) million in cash and cash equivalents.

OPERATIONAL CASH FLOW

The cash flow from operations before changes in working capital amounted to SEK -20.0 (12.3) million and after changes in working capital the operational cash flow amounted to SEK 20.9 (-19.8) million during the second quarter of 2021.

FINANCING

The company is financed with a loan from Swedbank and liquidity from share issues. The loan is conditional on covenants. These are calculated as net debt divided by EBITDA pro forma RTM, EBITDA divided by net financial expenses, and facility debt divided by EBITDA. The company manages the covenants by a good margin for the second quarter of 2021.

INVESTMENTS AND ACQUISITIONS

EG7 is further exploring opportunities to grow within the value chain and sees good potential in further market consolidation.

EARNOUT PAYMENTS

An earnout payment of USD 40 million equivalent to approximately SEK 350 million was paid to the sellers of Daybreak Game Company during the quarter.

OTHER INFORMATION

PERSONNEL

In the end of the second quarter of 2021, the group had 843 full time employees, which can be compared to 198 employees at the end of the second quarter of 2020. The company continues to expand through organic growth and acquisitions in order to work on large projects and to complete further investments in its own games.

THE SHARE AND OWNERSHIP

EG7's share is listed on Nasdaq First North Growth Market with the ticker symbol 'EG7'. The share price was SEK 59.20 per share on August 25, 2021. The total number of shares outstanding was 87,118,089 as of June 30, 2021.

OWNER (2021-06-30)	NO. OF SHARES	CAPITAL %
Settecento Ltd (Georgy Chumburidze)	9,726,053	11.2%
Dan Sten Olsson with family and trust	6,912,000	7.9%
Jason Epstein through companies	6,910,000	7.9%
Swedbank Robur Fonder	4,400,000	5.1%
Handelsbanken Fonder	3,490,000	4.0%
Robin Flodin	2,905,255	3.3%
Rasmus Davidsson	2,872,743	3.3%
TIN Fonder	2,840,000	3.3%
Avanza Pension	2,626,742	3.0%
SPSW Capital / Lloyd Fonds AG	2,469,500	2.8%
Länsförsäkringar Fonder	2,207,429	2.5%
Alan Hunter	1,835,876	2.1%
Ben Granados	1,769,317	2.0%
Johan Svensson	1,751,362	2.0%
Första AP-fonden	1,600,000	1.8%
Other shareholders	32,801,812	37.7%
Total	**87,118,089**	**100.0%**

49% OWNED BY MANAGEMENT AND BOARD

RELATED PARTY TRANSACTIONS

The company did not make any transactions with related parties during the period.

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.

AUDITOR

Ernst & Young Aktiebolag was re-elected as the company's auditor at the annual general meeting and is represented by Beata Lihammar.

EG7 IN SHORT

EG7 is a unique eco-system within the gaming industry that consists of:

1.

AN IP-PORTFOLIO OF WORLD-CLASS LIVE AND PREMIUM TITLES

- EG7 holds a diversified portfolio of live services such as EverQuest, EverQuest 2, Lord of the Rings, PlanetSide, DC Universe, Dungeons and Dragons and My Singing Monsters.
- This Games-as-a-Service ("GaaS") portfolio accounts for the majority of the revenues and profits with predictable recurring monthly revenues.
- Majority of capex is "bolt-on" as opposed to "premium product" over 3-5 years.
- Last year, live games accounted for 50% of the revenue on a pro forma basis, and other game revenue accounted for 12% of the revenue on a pro forma basis.

2.

PROPRIETARY GAME DISTRIBUTION PLATFORM

- Traditional game distribution platform margin loss: 15-30%.
- EG7 proprietary platform margin loss: Less than 5%.
- Own platform results in ownership of user information and controlling all consumer messaging and marketing.
- Own current and future EG7 titles to be included in proprietary platform allowing for cost synergies and margin expansion.
- Last year, the game distribution platform accounted for 16% of the revenue on a pro forma basis.

3.

WORLD CLASS SERVICE PLATFORM

- Marketing, publishing and distribution for both internal and external projects.
- Petrol, the number one gaming marketing agency which is leveraged by combining ownership of consumer messaging with ownership of user data.
- The services side of the eco-system is a powerful tool in assisting EG7's game developing companies and a key aspect in procuring M&A.
- Last year, the services platform accounted for 22% of the revenue on a pro forma basis.

80% Recurring revenue

20% Non-recurring

EG7 IN SHORT

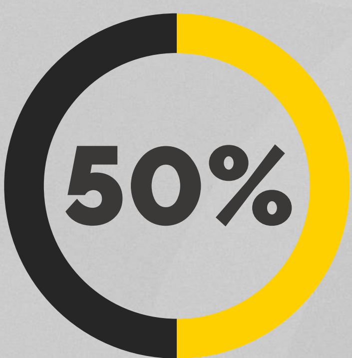
– SELECTION OF GAME PIPELINE

GAME PIPELINE

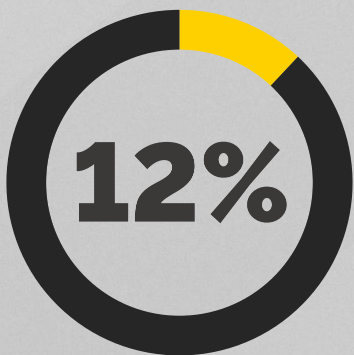
- EG7 holds a well-diversified portfolio of live and premium titles such as EverQuest, EverQuest 2, Lord of the Rings, PlanetSide, DC Universe, Dungeons and Dragons and My Singing Monsters.
- EG7's growth strategy regarding the gaming portfolio is to invest in updates and expansions of already existing live titles, which results in more immediate returns and more predictable cash flows. In addition to this, EG7 also invests in its own games and IP.
- This Games-as-a-Service (GaaS) portfolio accounts for the majority of EG7's revenue and consists of recurring revenue.
- Last year, live games accounted for 50% of the revenue on a pro forma basis, and other game revenue accounted for 12% of the revenue on a pro forma basis.

SELECTION OF LIVE TITLES

SELECTION OF UPCOMING TITLES



Last year, live games accounted for 50% of revenue on a pro forma basis.



Last year, other game revenue accounted for 12% of revenue on a pro forma basis.

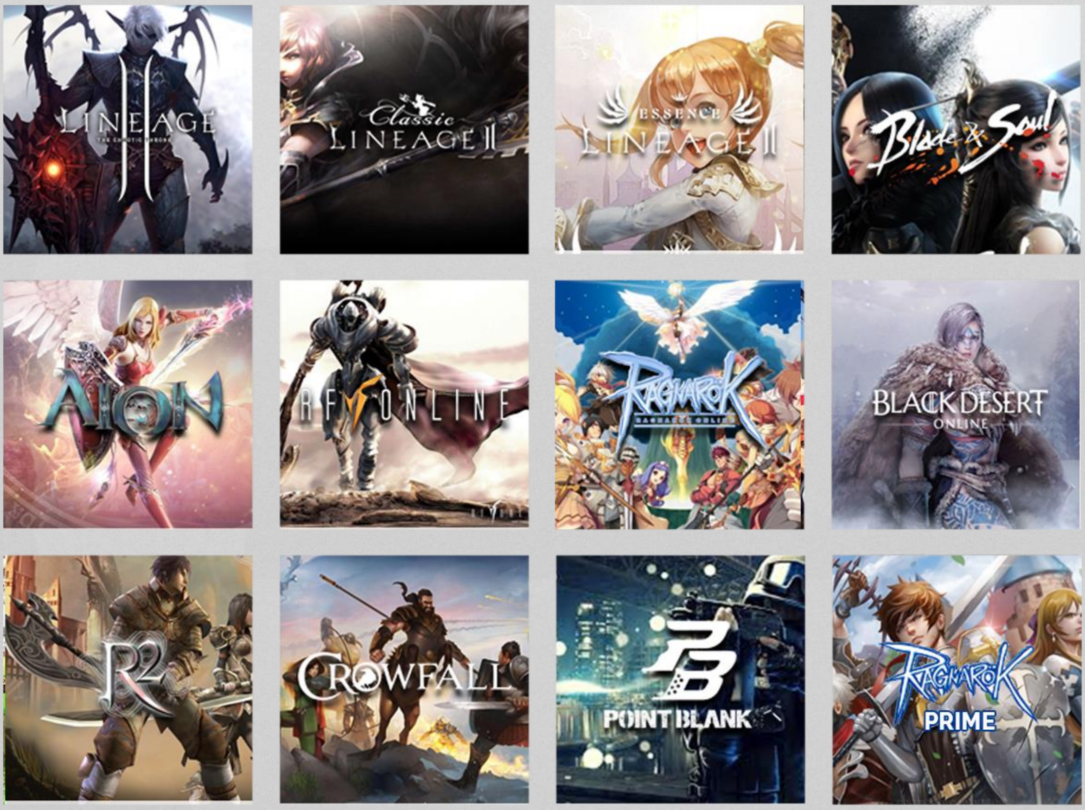
EG7 IN SHORT

– PROPRIETARY DISTRIBUTION PLATFORM

PLATFORM

- The acquisition of Innova included valuable technology, including the proprietary game distribution platform 4Game with hundreds of thousands of recurring users.
- Distribution of games through a proprietary platform implies increased margins and ownership of user information to be used for marketing purposes together with Petrol.
- EG7 will add selected own current and future titles to 4Game in order to reduce the margin loss that traditional distribution platforms entail.
- Last year, the distribution platform accounted for 16% of revenue on a pro forma basis.

SELECTION OF LIVE GAMES AVAILABLE VIA INNOVA'S PLATFORM 4GAME



Last year, the distribution platform accounted for 16% of sales on a pro forma basis.

