

# ENAD GLOBAL 7 AB (PUBL)

## ANNUAL REPORT 2019

### 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. Game development departments Toadman Studios and Antimatter Games employ over 100 game developers who develop their own games where EG7 owns the rights and also undertakes development assignments for other publishers around the world. The group's marketing agency Petrol Advertising Inc, has so far contributed to the release of at least 1,500 titles, many of which are for world famous brands such as Call of Duty, Destiny, Dark Souls and Rage. The group's publishing and distribution company Sold Out Sales & Marketing Ltd, through its experts offers both physical and digital publishing and has worked with Team 17, Rebellion and Frontier Developments. The group is headquartered in Stockholm with approximately 180 employees in 8 offices worldwide. The group's business model provides the conditions for close cooperation as well as stable cash flows. The company's strategy is to continue to grow by developing games in its existing offices, and to continue to work its way up the value chain by developing games with its own resources and publishing games on its own.

Nasdaq First North Growth Market Ticker Symbol: EG7

More information: [www.enadglobal7.com](http://www.enadglobal7.com)



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# AN INTERNATIONAL GAMING GROUP

Enad Global 7 AB (formerly Toadman Interactive AB) based in Stockholm, has had the business concept of developing games for a growing consumer market for players on a global basis since its inception in 2013. The focus is mainly PC and console games for core players. In 2019, the company expanded and widened its operations through significant acquisitions.

Enad Global 7 AB has three business areas, (i) game development - both in its own name and in consultancy assignments, (ii) consultancy activities regarding development strategies and marketing of games through the subsidiary Petrol Advertising Inc. in the US, and (iii) distribution of games as publisher - digital and physically through the subsidiary Sold Out Sales & Marketing Ltd in London, England. The business model provides the conditions for close cooperation as well as stable cash flows.

The result is an independent game development company that develops games based on own IP:s and that markets and distributes them to end customers. The company's strategy is to continue to grow by developing games in its existing offices, and to continue to work its way up the value chain by developing games with its own resources and publishing games on its own.

**Nasdaq First North Growth Market Ticker Symbol:** EG7

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# 2019 IN SUMMARY

## 2019 in Short - Group

- Net revenue amounted to SEK 151.6 (73.1 the previous year) million.
- EBITDA amounted to SEK 5.1 (6.4) million and EBIT amounted to SEK -20.7 (5.7) million.
- Profit after tax amounted to SEK -28.1 (4.0) million.
- Net debt <sup>1</sup> was SEK 99.5 (-14.6) million.

## Significant Events in the Financial Year

- Signed agreement with one of the world's largest gaming companies with an initial value of approximately SEK 9.5 million (\$ 1m).
- Signed agreement on game development with Fatshark to a value of SEK 13 million.
- Acquired all game rights for the game title Project Osiris from Leyou. The game will continue to evolve as its own title under the name EvilvEvil.
- Acquired the marketing firm Petrol.
- Acquired the game studio Antimatter Games.
- Acquired the assets of Tangentix with the Game Sessions platform.
- Acquired the game publisher Sold Out, thus creating a full-service concept in the gaming market.
- Switched list to Nasdaq First North Growth Market.

## 2019 in Short – Parent Company

- Net revenue amounted to SEK 67.9 (72.6) million.
- EBITDA amounted to SEK -1.9 (6.7) million.
- EBIT amounted to SEK -2.0 (6.6) million.
- Profit after tax amounted to SEK -5.0 (2.8) Mkr.

## Significant Events After the Financial Year

- Renamed Enad Global 7 (EG7) to clarify the new group structure.
- Published the vampire game EvilvEvil (Project Osiris).
- The title Zombie Army 4: Dead War, launched by the subsidiary Sold Out, was launched.
- The launch date for the Westmark Manor title was set to early summer 2020.
- Signed agreement to place the title Descenders and another unpublished title.
- The world is hit by Covid-19. EG7 copes well at the time of writing.

## THE GROUP FY 2019

NET SALES	EBITDA	CASH AT HAND	FTE	NUMBER OF PROJECTS	GROUP COMPANIES
152 MSEK	5 MSEK	106 MSEK	178	20+	8

<sup>1</sup> Net debt: Interest bearing debt less interest bearing assets and cash.

# A WORD FROM THE CEO

## Gaming Group Undergoing Rapid Growth

*"Our most important year thus far"*

In 2019, the focus was to build the group so that we could own a larger part of the value chain. This was achieved through the acquisition of the marketing company Petrol in the US and the publisher Sold Out in the UK. In addition, we added a gaming studio, Antimatter Games in the UK. With these acquisitions, we have also added nearly SEK 450 million in revenue. Both Petrol and Sold Out are stable cash flow generating companies and through these acquisitions we have dared to invest more in our own games and now have 5 own titles coming out in the years 2020-2022, as well as over 15 publishing titles in the pipeline. Therefore, the company is no longer dependent on one or a few titles being successful but can have a more long-term perspective to create a stable and successful company. It is now important for the businesses to integrate in a good way, further sharpen the strategy and the ambition is then to grow further both organically and through acquisitions. I look back on a 2019 that I am proud of and look forward to a brisk 2020.

### Acquisition of the Marketing Agency Petrol

During the year we acquired the world-leading US marketing agency Petrol Advertising. In tough competition in the global gaming market, it is important to have games that stand out and are discovered by players. We now strengthen our own muscles within the Group to market our games, while simultaneously offering services to other game developers and publishers.

### Acquisition of the Game Publisher Sold Out

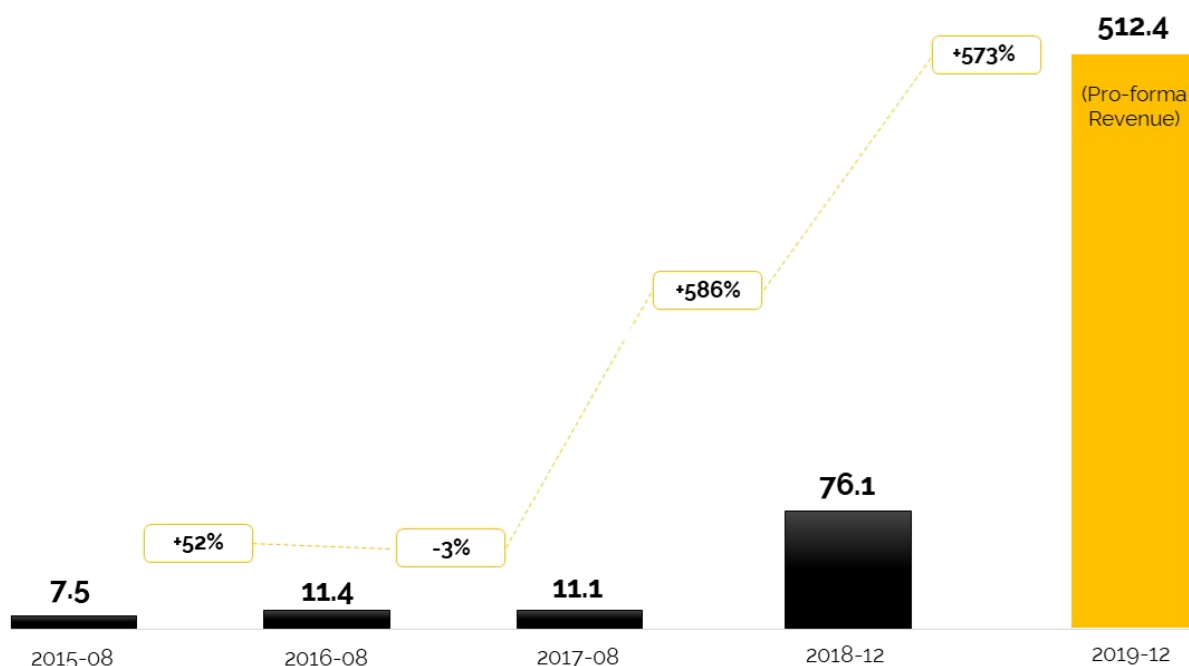
The next natural step was to investigate game publishers where Sold Out stood out as a very well managed and profitable one. Affinity emerged between us and in December we officially welcomed the founders James Cato and Garry Williams along with the 18 employees at Sold Out to our group family.

#### Robin Flodin

*Chief Executive Officer*

Enad Global 7 AB (publ)

### Total Revenue – Group (MSEK)



## BUSINESS MODEL AND VISION

EG7 specializes in PC and console games for core players and strives to become one of the world's leading developers and publishers in the genre.

One of the main principles for EG7's business philosophy is resource efficiency, which permeates both the company's business strategy and working methods. By communicating a clear and shared vision of the end product, keeping time-consuming processes such as meetings and approvals to a minimum and building a team of motivated and versatile individuals, EG7 has managed to achieve profitability and productivity. This provides the company with a stable platform for future growth. The management's many years of industry experience means that EG7 can identify and initiate discussions with potential acquisitions that can complement the company's offer. An acquisition-driven growth strategy also enables EG7 to strengthen its global presence and gain access to employees in new markets.







**20+**

**DEVELOPMENT AND  
PUBLISHING  
PROJECTS**



# SELECTION OF GAMING PIPELINE

Below follows an updated pipeline on EG7's current projects with planned release dates.

## ZOMBIE ARMY 4

Zombie Army 4: Dead War is a third person shooter developed by Rebellion Developments and published by Sold Out. The title is a spin-off of the well-known game series Sniper Elite.



4 February 2020

## WESTMARK MANOR

Westmark Manor is a story-driven survival game with elements of horror, mystery and the occult. The title is developed by Nodbrim Interactive and is published by Toadman Studios, which is entitled to a portion of the revenue generated by the game. The title will initially be digitally distributed through Steam.



Q2-Q3 2020

## MOVING OUT

Moving Out is a puzzle game developed by Team 17 and is published by Sold Out. In Moving Out, players can train alone or with friends to learn what it is like to move furniture. You thought moving was boring, think again!



28 April 2020

## NO STRAIGHT ROADS

No Straight Roads is a music-based action and adventure game developed by Metronomics and published by Sold Out. The title puts sound and music at the center with innovative weapons that allow the player to switch between rock and EDM.



