



# ENAD GLOBAL 7

## EG7 Enters Into an Agreement to Acquire Big Blue Bubble

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INSIDE INFORMATION: Enad Global 7 AB (publ) ("**EG7**"), has today entered into an agreement with the owners of Canadian game developer Big Blue Bubble Inc. ("**Big Blue Bubble**") to acquire 100 percent of Big Blue Bubble (the "**Transaction**") for a consideration of CAD 16 million, plus an additional consideration of up to CAD 60 million, on a cash- and debt- free basis paid in cash and in newly issued EG7 shares (the "**Consideration**"). Big Blue Bubble is a gaming industry mainstay that has released more than 100 titles; its own IP as well as in partnership with world-class brands such as Disney, DreamWorks, Scholastic, and Nickelodeon. The studio's award-winning free-to-play (F2P) game franchise that spans mobile games such as My Singing Monsters, as well as IP licensing has generated over CAD 100 million in revenue over time. Through the acquisition, EG7 gains a reputable team of 70+ people across two offices in London, Ontario and San Francisco, California, respectively, as well as best-in-class internally developed and owned mobile technology to EG7. For the 12 month period ending on June 30, 2020, Big Blue Bubble generated net sales of approximately CAD 12 million and EBITDA of approximately CAD 3.5 million.

#### The Transaction in brief

- The Transaction is in line with EG7's previously communicated strategy to perform complementary acquisitions to establish a stronger industry position.
- The Transaction is expected to result in an increasingly diversified business model with recurring revenues from strong and profitable IP's.
- The consideration for 100 percent of the shares in Big Blue Bubble on a cash- and debt- free basis amounts to CAD 16 million, equivalent to SEK 106.4 million<sup>[1]</sup>, paid at closing (the "**Upfront Consideration**")
  - CAD 7.5 million, equivalent of SEK 49.9 million, of the Upfront Consideration will be paid with 1,311,111 EG7 shares (the "**Consideration Shares**"), based on the Volume Weighted Average Price ("**VWAP**") on Nasdaq First North Growth Market for the 20 consecutive trading days preceding this announcement (excluding today's trading) equal to SEK 38.05 per EG7 share.
  - 50 percent of the Consideration Shares will be subject to a 6-month lock-up and 50 percent subject to a 1-year lock-up from the date of completion of the Transaction.
  - CAD 8.5 million, equivalent of SEK 56.5 million, of the Upfront Consideration will be paid in cash.
- An additional consideration of up to CAD 60 million is payable subject to Big Blue Bubble generating a certain financial performance up to 3x EBIT during the fiscal years 2020 and 2021 (the "**Earn-Out Consideration**"), whereof up to 33.33 percent will be paid in newly issued shares in EG7 and the balance in cash ("**Earn-Out Consideration Shares**"). The price for the Earn-Out Consideration Shares will correspond to the VWAP on Nasdaq First North Growth Market for the 20 consecutive trading days preceding the payment.
- Completion of the Transaction is subject to customary conditions including foreign investment approval and closing is expected to take place during the fourth calendar quarter 2020.

#### Background and rationale

Big Blue Bubble is a gaming industry mainstay which has released more than 100 titles; its own IP as well as in partnership with world-class brands such as Disney, DreamWorks, Scholastic, and Nickelodeon.

My Singing Monsters the studio's award-winning free-to-play (F2P) game franchise, has generated over CAD 100 million in revenue. Big Blue Bubble has been the top grosser in the music genre F2P mobile games for 5+ years.

Within the EG7 Group, Big Blue Bubble will operate as an independent studio and will be reported as a separate entity. Big Blue Bubble will significantly strengthen EG7's development capabilities in Canada and the US. Future joint projects will combine the mobile and casual game knowledge of Big Blue Bubble, with the publishing, marketing and development knowledge of EG7.

#### Purchase Price, Earn-Out Consideration, Lock-Up Period

The upfront purchase price of CAD 16 million, equivalent to SEK 106 million, is paid with CAD 8.5 million cash, equivalent to approximately SEK 56.5 million, and CAD 7.5 million, equivalent to approximately SEK 49.9 million, is paid with 1,311,111 newly issued EG7 shares. The Consideration Shares are issued at a price of SEK 38.05 per share, equal to the VWAP on Nasdaq First North Growth Market for the 20 consecutive trading days preceding this announcement (excluding today's trading).

