

**ENAD GLOBAL 7 AB (PUBL)**

# **INTERIM REPORT**

**JANUARY–DECEMBER 2020**

## **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 Daybreak Game Company, Toadman Studios, Big Blue Bubble and Antimatter Games employ over 400 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 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 600 employees in 12 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)



# INTERIM REPORT JANUARY–DECEMBER 2020

The below figures do not include full financials from Daybreak, Piranha and Big Blue Bubble.

## OCTOBER – DECEMBER 2020 IN SUMMARY

- Net revenue amounted to SEK 195.9 (56.7 in the same quarter the previous year) million which represents an increase of 245 percent. Total revenue amounted to SEK 210.3 (60.3) million.
- EBITDA amounted to SEK -4.7 (-17.4) million and EBIT amounted to SEK -44.9 (-30.9) million.
- Adjusted EBITDA amounted to SEK 8.2 million. The non-recurring costs of SEK 12.9 million are attributable to suspension of games and loss on previously deferred accounts receivable for Toadman Studios.
- Profit after tax amounted to SEK -87.2 (-26.0) million.
- Net debt was SEK -568.1 (110.6) million.
- Earnings per share amounted to SEK -1.14 (-0.83).
- The division Games had a total revenue of SEK 31.3 million and the division Services had a total revenue of SEK 179.0 million.
- EG7 has made record investments in its game portfolio of approximately SEK 25 million whereof SEK 15.3 million was capitalized.

## JANUARY – DECEMBER 2020 IN SUMMARY

- Net revenue amounted to SEK 569.8 (151.6) million. Total revenue amounted to SEK 657.2 (168.4) million.
- EBITDA amounted to SEK 48.8 (5.1) million and EBIT amounted to SEK -59.2 (-20.7) million.
- Profit after tax amounted to SEK -137.1 (-28.1) million.
- Earnings per share was SEK -1.79 (-0.90).

## PRO FORMA JANUARY-DECEMBER 2020 IN SUMMARY\*

- Total revenue amounted to SEK 1,721 million.
- Adjusted EBITDA amounted to SEK 512 million.

## SIGNIFICANT EVENTS DURING THE QUARTER

- An extra general meeting is held where it is decided to authorize the board to decide on a new issue of shares, warrants and/or convertibles.
- EG7 completes the acquisition of Big Blue Bubble.
- EG7 enters into an agreement to acquire Canada based game developer Piranha Games, most famous for MechWarrior, for approximately SEK 207 million.
- EG7 enters into an agreement to acquire US based game developer Daybreak Game Company, most famous for EverQuest, Lord of the Rings and Dungeons & Dragons, for approximately SEK 2.5 billion.
- EG7 successfully raises approximately SEK 1.7 billion by issuing 20,731,707 shares.
- An extra general meeting is held where it is resolved to approve the board of directors' resolution to issue a maximum of 10,516,257 shares.
- EG7 completes the acquisition of Daybreak Game Company.
- EG7 refinances its bond, thereby decreasing the annual interest rate from 12 to approximately 3 percent.

FY2020 PRO FORMA NUMBERS* (SEKm)	ACQUISITIONS H2-2020 (DAYBREAK, PIRANHA AND BIG BLUE BUBBLE)	FORMER EG7 GROUP (TOADMAN STUDIOS, PETROL AND SOLD OUT)	TOTAL NEW GROUP
Revenue	1,064	657	1,721
Adjusted EBITDA	449	63	512
Adjusted EBITDA margin	42%	10%	30%
Number of employees	435	200	635
Own and licensed IPs on the market	9	0	9
Games related revenue	100%	35%	75%

\*: Financial figures as if the companies acquired during 2020 are included in the group during the period.

Note that the pro forma figures have not been audited by the company's auditor and should not be considered as an indication of the Group's performance for the coming 12 months. The acquisition of Piranha Games has not been completed as per the publishing date of this report.



FINANCIAL OVERVIEW - GROUP (SEKm)	QUARTER		ACCUMULATED	
	2020-10-01 2020-12-31	2019-10-01 2019-12-31	2020-01-01 2020-12-31	2019-01-01 2019-12-31
	3 months	3 months	12 months	12 months
Net revenue	195.9	56.7	569.8	151.6
Net revenue growth	245%		276%	
EBITDA	-4.7	-17.4	48.8	5.1
EBITDA margin	-2%	-31%	9%	3%
Operating profit (EBIT)	-44.9	-30.9	-59.2	-20.7
Operating margin (EBIT margin)	-23%	-55%	-10%	-14%
Net debt	-568.1	110.6		
Equity ratio	69%	35%		
Average number of employees	272	161	231	125
Total number of shares	76,630,359	31,209,159	76,630,359	31,209,159
Earnings per share (SEK)	-1.137969	-0.832063	-1.789513	-0.900120