30 June 2020



### EVILVEVIL

EvilvEvil is a vampire-themed first-person shooter developed by Toadman Studios, published by Sold Out and marketed by Petrol. The game has a story that is constantly updated based on the aggregated choices the players make. EvilvEvil also has a strong cooperative online element where players can collaborate with other players. EvilvEvil is a self-developed IP.



H2 2020

### RADICAL RABBIT STEW

Radical Rabbit Stew is an action arcade game developed by Pugstorm and published by Sold Out. Take your spoon and shoot the crazy rabbits to free the space chefs. Radical Rabbit Stew combines classic pixel graphics with easy-to-access gameplay.



16 July 2020

### '83

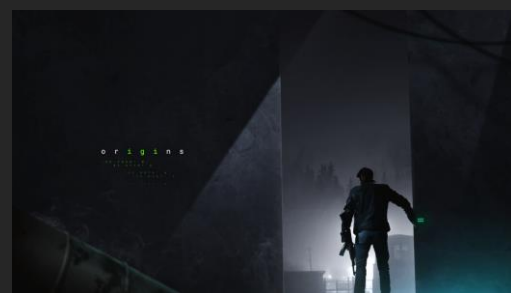
'83 is an FPS game developed by our studio Antimatter Games. The title takes place in a scenario where the Cold War is no longer cold. '83 puts two big platoons of players against each other in massive maps where they have to fight to reach a number of vulnerable targets. A wealth of weapons as well as land and air vehicles are available.



2021-2022

### PROJECT I.G.I

Project I.G.I, the sequel to the critically acclaimed game series, is being developed by Toadman Studios and Antimatter Games. The title is an FPS game where the player is asked to sneak undetected through the various levels. At the time of writing, the trailer for the game has over 1.1 million views.



2021-2022

### DESCENDERS

Descenders is a downhill mountain biking game developed by RageSquid and published by Sold Out. The game is a modern version of an extreme sport with procedurally generated tracks. Descenders will be available both physically and digitally on Playstation 4 and Nintendo Switch.



Q2-Q3 2020

### GESTALT: Steam & Cinder

Gestalt: Steam & Cinder is an action-adventure game developed by Metamorphosis Games and published by Sold Out. The title is inspired by steampunk and 16-bit games. Gestalt will be available for Nintendo Switch, Playstation 4, Xbox One and PC.



2020

### KEYWE

KeyWe is a postal distribution game developed by Stonewheat & Sons and published by Sold Out. Players take on the role of Jeff and Debra, two kiwi birds working in a small post office. The title is being developed for PC and will be launched in 2021.



2021

### DISJUNCTION

Disjunction is an action RPG game developed by Ape Tribe Games and published by Sold Out. The story takes place in a dystopian version of future New York City and takes the player on a journey with three main characters. The title will be released on Nintendo Switch, Playstation 4, Xbox One and PC.



Q3 2020



### **PROJECT ANUBIS**

An RPG game currently in test phase. Fully financed by Toadman, expected launch 2020-2021.



**2021-2022**

### **Project Hathor**

A prototype phase game based on a well-known IP. The game is fully funded by Toadman and is expected to launch in 2020.

**2020**

### **Block'n'Load 2**

Sequel to a game that Toadman owns and is out on the market. Expected launch 2020-2021.



**2020-2021**

### **UNDISCLOSED PROJECT**

TBA

### **UNDISCLOSED PROJECT**

TBA

## ACQUISITIONS IN 2019

### Petrol Advertising

At the end of June 2019, EG7 entered into an agreement with the owners of the world-leading US-based marketing agency Petrol Advertising on an acquisition for the equivalent of 171 MSEK.

The purchase price corresponds to a multiple of 6.8x times Petrol's 2018 adjusted EBIT. It is one of EG7's single largest acquisitions and the payment was partly in cash and partly in shares.

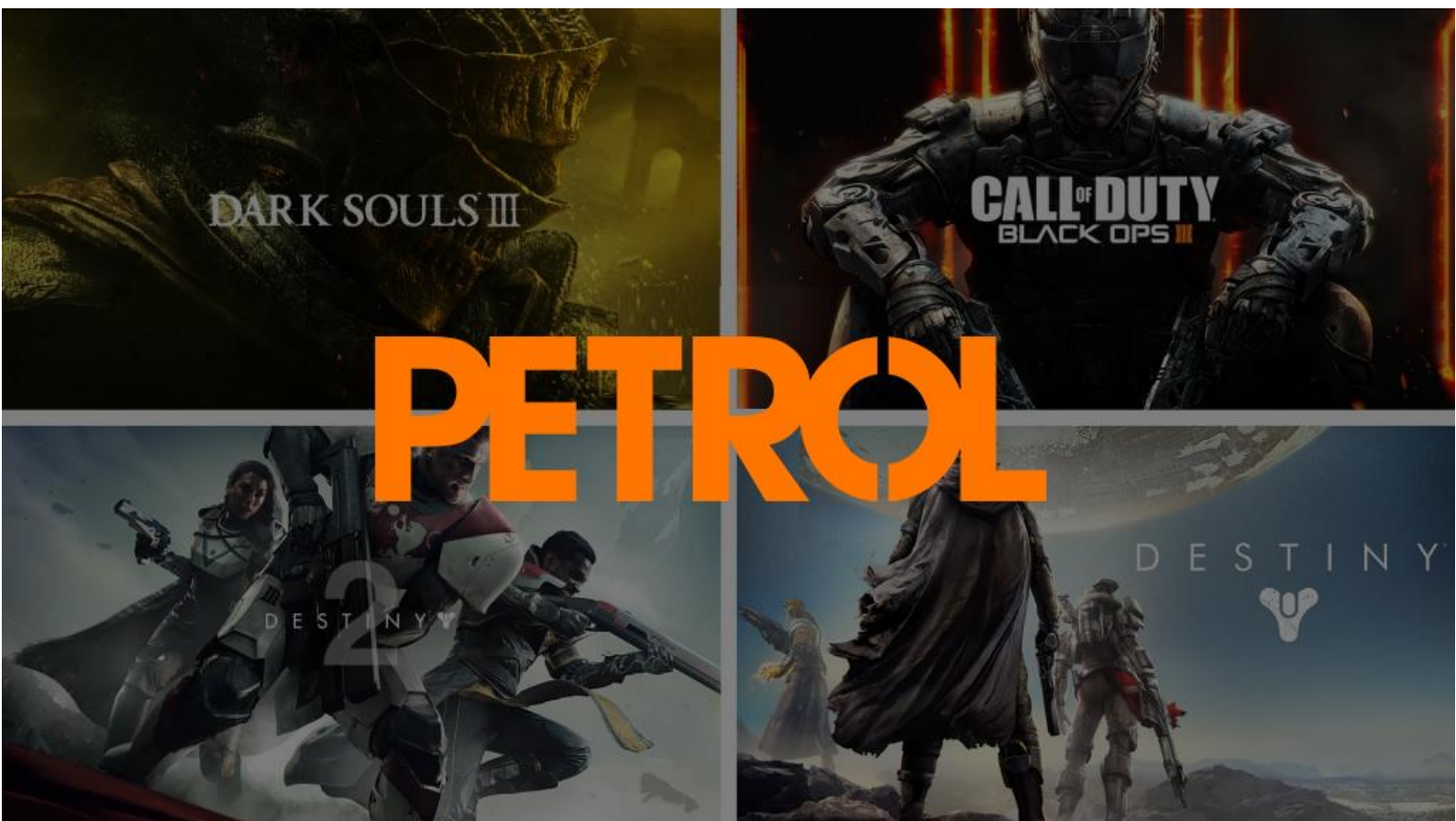
Of course, in tough competition in the global gaming market, it is important to have games that stand out and are discovered by players. Through the acquisition, EG7 gains world-leading expertise within the Group to market its own games, but also to be able to offer these services to other game developers.

The acquisition of Petrol also means new diversified revenue streams for the Group through Petrol's existing operations, which contributes to the Group's ongoing cash flow and reduces the overall business risk in the company.

By paying part of the acquisition in shares, this means that Petrol's founder has become a new major shareholder in EG7 and thus invested long-term in the company's success.

In 2019, Petrol celebrates 16 years as a company and having won over 170 industry awards through the times crowned by seven final places and three medals in the Promax Game Awards for:

1. Gold medal for best product logo design for Rage.
2. Silver medal for best box art for Call of Duty – Black Ops 4 Standard Packaging.
3. Silver medal for best box art (limited edition, special edition or collector's edition) – Call of Duty – Black Ops 4 Mystery Box Edition.





## **Antimatter Games**

The agreement to acquire the British gaming studio Antimatter Games is in line with the Group's goal to become a leading gaming group with its own games. Antimatter Games was acquired for a total of 1.58 MSEK (132 KGBP) including a cash balance of 3.45 MSEK (300 KGBP) included with the purchase.

Antimatter Games, founded in 2013, currently has 20 employees and is the largest game development studio in the south west of the United Kingdom. The acquisition means, among other things, that EG7 becomes the full owner of a game under development called '83. It is a game within the popular first-person shooter multiplayer genre that takes place in an alternate history as the Cold War gets hot and a new world war begins in 1983.

The first '83 trailer was released in March 2019 and has been viewed by hundreds of thousands of people on YouTube and received millions of views on other social media. '83 is expected to be ready for launch in 2021.

Antimatter Games had a turnover of approximately 14 MSEK in 2018 and made an operating profit (EBIT) of about 3 MSEK, which is mainly due to the development of the game Rising Storm 2.