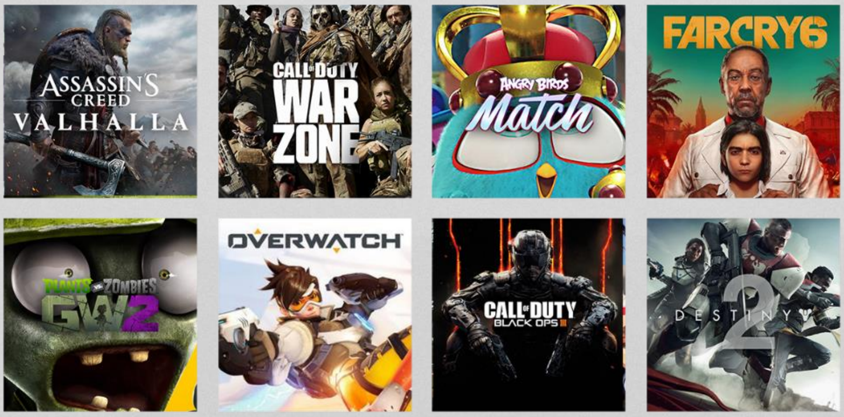
EG7 IN SHORT

– WORLD CLASS SERVICES

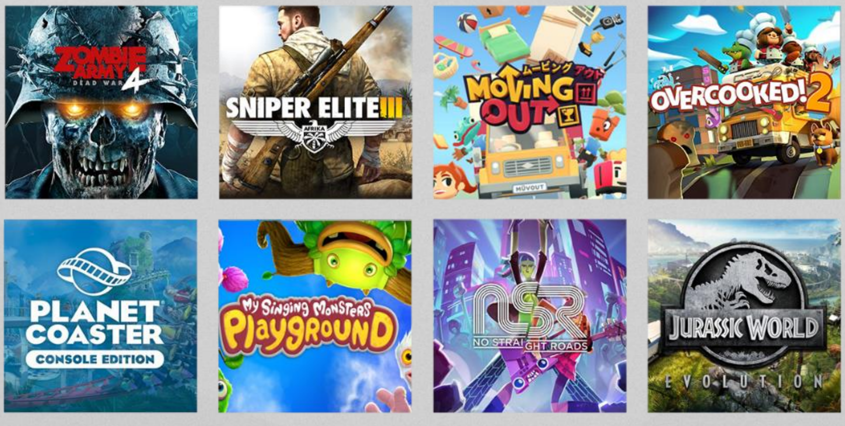
SERVICES

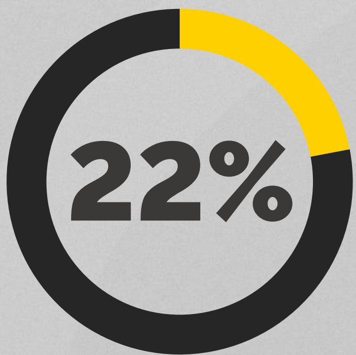
- Petrol, a leading marketing agency in the western gaming industry used internally by EG7 as well as by external parties.
- Activision, Ubisoft and Embracer are some of a large number of repeat clients of Petrol.
- The game publisher Sold Out has never had an unprofitable release in its history and is used internally by EG7 as well as by external parties.
- Frontier, Team17 and Rebellion are some of a large number of repeat clients of Sold Out.
- Last year, the service platform accounted for 22% of revenue on a pro forma basis.

SELECTION OF GAMES PETROL HAS MADE MARKETING CAMPAIGNS FOR



SELECTION OF GAMES SOLD OUT HAVE PUBLISHED AND DISTRIBUTED





Last year, the service platform accounted for 22% of revenue on a pro forma basis.

INCOME STATEMENT
– GROUP

	QUARTER		ACCUMULATED		FULL YEAR
	Apr-Jun 2021	**Apr-Jun 2020**	**Jan-Jun 2021**	**Jan-Jun 2020**	**Jan-Dec 2020**
(SEKm)	*3 months*	*3 months*	*6 months*	*6 months*	*12 months*
Net revenue	384.4	138.0	688.0	293.5	569.8
Own work capitalized	36.2	10.0	63.6	17.2	42.9
Other revenue	1.9	14.5	17.4	15.6	44.5
Total revenue	**422.5**	**162.5**	**769.0**	**326.3**	**657.2**
Operating expenses					
Cost of goods sold	-124.2	-94.2	-222.8	-191.0	-380.9
Other external expenses	-44.0	-10.5	-83.8	-26.0	-108.9
Personnel expenses	-156.3	-36.8	-277.0	-73.6	-153.8
Other expenses	-1.3	0.0	-1.6	0.0	-1.0
Operating profit before depreciation and amortization (EBITDA)	**96.8**	**21.0**	**183.8**	**35.7**	**12.6**
Depreciation of tangible assets and right-of-use assets	-11.1	-3.6	-19.8	-6.9	-15.2
Operating profit before amortization of intangible assets (EBITA)	**85.7**	**17.5**	**164.0**	**28.8**	**-2.6**
Amortization of acquisition-related intangible assets	-41.0	-0.1	-68.9	-0.3	-4.3
Amortization of other intangible assets	-9.3	-0.1	-11.5	-0.5	-0.9
Operating profit (EBIT)	**35.4**	**17.2**	**83.6**	**28.1**	**-7.8**
Financial net	-28.3	0.8	-45.8	-13.5	-87.5
Profit before tax	**7.1**	**18.0**	**37.8**	**14.6**	**-95.3**
Tax expense for the period	-9.8	-6.2	-23.3	-12.4	-2.7
NET PROFIT	**-2.7**	**11.7**	**14.5**	**2.2**	**-98.0**

EARNINGS PER SHARE					
Earnings per share before and after dilution (SEK)	-0.03	0.35	0.17	0.07	-2.45
Average number of shares before and after dilution	87,118,089	33,728,737	83,622,179	32,468,948	40,027,707

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

Amount in SEKm	2021 APR-JUN	2020 APR-JUN	2021 JAN-JUN	2020 JAN-JUN	2020 JAN-DEC
Net profit for the period	-2.7	11.7	14.5	2.2	-98.0
Items that will be reclassified to profit or loss					
Translation difference	-76.5	-35.6	122.4	-14.4	-66.6
Deferred tax	6.5	0.0	-10.2	0.0	2.6
Other comprehensive income for the period	**-70.0**	**-35.6**	**112.3**	**-14.4**	**-64.0**
Comprehensive income for the period	**-72.8**	**-23.8**	**126.7**	**-12.1**	**-162.0**

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

BALANCE SHEET
– GROUP

(SEKm)	2021-06-30	2020-06-30	2020-12-31	2020-01-01
ASSETS				
Non-current assets				
Intangible non-current assets	4,840.5	429.7	3,136.2	427.2
Tangible non-current assets	31.2	8.1	24.8	9.0
Right-of-use assets	73.0	24.3	63.6	29.0
Financial non-currents assets	583.5	2.2	73.0	2.5
Total non-current assets	**5,528.2**	**464.3**	**3,297.5**	**467.7**
Current assets				
Inventory	10.1	8.2	6.9	12.1
Current receivables	202.9	130.1	210.4	71.4
Cash and cash equivalents	546.1	144.7	1,087.5	105.7
Total current assets	**759.1**	**283.1**	**1,304.8**	**189.2**
TOTAL ASSETS	**6,287.3**	**747.4**	**4,602.4**	**657.0**
EQUITY AND LIABILITIES				
Equity				
Equity attributable to the parent company's shareholders	4,408.1	264.7	3,108.2	167.1
Total equity	**4,408.1**	**264.7**	**3,108.2**	**167.1**
Non-current liabilities	954.2	351.0	133.1	355.2
Current liabilities	925.0	131.6	1,361.1	134.7
TOTAL EQUITY AND LIABILITIES	**6,287.3**	**747.4**	**4,602.4**	**657.0**

CASH FLOW STATEMENT
– GROUP

	QUARTER		ACCUMULATED		FULL YEAR
	Apr-Jun 2021	**Apr-Jun 2020**	**Jan-Jun 2021**	**Jan-Jun 2020**	**Jan-Dec 2020**
(SEKm)	*3 months*	*3 months*	*6 months*	*6 months*	*12 months*
OPERATING ACTIVITIES					
Operating profit (EBIT)	**35.4**	**17.2**	**83.6**	**28.1**	**-7.8**
Adjustments for non-cash flow items	-11.7	-2.7	-16.2	3.7	-11.8
Financial items and tax	-43.7	-2.2	-53.8	-20.0	-112.8
Cash flow from operating activities before changes in working capital	**-20.0**	**12.3**	**13.6**	**11.8**	**-132.5**
Cash flow from changes in working capital	40.9	-32.1	-40.3	-74.0	-32.6
Cash flow from operating activities	**20.9**	**-19.8**	**-26.7**	**-62.2**	**-165.1**
INVESTMENT ACTIVITIES	-404.4	-7.9	-538.8	-16.1	-1,304.5
Cash flow from investment activities	**-404.4**	**-7.9**	**-538.8**	**-16.1**	**-1,304.5**
FINANCING ACTIVITIES	29.5	120.6	14.0	120.9	2,468.0
Cash flow from financing activities	**29.5**	**120.6**	**14.0**	**120.9**	**2,468.0**
CASH FLOW FOR THE PERIOD	**-354.0**	**92.9**	**-551.5**	**42.6**	**998.4**
Cash and cash equivalents at start of period	**904.5**	**57.4**	**1,087.5**	**105.7**	**105.7**
Cash flow for the period	-354.0	92.9	-551.5	42.6	998.4
Exchange rate differences	-4.3	-5.6	10.1	-3.6	-16.7
Cash and cash equivalents at end of period	**546.1**	**144.7**	**546.1**	**144.7**	**1,087.5**
Specification of cash and cash equivalents					
Total cash balance	546.1	144.7	546.1	144.7	1,087.5
of which are blocked	-2.6	-2.6	-2.6	-2.6	-2.6
Cash at the end of the period	**543.5**	**142.1**	**543.5**	**142.1**	**1,084.9**

CHANGES IN EQUITY
– GROUP

EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		
Amounts in SEKm	**2021 JAN-JUN**	**2020 JAN-JUN**
Opening balance	3,108.2	163.2
Changes in equity during the period		
The net profit of the period	14.5	2.2
Other comprehensive income for the period	112.3	14.4
Rights issue	1,172.6	113.6
First consolidation of OOO Artplant	0.5	0.0
Closing balance	**4,408.1**	**264.7**