## ALLOCATION OF PROFIT OR LOSS (SEKm)

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

At the Annual General Meeting's disposal stands:

Accumulated profit	-238.7
Share premium reserve	3,363.6
Loss of the year	-101.4
	<u>3,023.5</u>
The board proposes that the following is carried forward	<u>3,023.5</u>
	3,023.5



## A WORD FROM THE CEO

### **GAMING COMPANY UNDERGOING STRONG GROWTH**

The fourth quarter of 2020 has been immensely busy for us at EG7. We have grown our net sales 245 percent compared to the same period the previous year meanwhile having acquired Daybreak Game Company and Piranha Games, the former of which completely transforms the group with its high profitability and well-known IP. This has resulted in a group that on a pro forma basis for 2020 generated SEK 1.7 billion revenue and adjusted EBITDA of SEK 512 million.

The above creates a beneficial situation for us going into 2021 for which I am incredibly excited.

*"Another successful quarter"*

### **TRANSFORMATIVE ACQUISITION OF DAYBREAK**

The most significant event during the quarter was the acquisition of Daybreak Game Company, a US-based leading video game developer and publisher.

The company has an impressive portfolio of own and licensed IP such as EverQuest, The Lord of the Rings, Dungeons & Dragons and DC Universe Online. The acquisition positions us a leading player in the global video games market.

Daybreak has approximately 300 employees and generated revenues of USD 77.6 million and EBITDA of USD 29.0 million TTM Q3 2020.

The rationale for the acquisition of Daybreak is diversifying EG7's current IP portfolio with some of the most well-renowned game titles in the world as well as Daybreak's significant profitability and cash-flows.

We are very happy to welcome the Daybreak team to the EG7 family along with Ji Ham, the CEO, and Jason Epstein, the chairman of the board.

Both hold valuable experience from the finance and gaming industry spanning decades which is expected to add considerable value to the current EG7 management team.

### **ACQUISITION OF PIRANHA GAMES**

During the fourth quarter, we entered into an agreement to make another important acquisition, this time of the Canadian game developer Piranha Games. The company is best known for the latest MechWarrior games and has previously worked on well-known titles such as Need for Speed, Transformers and Medal of Honor. Piranha Games had sales of SEK 150.4m and EBITDA of SEK 56.4m for the rolling 12 months up to Q3 2020.

Piranha Games comprises a very skilled team of 65 employees, based in Vancouver, Canada, who time and time again have proved how competent they are with developing both premium and free-to-play AAA-titles, skills that will come to use in developing our own titles.

**"TRANS-  
FORMATIVE  
ACQUISITION"**



### **RAISED SEK 1.7 BILLION OF EQUITY**

We have, in conjunction with the above acquisitions, also completed a directed share issue that will provide the group with approximately SEK 1.7 billion before transaction costs.

The issue proceeds will primarily be used for financing our M&A activity, both the transactions during Q4 2020 as well as going into 2021. This creates financial stability for us as well as giving us plenty of dry powder to act on opportunities that we may come across going forward.

In the most recent share issue, we have had the privilege of once again welcoming a number of Nordic and international quality investors as shareholders of EG7. We sincerely value their support.

*"Exciting times ahead with game releases"*

### **EFFECTS OF COVID-19**

Most industries have been affected by Covid-19 and the gaming industry is no exception. Most of our employees continue to work from home without much impact on their daily activities or productivity.

Our digital game sales have seen an increase, but physical sales are marginally down, and we continue seeing slight delays in our external marketing campaigns. This means that revenue from our marketing division Petrol is shifted into the future. Overall, we continue to make the assessment that Covid-19 has a neutral impact on our sales and earnings.

### **FUTURE PROSPECTS**

During the last quarter of 2020, we have delivered two meaningful acquisitions, one of which completely transforms EG7 as a group. We now hold some of the most well-renowned game IP in the world and have more than doubled our number of employees. We have also invested heavily in our own titles. This puts us in an even better position for future M&A activity and we do not plan on slowing down. We still see that there are plenty of favorable opportunities for consolidation in the market and we will continue to act on these.

It is with great enthusiasm that I lead our ever-growing family into the new year!



Robin Flodin  
*Chief Executive Officer - Enad Global 7 AB (Publ)*



# FINANCIAL OVERVIEW

## THE QUARTER OCTOBER-DECEMBER 2020

Amounts in SEK unless otherwise stated. Amounts in parentheses, unless otherwise stated, refer to the corresponding values the previous year. Accounting according to K3, refer to page 23 for further information.

### NET REVENUE AND EBIT

Net revenue for the fourth quarter of 2020 amounted to SEK 195.9 (56.7 the same quarter the previous year) million, which is mainly attributable to marketing, game development and publishing services. EBIT amounted to SEK -44.9 (-30.9) million.