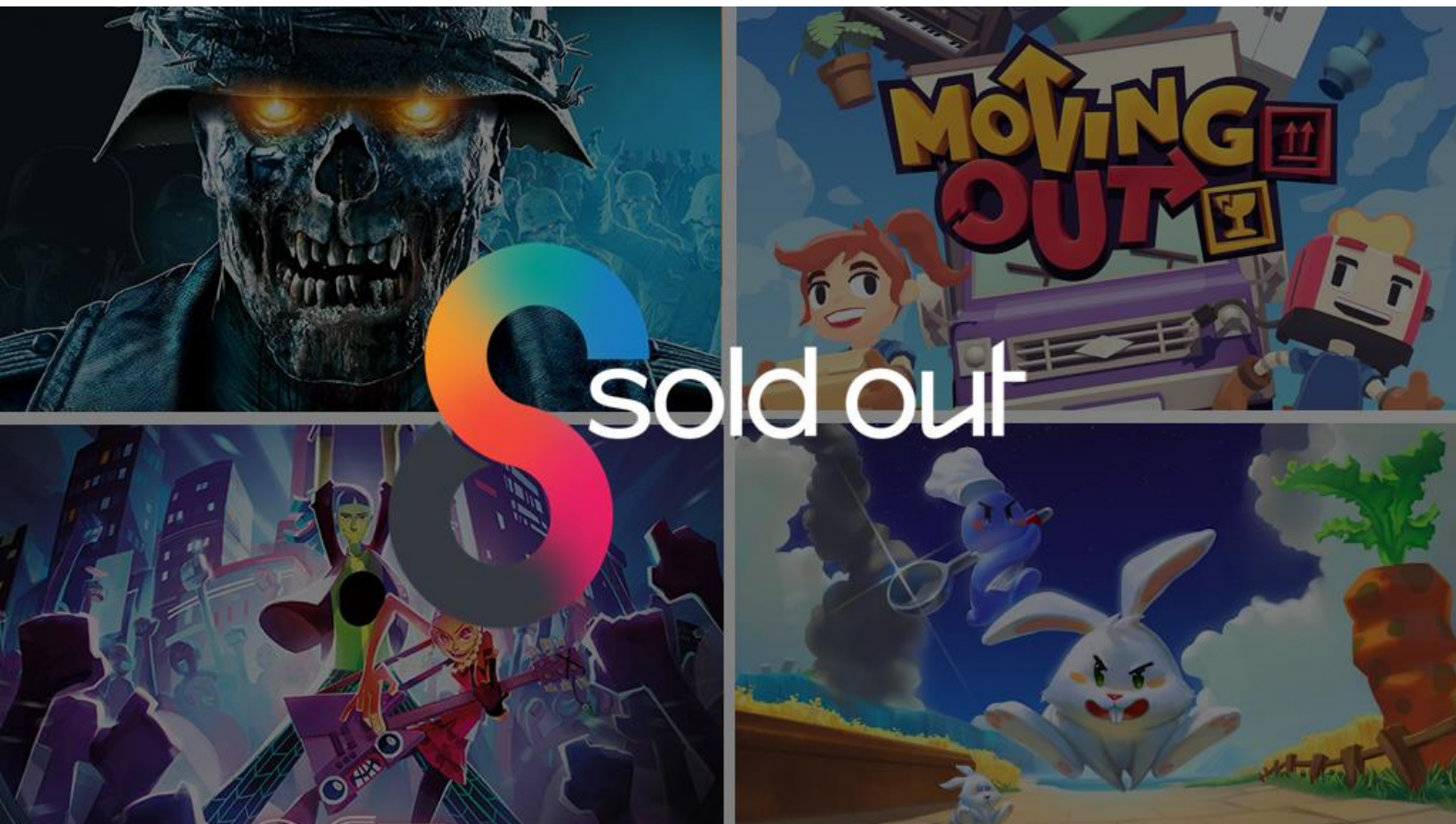
Antimatter Games and its employees will be consolidated with EG7's other game development operations, with significant cost and development synergies as a result.



## Sold Out

Sold Out is a London-based leading video game publisher and distributor specializing in digital and physical publishing (so-called publishing) for console and PC formats. Out 2014 was founded by Gary Williams and James Cato, who have decades of industry experience and recognized expertise from various game developers. Sold Out currently has 18 employees with a full-service offering for game developers who want to take their game titles to market, with services ranging from publishing and sales to marketing and lifecycle management.

Sold Out is proud to have a global network of distribution partners as well as strong relationships with platform owners and first parties, such as Sony, Microsoft, Nintendo, Steam and Epic Game Store. Their business model consists of three integrated processes to take a game title to the market; "Digital publishing", "Digital / Physical publishing" and "Physical publishing". Sold Out is particularly well positioned for the transformation from physical publishing to digital publishing, where the company has a strong market position to grow within the digital publishing segment.





# MANAGEMENT REPORT

The board and CEO hereby submit the annual report with consolidated group statements for the financial year 2019-01-01 – 2019-12-31.

All values in SEK thousands, KSEK.

## Operations

Enad Global 7 AB (formerly Toadman Interactive AB) based in Stockholm, has had the business concept of developing games into a growing consumer market for players on a global basis since its inception in 2013. The focus is mainly PC and console games for core players. In 2019, the company expanded and widened its operations through significant acquisitions.

Enad Global 7 AB has three business areas, (i) game development - both in its own name and in consultancy assignments, (ii) consultancy activities regarding development strategies and marketing of games through the acquisition of Petrol Advertising Inc., and (iii) distribution of games as publishers - digital and physically through the acquisition of Sold Out Sales & Marketing Ltd in London, England. The business model provides the conditions for close cooperation as well as stable cash flows.

The result is an independent game development company that develops games through its own investments and thus does not have to rely on external investments. The company's strategy is to continue to grow by developing games in its existing offices, and to continue to work its way up the value chain by developing games with its own resources and placing games on its own.

## Financial Development During the Year

### Group

2019 was very eventful with several acquisitions and two new business segments. Total revenues in the group were SEK 168.4 million.

Revenues in game development operations were SEK 85.4 million, compared with SEK 76.1 million last year. Adjusted for revenues in AntiMatter Games Ltd (acquired at the end of the first half), revenues increased by SEK 2.1 million compared with 2017/18 (however, revenues generated during 16 months). Total revenues in the new business segments together amounted to SEK 82.9 million.

Operating profit before depreciation was SEK 5.6 million in the group. The game development business reported a positive result. The marketing activities contributed greatly to the development of intra-group games as well as the development of a

new company profile, including a new company name, website for the group and related marketing activities. It took resources from the external business, resulting in a negative EBITDA for the second half of 2019. Publishing operations were consolidated for less than a month and ended just below zero.

Depreciation in 2019 amounted to SEK 25.9 million - an increase of SEK 25.2 million since the previous year. The largest item was amortization of goodwill of SEK 21.5 million. The goodwill was attributable to this year's major acquisitions - Petrol and Sold Out.

Net financial items were SEK -7.4 (0.7) million. The increased financing costs are mainly related to the bond loans issued during the year in connection with the acquisitions of Petrol and Sold Out.

The average number of employees during the financial year was 93.0 in the Group (cleared for 30 employees in the Russian subsidiary that are not yet consolidated). The number of employees at the end of the year was 178 (including 30 employees in Russia), compared with 73 the previous year. As a result, the number of employees increased by 105, of which this year's acquisition contributed 100 employees.

### Parent Company

Total revenue in 2019 was SEK 80.7 million, an increase given that the previous financial year consisted of 16 months compared to 12 months in 2019. Activation of own work increased by SEK 10.6 million in 2019.

Direct costs in the Parent Company were SEK 45.5 (25.1) million - an increase which is explained by the fact that Artplant in Norway and Russia was part of the Group throughout the year 2019 and that AntiMatter Games was acquired at the end of the first half.

Other external expenses in the Parent Company were SEK 18.0 (25.2) million. Last year included an exceptional cost of SEK 8.2 million to terminate the collaboration with the agent Flashman.

Net financial items were SEK -6.7 (0.8) million and consisted of a premium (SEK 3 million) when issuing bond loans in connection with the acquisition of Sold Out. Interest costs for bond loans increased from zero to SEK -10.6 million.

## The Gaming Industry

The gaming industry continued to grow in 2019, generating \$ 152.1 billion in 2019 - a revenue increase of 9.6%. 55% or \$ 83.6 billion of this revenue relates to PC and console games.

The number of active players is estimated to be 2.2 billion, of which 47% is classified as paying players.

Asia Pacific (APAC) with China at the forefront is the largest geographic market and accounts for close to half of total sales. The second largest in

terms of turnover is North America, closely followed by Europe, the Middle East and Africa (EMEA). All geographic markets are expected to show continued strong growth in the coming years with an average global market growth (CAGR) of 9.0% by 2022.

Digital distribution of games on PC and console, via online platforms such as Steam, represented 79% of sales in 2019.

In the mobile segment, all sales are digital, but digital distribution also dominates when selling PC and console games.<sup>2</sup>

Financial Development - Group	2019	2017/2018
	12 months	16 months
Net revenue	151,644	73,110
Profit after financial items	-28,095	6,397
EBIT-margin	-13.66%	7.8%
Total assets	711,024	47,421
Equity ratio	35.17%	64.7%
Return on equity	-11.23%	20.9%
EBITDA	5,134	6,382
Total number of shares	31,209,159	15,178,761
Earnings per share	-0.9001	0.2608
Average FTE	93	79

Financial Development - Parent Company	2019	2017/2018	2016/2017	2015/2016	2014/2015
	12 months	16 months	12 months	12 months	12 months
Net revenue	67,888	72,573	10,975	11,354	7,515
Profit after financial items	-8,659	7,385	602	955	978
EBIT-margin	-2.91%	9.1%	6.6%	9.5%	15.2%
Total assets	656,709	46,360	6,202	3,902	1,732
Equity ratio	41.75%	69.3%	49.7%	44.2%	62.3%
Return on equity	-3.16%	41.9%	25.1%	68.2%	136.7%
EBITDA	-1,880	6,667			
Total number of shares	31,209,159	15,178,761			
Earnings per share	-0.1597	0.1832			
Average FTE	33	33	19	19	18

For definitions, refer to note 35.

<sup>2</sup> <https://www.gamesindustry.biz/articles/2019-12-17-gamesindustry-fry-biz-presents-the-year-in-numbers-2019>

## Risk and Uncertainty Factors

The description of risks can be divided into the following categories:

### Operational Risk:

The company is dependent on a few agreements with existing publishers for the development of their games - if the company fails to reach agreed targets, the compensation can be affected and the company's reputation damaged.

The launch of new proprietary game titles can generate lower revenue than expected. The company is dependent on retaining and being able to recruit key personnel.

The company's growth is dependent on license agreements for the gaming engine Stingray.

The company is dependent on well-functioning IT systems and is also exposed to risks related to it for data breaches, viruses, sabotage and other cyber-crimes.

### Financial Risk:

The company believes that the business is conducted in each country and between the countries in accordance with current tax legislation and practice, but in the event of any inaccuracy, the consequences could adversely affect the company's results.