INCOME STATEMENT – PARENT COMPANY

(SEKm)	QUARTER Apr-Jun 2021 3 months	Apr-Jun 2020 3 months	ACCUMULATED Jan-Jun 2021 6 months	Jan-Jun 2020 6 months	FULL YEAR Jan-Dec 2020 12 months
Net revenue	2.8	2.8	4.9	6.9	11.1
Own work capitalized	16.5	10.0	28.2	17.2	40.7
Other revenue	0.0	0.5	0.0	1.5	27.1
Total revenue	**19.2**	**13.3**	**33.1**	**25.7**	**78.9**
Operating expenses					
Cost of goods sold	-19.0	-12.1	-40.0	-24.3	-54.9
Other external expenses	-10.4	-5.9	-24.5	-14.6	-36.0
Personnel expenses	-4.5	-3.6	-8.4	-10.3	-14.2
Other expenses	0.0	0.0	0.0	0.0	-0.6
Operating profit before depreciation and amortization (EBITDA)	**-14.7**	**-8.3**	**-39.7**	**-23.4**	**-26.8**
Depreciation and amortization	-0.1	0.0	-0.2	0.0	-0.1
Operating profit (EBIT)	**-14.9**	**-8.3**	**-39.9**	**-23.5**	**-26.9**
Financial net	-49.4	1.5	29.2	-13.3	-99.0
Profit before tax	**-64.2**	**-6.8**	**-10.6**	**-36.8**	**-125.9**
Appropriations	0.0	0.0	0.0	0.0	0.6
Tax expense for the period	11.0	0.0	0.0	0.0	12.6
NET PROFIT	**-53.2**	**-6.8**	**-10.6**	**-36.8**	**-112.7**

BALANCE SHEET
– PARENT COMPANY

(SEKm)	2021-06-30	2020-06-30	2020-12-31	2020-01-01
ASSETS				
Non-current assets				
Intangible non-current assets	175.1	113.6	145.1	96.3
Tangible non-current assets	0.1	0.1	0.1	0.5
Financial non-currents assets	2,724.8	524.7	1,495.6	522.9
Total non-current assets	**2,899.9**	**638.4**	**1,640.8**	**619.7**
Current assets				
Current receivables	1,878.4	18.9	1,340.7	26.9
Cash and cash equivalents	216.2	66.2	905.2	25.9
Total current assets	**2,094.6**	**85.1**	**2,245.9**	**52.8**
TOTAL ASSETS	**4,994.5**	**723.5**	**3,886.7**	**672.5**
EQUITY AND LIABILITIES				
Equity	4,426.6	351.0	3,264.6	274.2
Non-current liabilities	34.5	327.6	19.1	342.5
Current liabilities	533.5	44.8	602.9	55.8
EQUITY AND LIABILITIES	**4,994.5**	**723.5**	**3,886.7**	**672.5**

Notes to the Interim Report

Note 1 Accounting Principles

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). This is the group's second financial report in accordance with IFRS with a transition date of 1 January 2020. The group has previously applied BFNAR 2012: 1 Annual Report and Consolidated Financial Statements (K3). The transition to IFRS has taken place in accordance with IFRS 1 "The first time IFRS is applied" and is described in more detail in Note 8 "Transition to IFRS".

The parent company has previously applied the Annual Accounts Act and BFNAR 2012: 1 Annual Report and Consolidated Accounts (K3) in the preparation of financial reports. As of the previous financial report, the parent company applies, as a result of the Group's transition to IFRS, the Annual Accounts Act and RFR 2 Accounting for Legal Entities.

Disclosures in accordance with IAS 34.16A appear in addition to the financial statements and their related notes in the interim information on pages 20-43 which form an integral part of this financial report. The group's complete accounting principles are described in Note 9 Complete accounting principles.
All amounts in this report are stated in millions of Swedish kronor (SEK millions) unless otherwise stated.

Rounding differences may occur.

Note 2 Estimates and Assessments

When preparing the financial statements, the company management and the board must make certain assessments and assumptions that affect the reported value of asset and liability items and income and expense items, respectively, as well as other information provided. The assessments are based on experiences and assumptions that the management and the board deem to be reasonable in the prevailing circumstances. Actual outcome may then differ from these assessments if other conditions arise. The estimates and assumptions are evaluated on an ongoing basis and are not considered to entail any significant risk of significant adjustments in the reported values of assets and liabilities during the coming periods. Changes in estimates are reported in the period in which the change is made if the change has only affected this period, or in the period in which the change is made and future periods if the change affects both the current period and future periods. The assessments that are most important in the preparation of the financial statements are described below.

Other liabilities include contingent considerations for acquisitions. Fair value has been calculated based on the expected outcome of the targets in the purchase agreements. The contingent consideration has been discounted with a discount rate relevant for each acquisition.

Provision for credit risk. The company has assessed the risk of expected losses among accounts receivable and other receivables. Write-down in accordance with IFRS 9 is forward-looking and a loss provision is made when there is an exposure to credit risk. The simplified model is used for assets such as accounts receivable, leasing receivables, contract assets and certain other financial assets. The main parts of this provision are special provisions for write-down losses that relate to individually significant exposures and a component for the historical credit loss level. In addition to this, forward-looking factors are evaluated.

Note 3 Operational Segments

Jan-Jun 2021	Services	Game Development	**Total segments**	Intra-group items and eliminations	**Total group**
Revenue from external customers	256.1	512.8	769.0	0.0	**769.0**
Revenues from other segments	3.9	15.6	19.4	-19.4	**0.0**
Total revenue	**260.0**	**528.4**	**788.4**	**-19.4**	**769.0**
Operating profit before depreciation and amortization (EBITDA)	39.0	176.0	215.0	-31.2	**183.8**
Depreciation and amortization					**-100.2**
Financial net					**-45.8**
Profit before tax					**37.8**
Tax expense					**-23.3**
Net profit for the period					**14.5**

Jan-Jun 2020	Services	Game Development	**Total segments**	Intra-group items and eliminations	**Total group**
Revenue from external customers	298.5	27.8	**326.3**	0.0	**326.3**
Revenues from other segments	1.8	0.0	**1.8**	-1.8	**0.0**
Total revenue	**300.3**	**27.8**	**328.2**	**-1.8**	**326.3**
Operating profit before depreciation and amortization (EBITDA)	53.4	6.4	**59.8**	-24.1	**35.7**
Depreciation and amortization					**-7.6**
Financial net					**-13.5**
Profit before tax					**14.6**
Tax expense					**-12.4**
Net profit for the period					**2.2**

Note 4 Revenue from Customer Contracts

Jan-Jun 2021	Services	Game Development	Group eliminations	Total group
Geographical region				
Europe	152.3	93.7	-19.4	**226.6**
North America	95.7	336.1	0.0	**431.8**
Other markets	13.4	16.2	0.0	**29.7**
Revenue from customer contracts	**261.4**	**446.0**	**-19.4**	**688.0**

Jan-Jun 2020	Services	Game Development	Group eliminations	Total group
Geographical region				
Europe	119.2	9.0	-1.8	**126.4**
North America	148.3	0.0	0.0	**148.3**
Other markets	18.9	0.0	0.0	**18.9**
Revenue from customer contracts	**286.4**	**9.0**	**-1.8**	**293.5**

Note 5 Financial Instruments

Valuation of financial assets and liabilities per June 30, 2021

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	93.9	93.9
Cash and cash equivalents	0.0	546.1	546.1
Total	**0.0**	**640.0**	**640.0**

Financial liabilities	Financial liabilities valued at fair value through profit or loss	Financial liabilities valued at amortized cost	Total reported values
Contingent consideration	410.4	0.0	410.4
Liabilities to credit institutions	0.0	505.5	505.5
Accounts payable	0.0	58.7	58.7
Other financial liabilities	0.0	347.6	347.6
Total	**410.4**	**911.7**	**1,322.1**

Valuation of financial assets and liabilities per December 31, 2020

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	122.8	122.8
Cash and cash equivalents	0.0	1,087.5	1,087.5
Total	**0.0**	**1,210.3**	**1,210.3**

Financial liabilities	Financial liabilities valued at fair value through profit or loss	Financial liabilities valued at amortized cost	Total reported values
Contingent consideration	484.4	0.0	484.4
Liabilities to credit institutions	0.0	519.5	519.5
Accounts payable	0.0	42.5	42.5
Other financial liabilities	0.0	104.4	104.4
Total	**484.4**	**666.3**	**1,150.7**

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 factors used in the valuation at fair value is a risk-adjusted discount factor of 16.3%.

Contingent consideration	**Jan – Jun 2021**	**Jan – Jun 2020**	**Jan – Dec 2020**
At beginning of period	484.4	110.4	110.4
Acquisitions during the period	328.7	0.0	432.8
Payments	-387.4	0.0	-58.8
Reclassification through profit or loss	-15.3	-2.3	0.0
At end of period	**410.4**	**108.1**	**484.4**

During the period, realized gains for contingent consideration held as of the balance sheet date amounted to SEK 15.3 million. This amount is included as part of other operating income in the group's income statement.

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 6 Business Acquisitions

On March 1, Enad Global 7 AB acquired 100% of the shares and votes in Piranha Games Inc. The company develops games and is headquartered in Vancouver, Canada. The company has expertise in the development of both premium and free-to-play AAA titles, which is why EG7 will benefit from the team's experience in the Group's future development projects.

The transferred compensation (purchase price) consists of a cash purchase price of SEK 138.2 million, issue of own shares SEK 34.5 million.

In connection with the acquisition, an agreement was entered into on contingent considerations, which means that part of the purchase price depends on future results in the acquired companies. At the time of acquisition, the reported value for contingent considerations amounted to SEK 328.7 million. The purchase price also includes a future share issue of SEK 34.5 million.

On March 31, Enad Global 7 AB acquired 100% of the shares and votes in Innova Intellectual Properties S.a.r.l. Innova is a game publisher based in Luxembourg and Russia. Innova will work as an independent publisher and contribute to future group-wide projects with its expertise as publisher of free-to-play MMORPG titles with EG7's knowledge in development and marketing. Innova will also contribute to EG7's position in Asia and emerging markets.

The transferred consideration (the purchase price) consists of the issue of own shares, the fair value of which on the date of acquisition amounted to SEK 1,104.5 million.

Acquired net assets at the time of acquisition based on preliminary acquisition analysis	**Piranha Games Inc Real value**	**Innova Real value**
Intangible assets	204.8	138.4
Tangible non-current assets	0.7	17.7
Right-of-use assets	1.6	7.7
Deferred tax assets	0.0	45.7
Inventory	0.0	0.3
Accounts receivable and other receivables	4.4	10.8
Cash and cash equivalents	14.9	59.5
Interest-bearing liabilities	0.0	-1.4
Deferred tax liability	-46.3	-22.2
Accounts payable and other operating liabilities	-6.3	-115.5
Identified net assets	**173.8**	**141.0**
Goodwill	362.2	963.5
Total Purchase Price	**536.0**	**1,104.5**

In connection with the acquisition of Piranha, a preliminary goodwill of SEK 362.2 million arose in the form of a difference between the transferred consideration and the fair value of the acquired net assets. Goodwill mainly refers to synergies and expertise in the acquired company. Goodwill is not expected to be tax deductible.