### GAME DEVELOPMENT

During the fourth quarter, SEK 15.3 (6.4) million was capitalized as an intangible asset - in-house game development. The investments are mainly attributable to EvilEvil and '83.

### DEPRECIATION AND AMORTIZATION

Depreciation and amortization during the period amounted to SEK -40.2 (-13.6) million.

### FINANCIAL NET

The financial net for the fourth quarter was SEK -67.0 (1.6) million due to the financing structure of the acquisitions of Petrol and Sold Out.

### TAX

Tax on the net profit amounted to SEK 24.6 (3.4) million.

## THE PERIOD JANUARY-DECEMBER 2020

### NET REVENUE AND EBIT

Net revenue for the period January-December 2020 amounted to SEK 569.8 (151.6) million. EBIT amounted to SEK -59.2 (-20.7) million.

### GAME DEVELOPMENT

During the period, SEK 42.9 (12.8) million was capitalized as an intangible asset - in-house game development.

### DEPRECIATION AND AMORTIZATION

Depreciation and amortization during the period amounted to SEK -108.0 (-25.9) million.

### FINANCIAL NET

The financial net was SEK -86.6 (-7.4) million due to the financing structure of the acquisitions of Petrol and Sold Out.

### TAX

Tax on the net profit of the period amounted to SEK 8.6 (0.0) million.

## FINANCIAL POSITION

### FINANCIAL POSITION AND LIQUIDITY

At the end of the quarter, the group had SEK 1,087.5 (105.7) million in cash.

### OPERATIONAL CASH FLOW

The cash flow from operations amounted to SEK -75.6 (7.5) million during the fourth quarter of 2020.

### FINANCING

To finance previous and upcoming acquisitions, EG7 has signed bond loans, which as of July 17, 2019, are traded on Nasdaq First North. The actual loan amount amounts to SEK 220 million and has a maturity of three years. At the end of the quarter, the long-term debt was refinanced which lowered the annual interest rate from 12 to approximately 3 percent.

### INVESTMENTS AND ACQUISITIONS

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

### EARNOUT PAYMENTS

No earnouts have been paid during the period.

## OTHER INFORMATION

### PERSONNEL

As of the fourth quarter of 2020, the group had 534 employees, which can be compared to 178 employees at the end of the fourth quarter of 2019. The company continues to expand through organic growth and acquisitions in order to work on large projects and to complete further investments in its own games.



## THE SHARE AND OWNERSHIP

EG7's share is listed on Nasdaq First North Growth Market with the ticker symbol 'EG7'. The share price was SEK 103.00 per share on February 24, 2021. The total number of shares outstanding was 76,630,359 as of January 31, 2021.

OWNER (2021-01-31)	NO. OF SHARES	CAPITAL %
Dan Sten Olsson with family and trust (including board member Erik Nielsen)	6,912,000	9.02%
Jason Epstein through companies	6,910,000	9.02%
Handelsbanken Fonder	3,932,000	5.13%
Robin Flodin	3,817,713	4.98%
Swedbank Robur Fonder	3,800,000	4.96%
Rasmus Davidsson	2,872,743	3.75%
TIN Fonder	2,840,000	3.71%
Länsförsäkringar Fonder	2,436,288	3.18%
Avanza Pension	2,100,486	2.74%
SPSW Capital / Lloyd Fonds AG	2,021,500	2.64%
Johan Svensson	1,951,362	2.55%
Alan Hunter	1,835,876	2.40%
Ben Granados	1,769,317	2.31%
Alexander Albedj	1,679,084	2.19%
Första AP-fonden	1,600,000	2.09%
Other shareholders	30,151,990	39.35%
<b>Total</b>	<b>76,630,359</b>	<b>100.00%</b>

**44%**

**CONTROLLED BY  
MANAGEMENT  
AND BOARD**

## RELATED PARTY TRANSACTIONS

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

## RISKS

Risks with the Company's share are described in EG7's Company Description, which was published on January 30, 2019. It can be downloaded from the Company's website [www.enadglobal7.com](http://www.enadglobal7.com)

## AUDITOR

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





# EG7 IN SHORT

EG7 is a unique eco-system within the video-games industry consisting of:

## 1. WORLD-CLASS IP-PORTFOLIO

An IP-portfolio consisting of world-class brands with both own IP's such as Everquest, PlanetSide, H1Z1 and My Singing Monsters, as well as licensed IP's such as Lord of the Rings, DC Universe, Dungeons and Dragons and MechWarrior.

- This Games-as-a-Service ("GaaS") portfolio accounts for the majority of the revenues and profits with predictable monthly revenues.



## 2. MARKETING AGENCY **PETROL**

Petrol, a leading marketing agency within the gaming industry in the western world used internally by EG7 as well as by external parties.