Interest rate risk is the risk that the value of financial instruments will vary due to changes in market interest rates. The group has only interest-bearing financial assets in the form of bank balances. Changes in market interest rates are affected by a number of factors that are outside the company's control.

The group is exposed to foreign exchange risks as external income and certain expenses are denominated in foreign currency, mainly USD, EUR and GBP. This exposure is concentrated to the parent company, which signs contracts with game developers and retailers. These risks can in turn affect the profit.

### Strategic Risk:

In order to achieve the expected financial and strategic synergies of acquisitions, the company must rationalize, coordinate and integrate all operations conducted by the acquired business. If it fails, positive synergies can be lost and the results will fail.

The company may fail to develop and adapt to new technology.

The company operates in a competitive market and may fail with the choice of products to develop or techniques to use, which can lead to a deterioration in the market position.

## Risk Regarding Covid-19:

Refer to note 34.

## The Share and Shareholders

EG7's share is listed on Nasdaq First North Growth Market with the ticker 'EG7'. The price was SEK 18.90 as of the last trading day on December 30, 2019. As of the annual report's date of writing on March 25, 2020, the average price was SEK 28.49. The total number of shares outstanding is 31,209,159 as of December 31, 2019.

EG7's share is spread between about 2,000 owners. The company's original founders - Robin Flodin and Rasmus Davidsson - each have 12.2% of the share capital, closely followed by Alan Hunter and Ben Granados - former owners of Petrol Advertising - who own 7.4% each.

Shareholder (2019-12-31)	Number of shares	Capital %
Robin Flodin	3,815,691	12.2%
Rasmus Davidsson	3,815,691	12.2%
Alan Hunter	2,323,718	7.4%
Ben Granados	2,323,718	7.4%
Consensus Asset Management AB	2,039,000	6.5%
Johan Svensson	1,946,885	6.2%
Alexander Albedj	1,737,155	5.6%
Länsförsäkringar Fonder	1,425,000	4.6%
Garry Williams	1,386,320	4.4%
James Cato	1,386,320	4.4%
Other	9,009,661	28.9%
<b>Total</b>	<b>31,209,159</b>	<b>100.0%</b>

### Share Data

Marketplace	Nasdaq First North Growth Market
Date of listing	4 februari 2019
Industry	Communication
Ticker	EG7
ISIN-code	SE0010520106
Currency	SEK
Number of shares	31,209,159
Highest price 2019	23.00 SEK
Lowest price 2019	9.523 SEK
Closing price 2019	18.90 SEK
Certified Advisor	Eminova AB



## **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

### **Signed Gaming Agreements**

#### **Game Development Agreement Project Ra**

In June, EG7 signed an agreement with one of the world's largest gaming companies with an initial value of approximately SEK 9.5 million (\$ 1m). The project was completed during the financial year.

#### **Game Development Agreement with Fatshark**

In July, EG7 signed a game development agreement with Fatshark worth SEK 13 million. The contract extends to the fourth quarter of 2020.

#### **Buy-out Project Osiris from Leyou**

In December, a buy-out of the game title for the game title Osiris from Leyou was carried out. The game will continue to evolve as its own title under the name EvilvEvil. The game is planned to be launched on the market during 2020. The purchase price was a total of SEK 84.8 million (USD 9.1 m).

#### **EG7 to Nasdaq First North**

At the beginning of the year, EG7 switched to Nasdaq First North Growth Market from the Nordic Growth Market (NGM MTF). The aim was to reach a larger capital market and a trading venue that could attract international interest. The first trading day on the Nasdaq was February 4, 2019.

### **Acquisitions in 2019**

#### **Petrol Advertising Inc**

In late June, the US marketing agency Petrol Advertising Inc. was acquired in Burbank, California, USA. The price was initially a total of SEK 171 million (\$ 18 million). The company's book value is SEK 222 million, including capitalized acquisition costs and a reserve for supplementary purchase price, which will be paid in June 2020.

#### **Antimatter Games Ltd**

The British game studio Antimatter Games, located in Cornwall, England, was also acquired at the end of June. The purchase price was SEK 1.58m (GBP 132,000). The book value is SEK 1.7 million.

#### **Game Sessions**

In October, the assets of the English company Tangentix Ltd were acquired, which was undergoing reconstruction / closure. The Game Sessions platform has been developed for a long time and can offer the market digital sales and distribution of computer games.

#### **Sold Out Sales and Marketing Ltd**

On December 12, 2019, Sold Out - a London-based leading video game publisher and distributor specialized in digital and physical publishing (so-called "publishing") for console and PC formats was acquired. The purchase price for 100% of the share capital was SEK 209.3 million (GBP 16 m) and an agreed additional purchase price of SEK 64.6 million (GBP 5.2 m). The company's book value is SEK 288 million at year-end.

Sold Out has a global network of distributor partners as well as strong relationships with platform owners and "first parties", e.g. Sony, Microsoft, Nintendo, Steam and Epic Game Store.

#### **Rights Issues**

In March, EG7 implemented a distribution issue to increase the liquidity of the share. The issue was subscribed to 135% and provided the company with just over SEK 20 million before issue costs and more than 1,500 new shareholders.

In connection with the acquisitions, shares were issued as part of the purchase price - in June at the acquisition of Petrol and in December at the acquisition of Sold Out. In connection with the Sold Out acquisition, shares were also issued to the external market in the form of targeted issues.

In August, the additional purchase price, which was agreed upon the acquisition of Artplant in June 2018, was settled. The additional purchase price was regulated in its entirety through a directed issue to the sellers.

#### **Bond Debt**

EG7 signed a bond loan limit of SEK 500 million in June with maturity in June 2022. During the year, covered bonds totaling SEK 220 million were issued in connection with the acquisitions of Petrol (SEK 120 million at a price of 100% of the nominal amount) and Sold Out (SEK 100 million at a price of 103% of the nominal amount).

The bond loan has a fixed interest rate of 12%. The bond loan will be secured by pledge of shares in the company's tangible subsidiaries. The bond has a maturity of 3 years and the first possible repayment date falls after 18 months. The bond loan is traded on Nasdaq First North. The investors in the Bond issues are Nordic institutions and private individuals.

#### **Business Areas**

At the end of the 2019 fiscal year, EG7 has three business areas - game development, marketing and publishing.

### **Research and Development**

EG7's various branches of research have different elements of research and development. In the game development business, development work leads to games, which are launched and sold through various sales channels.

For games that are developed on their own behalf, EG7 applies the 'activation model'. During the financial year, the parent company capitalized its own expenses to a value of SEK 11.1 million. The Norwegian subsidiary Artplant has several own games - such as IGI, Sky Fighter Legends and Riding Club Championships. In addition, the game platform Selene has been developed.

### **Environmental Impact**

The company does not conduct any business that is subject to a permit.

### **Foreign Subsidiaries**

EG7 operates in six countries - Sweden, Germany, Norway, Russia, USA and the UK.

## Changes in Equity - Group

(KSEK)				31-12-19
	Share Capital	Other Shareholder Contributions	Other Equity Incl. Net Profit	Total Equity
<b>Opening balance 2019-01-01</b>	569	24,635	5,458	30,662
Transactions with shareholders:				
Rights issues	636	247,455		248,091
Rights issues transaction costs				0
Bonus issue	43		-43	0
Exchange difference foreign subsidiaries			-2,073	-2,073
Deferred tax on equity			1,538	1,538
Net profit for the period			-28,092	-28,092
<b>Closing balance 2019-12-31</b>	<b>1,248</b>	<b>272,090</b>	<b>-23,212</b>	<b>250,126</b>

## Changes in Equity - Parent Company

(KSEK)					31-12-19
	Share Capital	Capitalization Reserve	Share Premium Reserve	Accumulated Profit	Total Equity
<b>Opening balance 2019-01-01</b>	569	458	24,635	1,097	29,540
Net profit previous year				2,782	2,782
Transactions with shareholders:					
Rights issues	636		247,454		248,091
Bonus issue	43			-43	0
Capitalization reserve		95,870		-95,870	0
Deferred tax on equity			1,538		1,538
Net profit for the year				-4,985	-4,985
<b>Closing balance 2019-12-31</b>	<b>1,248</b>	<b>96,328</b>	<b>273,628</b>	<b>-97,019</b>	<b>274,185</b>

## Allocation of Profit (SEK)

### *Proposed allocation of the company's profit*

At the Annual General Meeting's disposal stands	
accumulated profit	-92,034,094
share premium reserve	273,628,051
loss of the year	-4,984,824
	176,609,133
The board proposes that	
the following is carried forward	176,609,133
	176,609,133

Regarding the company's income and position in general, reference is made to subsequent income statements and balance sheets with accompanying notes.



# Income Statement

	Note	Group		Parent Company	
		2019-01-01 2019-12-31	2017-09-01 2018-12-31	2019-01-01 2019-12-31	2017-09-01 2018-12-31
		12 months	16 months	12 months	16 months
Net revenue	2, 3	151,644	73,110	67,888	72,573
Own work capitalized		12,765	1,516	11,084	458
Other revenue		3,942	1,485	1,703	1,785
<b>Total revenue</b>		<b>168,351</b>	<b>76,111</b>	<b>80,675</b>	<b>74,816</b>
<i>Operating expenses</i>	4				
Cost of goods sold		-51,257	-16,183	-45,527	-25,067
Other external expenses	5, 6	-36,074	-27,158	-18,011	-25,188
Personnel expenses	7,8,9	-75,409	-26,199	-18,538	-17,894
Other expenses		-478	-189	-478	0
		-163,218	-69,729	-82,554	-68,149
<b>Operating profit before depreciation and amortization (EBITDA)</b>		<b>5,133</b>	<b>6,382</b>	<b>-1,879</b>	<b>6,667</b>
Depreciation and amortization		-25,853	-654	-95	-99
<b>Operating profit (EBIT)</b>		<b>-20,720</b>	<b>5,728</b>	<b>-1,974</b>	<b>6,568</b>
<i>Financial items</i>					
Profit from other securities and receivables that are fixed assets	10	0	-72	0	-72
Other interest income and similar items	11	4,581	849	4,054	847
Other interest income from group companies		0	0	102	45
Interest expenses and similar income items	12	-11,956	-108	-10,579	-3
Interest expenses to group companies		0	0	-262	0
<b>Financial net</b>		<b>-7,375</b>	<b>741</b>	<b>-6,685</b>	<b>889</b>
<b>Provisions</b>	25	<b>0</b>	<b>0</b>	<b>3,333</b>	<b>-2,773</b>
<b>Profit before tax</b>		<b>-28,095</b>	<b>6,469</b>	<b>-5,326</b>	<b>4,684</b>
Tax expense for the period	13	3	-2,439	341	-1,831
<b>NET PROFIT</b>		<b>-28,092</b>	<b>4,030</b>	<b>-4,985</b>	<b>2,853</b>

The comparative figures for the full year 2018 cover 16 months instead of 12 as a result of the transition to the calendar year as a financial year.