In connection with the acquisition of Innova, a preliminary goodwill of SEK 963.5 million arose in the form of a difference between the transferred consideration and the fair value of the acquired net assets. Goodwill mainly refers to synergies and expertise in the acquired company. Goodwill is not expected to be tax deductible.

The acquisition's preliminary impact on the group's cash flow	**Piranha Games Inc**	**Innova**
Cash consideration	138.2	0
Deducted:		
Cash and cash equivalents (acquired)	14.9	59.5
Net cash outflow	**123.3**	**-59.5**

Note 7 Significant Events After the Balance Date

No significant events after the balance date.

Note 8 Transition to IFRS

As of January 1, 2021, Enad Global 7 AB prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretative statements from the IFRS Interpretations Committee as adopted by the European Union (EU). The date for the group's transition to IFRS is 1 January 2020. Until the financial year 2020, the group has prepared consolidated accounts in accordance with the Annual Accounts Act and BFNAR 2012: 1 (K3). The transition to IFRS is reported in accordance with IFRS 1 “First time IFRS is applied”.

The effect of the transition to IFRS is reported directly against opening equity. Previously published financial information for the period 2020-01-01 - 2020-12-31, prepared in accordance with the Annual Accounts Act and BFNAR 2012: 1 (K3), has been recalculated to IFRS. The main rule is that all applicable IFRS and IAS standards, which have entered into force and been approved by the EU, must be applied with retroactive effect. The group has applied the following exceptions to the main rule in accordance with IFRS 1:

- The group has chosen not to recalculate business acquisitions before the time of transition to IFRS, i.e. before 1 January 2020.
- The group has chosen to apply the exemption in IFRS 1 regarding leasing agreements and thus values leasing liabilities and right-of-use assets at the time of transition to IFRS.
- The group has chosen not to recalculate terminated agreements with customers (IFRS 15), i.e. agreements for which EG7 before the transition to IFRS had transferred all goods or services identified in accordance with previous accounting principles.

The following summary shows the effects of the above applications on the group's report on the results for the periods 2020-01-01 - 2020-12-31 and 2020-01-01 - 2020-06-30, the group's report on financial position as of 1 January 2020, 30 June 2020 and 31 December 2020 and the group's report on cash flows for the periods 2020-01-01 - 2020-12-31 and 2020-01-01 - 2020-06-30.

The parent company's first application of RFR 2 Accounting for Legal Entities has, apart from certain reclassifications, not had any effect on financial position, earnings or cash flow.

The group's report on net profit for Jan-Dec 2020

	Note	According to earlier accounting principles	IFRS adjustments	According to IFRS
Revenue				
Net revenue		569.8	0.0	569.8
Own work capitalized		42.9	0.0	42.9
Other revenue		44.5	0.0	44.5
Total revenue		**657.2**	**0.0**	**657.2**
Operating expenses				
Cost of goods sold		-380.9	0.0	-380.9
Other external expenses		-72.6	-36.3	-108.9
Personnel expenses		-153.8	0.0	-153.8
Other expenses		-1.0	0.0	-1.0
Operating profit before depreciation and amortization (EBITDA)		**48.9**	**-36.3**	**12.6**
Depreciation and amortization		-108.0	87.6	-20.4
Operating profit (EBIT)		**-59.1**	**51.3**	**-7.8**
Financial net		**-86.6**	**-0.9**	**-87.5**
Profit before tax		**-145.7**	**50.4**	**-95.3**
Tax expense for the period		-2.7	0.0	-2.7
Net profit		**-148.5**	**50.4**	**-98.0**

The group's report on comprehensive income for Jan-Dec 2020

	Note	According to earlier accounting principles	IFRS adjustments	According to IFRS
Net profit for the period		**-148.5**	**50.4**	**-98.0**
Items that will be reclassified to profit or loss				
Translation difference		-70.0	3.4	-66.6
Deferred tax		2.6	0.0	2.6
Other comprehensive income for the period		**-67.4**	**3.4**	**-64.0**
Comprehensive income for the period		**-215.9**	**53.8**	**-162.0**

The group's report on net profit for Jan-Jun 2020

	Note	According to earlier accounting principles	IFRS adjustments	According to IFRS
Revenue				
Net revenue		293.5	0.0	293.5
Own work capitalized		7.2	17.2	0.0
Other revenue		15.6	0.0	15.6
Total revenue		**326.3**	**0.0**	**326.3**
Operating expenses				
Cost of goods sold		-191.0	0.0	-191.0
Other external expenses		-30.9	4.8	-26.0
Personnel expenses		-73.6	0.0	-73.6
Other expenses		0.0	0.0	0.0
Operating profit before depreciation and amortization (EBITDA)		**30.9**	**4.8**	**35.7**
Depreciation and amortization		-46.3	38.7	-7.6
Operating profit (EBIT)		**-15.4**	**43.5**	**28.1**
Financial net		-13.2	-0.3	-13.5
Profit before tax		**-28.6**	**43.2**	**14.6**
Tax expense for the period		-12.4	0.0	-12.4
Net profit		**-41.0**	**43.2**	**2.2**

The group's report on comprehensive income for Jan-Jun 2020

	Note	According to earlier accounting principles	IFRS adjustments	According to IFRS
Net profit for the period		**-41.0**	**43.2**	**2.2**
Items that will be reclassified to profit or loss				
Translation difference		-16.7	2.4	-14.4
Other comprehensive income for the period		**-16.7**	**2.4**	**-14.4**
Comprehensive income for the period		**-57.7**	**45.6**	**-12.1**

The group's report on financial position as of 1 Jan 2020

	Note	According to earlier accounting principles	IFRS adjustments	According to IFRS
ASSETS				
Non-current assets				
Goodwill		405.0	-86.8	318.3
Intangible assets		105.2	0.0	105.2
Tangible non-current assets		9.0	0.0	9.0
Right-of-use assets		0.0	29.0	29.0
Deferred tax assets		2.2	0.0	2.2
Other non-current receivables		0.3	0.0	0.3
Total non-current assets		**521.7**	**-57.8**	**463.9**
Current assets				
Inventory		12.1	0.0	12.1
Accounts receivable		49.7	0.0	49.7
Current tax claim		2.1	0.0	2.1
Other receivables		3.3	0.0	3.3
Earned but not invoiced income		2.7	0.0	2.7
Prepayments and accrued income		13.6	0.0	13.6
Cash and cash equivalents		105.7	0.0	105.7
Total current assets		**189.3**	**0.0**	**189.3**
TOTAL ASSETS		**711.0**	**-57.8**	**657.0**
EQUITY AND LIABILITIES				
Equity				
Share capital		1.2	0.0	1.2
Other contributed capital		272.1	0.0	272.1
Retained earnings including profit for the period		-23.2	-86.8	-110.0
Total equity attributable to the parent company's shareholders		**250.1**	**-86.8**	**163.2**
Liabilities				
Non-current liabilities				
Bond loans		204.2	0.0	204.2
Leasing liabilities		0.0	27.7	27.7
Deferred tax liability		0.8	0.0	0.8
Contingent considerations		110.4	0.0	110.4
Other liabilities		12.1	0.0	12.1
Total non-current liabilities		**327.5**	**27.7**	**355.2**
Current liabilities				
Liabilities to credit institutions		1.1	0.0	1.1
Advance client payments		12.3	0.0	12.3
Leasing liabilities		0.0	0.0	0.0
Accounts payable		16.7	0.0	16.7
Current tax liability		3.0	0.0	3.0
Other liabilities		63.6	0.0	63.6
Accrued expenses and prepaid income		36.7	1.2	37.9
Total current liabilities		**133.4**	**1.2**	**134.7**
TOTAL EQUITY AND LIABILITIES		**711.0**	**-57.8**	**653.2**

The group's report on financial position as of 31 Dec 2020

	Note	According to earlier accounting principles	IFRS adjustments	According to IFRS
ASSETS				
Non-current assets				
Goodwill		2,320.5	-27.7	2,292.8
Intangible assets		843.4	0.0	843.4
Tangible non-current assets		24.8	0.0	24.8
Right-of-use assets		0.0	63.6	63.6
Deferred tax assets		26.8	0.0	26.8
Other non-current receivables		46.2	0.0	46.2
Total non-current assets		**3,261.7**	**35.8**	**3,297.5**
Current assets				
Inventory		6.9	0.0	6.9
Accounts receivable		122.8	0.0	122.8
Current tax claim		28.8	0.0	28.8
Other receivables		6.4	0.0	6.4
Earned but not invoiced income		3.6	0.0	3.6
Prepayments and accrued income		50.0	-1.2	48.8
Cash and cash equivalents		1,087.5	0.0	1,087.5
Total current assets		**1,306.1**	**-1.2**	**1,304.9**
TOTAL ASSETS		**4,567.8**	**34.6**	**4,602.4**
EQUITY AND LIABILITIES				
Equity				
Share capital		3.1	0.0	3.1
Other contributed capital		3,373.4	0.0	3,373.4
Retained earnings including profit for the period		-239.1	-29.2	-268.3
Total equity attributable to the parent company's shareholders		**3,137.4**	**-29.2**	**3,108.2**
Liabilities				
Non-current liabilities				
Leasing liabilities		0.0	63.8	63.8
Deferred tax liability		9.7	0.0	9.7
Contingent considerations		56.6	0.0	56.6
Other liabilities		3.0	0.0	3.0
Total non-current liabilities		**69.3**	**63.8**	**133.1**
Current liabilities				
Liabilities to credit institutions		516.4	0.0	516.4
Advance client payments		18.5	0.0	18.5
Leasing liabilities		0.0	0.0	0.0
Accounts payable		42.5	0.0	42.5
Current tax liability		25.4	0.0	25.4
Other liabilities		477.2	0.0	477.2
Accrued expenses and prepaid income		281.1	0.0	281.1
Total current liabilities		**1,361.1**	**0.0**	**1,361.1**
TOTAL EQUITY AND LIABILITIES		**4,567.8**	**34.6**	**4,602.4**