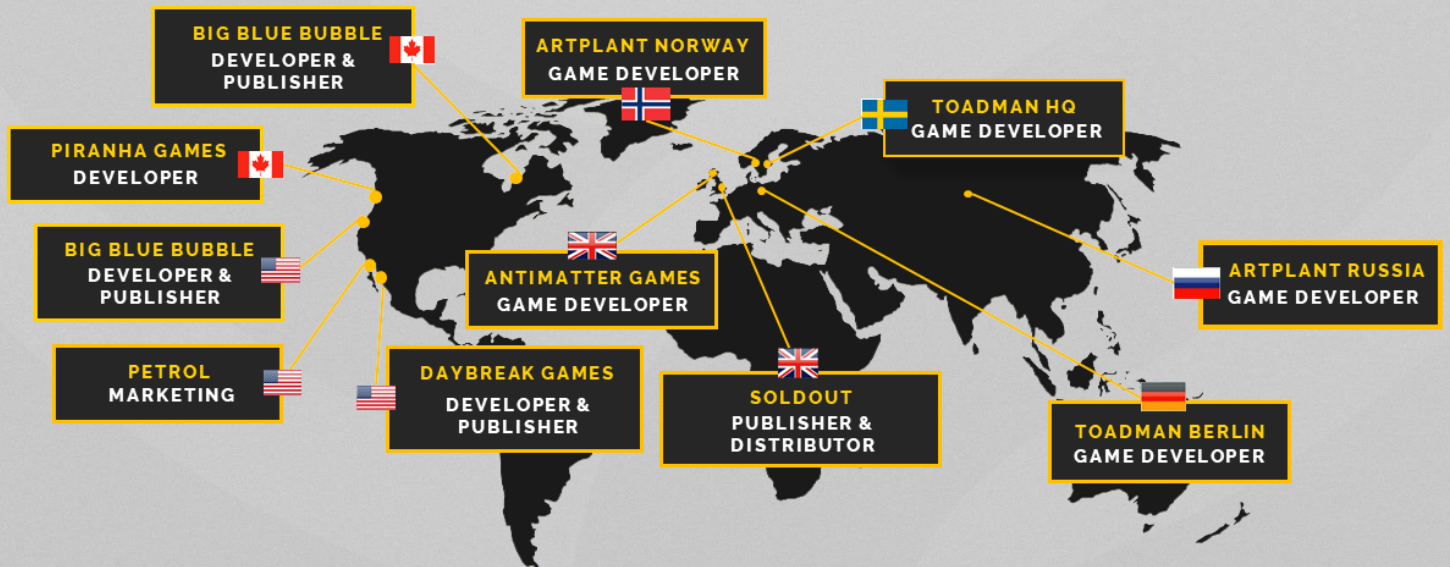
- That is why Activision, Embracer and Ubisoft, among other repeat clients use Petrol.

## 3. PUBLISHER



The game publisher Sold Out has never had an unprofitable release and is used internally by EG7 as well as by external parties.

- That is why Frontier, Team17 and Rebellion, among other repeat clients, use Sold Out.





# ACQUISITION IN 2020

## DAYBREAK GAME COMPANY

Daybreak Game Company is a San Diego, California based leading MMORPG video game developer and publisher. Daybreak possesses globally recognized third party IPs combined with valuable original IPs. The company has expertise in free-to-play and games as a service business model. Daybreak has a total of approximately **178 million registered users**, with potential to leverage for marketing and reactivation.

During the 12-month period ending on 30 September 2020, Daybreak reached a net revenue and adjusted EBITDA of **USD 77.6m** and **USD 29.0m**, respectively. Significant product investments increased revenues in this period compared to previous years. The profitability also increased during the period, driven by topline growth, owned first-party IPs, and cost reduction and justification during the global pandemic.

The Upfront Consideration for 100 percent of the shares in Daybreak amounts to USD 260m, equivalent of SEK 2,205m, on a cash- and debt- free basis. The Upfront Consideration is paid with USD 160m, equivalent of SEK 1,357m cash and USD 100m, equivalent of SEK 848m and 10,079,985 shares in EG7. In addition, EG7 will pay the Deferred Consideration to the shareholders of Daybreak of USD 40m following finalization of Daybreak's FY 2020 financial statements. The Deferred Consideration will be paid in cash.

The acquisition of Daybreak further strengthens and diversifies EG7's IP portfolio through acquisition of best-in-class original and third-party IPs (EverQuest, The Lord of the Rings, Dungeons & Dragons, DC Universe Online). Daybreak also adds a strong team of both operationally and strategically capable individuals. The Transaction increases size and profitability of the Company through stable cash flows from free-to-play model with loyal communities for existing IPs. Furthermore, the Daybreak platform offers future upside through upcoming content releases.