# Balance Sheet

	Note	Group		Parent Company	
		2019-12-31	2018-12-31	2019-12-31	2018-12-31
<b>ASSETS</b>					
<b>Non-current assets</b>					
<i>Intangible non-current assets</i>					
Expenses carried forward for R&D and similar items	14	105,179	8,162	96,328	458
Goodwill	15	405,031	0	0	0
		510,210	8,162	96,328	458
<i>Tangible non-current assets</i>					
Fixtures, tools and installations	16	8,999	247	480	152
		8,999	247	480	152
<i>Financial non-currents assets</i>					
Shares in group companies	17	0	0	520,381	7,603
Receivables from group companies	18	0	0	599	698
Deferred tax assets	19	2,229	852	1,880	0
Other long-term receivables	20	305	8	27	0
		2,534	860	522,887	8,301
<b>Total non-current assets</b>		<b>521,743</b>	<b>9,269</b>	<b>619,695</b>	<b>8,911</b>
<b>Current assets</b>					
<i>Inventory etc.</i>					
Prepared goods and goods for sale	21	12,118	0	0	0
		12,118	0	0	0
<i>Current receivables</i>					
Accounts receivables		49,700	21,008	5,925	21,008
Receivables from group companies		0	0	424	2,367
Current tax receivable		2,062	0	0	0
Other receivables		3,333	336	667	330
Accrued but not invoiced revenue		2,722	1,403	2,722	1,403
Prepayments and accrued income	22	13,606	809	1,388	791
		71,423	23,556	11,126	25,899
<i>Cash and cash equivalents</i>					
Cash and cash equivalents		105,740	14,596	25,888	11,550
		105,740	14,596	25,888	11,550
<b>Total current assets</b>		<b>189,281</b>	<b>38,152</b>	<b>37,014</b>	<b>37,449</b>
<b>TOTAL ASSETS</b>		<b>711,024</b>	<b>47,421</b>	<b>656,709</b>	<b>46,360</b>

	Note	Group		Parent Company	
		2019-12-31	2018-12-31	2019-12-31	2018-12-31
<b>EQUITY AND LIABILITIES</b>					
<b>Equity, group</b>					
Share capital		1,248	569	-	-
Other contributed capital		272,090	24,635	-	-
Other equity including profit for the year		-23,212	5,458	-	-
		<u>250,126</u>	<u>30,662</u>		
<b>Equity, parent company</b>					
<i>Restricted equity</i>					
Share capital	23	-	-	1,248	569
Revaluation reserve	24	-	-	96,328	458
				<u>97,576</u>	<u>1,027</u>
<i>Unrestricted equity</i>					
Share premium reserve		-	-	273,628	24,635
Accumulated profit		-	-	-92,034	1,097
Profit for the year		-	-	-4,985	2,781
				<u>176,609</u>	<u>28,513</u>
<b>Total equity</b>		<b>250,126</b>	<b>30,662</b>	<b>274,185</b>	<b>29,540</b>
<b>Untaxed reserves</b>					
Tax allocation reserve	25	0	0	0	3,333
<b>Total untaxed reserves</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>3,333</b>
<b>Provisions</b>					
Deferred tax liability	19	758	1,530	0	0
Other provisions	26	110,414	6,049	110,414	6,049
<b>Total provisions</b>		<b>111,172</b>	<b>7,579</b>	<b>110,414</b>	<b>6,049</b>
<b>Non-current liabilities</b>					
Bond loan	27	204,187	0	204,187	0
Other liabilities		12,112	0	12,112	0
		<u>216,299</u>	<u>0</u>	<u>216,299</u>	<u>0</u>
<b>Current liabilities</b>					
Liabilities to credit institutions		1,080	0	1,080	0
Advance payments from clients		12,332	0	0	0
Accounts payable		16,654	915	7,595	175
Liabilities to group companies		0	0	22,255	0
Current tax debt		3,035	1,736	1,458	1,694
Other liabilities		63,649	1,586	0	687
Invoiced but not accrued revenue	29	0	1,575	0	1,575
Accrued expenses and prepaid income	28	36,677	3,368	23,423	3,307
		<u>133,427</u>	<u>9,180</u>	<u>55,811</u>	<u>7,438</u>
<b>Total liabilities</b>		<b>349,726</b>	<b>9,180</b>	<b>272,111</b>	<b>7,438</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>711,024</b>	<b>47,421</b>	<b>656,709</b>	<b>46,360</b>



# Cash Flow Statement

	Note	Group		Parent Company	
		2019-01-01	2017-09-01	2019-01-01	2017-09-01
		2019-12-31	2018-12-31	2019-12-31	2018-12-31
		12 months	16 months	12 months	16 months
<b>OPERATING ACTIVITIES</b>					
<b>Operating profit</b>		<b>-20,719</b>	<b>5,728</b>	<b>-1,975</b>	<b>6,568</b>
Adjustment for non cash flow items	30	23,784	785	95	99
Received interest etc.		3,527	849	3,102	892
Paid interest		-8,818	-108	-7,703	-2
Paid income tax		-3,004	-200	-236	-201
<b>Cash flow from operating activities before changes in working capital</b>		<b>-5,230</b>	<b>7,054</b>	<b>-6,717</b>	<b>7,356</b>
<b>Cash flow from changes in working capital</b>					
Decrease (-) / increase (+) of inventories / work in progress		-3,038		0	0
Decrease (-) / increase (+) of receivables		-40,978	-17,350	-45,556	-20,581
Decrease (-) / increase (+) of current liabilities		34,906	2,499	36,473	2,808
<b>Cash flow from operating activities</b>		<b>-14,340</b>	<b>-7,797</b>	<b>-15,800</b>	<b>-10,417</b>
<b>INVESTMENT ACTIVITIES</b>					
Acquisition of intangible fixed assets	14	-16,137	-985	-11,241	-458
Acquisition of property, plant and equipment	16	-1,614	-285	-423	-139
Acquisition of group companies	17	-104,016	-1,035	-178,927	-1,553
Acquisition of long-term securities		0	-6	0	-699
Sale of long-term securities		0	-72	0	-72
<b>Cash flow from investment activities</b>		<b>-121,767</b>	<b>-2,383</b>	<b>-190,591</b>	<b>-2,921</b>
<b>FINANCING ACTIVITIES</b>					
Rights issue of the year		18,603	24,704	18,603	24,704
Net change checking account		7,497	0	0	0
Long-term loans raised		202,128		202,128	
Dividend paid		0	-588	0	-588
<b>Cash flow from financing activities</b>		<b>228,228</b>	<b>24,116</b>	<b>220,731</b>	<b>24,116</b>
<b>CASH FLOW FOR THE PERIOD</b>		<b>92,121</b>	<b>13,936</b>	<b>14,340</b>	<b>10,778</b>
<b>Cash and cash equivalents at start of period</b>		<b>14,596</b>	<b>772</b>	<b>11,550</b>	<b>772</b>
Cash flow for the period		92,121	13,936	14,340	10,778
Exchange rate differences		-977	-112	-	-
<b>Cash and cash equivalents at end of period</b>	31	<b>105,740</b>	<b>14,596</b>	<b>25,890</b>	<b>11,550</b>



**DIVERSIFIED GAME  
PORTFOLIO WITH  
BOTH OWN IP AND  
WORK-FOR-HIRE**

# Notes

## Note 1

### **Accounting and valuation principles**

The annual report has been prepared in accordance with the Annual Accounts Act and BFNAR 2012: 1 Annual Report and Consolidated Accounts.

The principles are unchanged compared to the previous year.

### *Receivables*

Receivables have been valued at the amounts they are expected to receive.

### *Other assets, provisions and liabilities*

Other assets, provisions and liabilities have been valued at cost unless otherwise stated below.

### *Revenue reporting*

Income is recognized at the fair value of what has been or will be received. The company therefore recognizes the income at face value (invoice amount) if the compensation is received in liquid funds directly upon delivery. Deductions are made for discounts granted.

### *Services*

Revenue from consulting services is recognized as revenue when the services are provided.

### *Interest, royalty and dividends*

Remuneration in the form of interest, royalty or dividend is recognized as income when it is probable that the financial benefits associated with the transaction have been added to the group and when the income can be calculated reliably. Interest is reported using the effective interest method. Royalty is accrued in accordance with the financial significance of the current agreement. Dividends are reported when the shareholder's right to dividends is deemed secure.

### *Ongoing service assignments*

#### *Assignment on current account*

Revenue is recognized as the work is performed. Accrued, non-invoiced revenue is recognized in the balance sheet up to the amount that is expected to be invoiced and is reported in the item "Accrued but not invoiced revenue".

#### *Fixed price assignment*

Fixed-price service assignments are recognized as revenue as work is carried out, so-called successive profit settlement. When the outcome of an assignment can be reliably assessed, the assignment income and related expenses are reported according to the degree of completion of the activities in the agreement on the balance sheet date. Revenue is measured at fair value for compensation that has been received or will be received in relation to the degree of completion.

The difference between reported revenue and invoiced partial cash is reported in the balance sheet in the item "Accrued but not invoiced revenue".

When the outcome of an assignment cannot be reliably assessed, revenue is recognized only to the extent that assignment expenses have been incurred and can be recovered. Mission expenses are recognized in the period in which they arise.

The degree of completion has been calculated as discontinued assignment expenses on the balance sheet date in relation to the total estimated assignment expenses to fulfill the assignment.

When it is probable that the total contract expenses will exceed the total contract income, the expected loss is recognized immediately in the result.

