



# ENAD GLOBAL 7

## EG7 Enters Into an Agreement to Acquire Innova Intellectual Properties S.à r.l.

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PRESS RELEASE

Stockholm, 25 February 2021

**INSIDE INFORMATION:** Enad Global 7 AB (publ) ("EG7" or the "Company") has today entered into an agreement with the shareholders of Luxembourg based game publisher Innova Intellectual Property S.à r.l. ("Innova") to acquire 100 percent of Innova (the "Transaction") for an aggregate purchase price of approximately EUR 109.8 million calculated on a cash- and debt- free basis (the "Purchase Price"). The Purchase Price will be paid entirely in newly issued EG7 shares and the Transaction does not include an earn-out structure. The number of newly issued shares amounts to a maximum of 9,726,054 shares, to be issued at a price per share of SEK 113.57. Innova is a video game publisher with solid experience within the MMORPG genre with titles such as Lineage 2, Ragnarök Online and Point Blank. Through the acquisition, EG7 gains a reputable team of around 200 professionals in the offices in Luxembourg and Russia. For the 12-month period ending on 31 December 2020, Innova generated net sales of approximately EUR 33.3 million and EBITDA of approximately EUR 13.6 million. The EBITDA-multiple reflected in the Purchase Price therefore amounts to 8x EBITDA.

### THE TRANSACTION IN BRIEF

- The Transaction is in line with EG7's previously communicated strategy to conduct complementary acquisitions to establish a more favorable industry position.
- The Transaction is expected to result in a strengthened business model with increased revenues and profit.
- Following completion of the Transaction, EG7's pro forma financials\* for the period Jan-Dec 2020, including the recent acquisitions of Daybreak Game Company, Big Blue Bubble and Piranha Games and the Transaction, will amount to SEK 2,061 million revenue and SEK 652 million EBITDA.
- The consideration for 100 percent of the shares in Innova, calculated on a cash- and debt- free basis, amounts to approximately EUR 109.8 million, equivalent to approximately SEK 1,104 million<sup>[1]</sup>, to be paid in full at closing.
- The entire Purchase Price has been agreed to be paid with a maximum of 9,726,054 EG7 shares (the "Consideration Shares"), based on the Volume Weighted Average Price for the EG7 share ("VWAP") on Nasdaq First North Growth Market for the 10 consecutive trading days preceding this announcement (excluding today's trading) equal to SEK 113.57.
- The Transaction does not include any earn-out consideration.
- 75 percent of the Consideration Shares will be subject to a 24-month lock-up from the date of completion of the Transaction. The remaining 25 percent of the Consideration Shares will be subject to a 6-month lock-up from the date of completion of the Transaction.
- Completion of the Transaction is expected to take place at the end of the first calendar quarter of 2021.

### BACKGROUND AND RATIONALE

Innova is a well known video game publisher with decades of solid experience mainly within the free-to-play Massively Multiplayer Online Role-Playing Game (MMORPG) genre. Titles that Innova have published include Lineage 2, Ragnarök Online and Point Blank.

Since Innova's founding in 2006, the company has focused on free-to-play MMORPG titles and quickly became a partner of the most prominent video game developer in Asia. Since its inception, Innova has published in excess of 20 titles and currently has 9 cash flow-generating live games in its portfolio with more than 400,000 monthly active users.

The acquisition rationale for EG7 is Innova's extensive and diversified portfolio of well-known titles with long-term cash-flows, its established presence in Asia and its expertise in said market, its valuable proprietary technology including its own game distribution platform, and a promising future pipeline.

Within the EG7 Group, Innova will operate as an independent publisher and report as a separate entity. Innova will significantly strengthen EG7's industry position in Asia, with future prospects in additional developed and emerging markets. Future joint projects will combine Innova's knowledge in publishing free-to-play MMORPG titles with EG7's knowledge in developing and marketing.

### PURCHASE PRICE AND LOCK-UP PERIOD

The Purchase Price of EUR 109.8 million, equivalent to SEK 1,104 million, is paid entirely with a maximum of 9,726,054 newly issued EG7 shares. The Consideration Shares are issued at a price of SEK 113.57 per share, equal to the VWAP on Nasdaq First North Growth Market for the 10 consecutive trading days preceding this announcement (excluding today's trading).

The Transaction does not include any earn-out consideration.

75 percent of the Consideration Shares will be subject to a 24-month lock-up from the date of completion of the Transaction. The remaining 25 percent of the Consideration Shares will be subject to a 6-month lock-up from the date of completion of the Transaction.

## ISSUE OF CONSIDERATION SHARES

The board of directors of EG7 will resolve to issue the Consideration Shares at completion of the Transaction pursuant to an authorization granted by a general meeting or subject to subsequent approval from a general meeting.

When issued, the Consideration Shares will represent a maximum of 11.26 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 will increase by a maximum of 9,726,054, from 76,630,359 to a maximum of 86,356,413. The share capital will increase by approximately SEK 389,042.16, from 3,065,214.36 to a maximum of 3,454,256.52.

The Consideration Shares will be issued at a price of SEK 113.57 per share which equals the 10-day VWAP of EG7 shares on Nasdaq First North Growth Market up to and including 24 February 2021.

## CLOSING OF THE TRANSACTION

Completion of the Transaction is expected to take place at the end of the first calendar quarter 2021.

## ADVISORS

Baker McKenzie is acting as legal advisor to EG7 in the Transaction. Agnitio Capital is acting as financial advisor and DLA Piper is acting as legal advisor for Innova and its shareholders in the Transaction.

## FOR FURTHER 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 400+ 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 Daybreak Games, Toadman Studios, Big Blue Bubble and Antimatter Games. In addition, the group's marketing department Petrol has contributed to the release of 1,500+ titles, 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 600 employees in 12 offices worldwide.

Nasdaq First North Growth Market Ticker Symbol: EG7

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\*: 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 press release.

The information in 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 the completion of the Transaction and the timing for its completion, the satisfaction of closing conditions 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 guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is not required by law or Nasdaq First North Growth Market rule book for issuers.

All conversions from EUR to SEK in this press release are made with the exchange rate EUR/SEK 10.06 and corresponds to the average exchange rate during the period from 11 February up to and including 24 February 2021 as quoted at the Swedish National Bank (Riksbanken).