**DAYBREAK™**

**77.6**  
**USDm**

TOTAL REVENUE  
TTM Q3'20

**29.0**  
**USDm**

EBITDA  
TTM Q3'20

**6**

LIVE TITLES

**300**

EMPLOYEES

# ACQUISITION IN 2020

## PIRANHA GAMES

Piranha Games is one of Canada's oldest independent game developers. The company has solid experience of developing AAA titles. Titles that Piranha Games has worked on include Medal of Honor, Transformers and Need for Speed: Undercover.

For the past ten years, Piranha Games has focused on developing games in the popular MechWarrior franchise. The first title the company launched was MechWarrior Online which has generated over **USD 60m** in revenue with its tens of thousands of daily players and F2P business model.

The latest title to be launched exclusively on the Epic Store was the critically acclaimed MechWarrior 5: Mercenaries which was awarded **81/100** points by IGN and **85/100** by GamingTrend, two well-known gaming media. The title was launched in 2019 and has sold hundreds of thousands of copies.

Piranha Games had a TTM Q3 2020 revenue of approximately SEK 150.4m and SEK 56.4m EBITDA. The initial purchase price amounts to approximately SEK 208.6m on a cash and debt-free basis, which corresponds to a 3.7x EBITDA multiple.

The initial purchase price will be paid in USD 16m in cash through EG7's existing cash and the equivalent of USD 8m in newly issued shares in EG7, which will be subject to a 12-month lock-up. In addition to this, a maximum of 1x EBIT, of which 0.5x in cash and 0.5x in shares can be paid out annually between 2021-2025 if at least USD 7.5m is achieved in EBIT and then on a falling scale down to USD 3.5m in EBIT. If an EBIT lower than USD 3.5m is achieved, no earn-out is paid. A maximum of USD 48m can be paid in earn-out.

The acquisition rationale for EG7 is Piranha Games' strong gaming portfolio, free-to-play synergies, strong future gaming pipeline, experienced team and solid profitability. The completion of the acquisition is subject to customary approvals which is expected to take place during the first calendar quarter of 2021.



**150.4**  
**SEKm**

TOTAL REVENUE  
TTM Q3'20

**56.4**

**SEKm**

ADJ. EBITDA  
TTM Q3'20

**65**

EMPLOYEES



## ACQUISITION IN 2020

### BIG BLUE BUBBLE

Big Blue Bubble is a gaming industry mainstay working on its own IP as well as in partnership with world-class brands such as Disney, DreamWorks, Scholastic and Nickelodeon. Big Blue Bubble has its own My Singing Monsters multi-media franchise that is moving into stores and TV plus the upcoming releases of several new titles.

Big Blue Bubble has been the top grosser in music genre **F2P mobile games** for more than 5 years. With more than **100 titles, 2m monthly active users**, new games and retail product rollouts, the studio is positioned to continue as an industry leader. The My Singing Monsters franchise is free-to-play and has approximately **200m downloads** with a resulting revenue of more than CAD 100m.

Big Blue Bubble had a TTM Q2 2020 revenue of approximately CAD 12m and CAD 3.5m EBITDA. The upfront purchase price amounts to approximately CAD 16m on a cash and debt free basis, equivalent to a **4.6x EBITDA multiple**.

The upfront purchase price is paid with CAD 8.5m in cash through EG7's existing cash funds and the equivalent of CAD 7.5m in newly issued shares in EG7 of which 50 percent will be subject to a 6-month lock-up with the remaining 50 percent subject to a 12-month lock-up. An additional, up to a total of 3x EBIT of fiscal year 2020 and 2021, but not exceeding CAD 60m may be payable by EG7 subject to the accomplishment of certain financial targets.

The acquisition rationale for EG7 is Big Blue Bubble's strong own IPs, free-to-play value synergies, strong upcoming pipeline, experienced team and solid profitability.



**80**  
**SEKm**

TOTAL REVENUE  
TTM Q2'20

**23**  
**SEKm**

EBITDA  
TTM Q2'20

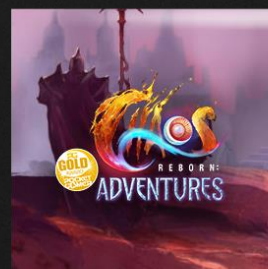
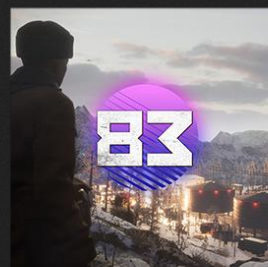
**5**  
IPs

**70**  
EMPLOYEES



# LICENSED AND OWN IP

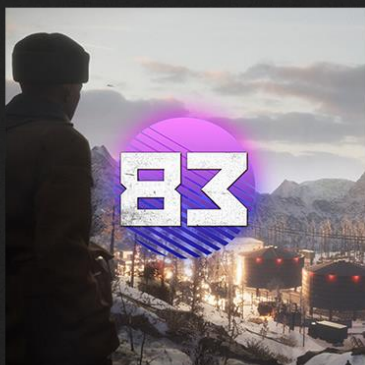
Below follows an update of EG7's licensed and own IP.