#### *Tangible non-current assets*

Tangible non-current assets are reported at cost less accumulated depreciation and any write-downs. Assets are amortized on a straight-line basis over the asset's estimated useful life, except land that is not amortized. The useful life is reviewed on each balance sheet date. The following periods of use apply:

	Years
Inventories, tools and machines	3-5
Improvement leasehold	3-5

#### *Intangible assets*

Intangible assets are recognized at cost less accumulated depreciation and any impairment losses. Assets are amortized on a straight-line basis over the estimated useful life of the assets.

The useful life is reviewed on each balance sheet date. Ongoing projects are not depreciated but are written down annually. The following periods of use apply:

	Years
Expenses carried forward for R&D and similar items	5
Goodwill	5

Internally accumulated intangible fixed assets.

The Group applies the so-called the "activation model" regarding internally accumulated intangible assets. The method means that all expenses that meet the criteria in K3 are capitalized as intangible fixed assets and are amortized during the asset's estimated useful life.

#### *Leasing*

Lessees

Operational leasing

The group is a lessee through operational leasing agreements, as the financial risks and benefits associated with the asset have not been transferred to the group. Leasing fees, including any initial increased rent, are reported as an expense on a straight-line basis over the lease term.

In the parent company, all leasing agreements, both financial and operational, as well as operating leases are reported.

#### *Inventories*

Inventories are valued at the lower of calculated first-in-first-out, and net realizable value. The net realizable value has been calculated at the sales value after deduction of the estimated cost of sales, thus taking into account obsolescence.

#### *Income tax*

Current tax is income tax for the current financial year, which relates to the taxable profit for the year and the part of the previous financial year's income tax that has not yet been reported. Current tax is valued at the probable amount according to the tax rates and tax rules that apply on the balance sheet date.

Deferred tax is income tax for taxable profit for future financial years as a result of past transactions or events.

Deferred tax is calculated on temporary differences. A temporary difference exists when the carrying amount of an asset or liability differs from the tax value.

Deferred tax assets relating to loss carryforwards or other future tax deductions are reported to the extent that it is probable that the deductions can be offset against future tax surpluses.



For items recognized in the income statement, consequent tax is recognized in the income statement. For items recognized directly in equity, the tax is also reported directly in equity.

#### *Provisions*

Provisions are recognized when there is a legal or informal obligation as a result of a previous event, it is likely that an outflow of resources will be required to settle the obligation and the amounts can be reliably estimated. The timing or amount of the outflow may still be uncertain.

Provisions for restructuring are reported only if a defined and comprehensive restructuring plan has been prepared and implemented, or if the company has at least published the main features of the plan to those affected by it. Provisions are not recognized for expenses associated with future operations.

A provision is recognized at the best estimate of the amount required to settle the liability on the balance sheet date. Provisions are only used for the expenses for which the provision was originally intended. Provisions are discounted to their present values where the time value of money is significant.

#### *Employee benefits*

Employee benefits relate to all types of benefits that the group provides to employees. The group's remuneration includes, among other things, salaries, paid holidays, paid absenteeism, bonuses and remuneration after termination of employment (pensions). Accounting is done in line with earning.

#### *Defined contribution pension plans*

Fees for defined contribution pension plans are expensed as incurred.

The parent company has defined contribution pension obligations, which means that the company pays the pension contribution to an external pension insurer. Employees are allowed to manage their pension assets themselves.

#### *Receivables and liabilities in foreign currency*

Monetary receivables and liabilities in foreign currency have been converted at the closing day rate.

Exchange rate differences arising from settlement or translation of monetary items are recognized in the income statement in the financial year they arise, either as an operating item or as a financial item based on the underlying business event.

#### *Government grants*

The public contribution is valued at the fair value of the asset that the company has received or will receive.

Public grants that are not associated with requirements for future performance, so-called unconditional grants, are recognized as income when the conditions for receiving the grant are fulfilled, that is, usually in connection with the grant being received. Public grants that are associated with requirements for future performance, so-called conditional grants, are debited when the grant is received and subsequently recognized as income when the performance is performed.

#### *Public contributions in the parent company*

Public grants related to the acquisition of a current asset reduce the asset's acquisition value.

## *Consolidated statements*

### *Subsidiaries*

Subsidiaries are companies in which the parent company directly or indirectly holds more than 50% of the voting rights or otherwise has a controlling influence. Controlling influence means a right to formulate a company's financial and operational strategies in order to obtain financial benefits. The accounting of business acquisitions is based on the unit view. This means that the acquisition analysis is prepared at the time when the acquirer gains control. From this point onwards, the acquirer and the acquired entity are regarded as an accounting unit. The application of the unitary view also means that all assets (including goodwill) and liabilities, as well as income and expenses, are included in their entirety even for partly owned subsidiaries.

The acquisition value of subsidiaries is calculated at the sum of the fair value at the time of acquisition of assets paid, plus accrued and assumed liabilities and issued equity instruments, expenses directly attributable to the business acquisition and any additional purchase price. The acquisition analysis determines the fair value, with some exceptions, at the time of acquisition of acquired identifiable assets and assumed liabilities and minority interest. Minority interest is measured at fair value at the time of acquisition. From the date of acquisition, the acquired company's income and expenses, identifiable assets and liabilities, as well as any goodwill or negative goodwill, are included in the consolidated financial statements.

The Russian subsidiary OOO Artplant has not yet been consolidated with reference to ÅRL Chapter 7, 5§ p.2. We believe that this is of no decisive importance to give a true and fair view of the Group.

### *Goodwill*

Group goodwill arises when the acquisition value on acquisition of shares in subsidiaries exceeds the value determined by the acquired company's identifiable net assets in the acquisition analysis. Goodwill is recognized at cost less accumulated amortization and any impairment.

### *Negative goodwill*

Negative goodwill arises when the acquisition value for the acquisition of shares in subsidiaries is less than the value determined for the acquired company's identifiable net assets in the acquisition analysis.

If negative goodwill arises for future costs or future losses, negative goodwill is recognized as a provision in the balance sheet and is dissolved as the costs (losses) arise. If negative goodwill arises instead for other reasons, negative goodwill is reported as a provision in the balance sheet to the extent that it does not exceed the fair value of acquired identifiable non-monetary assets. The portion that exceeds this value is recognized immediately. The portion of negative goodwill that does not exceed the fair value of acquired identifiable non-monetary assets is recognized systematically over a period that is calculated as the remaining weighted average useful life of the acquired identifiable assets that is depreciable.

### *Subsidiaries abroad*

The company's foreign subsidiaries are accounted for using the so-called daily exchange rate method, which means that assets and liabilities are converted at the closing day rate and revenues and expenses are converted at the average rate.

### *Elimination of transactions between group companies and associated companies*

Intra-group receivables and liabilities, income and expenses and unrealized gains or losses arising from transactions between group companies are eliminated in their entirety.

## Note 2

Net revenue	Group		Parent Company	
	2019	2017/2018	2019	2017/2018
<i>Net revenue broken down by geographical area</i>				
Europe	7,946	16,217	6,666	15,680
North America	67,243	2,962	0	2,962
Other markets	76,455	53,931	61,222	53,931
	151,644	73,110	67,888	72,573

## Note 3

Purchases and sales within the group	Group		Parent Company	
	2019	2017/2018	2019	2017/2018
Percentage of sales pertaining to group companies	0	0	0	0
Percentage of purchases pertaining to group companies	0	0	90%	53%

## Note 4

Non-recurring expenses	Group		Parent Company	
	2019	2017/2018	2019	2017/2018
Buy-out of agent	0	8,200	0	8,200
	0	8,200	0	8,200

During the 2017/18 financial year, the company's earnings were charged with a one-off cost of \$ 1 million (SEK 8.2 million) as a result of the acquisition of Toadman's agent Flashman.

## Note 5

Leasing agreement - operational leasing lessee	Group		Parent Company	
	2019	2017/2018	2019	2017/2018
During the year, the company's leasing fees amounted to	5,693	4,212	3,193	3,380
<i>Future minimum lease fees for non-cancellable leases, are due for payment as follows:</i>				
Within 1 year	9,183	4,001	4,393	2,716
Between 2 and 5 years	14,595	2,691	8,504	2,205
	23,777	6,692	12,897	4,921

The table above presents the Group and the Parent Company's significant leasing agreements, which are reported as operating leases.

These leases concern local leases. The largest agreements are in the parent company. Two smaller agreements in Sweden are further leased out and will expire in 2019 and 2020. Moving components regarding the indexes heat and cooling as well as property tax are included. Rental income for 2019 was SEK 636 thousand and is estimated to be SEK 127 thousand during 2020.

## Note 6

Remuneration to auditors	Group		Parent Company	
	2019	2017/2018	2019	2017/2018
<b>2019 Ernst &amp; Young AB / 2018 Finnhammars Revisionsbyrå AB</b>				
Auditing services	868	161	868	161
Other services	612	27	612	27
<b>2019 Ernst &amp; Young AS / 2018 BDO AS</b>				
Auditing services	51	54	0	0
Other services	26	17	0	0
<b>Defriess Weiss LLP</b>				
Auditing services	202	0	0	0
Other services	6	0	0	0
	<u>1,765</u>	<u>259</u>	<u>1,480</u>	<u>188</u>

Audit assignments refer to the auditor's work for the statutory audit and to auditing various types of quality assurance services. Other services are those that are not included in audit assignments, audit activities or tax advice.



## Note 7

Personnel	Group		Parent Company	
	2019	2017/2018	2019	2017/2018

### **Average number of employees**

The average number of employees is based on attendance hours paid by the company in relation to a normal working time.