The group's report on financial position as of 30 Jun 2020

	Note	According to earlier accounting principles	IFRS adjustments	According to IFRS
ASSETS				
Non-current assets				
Intangible assets		471.0	-41.3	429.7
Tangible non-current assets		8.1	0.0	8.1
Right-of-use assets		0.0	24.3	24.3
Financial non-current assets		2.2	0.0	2.2
Deferred tax assets		0.0	0.0	0.0
Other non-current receivables		0.0	0.0	0.0
Total non-current assets		**481.3**	**-17.0**	**464.3**
Current assets				
Inventory		8.2	0.0	8.2
Accounts receivable		131.4	-1.2	130.1
Cash and cash equivalents		144.7	0.0	144.7
Total current assets		**284.3**	**-1.2**	**283.1**
TOTAL ASSETS		**765.5**	**-18.2**	**747.4**
EQUITY AND LIABILITIES				
Equity		**306.1**	**-41.4**	**264.7**
Non-current liabilities		**327.9**	**23.2**	**351.0**
Current liabilities		**131.6**	**0.0**	**131.6**
TOTAL EQUITY AND LIABILITIES		**765.5**	**-18.2**	**747.4**

The group's cash flow in summary for the period Jan-Dec 2020	Note	According to earlier accounting principles	IFRS adjustments	According to IFRS
Operating profit (EBIT)		-59.2	51.3	-7.8
Adjustment for non-cash flow items		78.6	-90.4	-11.8
Financial items and tax		-111.9	-0.9	-112.8
		-92.5	**-40.0**	**-132.5**
Cash flow from changes in working capital		-32.6	0.0	-32.6
Cash flow from operating activities		**-125.1**	**-40.0**	**-165.1**
Investment activities				
Business acquisitions		-1,298.0	46.5	-1,251.5
Acquisition of intangible assets		-49.2	0.0	-49.2
Acquisition of tangible non-current assets		-3.8	0.0	-3.8
Cash flow from investment activities		**-1,351.0**	**46.5**	**-1,304.5**
Financing activities		2,474.5	-6.5	2,468.0
Cash flow from financing activities		**2,474.5**	**-6.5**	**2,468.0**
Cash flow for the period		**998.4**	**0.0**	**998.4**
Cash and cash equivalents at start of period		**105.7**	**0.0**	**105.7**
Cash flow for the period		998.4	0.0	998.4
Exchange rate differences		-16.7	0.0	-16.7
Cash and cash equivalents at end of period		**1,087.5**	**0.0**	**1,087.5**

The group's cash flow in summary for the period Jan-Jun 2020	Note	According to earlier accounting principles	IFRS adjustments	According to IFRS
Operating profit (EBIT)		-15.4	43.5	28.1
Adjustment for non-cash flow items		42.3	-38.6	3.7
Financial items and tax		-19.7	-0.3	-20.0
		7.2	**4.6**	**11.8**
Cash flow from changes in working capital		-74.0	0.0	-74.0
Cash flow from operating activities		**-66.9**	**4.6**	**-62.2**
Investment activities		-16.1	0.0	-16.1
Cash flow from investment activities		**-16.1**	**0.0**	**-16.1**
Financing activities		125.5	-4.6	120.9
Cash flow from financing activities		**125.5**	**-4.6**	**120.9**
Cash flow for the period		**42.6**	**0.0**	**42.6**
Cash and cash equivalents at start of period		**105.7**	**0.0**	**105.7**
Cash flow for the period		42.6	0.0	42.6
Exchange rate differences		-3.6	0.0	-3.6
Cash and cash equivalents at end of period		**144.7**	**0.0**	**144.7**

Additional Notes

A. Goodwill

According to previous accounting principles, goodwill has been depreciated over the estimated useful life. According to IFRS, goodwill is not depreciated but instead annual impairment tests are performed. In connection with the transition to IFRS, depreciation of goodwill amounting to SEK 98,0 million was reversed during the period January to December 2020, of which SEK 43.2 million was reversed during the period January to June 2020. The item Goodwill in the statement of financial position after reversals amounted to SEK 309.3 million as of 30 June 2020 and SEK 2,292.8 million as of 31 December 2020. At the time of the transition, the value of goodwill for impairment was tested and a total amount of SEK 85.1 million was impaired. No deferred tax has been reported for goodwill.

B. Acquisition analyses

Transaction costs for acquisitions made during 2020, which under previous principles were reported as part of the acquisition value, are expensed in the statement of profit for 2020 amounting to SEK 46.5 million and the corresponding adjustment of goodwill is reported in the statement of financial position as of 31 December 2020.

C. Leasing

According to previously applied accounting principles, the group has reported all its leasing agreements as operational leasing agreements. According to IFRS 16, the group's leasing agreements (with the exception of short-term leasing agreements and leasing agreements where the underlying asset is of low value) are reported in the balance sheet as right-of-use assets and leasing liabilities. This also means that the costs for previous operating leases are reclassified from operating expenses to depreciation of right-of-use assets and interest expenses on lease liabilities.

The change in accounting principle means that right-of-use assets are reported at SEK 29.0 million as of 1 January 2020, SEK 24.3 million as of June 30, 2020 and SEK 63.6 million as of December 31, 2020. On the liability side, a long-term leasing liability of SEK 27.7 million is reported as of 1 January 2020, SEK 23.2 million as of June 30, 2020 and SEK 63.8 million as of December 31, 2020.

Other external costs, where costs for the operational leasing agreements have been reported under K3, decrease by SEK 10.2 million during the period January to December 2020, of which SEK 4.8 million is attributable to the period January to June 2020. Depreciation of right-of-use assets is instead reported in the income statement as part of the item "Depreciation and amortization". Depreciation for right-of-use assets amounted to SEK 10.4 million for the period January to December 2020 and to SEK 4.5 million for the period January to June 2020. In addition, 16 interest expenses attributable to the lease liability are reported in the income statement in accordance with IFRS, which increases the financial expenses by SEK 0.9 million during the period January to December 2020 and SEK 0.3 million for the period January to June 2020.

Finally, the application of IFRS 16 also affects the presentation of the group's cash flows. Under previous accounting principles, cash flow attributable to the operating leases has been reported as part of operating activities. Under IFRS 16, payments are divided between payment of lease liabilities and payment of interest. While the part relating to the payment of interest is included in cash flow from operating activities (as before), the part relating to payment of lease liabilities is reclassified to cash flow from financing activities. Thus, cash flow from operating activities decreases by SEK 6.5 million during the period January to December 2020, of which SEK 4.6 million is attributable to the period January to June 2020. Cash flow from financing activities, on the other hand, increases through the inclusion of payment of lease liabilities by SEK 6.5 million during the period January to December 2020 and by SEK 4.6 million during the period January to June 2020.

D. Financial instruments
In accordance with previously applied accounting principles, EG7 has applied a write-down model for credit losses based on an event that has occurred. In accordance with IFRS 9, companies that apply IFRS must apply a model for expected credit losses.

The application of the model for expected credit losses means that EG7 reports insignificant changes regarding credit provisions attributable to accounts receivable. Expected credit losses attributable to cash and cash equivalents amount to insignificant amounts.

E. Reclassifications
In connection with the transition to IFRS, EG7 has made certain reclassifications in the statement of financial position. Earn-outs that have arisen in connection with the group's acquisitions and which have previously been presented as other provisions are now classified as a financial liability called contingent considerations.

Note 9 Complete Accounting Principles

Basis for group accounting
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union (EU). Furthermore, the group applies the Annual Accounts Act (1995: 1554) and RFR 1 "Supplementary accounting rules for groups" issued by the Swedish Financial Reporting Board.

The consolidated financial statements have been prepared on the basis of the assumption of going concern. Assets and liabilities are valued on the basis of acquisition value with the exception of certain financial instruments that are valued at fair value. The consolidated financial statements have been prepared in accordance with the acquisition method and all subsidiaries in which controlling influence is exercised are consolidated as of the date this influence was acquired.

Preparing reports in accordance with IFRS requires that several estimates be made by management for accounting purposes. The areas that include a high degree of assessment, which are complex or such areas where assumptions and estimates are of significant importance for the consolidated accounts, are stated in Note 2 Estimates and assessments. These assessments and assumptions are based on historical experience as well as other factors that are deemed reasonable under the prevailing circumstances. Actual outcome may differ from assessments made if assumptions are changed or other conditions exist.

The parent company applies the same accounting principles as the group, except in the cases specified in the section "Parent company's accounting principles". The parent company applies the Annual Accounts Act (1995: 1554) and RFR 2 Accounting for legal entities. The deviations that occur are caused by limitations in the possibilities of applying IFRS in the parent company as a result of the Annual Accounts Act and current tax rules.

The accounting principles set out below have, unless otherwise stated, been applied consistently to all periods presented in the group's financial reports.

Consolidation
Subsidiaries
Subsidiaries are all companies over which EG7 has a controlling influence. The group controls a company when it is exposed to or entitled to variable returns from its holdings in the company and has the opportunity to influence the returns through its influence in the company. Subsidiaries are included in the consolidated financial statements from the date on which the controlling influence is transferred to the group and are excluded from the consolidated financial statements from the date on which the controlling influence ceases.

Subsidiaries are reported according to the acquisition method. The method means that the acquisition of a subsidiary is regarded as a transaction whereby the group indirectly acquires the subsidiary's assets and takes over its liabilities. The acquisition analysis determines the fair value on the acquisition date of acquired identifiable assets and assumed liabilities as well as any non-controlling interests. Transaction expenses, with the exception of transaction expenses that are attributable to the issue of equity instruments or debt instruments, that arise are reported directly in the profit for the year. In business acquisitions where transferred remuneration exceeds the fair value of acquired assets and assumed liabilities that are reported separately, the difference is reported as goodwill. When the difference is negative, so-called acquisitions at a low price, this is reported directly in the profit for the year.

In the case of acquisitions that take place in stages, goodwill is determined on the day when a controlling influence arises. Previous holdings are valued at fair value and the change in value is reported in profit or loss. Previous holdings are valued at fair value and the change in value is reported in profit or loss. If additional shares are acquired, i.e. after a controlling influence has been obtained, this is reported as a transaction between owners within equity.