# SELECTION OF GAME PIPELINE 2021-2022

Below follows a selection of EG7's game pipeline:



**PETROL**



**DAYBREAK**



# INCOME STATEMENT

## – GROUP

<i>(SEKm)</i>	QUARTER		ACCUMULATED	
	2020-10-01 2020-12-31	2019-10-01 2019-12-31	2020-01-01 2020-12-31	2019-01-01 2019-12-31
	3 months	3 months	12 months	12 months
Net revenue	195.9	56.7	569.8	151.6
Own work capitalized	15.3	6.4	42.9	12.8
Other revenue	-0.9	-2.9	44.5	3.9
<b>Total revenue</b>	<b>210.3</b>	<b>60.3</b>	<b>657.2</b>	<b>168.4</b>
<i>Operating expenses</i>				
Cost of goods sold	-136.9	-24.7	-380.9	-51.3
Other external expenses	-32.5	-20.2	-72.6	-36.1
Personnel expenses	-44.6	-32.5	-153.8	-75.4
Other expenses	-1.0	-0.3	-1.0	-0.5
<b>Operating profit before depreciation and amortization (EBITDA)</b>	<b>-4.7</b>	<b>-17.4</b>	<b>48.8</b>	<b>5.1</b>
Depreciation and amortization	-40.2	-13.6	-108.0	-25.9
<b>Operating profit (EBIT)</b>	<b>-44.9</b>	<b>-30.9</b>	<b>-59.2</b>	<b>-20.7</b>
<b>Financial net</b>	<b>-67.0</b>	<b>1.6</b>	<b>-86.6</b>	<b>-7.4</b>
<b>Profit before tax</b>	<b>-111.8</b>	<b>-29.3</b>	<b>-145.7</b>	<b>-28.1</b>
Tax expense for the period	24.6	3.4	8.6	0.0
<b>NET PROFIT</b>	<b>-87.2</b>	<b>-26.0</b>	<b>-137.1</b>	<b>-28.1</b>



# BALANCE SHEET

## – GROUP

<i>(SEKm)</i>	2020-12-31	2019-12-31
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible non-current assets	3,163.9	510.2
Tangible non-current assets	24.8	9.0
Financial non-currents assets	72.4	2.5
<b>Total non-current assets</b>	<b>3,261.1</b>	<b>521.7</b>
<b>Current assets</b>		
Inventory	6.9	12.1
Current receivables	211.7	71.4
Cash and cash equivalents	1,087.5	105.7
<b>Total current assets</b>	<b>1,306.1</b>	<b>189.3</b>
<b>TOTAL ASSETS</b>	<b>4,567.1</b>	<b>711.0</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>3,137.4</b>	<b>250.1</b>
<b>Provisions</b>	<b>65.6</b>	<b>111.2</b>
<b>Non-current liabilities</b>	<b>3.0</b>	<b>216.3</b>
<b>Current liabilities</b>	<b>1,361.1</b>	<b>133.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,567.1</b>	<b>711.0</b>

# CASH FLOW STATEMENT

## – GROUP

	QUARTER		ACCUMULATED	
	2020-10-01 2020-12-31	2019-10-01 2019-12-31	2020-01-01 2020-12-31	2019-01-01 2019-12-31
	3 months	3 months	12 months	12 months
<i>(SEKm)</i>				
<b>OPERATING ACTIVITIES</b>				
Operating profit	-44.9	-30.9	-59.2	-20.7
Depreciation	40.2	13.6	108.0	25.9
Other non-cash flow affecting items	-4.2	-2.7	-30.4	-2.1
Financial items and tax	-49.2	2.9	-77.9	-8.3
<b>Cash flow from operating activities before changes in working capital</b>	<b>-58.1</b>	<b>-17.2</b>	<b>-59.5</b>	<b>-5.2</b>
Cash flow from changes in working capital	-17.6	24.7	-78.7	-9.1
<b>Cash flow from operating activities</b>	<b>-75.6</b>	<b>7.5</b>	<b>-138.2</b>	<b>-14.3</b>
<b>INVESTMENT ACTIVITIES</b>	-1,320.4	-7.5	-1,350.7	-121.8
<b>Cash flow from investment activities</b>	<b>-1,320.4</b>	<b>-7.5</b>	<b>-1,350.7</b>	<b>-121.8</b>
<b>FINANCING ACTIVITIES</b>	1,952.5	93.7	2,485.3	228.2
<b>Cash flow from financing activities</b>	<b>1,952.5</b>	<b>93.7</b>	<b>2,485.3</b>	<b>228.2</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>556.5</b>	<b>93.7</b>	<b>996.5</b>	<b>92.1</b>
<b>Cash and cash equivalents at start of period</b>	<b>540.8</b>	<b>13.4</b>	<b>105.7</b>	<b>14.6</b>
Cash flow for the period	556.5	93.7	996.5	92.1
Exchange rate differences	-9.8	-1.3	-14.7	-1.0
<b>Cash and cash equivalents at end of period</b>	<b>1,087.5</b>	<b>105.7</b>	<b>1,087.5</b>	<b>105.7</b>
<b>Specification of cash and cash equivalents</b>				
Total cash balance	1,087.5	105.7	1,087.5	105.7
<i>of which are blocked</i>	-2.6	-1.3	-2.6	-1.3
<b>Available cash at the end of the period</b>	<b>1,084.9</b>	<b>104.5</b>	<b>1,084.9</b>	<b>104.5</b>