Average number of employees has been	93.0	47.0	33.0	26.0
of which women	18.0	5.0	4.5	3.0
of which men	75.0	42.0	28.5	23.0

### **Salaries, allowances, etc.**

Wages, allowances, employer's contributions and pension costs have emanated with the following amounts:

Board of Directors and the CEO:

Salaries and benefits	6,209	2,026	577	950
Pension costs	140	42	12	32
	<u>6,349</u>	<u>2,068</u>	<u>589</u>	<u>982</u>

Other personnel:

Salaries and benefits	50,374	18,606	12,414	12,358
Bonuses	3,858	0	0	0
Pension costs	1,330	427	515	366
	<u>55,562</u>	<u>19,033</u>	<u>12,929</u>	<u>12,724</u>

Social expenses	6,830	5,002	4,099	3,670
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Total board and others:	<u>68,741</u>	<u>26,103</u>	<u>17,617</u>	<u>17,376</u>
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### **Gender distribution in the board and company management**

Number of board members	4	4	4	4
of which women	1	1	1	1
of which men	3	3	3	3
Number of other executives incl. CEO	4	5	4	5
of which women	1	1	1	1
of which men	3	4	3	4

## Note 8

Average number of employees per country	Group		Parent Company	
	2019	2017/2018	2019	2017/2018
<i>The average number of employees is distributed among the following countries</i>				
The average number of employees is based on attendance hours paid by the company in relation to a normal working time.				
Sweden				
Women	4.50	3.00	4.50	3.00
Men	28.50	23.00	28.50	23.00
	33.00	26.00	33.00	26.00
Germany				
Women	2.00	1.00	0.00	0.00
Men	8.00	6.00	0.00	0.00
	10.00	7.00	0.00	0.00
Norway				
Women	0.50	0.00	0.00	0.00
Men	7.75	4.00	0.00	0.00
	8.25	4.00	0.00	0.00
UK				
Women	1.71	1.00	0.00	0.00
Men	8.04	9.00	0.00	0.00
	9.75	10.00	0.00	0.00
USA				
Women	9.00	0.00	0.00	0.00
Men	23.00	0.00	0.00	0.00
	32.00	0.00	0.00	0.00
Total women	17.71	5.00	4.50	3.00
Total men	75.29	42.00	28.50	23.00
	93.00	47.00	33.00	26.00

The average number of employees in the EG7 Group is 123, of which 102.29 are men when including the Russian employees.

Petrol and Antimatter Games were acquired at the end of June and the average number of employees is calculated for half the year. Sold Out was acquired on December 12, which means that the average number of employees is calculated as half a month in 2019.

As of year-end 2019-12-31, the total number of employees was 148, of which 33 were women in the Group. Including Russia, the number of employees is 178, of which 36 are women. Compared to 2018-12-31, the number of employees has increased by 105, of which 100 employees have joined the acquisitions.

## Note 9

Salaries to the Board and CEO	Group		Parent Company	
	2019	2017/2018	2019	2017/2018
Robin Flodin - CEO and board	497	626	497	626
Ola Nilsson - board	0	50	0	50
Rasmus Davidsson - board	0	50	0	50
Ted Löfgren - board	0	49	0	49
Marie-Louise Hellström Gefwert - board	30	100	30	100
Sven Folkesson - board	50	75	50	75
Management in other subsidiaries	5,632	0		
	6,209	950	577	950

The current agreement with the CEO means that the company and the CEO have a mutual notice period of one month, unless another longer notice period applies according to law or regulation. There is no agreement on severance pay.

The board of Enad Global 7 AB (publ) was expanded with a member at the extraordinary general meeting 2019-12-12. Gunnar Lind, with long experience from the gaming industry including in the Cherry companies, was then elected to the board of directors of Toadman Interactive AB (publ), later renamed to Enad Global 7 AB (publ).

## Note 10

### Profit from other securities and receivables that are fixed assets

	Group		Parent Company	
	2019	2017/2018	2019	2017/2018
Capital gains	0	-72	0	-72
	0	-72	0	-72

## Note 11

### Other interest income and similar items

	Group		Parent Company	
	2019	2017/2018	2019	2017/2018
Interest	63	0	0	2
Exchange rate differences	1,518	849	1,054	845
Obtained premium when issuing bond loans	3,000	0	3,000	0
	4,581	849	4,054	847

## Note 12

Interest expenses and similar income items	Group		Parent Company	
	2019	2017/2018	2019	2017/2018
Exchange rate differences on liabilities	478	96	478	0
Other interest expenses	9,420	12	8,042	3
Borrowing costs	2,058	0	2,058	0
	11,956	108	10,579	3

In June, EG7 signed an agreement with Carnegie to issue bonds trading on the Nasdaq First North Growth Market. When agreements were signed and when the new bonds were issued, the company paid fees and other borrowing costs.

During the year 2019, these costs were recorded as consultancy costs. In the annual report, fee and loan procurement costs are reported as other financial costs.



## Note 13

### Tax on profit for the year

	2019		2017/2018	
<b>Group</b>				
Current tax		-599		1,829
Deferred tax		602		610
		3		2,439
<b>Reconciliation of effective tax</b>	<b>Percentage</b>	<b>Amount</b>	<b>Percentage</b>	<b>Amount</b>
Profit before tax		-28,095		6,397
Tax expense	21.40%	6,012	22.00%	-1,407
Adjustment tax rate other countries		30		0
Non-deductible costs		-707		-881
Non-taxable income		36		65
Non-deductible interest		-584		0
Tax previous years		-15		0
Tax effect of reversal of accrual fund		-21		0
Non-reported deferred tax on temporary differences		-140		-216
Non-deductible goodwill		-4,608		0
<b>Reported tax</b>	<b>0.01%</b>	<b>3</b>	<b>38.10%</b>	<b>-2,439</b>
<b>Parent company</b>		<b>2019</b>		<b>2017/2018</b>
Current tax		0		-1,831
Deferred tax		341		0
		341		-1,831
<b>Reconciliation of effective tax</b>	<b>Percentage</b>	<b>Amount</b>	<b>Percentage</b>	<b>Amount</b>
Profit before tax		-5,326		4,612
Tax expense	21.40%	1,140	22.00%	-1,015
Non-deductible costs		-54		-881
Non-taxable income		0		65
Tax effect of reversal of accrual fund		-21		0
Non-deductible interest		-584		0
Non-reported deferred tax on temporary differences		-140		0
<b>Reported tax</b>	<b>6.40%</b>	<b>341</b>	<b>39.70%</b>	<b>-1,831</b>

## Note 14

### Expenses carried forward for R&D and similar items

	Group		Parent Company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Inbound acquisition value	15,939	0	458	-
Activation of the year	14,073	8,656	11,084	458
Reclassification	-403	-179	0	0
Acquired acquisition values	84,786	7,462	84,786	0
Translation difference	512	0	-	-
<b>Outgoing accumulated acquisition values</b>	<b>114,907</b>	<b>15,939</b>	<b>96,328</b>	<b>458</b>
Comprehensive depreciation	-6,270	0	0	0
Acquired depreciation	-	-5,776	0	0
This year's depreciation	-1,721	-494	0	0
Translation difference	-180	0	-	-
<b>Outgoing accumulated depreciation</b>	<b>-8,171</b>	<b>-6,270</b>	<b>0</b>	<b>0</b>
Comprehensive amortization	-1,507	0	0	0
Acquired amortization	0	-1,507	0	0
Translation difference	-50	0	-	-
<b>Outgoing accumulated amortization</b>	<b>-1,557</b>	<b>-1,507</b>	<b>0</b>	<b>0</b>
<b>Outgoing value</b>	<b>105,179</b>	<b>8,162</b>	<b>96,328</b>	<b>458</b>

EG7 develops its own games, which means that expenses are balanced as an intangible fixed asset. During the year, SEK 11.084 million was capitalized in the Parent Company. In December, EG7 repurchased the rights to Project Osiris / EvilEvil from Leyou worth \$ 9.1 million.

## Note 15

### Goodwill

	Group		Parent Company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Acquisitions of the year	428,989	0	0	0
Translation difference	-2,425	0	-	-
<b>Outgoing accumulated acquisition values</b>	<b>426,564</b>	<b>0</b>	<b>0</b>	<b>0</b>
This year's depreciation	-22,158	0	0	0
Translation difference	625	0	-	-
<b>Outgoing accumulated depreciation</b>	<b>-21,533</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Outgoing value</b>	<b>405,031</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Note 16

Fixtures, tools and installations	Group		Parent Company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Inbound acquisition value	451	156	295	156
Purchases	1,659	295	422	139
Acquired acquisition values	10,398	0	0	
Translation difference	-4	-	-	-
<b>Outgoing accumulated acquisition values</b>	<b>12,504</b>	<b>451</b>	<b>718</b>	<b>295</b>
Comprehensive depreciation	-204	-44	-143	-44
Acquired accumulated depreciation	-2,889	0	0	0
This year's depreciation	-418	-160	-95	-99
Translation difference	6	0	-	-
<b>Outgoing accumulated depreciation</b>	<b>-3,505</b>	<b>-204</b>	<b>-238</b>	<b>-143</b>
<b>Outgoing value</b>	<b>8,999</b>	<b>247</b>	<b>480</b>	<b>152</b>

## Note 17

### Shares in group companies

Company Registration number	Location	Amount/ Share %	2019-12-31	2018-12-31
			Reported value	Reported value
Toadman Interactive GmbH DE314775478	Berlin, Germany	25 000 / 100%	244	244
Artplant AS NO983807747 OOO Artplant (dotterbolag till Artplant AS) OGRN1106952017501	Oslo, Norway	1 152 / 100%	7,358	7,358
Anti-Matter Games Ltd 08543466	Tver, Russia Cornwall, UK	100%	0	0
Petrol Advertising Inc EIN: 84-2171339 Sold-out Marketing & Distribution Ltd Reg nr. 06989121	North Varney, USA	100 / 100%	1,726	0
Toadman Interactive Game Development AB Org nr. SE556930-6483	London, UK Stockholm, Sweden	2 / 100% 1 000 / 100%	288,575	0
			100	0
			520,381	7,602
<b>Information on equity and net profit</b>		<b>Equity</b>	<b>Net profit</b>	
Toadman Interactive GmbH		783	432	
Artplant AS		3,264	-87	
OOO Artplant (subsidiary to Artplant AS)		0	0	
Anti-Matter Games Ltd		4,480	519	
Petrol Advertising Inc		29,997	1,763	
Sold-out Marketing & Distribution Ltd		51,214	-1,893	
Toadman Interactive Game Development AB		100	0	
<b>Shares in group companies - change for the year</b>				
Inbound acquisition value		7,602	0	
Purchases		512,779	7,602	
<b>Outgoing accumulated acquisition values</b>		<b>520,381</b>	<b>7,602</b>	
<b>Outgoing value</b>		<b>520,381</b>	<b>7,602</b>	

## Note 18

### Receivables from group companies

	Parent Company	
	2019-12-31	2018-12-31
Inbound acquisition value	698	0
Incoming	0	981
Outgoing	-99	-283
<b>Outgoing accumulated acquisition values</b>	<b>599</b>	<b>698</b>
<b>Outgoing value</b>	<b>599</b>	<b>698</b>

Here, interest-bearing receivables are reported on subsidiaries in the group. The receivable comprises capital amounts including accrued interest. During the year, the receivable was partially amortized.