Transactions eliminated during consolidation
Intra-group receivables and liabilities, income or expenses and unrealized gains or losses arising from intra-group transactions between group companies are eliminated in their entirety when preparing the consolidated financial statements.

Currency
Functional currency and reporting currency
The functional currency for the parent company is Swedish kronor (SEK), which is the reporting currency for the parent company and the group. All amounts are stated in millions of kronor unless otherwise stated.

Transactions in foreign currency
Transactions in foreign currency are translated into the functional currency at the exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate prevailing on the balance date. Non-monetary items, which are valued at historical acquisition value in a foreign currency, are not translated. Exchange rate differences that arise in the conversions are reported in the profit for the year. Exchange rate gains and losses on operating receivables and operating liabilities are reported in operating profit, while exchange rate gains and losses on financial receivables and liabilities are reported as financial items.

Translation of foreign subsidiaries
Assets and liabilities in foreign operations are translated from the functional currency of the foreign operations to the group's reporting currency at the exchange rate prevailing on the balance date. Income and expenses in a foreign operation are translated into Swedish kronor at an average exchange rate that is an approximation of the exchange rates that existed at the time of each transaction. Translation differences that arise from currency translation of foreign operations are reported in other comprehensive income and accumulated in the translation reserve in equity. When the controlling influence ceases for a foreign operation, the associated translation differences from the translation reserve in equity are reclassified to profit or loss.

Classification
Fixed assets and long-term liabilities essentially consist of amounts that are expected to be recovered or paid after more than 12 months from the balance date. Current assets essentially consist of amounts that are expected to be realized during the group's normal business cycle, which is 12 months after the reporting period. Current liabilities essentially consist of amounts that are expected to be settled during the group's normal business cycle, which is 12 months after the reporting period.

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the Highest Executive Decision Maker. The Highest Executive Decision Maker is the function responsible for allocating resources and assessing the operating segments' results. In the group, this function has been identified as the company management. An operating segment is a part of the group that conducts operations from which it can generate revenue and incur costs and for which independent financial information is available. The group's division into segments is based on the internal structure of the group's business operations, which means that the group's operations have been divided into two reportable segments; Games and Services.

The same accounting principles are used in the segments as for the group.

Revenue from customer contracts
The group reports revenue when the group fulfills a performance obligation, which is when a promised product or service is delivered to the customer and the customer takes over control of the product or service. Control of a performance obligation can be transferred over time or at a time. Revenue consists of the amount that the company expects to receive as compensation for transferred goods or services. In order for the group to be able to report revenues from agreements with customers, each customer agreement is analyzed in accordance with the five-step model found in the standard:

Step 1: Identify an agreement between at least two parties where there is a right and a commitment.

Step 2: Identify the various promises (performance obligations) contained in the agreement.

Step 3: Determine the transaction price, i.e. the amount of compensation that the company is expected to receive in exchange for the promising goods or services. The transaction price must be adjusted for variable parts, for example any discounts.

Step 4: Distribute the transaction price on the various performance obligations.

Step 5: Report revenue when the performance obligations are met, i.e. control is passed to the customer. This is done at one time or over time if any of the criteria set out in the standard are met.

The group's significant income derives from the development, marketing and publication of PC, console and mobile games.

Work-for-hire
The group performs development assignments for other publishers. The customers consist of corporate customers. An agreement arises when the development assignment is signed between EG7 and the publisher.

EG7 considers that the obligation to develop games for a customer is a single performance obligation. The transaction price is mainly fixed, but some agreements include variable remuneration in the form of performance bonuses. EG7 estimates the variable amount of compensation using the expected value and includes variable compensation only to the extent that it is highly probable that a material reversal of accumulated income will not occur when the uncertainty associated with the variable compensation subsequently ceases.

The group reports revenue as the performance obligation is met, which is when the customer gains control of the asset. EG7 believes that control is transferred over time, as the group's performance creates or improves an intangible asset that the customer controls when the asset is created.

Free-to play games
EG7 offers so-called free-to-play games, where revenue arises when a player makes purchases in the game to gain access to virtual goods, i.e. to various types of additional content, features or benefits in the game. These virtual goods can be used either immediately or indefinitely during the playing time and revenue from the goods is reported based on their nature. Revenue from consumables is reported at a time, while revenue from goods that can be used indefinitely during the playing time is accrued and reported during the player's estimated life.

Premium games
EG7 also offers so-called premium games. Revenue differs if the game is a product that the end user buys, it can be both a physical and digital product, the revenue is taken when the asset is transferred to the end customer.

Marketing
EG7 offers marketing services to other gaming companies. The group's customers consist of corporate customers and EG7 has both framework agreements and agreements for specific assignments with these customers. For framework agreements, there is an agreement in accordance with IFRS 15 only when a specific call-off, usually in the form of an assignment description ("SOW"), exists. The contract period is generally relatively short, usually less than 12 months.

The group assesses that an agreement with a customer generally contains a number of performance obligations because the various promises in the agreement constitute distinct services. The transaction price is mainly fixed. The group allocates the transaction price to each performance obligation based on the independent sales prices, which are based on an observable price for the service when the group sells the service separately under similar circumstances and to similar customers.

Revenues from marketing are reported when control has been transferred to the customer and the performance obligation is thus fulfilled, which is considered to be when the customer has the significant risks and benefits associated with the delivery.

Publishing
The group is also active in physical and digital publishing and distribution of games. EG7 believes that the group's customer is the private individual who buys the game. An agreement exists for digital products when the customer places an order for the game via the platform and for physical products when the game is sold in store.

In these agreements with customers, other parties are often involved in the provision of the game to the end customer, which means that different shares of the gross income from the end customer are obtained. For each performance obligation in the customer agreements, the group determines whether it is the principal or agent. To determine whether the group is the principal or agent in the revenue transactions when several parties are involved in delivering a game to the end customer, it is assessed whether the group has control over the asset that the customer buys before it is transferred.

The transaction price is mainly fixed, but there may be certain variable parts, which may include discounts. EG7 estimates the variable amount of compensation but includes variable compensation only to the extent that it is highly probable that a material reversal of accumulated income will not occur when the uncertainty associated with the variable compensation ceases thereafter.

Revenues from publishing are reported when sales to end customers have taken place. EG7 assesses that when selling to the end customer, it can be considered that control has passed to the customer and that the performance obligation has been fulfilled. If the group is deemed to be the principal for a revenue stream the remuneration received in net sales is reported gross and the shares that are passed on to other parties are reported as costs in the income statement. In cases where the group acts as an agent revenue is reported that corresponds to the fee or commission to which EG7 is entitled.

Remuneration to employees
Short-term remuneration
Short-term remuneration to employees such as salary, social security contributions and holiday pay are expensed in the period when the employees perform the services.

Defined contribution pension plans
EG7's pension commitments are only covered by defined contribution plans.

A defined contribution pension plan is a pension plan according to which the group pays fixed contributions to a separate legal entity. 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. The group thus has no additional risk. The group's obligations regarding fees for defined contribution plans are reported as an expense in the income statement at the rate they are earned by the employees performing services for the group during the period.

Compensation in the event of termination
A cost for compensation in connection with redundancies is only reported if the company is demonstrably obliged, without a realistic possibility of withdrawal, by a formal detailed plan to terminate an employment before the normal time.

Financial income and expenses
Financial income
Financial income consists of interest income and any capital gains on financial assets. Interest income is reported in accordance with the effective interest method. The effective interest rate is the interest rate that discounts the estimated future inflows and outflows during a financial instrument's expected maturity to the reported net asset or liability's net value. The calculation includes all fees paid or received by the parties to the agreement that are part of the effective interest rate, transaction costs and all other premiums and discounts. Financial income is reported in the period to which it relates.

Financial expenses
Financial expenses mainly consist of interest expenses on liabilities which are calculated using the effective interest method and of interest expenses on leasing liabilities. Financial expenses are reported in the period to which they relate.

Exchange rate gains and exchange rate losses are reported net.

Income taxes
Income taxes consist of current tax and deferred tax. Income taxes are reported in net profit for the period, except when the underlying transaction is reported in other comprehensive income or in equity, whereby the associated tax effect is reported in other comprehensive income or in equity.

Current tax is tax that is to be paid or received for the current year, with application of the tax rates that have been decided or in practice decided on the balance date. Current tax also includes an adjustment of current tax attributable to previous periods.

Deferred tax is reported in its entirety, according to the balance sheet method, on all temporary differences that arise between the tax value of assets and liabilities and its reported values. Temporary differences are not taken into account when reporting goodwill or for the initial reporting of an asset acquisition because the acquisition does not affect either reported or taxable profit. Furthermore, temporary differences attributable to shareholdings in subsidiaries that are not expected to be reversed in the foreseeable future are also not taken into account. The valuation of deferred tax is based on how and in which jurisdiction the underlying assets or liabilities are expected to be realized or settled. Deferred tax is calculated using the tax rates and tax rules that have been decided or announced on the balance sheet date and that are expected to apply in the jurisdiction when the deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets relating to deductible temporary differences and loss carryforwards are reported only to the extent that it is probable that these will be utilized. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilized. Deferred tax assets and deferred tax liabilities are offset if there is a legal right to offset short-term tax assets against short-term tax liabilities and the deferred tax is attributable to the same unit in the group and the same tax authority.

Earnings per share
Earnings per share before dilution are calculated by dividing the net profit attributable to the parent company's shareholders by the weighted average number of shares outstanding during the year.

Earnings per share after dilution are calculated by dividing the net result attributable to the parent company's shareholders, adjusted where applicable, by the sum of the weighted average number of ordinary shares and potential ordinary shares that may give rise to a dilution effect. The dilution effect of potential ordinary shares is only reported if a conversion to ordinary shares would lead to a reduction in earnings per share after dilution.

Intangible assets
An intangible asset is reported if it is probable that the future economic benefits that can be attributed to the asset will accrue to the company and that the acquisition value can be calculated in a reliable manner. An intangible asset is valued at acquisition value when it is recognized for the first time in the financial report. Intangible assets with a limited useful life are reported at acquisition value less depreciation and any impairment. Intangible assets with an indefinite useful life are tested annually for impairment and in cases where there are indications that an impairment loss may be required. Even for the intangible assets with an indefinite useful life, the useful life is reassessed at each balance sheet date.