# CHANGES IN EQUITY

## – GROUP

	2020-12-31			
<i>(SEKm)</i>	Share Capital	Other Shareholder Contributions	Other Equity incl. Net Profit	Total Equity
<b>Opening balance 2020-01-01</b>	<b>1.2</b>	<b>272.1</b>	<b>-23.2</b>	<b>250.1</b>
Rights issues	1.8	3,143.0		3,144.8
Costs attributable to rights issues		-53.0		-53.0
Exchange difference			-70.0	-70.0
Tax attributable to items that are reported directly against equity			2.6	2.6
Net profit for the period			-137.1	-137.1
<b>Closing balance 2020-12-31</b>	<b>3.1</b>	<b>3,362.1</b>	<b>-227.7</b>	<b>3,137.4</b>

# INCOME STATEMENT

## – PARENT COMPANY

<i>(SEKm)</i>	QUARTER		ACCUMULATED	
	2020-10-01 2020-12-31	2019-10-01 2019-12-31	2020-01-01 2020-12-31	2019-01-01 2019-12-31
	3 months	3 months	12 months	12 months
Net revenue	2.5	18.5	10.4	67.9
Sales within the group	-0.1	0.0	0.7	0.0
Own work capitalized	13.2	6.4	40.7	11.1
Other revenue	24.6	-3.0	27.1	1.7
<b>Total revenue</b>	<b>40.3</b>	<b>21.9</b>	<b>78.9</b>	<b>80.7</b>
<i>Operating expenses</i>				
Cost of goods sold	-15.5	-16.1	-54.9	-45.5
Other external expenses	-17.0	-9.7	-36.0	-18.0
Personnel expenses	-1.5	-5.3	-14.2	-18.5
Other expenses	-0.6	-0.3	-0.6	-0.5
<b>Operating profit before depreciation and amortization (EBITDA)</b>	<b>5.7</b>	<b>-9.5</b>	<b>-26.8</b>	<b>-1.9</b>
Depreciation and amortization	0.0	0.0	-0.1	-0.1
<b>Operating profit (EBIT)</b>	<b>5.7</b>	<b>-9.5</b>	<b>-26.9</b>	<b>-2.0</b>
Financial net	-79.1	2.2	-99.1	-6.7
<b>Profit before tax</b>	<b>-73.4</b>	<b>-7.3</b>	<b>-125.9</b>	<b>-8.7</b>
Appropriations	0.6	3.3	0.6	3.3
Tax expense for the period	27.0	0.3	23.9	0.3
<b>NET PROFIT</b>	<b>-45.8</b>	<b>-3.6</b>	<b>-101.4</b>	<b>-1.4</b>

# BALANCE SHEET

## – PARENT COMPANY

<i>(SEKm)</i>	2020-12-31	2019-12-31
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible non-current assets	145.1	96.3
Tangible non-current assets	0.1	0.5
Financial non-currents assets	1,495.6	522.9
<b>Total non-current assets</b>	<b>1,640.8</b>	<b>619.7</b>
<b>Current assets</b>		
Current receivables	1,334.2	11.1
Cash and cash equivalents	905.2	25.9
<b>Total current assets</b>	<b>2,239.5</b>	<b>37.0</b>
<b>TOTAL ASSETS</b>	<b>3,880.2</b>	<b>656.7</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>3,264.6</b>	<b>274.2</b>
Untaxed reserves	-	-
Provisions	-	110.4
<b>Non-current liabilities</b>	<b>18.8</b>	<b>216.3</b>
<b>Current liabilities</b>	<b>596.8</b>	<b>55.8</b>
<b>EQUITY AND LIABILITIES</b>	<b>3,880.2</b>	<b>656.7</b>