## Note 19

### Deferred tax

	Deferred tax receivables	Deferred tax liability
	2019-12-31	2019-12-31
<b>Group</b>		
Deficit deductibles	2,026	0
Other deductible temporary differences	203	0
Other taxable temporary differences	0	758
	<b>2,229</b>	<b>758</b>
	<b>2018-12-31</b>	<b>2018-12-31</b>
Deficit deductibles	852	0
Other deductible temporary differences	0	797
Other taxable temporary differences	0	733
	<b>852</b>	<b>1,530</b>
<b>Parent company</b>	<b>2019-12-31</b>	<b>2019-12-31</b>
In connection with acquisition of subsidiaries	1,880	0
	<b>1,880</b>	<b>0</b>
	<b>2018-12-31</b>	<b>2018-12-31</b>
Deferred tax	0	0
	<b>0</b>	<b>0</b>

## Note 20

### Other long-term receivables

	2019-12-31	2018-12-31
	<b>Group</b>	
Inbound acquisition values	8	0
Incoming receivables	297	8
<b>Outgoing accumulated acquisition values</b>	<b>305</b>	<b>8</b>
<b>Outgoing value</b>	<b>305</b>	<b>8</b>
<b>Parent company</b>		
Posted deposits	27	0
<b>Outgoing accumulated acquisition values</b>	<b>27</b>	<b>0</b>
<b>Outgoing value</b>	<b>27</b>	<b>0</b>

## Note 21

Inventory	Group		Parent Company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
<b>Prepared goods and goods for sale</b>				
Book value	12,118	0	0	0

In December, EG7 acquired the English publishing company Sold Out. The newly acquired subsidiary has physical stores with games for sale. At year-end, the stock was valued at SEK 12.118 million.

## Note 22

Prepayments and accrued income	Group		Parent Company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Prepaid rental costs	1,067	728	1,067	728
Prepaid lease	672	0	0	0
Accrued income	7,506	0	0	0
Other prepaid costs	4,361	81	321	63
	13,606	809	1,388	791

## Note 23

### Information on share capital (number/SEK)

	Number of shares	Share capital
Number / value at the beginning of the year	15,178,761	569
Dissemination issue	1,800,000	67
Bonus issue par value .04 SEK	0	43
Rights issue Petrol acquisition	4,647,435	186
Rights issue Artplant AS earn-out	465,323	18
Rights issue Sold Out acquisition	9,117,640	365
	31,209,159	1,248
Par value dissemination issue 0.037481		
Par value others 0.04		

## Note 24

Development expenditure fund	Parent Company	
	2019-12-31	2018-12-31
Amount at the beginning of the year	458	0
Balancing of the year	95,870	458
<b>Amount at the end of the year</b>	<b>96,328</b>	<b>458</b>



## Note 25

Tax allocation reserves	Parent Company	
	2019-12-31	2018-12-31
Tax allocation reserve 2015	0	286
Tax allocation reserve 2016	0	274
Tax allocation reserve 2017	0	2 773
	0	3 333
Deferred tax in untaxed reserves	0	733

## Note 26

Other provisions	Group		Parent Company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Reported value at the beginning of the year	6,049	0	6,049	0
Provisions for the year	110,414	6,049	110,414	6,049
Amount claimed during the year	-6,049	0	-6,049	0
<b>Reported value at year-end</b>	<b>110,414</b>	<b>6,049</b>	<b>110,414</b>	<b>6,049</b>

Refers to provisions for additional purchase price in the acquisition of subsidiaries.

## Note 27

Non-current liabilities	Group		Parent Company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Bond debt	220,000	0	220,000	0
Capitalized borrowing costs	-15,813	0	-15,813	0
	204,187	0	204,187	0
Other non-current liabilities	12,112	0	12,112	0

In June, EG7 signed an agreement with Carnegie to issue bonds for trading on the Nasdaq First North Growth Market. When the agreement was concluded, and when new bonds were issued, the company paid fees and other borrowing costs.

During the year, these costs were balanced as prepaid expenses. In the annual report, the prepaid fees and loan procurement costs are reported as a reducing item against the debt, which is dissolved during the loan's term.

## Note 28

Accrued expenses and prepaid income	Group		Parent Company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Prepaid rental income	41	117	41	117
Accrued salaries, holiday pay and employer's contributions	11,586	2,928	3,093	2,928
Accrued acquisition costs	5,856	0	5,856	0
Buy-out Project Osiris short-term portion	12,112	0	12,112	0
Other accrued expenses and prepaid income	7,082	323	2,321	262
	36,677	3,368	23,423	3,307

## Note 29

Invoiced but not accrued revenue	Group		Parent Company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Assignments with successive profit settlement				
Accrued income	0	-11,714	0	-11,714
Invoiced amount	0	13,289	0	13,289
	0	1,575	0	1,575

## Note 30

Adjustments for non cash flow items	Group		Parent Company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Depreciation	25,875	654	95	99
Unrealized exchange rate gains / losses	0	131	0	0
Other items	-2,091	0	0	0
	23,784	785	95	99

Other items of -2,091 in the Group at year-end relate to revenues as a result of negative goodwill on the consolidation of Antimatter Games Ltd.

## Note 31

Cash and cash equivalents	Group		Parent Company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Cash and bank, available cash and cash equivalents	104,472	13,028	24,622	9,982
Blocked funds	1,268	1,568	1,268	1,568
	105,740	14,596	25,890	11,550

## Note 32

### Allocation of profit or loss

#### *Proposed allocation of the company's profits*

At the Annual General Meeting's disposal stands

accumulated profit	-92,034
share premium reserve	273,628
loss of the year	-4,985
	<hr/>
	176,609

The board proposes that

the following is carried forward

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176,609

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176,609

## Note 33

### Pledged collateral

	Group		Parent Company	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
Mortgaged shares in subsidiaries	212,312	0	229,980	0
Blocked bank funds (rent deposits)	1,268	1,568	1,268	1,568
	<hr/>	<hr/>	<hr/>	<hr/>
	213,580	1,568	231,248	1,568
<b>Liabilities for which collateral has been pledged</b>				
Bond debt	220,000	0	220,000	0
Mortgaged shares in subsidiaries	212,312	0	229,980	0

## Note 34

### Significant Events After the End of the Financial Year

#### PARENT COMPANY BECOMES ENAD GLOBAL 7

At the end of January, the Board of Directors called an Extraordinary General Meeting with a proposal to change the parent company's name to Enad Global 7 AB (EG7). The new company name was registered with the Swedish Companies Registration Office on March 19, 2020.

The strategic motive for the change of name to Enad Global 7 is to clarify the group structure and highlight the role of the parent company as a holding company. In the spring of 2020, the Swedish studio operations will be moved to a newly formed wholly owned Swedish subsidiary - Toadman Interactive Game Development AB.

## CORONAVIRUS (COVID-19)

Since the turn of the year, the conditions for doing business and expectations for the world economy have been characterized by the development of the Corona Covid-19 pandemic. It is a new phenomenon that came unexpectedly. With a rapid course of events, it can be difficult to see how it will develop.

**The gaming industry** is normally not cyclically sensitive. During the spring, citizens in many countries were encouraged to stay at home, which has led to increased demand for computer games.

**The publishing business** sees effects in the physical distribution as many stores are closed and transport becomes more difficult. However, these games can also be purchased online and in convenience stores. During 2020, the publishing business has several digital releases, which is favorable in the current situation.

**The marketing business** has noted that many customers are rethinking their marketing activities and planning them for the second half of the year.

**The game development business** has no negative consequences as a result of the pandemic. The game developers are used to working remotely and working on their own titles or in consultancy assignments at normal pace.

**Staff well-being** is important in the EG7 group. Employees are already used to working digitally and jointly between different companies and countries. Almost all employees work from home.

**Financing / liquidity** - The EG7 group invests in its own games and acquires companies and businesses that complement existing ones. This requires capital and financial muscle. The new business areas - marketing and publishing operations - contribute to positive cash flow. Large acquisitions require a functioning capital market and access to liquid funds. EG7 has so far not encountered difficulties in filling up issues or borrowing capital. However, with the current uncertain situation, that situation may change.

## Note 35

### Definitions

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

**Profit after financial net:** Profit after financial net but before tax.

**Operating margin (EBIT-margin):** Operating profit before financial items and tax as a percentage of net revenue.

**Total assets:** The value of the total assets at year-end.

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

**Return on equity:** Profit after financial net as a percentage of adjusted equity.

**EBITDA:** Earnings before interest, tax, depreciation and amortization of intangible fixed assets.

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

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

**Average FTE:** Average number of full-time employees during the financial year.

# THE BOARD'S DECLARATION

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

Stockholm, April 8, 2020

<b>Robin Flodin</b>	<b>Alexander Albedj</b>	<b>Sven Folkesson</b>	<b>Marie-Louise Gefwert</b>	<b>Gunnar Lind</b>
<i>CEO and board member</i>	<i>Chairman of the board</i>	<i>Member of the board</i>	<i>Member of the board</i>	<i>Member of the board</i>

Our auditor's report has been submitted April 8, 2020  
Ernst & Young AB

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Beata Lihammar  
Authorized Public Accountant



## Auditor's report

To the general meeting of the shareholders of Enad Global 7 AB (Publ),  
corporate identity number 556923-2837

### Report on the annual accounts and consolidated accounts

#### Opinions

We have audited the annual accounts and consolidated accounts of Enad Global 7 AB (Publ) for the financial year 2019. The annual accounts and consolidated accounts of the company are included on pages 15-45 in this document.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

#### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### Other Information than the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises on pages 1-14 (but does not include the annual accounts, consolidated accounts and our auditor's report thereon).

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

## Appendix 2 Auditor's report for parent company preparing its consolidated accounts in accordance with the Annual Accounts Act

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

### Report on other legal and regulatory requirements

#### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Enad Global 7 AB (Publ) for the financial year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

#### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

#### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm 8 April 2020

Ernst & Young AB

Beata Lihammar  
Authorized Public Accountant