Goodwill
Goodwill represents the difference between the acquisition value of a business combination and the fair value of acquired net assets. Goodwill is valued at acquisition value less any accumulated write-downs. Goodwill is allocated to cash-generating units that are expected to benefit from the synergy effects of the business combination. The factors that constitute reported goodwill are mainly synergies, personnel, know-how and customer contacts of strategic importance as well as access to new markets. Goodwill is considered to have an indefinite useful life and is thus tested at least annually for impairment.

Internally generated intangible assets
The group's internally generated assets are divided into two phases in accordance with IAS 38; the research phase and the development phase. Costs that arise during the research phase are expensed on an ongoing basis as they arise and are never capitalized afterwards. Costs that arise during the development phase are capitalized as intangible assets when, in the management's assessment, it is probable that they will result in future financial benefits for the group, the criteria for capitalization are met and the costs can be measured reliably.

For EG7, internally generated intangible assets mainly pertain to game development for PC, console and mobile. The expenses that are capitalized include expenses for direct salary, consulting costs and other expenses directly attributable to the project. All other costs that do not meet the criteria for capitalization affect the net profit when they arise. Internally generated assets under development are tested at least annually for impairment.

IP rights
IP rights have arisen in connection with business acquisitions and refer to rights attributable to the group's gaming products, such as a gaming software or title. IP rights are valued at fair value on the acquisition date. Thereafter, IP rights are reported at acquisition value less accumulated amortization and any accumulated impairment.

Market and client-related assets
Market and customer-related assets are attributable to the relationship with paying players that have been taken over by the group in connection with a business acquisition. The assets are valued at fair value on the acquisition date and are then reported at acquisition value less accumulated depreciation and any accumulated impairment.

Depreciation and amortization
Intangible fixed assets are amortized systematically over the asset's estimated useful life. The useful life is reconsidered at each balance date and adjusted if necessary. When the amortizable amount of the assets is determined, the residual value of the asset is taken into account where applicable. Intangible assets with a definable useful life are amortized from the date they are available for use. Estimated useful lives for significant intangible fixed assets are as follows:

Internally generated intangible assets	3-10 years
IP rights	3-10 years
Market and client-related assets	3-10 years
Goodwill	Undefinable

Tangible non-current assets
Tangible non-current assets are reported as an asset in the balance sheet if it is probable that future economic benefits will benefit the company and the acquisition value of the asset can be calculated in a reliable manner. Tangible non-current assets are reported in the group at acquisition value after deductions for accumulated depreciation and any write-downs. The acquisition value includes the purchase price and expenses directly attributable to the asset to bring it into place and in condition for use in accordance with the purpose of the acquisition.

The reported value of an asset is removed from the balance sheet upon disposal or divestment or when no future economic benefits are expected from the use or disposal / divestment of the asset. Gains or losses arising from the sale or disposal of an asset consist of the difference between the selling price and the asset's reported value less direct selling expenses. Profit and loss are reported as other operating income / expenses.

Additional expenses
Additional expenses are added to the acquisition value only if it is probable that the future economic benefits associated with the asset will benefit the group and the acquisition value can be calculated in a reliable manner. All other additional expenses are reported as an expense in the period in which they arise.

Depreciation and amortization
Depreciation takes place on a straight-line basis over the asset's estimated useful life. The estimated useful lives are:

- Equipment, tools and installations	3-5 years

Applied depreciation methods, residual values and useful lives are reassessed at the end of each year.

Leasing agreements
At the conclusion of an agreement, the group determines whether the agreement is, or contains, a leasing agreement based on the substance of the agreement. An agreement is, or contains, a leasing agreement if the agreement leaves the right to decide for a certain period on the use of an identified asset in exchange for compensation.

Leasing liabilities
On the commencement date of a leasing agreement, the group reports a leasing liability corresponding to the present value of the leasing payments to be paid during the leasing period. The leasing period is determined as the non-cancellable period together with periods to extend or terminate the agreement if the group is reasonably certain of exercising those options. Leasing payments include fixed payments (after deduction of any benefits in connection with the signing of the leasing agreement to be received), variable leasing fees that depend on an index or a price (e.g. a reference interest rate) and amounts that are expected to be paid according to residual value guarantees. Lease payments also include the exercise price of an option to purchase the underlying asset or penalties payable on termination in accordance with a termination option, if such options are reasonably certain to be exercised by EG7. Variable leasing fees that are not due to an index or a price are reported as an expense in the period to which they are attributable.

For the calculation of the present value of the leasing payments, the group uses the implicit interest rate in the agreement if it can be easily determined and in other cases the marginal borrowing rate as of the commencement date of the leasing agreement is used. After the commencement date of a lease agreement, the lease liability increases to reflect the interest on the lease liability and decreases with the lease payments paid. In addition, the value of the lease liability is revalued as a result of modifications, changes in the lease term, changes in lease payments or changes in an assessment to purchase the underlying asset.

Right-of-use assets
The group recognizes right-of-use assets in the statement of financial position at the start date of the leasing agreement (i.e. the date when the underlying asset becomes available for use). Right-of-use assets are valued at acquisition value after deductions for accumulated depreciation and any write-downs and adjusted for revaluations of the lease liability. The acquisition value of right-of-use assets includes the initial value reported for the attributable lease liability, initial direct expenses, and any advance payments made on or before the commencement date of the lease after deduction of any incentives received. Provided that EG7 is not reasonably certain that the ownership of the underlying asset will be taken over at the end of the leasing agreement, the right-of-use asset is depreciated on a straight-line basis over the shorter of the leasing period and the useful life.

Application of practical exceptions
EG7 applies the practical exceptions regarding short-term leases and leases where the underlying asset is of low value. Short-term leasing agreements are defined as leasing agreements with an initial leasing period of a maximum of 12 months after consideration of any options to extend the leasing agreement. Leasing agreements where the underlying asset is of low value in the group consist of e.g. of office equipment. Leasing payments for short-term leasing agreements and leasing agreements where the underlying asset is of low value are expensed on a straight-line basis over the leasing period. The group also applies the exemption not to separate non-leasing components from leasing components in leasing agreements. Thus, leasing components and associated non-leasing components are reported as a single leasing component.

Amortization of non-financial assets
The group conducts an impairment test in the event that there are indications that a decline in value has occurred in the tangible or intangible assets, i.e. whenever events or changes in circumstances indicate that the reported value is not recoverable. This also applies to right-of-use assets attributable to leasing agreements. Furthermore, assets with an indefinite useful life, i.e. the group's goodwill, are tested annually for impairment by calculating the asset's recoverable amount, regardless of whether there are indications of a decline in value or not.

An impairment loss is recognized in the amount by which the asset's reported value exceeds its recoverable amount. A recoverable amount consists of the higher of a net sales value and a value in use that constitutes an internally generated value based on future cash flows. When assessing impairment, assets are grouped at the lowest levels where there are separate identifiable cash flows (cash-generating units). When impairment needs have been identified for a cash-generating unit (group of units), the impairment amount is primarily allocated to goodwill. Thereafter, a proportional impairment is made of other assets included in the unit (group of units). When calculating the value in use, future cash flows are discounted with a discount factor that takes into account risk-free interest and the risk associated with the specific asset. An impairment loss is charged to the net profit.

Previously reported impairments are reversed if the recoverable amount is judged to exceed the reported value. However, reversals do not take place with an amount that is greater than the reported value amounts to what it would have been if impairments had not been reported in previous periods. Any reversal is reported in the income statement. Impairment of goodwill is never reversed, however.

Financial instruments
Financial instruments are any form of agreement that gives rise to a financial asset in one company and a financial liability or an equity instrument in another company. Financial instruments reported in the balance sheet include on the asset side; accounts receivable and cash and cash equivalents. Liabilities include; liabilities to credit institutions, accounts payable, additional purchase payments and other liabilities. The report depends on how the financial instruments have been classified.

Accounting and removal
Financial assets and liabilities are reported when the group becomes a party in accordance with the instrument's contractual terms. Transactions with financial assets are reported on the business day, which is the day on which the group commits to acquire or divest the assets. Accounts receivable are recognized in the balance sheet when an invoice has been sent and the group's right to compensation is unconditional. Liabilities are reported when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not yet been received. Accounts payable are taken up when the invoice has been received.

A financial asset is removed from the balance sheet (in whole or in part) when the rights in the contract have been realized or expired, or when the group no longer has control over them. A financial liability is removed from the balance sheet (in whole or in part) when the obligation in the agreement is fulfilled or otherwise extinguished. A financial asset and a financial liability are reported net in the balance sheet when there is a legal right to offset the reported amounts and the intention is to either settle the net or to realize the asset at the same time as the liability is settled. Gains and losses from removal from the balance sheet and modification are reported in the income statement. At each reporting date, the company evaluates the need for write-downs regarding expected credit losses for a financial asset or group of financial assets, as well as any other credit exposure.

Classification and valuation
Financial assets
Debt instruments: the classification of financial assets that are debt instruments is based on the group's business model for managing the asset and the nature of the asset's contractual cash flows. The instruments are classified as:

- Amortized cost,
- Fair value through other comprehensive income, or
- Fair value through profit or loss.

Financial assets classified at amortized cost are held in accordance with the business model to collect contractual cash flows that are only payments of principal and interest on the outstanding principal. Financial assets that are classified at amortized cost are initially valued at fair value with the addition of transaction costs. After the first reporting opportunity, the assets are valued according to the effective interest method. The assets are covered by a loss provision for expected credit losses. The group's financial assets, which are debt instruments classified at amortized cost, are shown in Note 5 Financial instruments.

The group does not hold any financial assets classified at fair value through other comprehensive income. The group also does not hold any financial assets that constitute debt instruments classified at fair value through profit or loss.

Financial liabilities
Financial liabilities, with the exception of contingent considerations, are classified at amortized cost. Financial liabilities reported at amortized cost are initially valued at fair value including transaction costs. After the first reporting occasion, they are valued at amortized cost according to the effective interest method. The group's contingent considerations are classified and reported as a financial liability valued at fair value through profit or loss.

Borrowing is classified as current liabilities unless the group has an unconditional right to defer payment of the debt for at least 12 months after the balance sheet date. Borrowing costs are reported in the income statement in the period to which they relate. Accrued interest is reported as part of current liabilities to credit institutions, in which case the interest is expected to be settled within 12 months from the balance date.

Fair value is determined as described in Note 5 Financial instruments.