# CASH FLOW STATEMENT

## – PARENT COMPANY

	QUARTER		ACCUMULATED	
	2020-10-01 2020-12-31	2019-10-01 2019-12-31	2020-01-01 2020-12-31	2019-01-01 2019-12-31
	3 months	3 months	12 months	12 months
<i>(SEKm)</i>				
<b>OPERATING ACTIVITIES</b>				
Operating profit	5.7	-9.5	-26.9	-4.0
Depreciation	0.0	0.0	0.1	0.1
Other non-cash flow affecting items	-30.4	0.0	-30.4	0.0
Financial items and tax	-58.1	-0.5	-80.0	-4.8
<b>Cash flow from operating activities before changes in working capital</b>	<b>-82.8</b>	<b>-9.9</b>	<b>-137.2</b>	<b>-8.8</b>
Cash flow from changes in working capital	-1,390.4	10.5	-1,419.1	-24.9
<b>Cash flow from operating activities</b>	<b>-1,473.2</b>	<b>0.6</b>	<b>-1,556.4</b>	<b>-33.7</b>
<b>INVESTMENT ACTIVITIES</b>	<b>-21.2</b>	<b>-84.4</b>	<b>-48.8</b>	<b>-190.6</b>
<b>Cash flow from investment activities</b>	<b>-21.2</b>	<b>-84.4</b>	<b>-48.8</b>	<b>-190.6</b>
<b>FINANCING ACTIVITIES</b>	<b>1,952.3</b>	<b>100.0</b>	<b>2,484.5</b>	<b>238.6</b>
<b>Cash flow from financing activities</b>	<b>1,952.3</b>	<b>100.0</b>	<b>2,484.5</b>	<b>238.6</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>457.8</b>	<b>16.2</b>	<b>879.4</b>	<b>14.3</b>
Cash and cash equivalents at start of period	447.5	9.7	25.9	11.6
Cash flow for the period	457.8	16.2	879.4	14.3
Exchange rate differences	0.0	0.0	0.0	0.0
<b>Cash and cash equivalents at end of period</b>	<b>905.2</b>	<b>25.9</b>	<b>905.2</b>	<b>25.9</b>
<b>Specification of cash and cash equivalents</b>				
Total cash balance	905.2	25.9	905.2	25.9
<i>of which are blocked</i>	-2.6	-1.3	-2.6	-1.3
<b>Available cash at the end of the period</b>	<b>902.6</b>	<b>24.6</b>	<b>902.6</b>	<b>24.6</b>

# CHANGES IN EQUITY

## – PARENT COMPANY

<i>(SEKm)</i>	2020-12-31				
	Share Capital	Capitalization Reserve	Share Premium Reserve	Non-Restricted Equity incl. Net Profit	Total Equity
<b>Opening balance 2020-01-01</b>	<b>1.2</b>	<b>96.3</b>	<b>273.6</b>	<b>-97.0</b>	<b>274.2</b>
Rights issues	1.8		3,143.0		3,144.8
Costs attributable to rights issue			-53.0		-53.0
Capitalization reserve		40.3		-40.3	0.0
Net profit				-101.4	-101.4
<b>Closing balance 2020-12-31</b>	<b>3.1</b>	<b>136.7</b>	<b>3,363.6</b>	<b>-238.7</b>	<b>3,264.6</b>



# DEFINITIONS

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

**Net revenue growth:** Increase in sales from the previous period as a percentage.

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

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

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

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

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

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

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

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

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

**FOR MORE INFORMATION, PLEASE CONTACT:**

Robin Flodin, CEO

Mail: robin@enadglobal7.com

Phone: +46 70 477 06 34

**ABOUT EG7**

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 Daybreak Game Company, Toadman Studios, Big Blue Bubble and Antimatter Games employ over 400 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 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 600 employees in 12 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

**CERTIFIED ADVISOR**

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

Eminova Fondkommission AB

Mail: info@eminova.se

Phone: +46 8 684 211 00

**SIGNIFICANT EVENTS AFTER THE QUARTER**

EG7 transitions from the Swedish accounting principle K3 to IFRS on January 1, 2021 which is expected to increase the EBIT with approximately SEK 600 million annually.

**ACCOUNTING POLICIES**

This quarterly report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's general advice. The company applies accounting principles in accordance with the K3 rules (BFNAR 2012:1).

2019 was the first year that the Company applies calendar year as fiscal year.

The Russian subsidiary is not yet consolidated. We believe that this is of no decisive importance to give a true and fair view of the Group.

**AUDITING**

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

**NEXT REPORT**

The next financial reports will be published:

- Annual report 2020: April 20, 2021
- Q1 2021: May 25, 2021

**IMPORTANT INFORMATION**

This information is information that Enad Global 7 AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, at 6:30 CET on February 25, 2021.



# THE BOARD'S DECLARATION

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

Stockholm, February 25, 2021

<b>Robin Flodin</b>	<b>Alexander Albedj</b>	<b>Sven Folkesson</b>	<b>Marie-Louise Gefwert</b>	<b>Gunnar Lind</b>	<b>Erik Nielsen</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>	<i>Member of the board</i>