The Earn-Out Consideration, which is subject to Big Blue Bubble generating a certain financial performance during the fiscal years 2020 and 2021 amounts a maximum of CAD 60 million, will be paid with up to 33.33 percent in newly issued EG7 shares and the balance in cash. The price for the Earn-Out Consideration Shares will correspond to the VWAP on Nasdaq First North Growth Market for the 20 consecutive trading days preceding the payment.

50 percent of the Consideration Shares will be subject to a 6-months' lock-up period and 50 percent are subject to a 1-year lock-up period from the date of completion of the Transaction. 50 percent of the Earn-Out Shares will be subject to a 6 months lock-up period and the remaining 50 percent subject to 18 months' lock-up period from the date of issuance.

### **Issue of Consideration Shares and Earn-Out Consideration Shares**

The board of directors of EG7 will resolve to issue the Consideration Shares at completion of the Transaction pursuant to the authorization granted by the annual general meeting on May 7, 2020. The Earn-Out Consideration Shares will be issued after confirmation of Big Blue Bubble having reached the relevant financial performance.

The Consideration Shares represent 3.6 percent of the total number of shares and votes in EG7 on a fully diluted basis. By issuing the Consideration Shares, the number of shares and votes increase by 1,311,111. The share capital increases by approximately SEK 52,444.

The Consideration Shares are issued at a price of SEK 38.05 per share which equals the 20 day VWAP of EG7 shares on Nasdaq First North Growth Market up to and including August 26, 2020, and using the FX rate CAD/SEK of 6.6517 per August 26, 2020.

The Earn-Out Consideration Shares will at full allotment represent a maximum of 8.8 percent of the total number of shares and votes in EG7 on a fully diluted basis and the number of shares and votes may increase by a maximum of 3,496,294, based on a subscription price of SEK 38.05 per share. The share capital may increase with a maximum of approximately SEK 139,852. The number of shares and increase of share capital may be higher or lower depending on the share price development of the Company's shares.

The Earn-Out Consideration Shares are issued at a price equal to VWAP on Nasdaq First North Growth Market for the 20 consecutive trading days preceding the payment.

The Consideration Shares, and if all Earn-Out Consideration Shares are issued at a price of SEK 38.05 per share, will in total represent a maximum of 12.1 percent of the total number of shares and votes in EG7 on a fully diluted basis and the number of shares and votes may increase by a maximum of 4,807,405. The share capital may increase with a maximum of approximately SEK 192,296.

### **Closing of the Transaction**

Completion of the Transaction is subject to customary conditions including foreign investment approval and closing is expected to take place during the fourth calendar quarter 2020.

### **Advisers**

Baker McKenzie (Stockholm and Toronto) is acting as legal advisor to EG7 in the Transaction.

### **FOR MORE INFORMATION, PLEASE CONTACT:**

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### **ABOUT EG7**

EG7 is a group of companies within the gaming industry that develops, markets, publishes and distributes PC, console and mobile games to the global gaming market. The company employs 180+ game developers and develops its own original IP:s, as well as act as consultants to other publishers around the world through its game development divisions 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, of which many are world famous brands such as Call of Duty, Destiny, Dark Souls and Rage. The Group's publishing and distribution department Sold Out holds expertise in both physical and digital publishing and has previously worked with Team 17, Rebellion and Frontier Developments. The Group is headquartered in Stockholm with approximately 280 employees in 8 offices worldwide.

Nasdaq First North Growth Market Ticker Symbol: EG7

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*This press release constitutes inside information that Enad Global 7 AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation 596/2014. The information was sent for publication, through the agency of the contact persons set out above, at the time stated by the Company's news distributor, Cision, at the publication of this press release.*

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### **Forward-looking statements**

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's and the Group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company and the Group operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialise or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not

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[\[1\]](#)

All conversions from CAD to SEK in this press release is made with the exchange rate CAD/SEK 6.6517 as quoted at Riksbanken.