Write-downs of financial assets
Financial assets, in addition to those classified at fair value through profit or loss or equity instruments valued at fair value through other comprehensive income, are subject to write-downs for expected credit losses. In addition, the write-down also includes contract assets that are not valued at fair value through profit or loss. Write-down losses on credit losses in accordance with IFRS 9 are forward-looking and a loss provision is made when there is an exposure to credit risk, usually at the first reporting date for an asset or receivable. Expected credit losses reflect the present value of all cash flow deficits attributable to default either for the next 12 months or for the expected remaining maturity of the financial instrument, depending on the asset class and on credit deterioration since the first reporting date.

The simplified model is applied to accounts receivable and contract assets. A loss reserve is reported, in the simplified model, for the expected remaining term of the receivable or asset.

For other items that are covered by expected credit losses, a write-down model with three stages is applied. Initially, and as of each balance sheet date, a loss reserve is reported for the next 12 months, alternatively for a shorter period of time depending on the remaining term (stage 1). If there has been a significant increase in credit risk since the first reporting occasion, resulting in a rating below the investment grade, a loss reserve is reported for the asset's remaining maturity (stage 2). For assets that are deemed to be credit impaired, provisions are still reserved for expected credit losses for the remaining term (stage 3). For credit-impaired assets and receivables, the calculation of interest income is based on the asset's carrying amount, net of loss provision, as opposed to the gross amount as in previous stages. The group's assets have been assessed to be in stage 1, i.e. there has been no significant increase in credit risk.

The valuation of expected credit losses is based on different methods, for credit-impaired assets and receivables an individual assessment is made where historical, current and forward-looking information is taken into account. The valuation of expected credit losses takes into account any collateral and other credit enhancements in the form of guarantees.

The financial assets are reported in the balance sheet at amortized cost, i.e. net of gross value and loss reserve. Changes in the loss reserve are reported in the income statement.

Inventory
Inventories are valued at the lower of cost and net realizable value. Acquisition value is calculated according to the so-called first-in-first-out principle and includes expenses incurred in acquiring the inventory assets and transporting them to their current location and condition. Net sales value is defined as sales price reduced for sales costs.

Cash and cash equivalents
Cash and cash equivalents consist of cash and immediately available balances with banks and corresponding institutions. Cash and cash equivalents are covered by the requirements for loss provision for expected credit losses.

Equity
All the company's shares are ordinary shares. The share capital is reported at the quota value of the ordinary shares and the excess part is reported as other contributed capital. Transaction costs that can be directly attributed to the issue of new shares are reported, net after tax, in equity as a deduction from the issue proceeds.

Provisions
A provision is reported in the balance sheet when the company has an existing legal or informal obligation as a result of an event that has occurred and it is probable that an outflow of financial resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the effect of timely payment is significant, provisions are calculated by discounting the expected future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks associated with the liability. Provisions are reconsidered at each balance date.

Contingent liabilities
A contingent liability is recognized when there is a possible liability arising from events that have occurred and the occurrence of which is confirmed only by one or more uncertain future events or when there is a liability that is not recognized as a liability or provision because it is not probable that an outflow of resources will be required.

Government grants
Government grants are only reported when there is reasonable assurance that the grant will be received and that the group will meet the conditions associated with the grant. Government grants attributable to assets are reported in the statement of financial position by the grant reducing the asset's reported value, which means that the grant is accrued during the asset's useful life in the form of lower amortization. Grants attributable to income are reported as part of the result by reducing corresponding costs. Grants are systematically accrued in the profit for the year in the same way and over the same periods as the costs the grants are intended to compensate for.

Cash flow
The cash flow statement is prepared according to the indirect method. This means that the result is adjusted with transactions that did not result in inflows or outflows and for income and expenses attributable to the investment and / or financing activities.

Note 10 Parent Company's Accounting Principles

The parent company prepares its financial reports in accordance with the Annual Accounts Act (1995: 1554) and the recommendation RFR 2 "Accounting for legal entities" issued by the Swedish Financial Reporting Board. The parent company applies the same accounting principles as the group with the exceptions and additions specified in RFR 2. This means that IFRS is applied with the deviations specified below. The accounting principles for the parent company set out below have been applied consistently to all periods presented in the parent company's financial reports, unless otherwise stated.

Arrangement
The income statement and balance sheet are prepared for the parent company in accordance with the Annual Accounts Act, while the statement of comprehensive income, the statement of changes in equity and the statement of cash flow are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows.

Leasing
The rules on accounting for leasing agreements in accordance with IFRS 16 are not applied in the parent company. This means that leasing fees are reported as an expense on a straight-line basis over the leasing period, and that right-of-use assets and leasing liabilities are not included in the parent company's balance sheet. However, identification of a leasing agreement is made in accordance with IFRS 16, i.e. that an agreement is, or contains, a leasing agreement if the agreement leaves the right to decide for a certain period on the use of an identified asset in exchange for compensation.

Income from shares in subsidiaries
Dividends are reported when the right to receive payment is deemed secure. Revenues from the sale of subsidiaries are reported when control of the subsidiary has been transferred to the buyer.

Taxes
In the parent company, deferred tax liabilities attributable to the untaxed reserves are reported with gross amounts in the balance sheet. The year-end appropriations are reported with the gross amount in the income statement.

Shares in subsidiaries
Shares in subsidiaries are reported in the parent company in accordance with the acquisition value method. This means that transaction costs are included in the reported value of the holding. In cases where the book value exceeds the companies' consolidated value, a write-down is made which is charged to the income statement. An analysis of write-downs needs is carried out at the end of each reporting period. In cases where a previous write-down is no longer justified, this is reversed.

Assumptions are made about future conditions to calculate future cash flows that determine the recoverable amount. The recoverable amount is compared with the reported value of these assets and forms the basis for any write-downs or reversals. The assumptions that affect the recoverable amount the most are future earnings development, discount rate and useful life. If future external factors and conditions change, assumptions may be affected so that the reported values of the parent company's assets change.

Group contributions and shareholder contributions
The parent company reports both received and paid group contributions and appropriations in accordance with the alternative rule. Shareholder contributions provided by the parent company are entered directly against equity at the recipient and are reported as shares and participations with the parent company. Shareholders' contributions received are reported as an increase in unrestricted equity.

Financial instruments
Due to the connection between accounting and taxation, the rules on financial instruments according to IFRS 9 are not applied in the parent company as a legal entity, but the parent company applies the acquisition value method in accordance with the ÅRL. In the parent company, financial fixed assets are thus valued at acquisition value and financial current assets according to the lowest value principle, with the application of write-downs for expected credit losses according to IFRS 9 regarding assets that are debt instruments. Contingent considerations are valued at the amount that the parent company deems would need to be paid if it was settled at the balance date.

The parent company applies the exemption not to value financial guarantee agreements for the benefit of subsidiaries and associated companies and joint ventures in accordance with the rules in IFRS 9, but instead applies the principles for valuation in accordance with IAS 37 Provisions, contingent liabilities and contingent assets.

Write-downs of financial assets
Financial assets, including intra-group receivables, are impaired for expected credit losses. For a method regarding write-downs for expected credit losses, see the group's accounting principles. Expected credit losses for intra-group receivables are estimated through the general model in which the group companies' creditworthiness is estimated.

Expected credit losses for cash and cash equivalents have not been reported, as the amount has been judged to be insignificant.

Fund for research and development
Expenses for game development are recognized in the parent company as intangible assets in accordance with the group's principles. In the parent company, amounts corresponding to development expenses are transferred from unrestricted equity to a fund for research and development expenses within restricted equity.

DEFINITIONS

Total revenue: Net revenue, own work capitalized and other revenue.

Total revenue growth: Increase in total revenue from the same period the previous year as a percentage.

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.

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

EBITDA margin (%): EBITDA as a percentage of net revenue.

EBITA: Operating profit before depreciation of intangible non-current assets.

EBITA margin (%): EBITA as a percentage of net revenue.

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

EBIT margin (%): Operating profit as a percentage of net revenue.

Net profit: Profit after tax for the period.

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

Equity ratio: Equity as a percentage of total assets.

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

Number of shares: Total number of shares outstanding.

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

FOR MORE INFORMATION, PLEASE CONTACT:

Robin Flodin, CEO
Mail: robin@enadglobal7.com
Phone: +46 70 477 06 34

EG7 IN SHORT

EG7 is a group within the gaming industry that develops, markets, publishes and distributes PC, console and mobile games to the global gaming market.

The company has 470+ game developers and develops its own original IPs and is a consultant to other companies worldwide through its game development divisions Daybreak Games, Piranha Games, Toadman Studios, Big Blue Bubble and Antimatter Games.

In addition, the group's marketing department Petrol has contributed to the release of 1,500+ titles, many of which are world-famous brands such as Call of Duty, Destiny, Dark Souls and Rage.

The group's publishing and distribution departments Innova and Sold Out hold expertise in both physical and digital publishing. The group is headquartered in Stockholm with approximately 845 employees in 15 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
Phone: +46 8 684 211 00

SIGNIFICANT EVENTS DURING THE QUARTER

EG7 successfully relaunches MechWarrior 5 which demonstrates the strength of the group companies collaborating and bringing products to market. The relaunch was profitable after a couple of weeks with SEK 22.7 million in revenue and SEK 4.6 million in profit the first five weeks

SIGNIFICANT EVENTS AFTER THE QUARTER

No significant events after the quarter.

ACCOUNTING PRINCIPLES

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). This is the group's second financial report in accordance with IFRS with a transition date of 1 January 2020. The group has previously applied BFNAR 2012:1 Annual Report and Consolidated Financial Statements (K3). The transition to IFRS has taken place in accordance with IFRS 1 “The first time IFRS is applied” and is described in more detail in Note 8 “Transition to IFRS” in this interim report.

AUDITING

This report has not been audited by the company’s auditor.

NEXT REPORT

The next financial report will be published:

- Quarter 3, 2021: November 25, 2021

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 6.00am CEST on August 26, 2021.

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, August 26, 2021

Robin Flodin	**Alexander Albedj**	**Gunnar Lind**	**Marie-Louise Gefwert**
Chief Executive Officer	*Chairman of the board*	*Member of the board*	*Member of the board*

Erik Nielsen	**Georgy Chumbridze**	**Jason Epstein**
Member of the board	*Member of the board*	*Member of the board*

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More information: www.enadglobal7.com

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